



Established in 1991, UCC serves as the representative voice for state legislative advocacy for high-population counties in California. Initially composed of seven counties, the association has grown to 14 today. Just over 80 percent of the state's population reside in UCC counties. Consequently, urban counties carry out critical programs and services to the state's most vulnerable populations. For more information, including details on our Board of Directors, please visit [our website](#).

February 2, 2024

First Round of Trailer Bill Language Posted

By February 1 of each year, the Department of Finance is required to [post](#) trailer bill language (TBL), which comprise the statutory provisions required to implement aspects of the newly released Governor's budget proposal. This week, Finance began posting language associated with 2024-25 budget proposals. For those who wish to track TBL closely, we would encourage you to visit the immediately preceding link. Additionally, this [table](#) identifies all the expected items for which TBL will be posted; it is updated on a flow basis when new language is uploaded. Many key pieces of TBL have yet to be posted, but we will be sure to highlight release of consequential language in the weeks ahead.

More Bad Budget News... Weak January Withholding Numbers

The Legislative Analyst's Office (LAO) [reported](#) this week that revenue from California income tax withholding came in \$1 billion short of budget estimates in January. Withholding income for January was down 11 percent from Department of Finance estimates in the Governor's proposed budget.

According to the LAO, recent personal income tax withholding trends have been "underwhelming." These amounts are reported every weekday, providing a real-time indication of the direction and magnitude of aggregate change in the employers' payroll. Most withholding payments are for employees' wages and salaries, but withholding is also due on bonuses and stock options received by employees.

Residential Development Impact Fees: Litigation, Legislation and HCD Report

The United States Supreme Court heard oral arguments earlier this month in [a case challenging the validity of a county impact fee](#) in Northern California. Back home in California, state legislators have already introduced two new bills on the same topic, and the Department of Housing and Community Development (HCD) [recently released a report](#) on local residential development impact fee nexus studies in fulfillment of the requirements of [AB 602](#) (Grayson, 2021).

The two relevant measures are as follows:

- [SB 937](#), by Senator Scott Wiener, would delay the payment of development fees imposed by a local government until the certificate of occupancy is issued and preclude local governments from charging interest rates on deferred fees. The bill would also extend housing entitlements issued prior to 2024 and set to expire on or before 2026 by 18 months.
- [AB 1820](#), by Assembly Member Pilar Schiavo, would add requirements for local agencies to provide a “preliminary fee and exaction estimate” upon a developer’s request within ten days of receipt of a preliminary application for a housing development submitted under the Housing Crisis Act of 2019 ([SB 330](#), Skinner).

The HCD-commissioned impact fee report includes helpful discussion for policymakers but may also provide fodder for future legislation seeking to limit local residential development impact fees. The report includes a template that local agencies can use to develop nexus studies and a discussion of methods to analyze the economic feasibility of impact fees. The template reflects AB 602’s changes to the statutory requirements for the development of nexus studies for residential impact fees, including:

- Requiring updates to nexus studies used to justify impact fees at least once every eight years.
- A requirement to base rate calculations on the square footage of individual units (unless the jurisdiction demonstrates that another metric is more appropriate).
- A requirement for large jurisdictions (counties over 250,000 population and all cities within such counties) to incorporate capital improvement plans into their nexus studies.

AB 602 did not require local agencies to use the report's recommended methodologies for feasibility analyses. The report correctly notes "there is no single way to determine feasibility, and development feasibility is typically fluid in nature as development and economic conditions change over time." Feasibility also varies based on individual project characteristics. Accordingly, the report notes that this type of analysis is a helpful "gut check" for policymakers—but this caveat and others are unlikely to dissuade advocates for developers from pursuing legislation to reduce impact fees.

