

February 9, 2024

### LAO Publishes Brief on Key Fiscal and Policy Issues Facing the State

This week, the Legislative Analyst's Office (LAO) published a [report](#) identifying and exploring the most consequential fiscal and policy issues in our state. The compilation of this list resulted from an office-wide effort to identify the most pressing and often cross-cutting issues facing the state; subsequent conversations with the Joint Legislative Budget Committee helped refine the set of key issues. The report groups the identified issues in three sections – (1) economic growth and opportunity; (2) health, safety, and well-being; and (3) fiscal health, governance, and oversight. Under each section, the report then explores various specific sub-issues of consequence.

Notably, the report does not contain any recommendations, but instead is meant as a means to frame critical policy and fiscal issues for the Legislature's consideration and possible action over the long term. In seeking to facilitate future conversations, the LAO includes a series of helpful questions under each of the issues to tease out how the Legislature may want to identify what, if any, role the state should play in addressing