- American Petroleum and Convenience Store Association
- Building Owners and Managers Association of California
- California Association of Highway Patrolmen
- California Business Properties Association
- California Business Roundtable
- California Chamber of Commerce
- California District Attorneys Association
- California Fuels and Convenience Alliance
- California Grocers Association
- California New Car Dealers Association
- California Peace Officers Association
- California Police Chiefs Association
- California Retailers Association
- California State Sheriffs Association
- Chief Probation Officers of California
- League of California Cities
- NAIOP California
- Peace Officers Research Association of California

In related news, there are several relevant hearings upcoming in the Legislature on retail theft:

- Joint hearing of the Assembly Select Committee on Retail Theft and the Assembly Public Safety Committee – *Retail Theft: Exploring Solutions that Work*; Friday, February 9 @ 9 a.m. in West Hollywood; and
- Oversight hearing of the Assembly Budget Subcommittee No. 6 on Public Safety – *Organized Retail Theft*; Monday, February 26 @ 2:30 p.m. in the State Capitol.

Legislative Black Caucus Releases Reparations Bill Package

The California Legislative Black Caucus announced its 2024 Reparations Priority Bill Package this week. The proposed bill package comes on the heels of the release last summer of the Reparations Task Force Report; the Caucus noted that its efforts to implement the Task Force's recommendations will be a multi-year effort. The Caucus' first steps will be to introduce (1) a resolution that recognizes how laws in California were crafted to directly cause harm to its Black residents and (2) a subsequent bill that requests a formal apology by the Governor and the Legislature for the role that the state "played in the human rights violation and crimes against humanity on African Slaves and their descendants."

While the package addresses several topics – including civil rights, health, education, and criminal justice reform – it does not include the cash payment proposal to pay up to \$1.2 million to the descendants of enslaved people. Polling last fall found that a majority of the public was not supportive of cash payments as a form of reparations. In public remarks, Senator Steven Bradford, who served on the Reparations Task Force, suggested that the Legislature should provide \$1.5 billion as a down payment to address the legacy of slavery and racism. He acknowledged the state budget deficit but urged the state to make a financial commitment, even if funding is deferred given the state's current financial condition.

The following 14 measures (some of which have not yet been introduced – designated with a TBD below) represent the Reparation Priority Bill Package:

CIVIL RIGHTS

- [ACA 7](#) (Jackson) –Would amend the California Constitution to allow the State to fund programs for the purpose of increasing the life expectancy of, improving educational outcomes for, or lifting out of poverty specific groups.
- [ACR 135](#) (Weber) –Would formally recognize and accept responsibility for all of the harms and atrocities committed by representatives of the state who promoted, facilitated, enforced and permitted the institution of chattel slavery.
- [AB 1815](#) (Weber) – Would prohibit discrimination based on natural and protective hairstyles in all competitive sports by extending the CROWN Act to explicitly include competitive sports within California.
- TBD (Bradford) – Would restore property taken during race-based uses of eminent domain to its original owners or provide another effective remedy where appropriate, such as restitution or compensation.
- TBD (Jones-Sawyer) – Would issue a formal apology for human rights violations and crimes against humanity on African slaves and their descendants.

HEALTH

- [AB 1975](#) (Bonta) – Would make medically supportive food and nutrition interventions, when deemed medically necessary by healthcare providers, a permanent part of Medi-Cal benefits in California.
- TBD (Smallwood-Cuevas) – Would address food injustice by requiring advance notification to community stakeholders prior to the closure of a grocery store in underserved or at-risk communities.

EDUCATION

- [AB 1929](#) (McKinnor) – Would expand access to career technical education by creating a competitive grant program to increase enrollment of descendants in STEM-related CTE programs at the high school and college levels.
- TBD (McCarty) – Would address Career Education Financial Aid for redlined communities.

CRIMINAL JUSTICE REFORM

- [ACA 8](#) (Wilson) – Would amend the California Constitution to prohibit involuntary servitude for incarcerated persons.
- [AB 1986](#) (Bryan) – Would eliminate the state correctional practice of banning books without oversight and review.
- TBD (Jones-Sawyer) – Would fund community-driven solutions to decrease community violence at the family, school and neighborhood levels in African-American communities by establishing a state-funded grant program.
- TBD (Holden) – Would enact the Mandela Act to restrict solitary confinement within state detention facilities.

BUSINESS

- TBD (Gipson) – Would eliminate barriers to licensure for people with criminal records by expanding [AB 2138](#) (Chiu, 2018) to prioritize African American applicants seeking occupational licenses, especially those who are descendants.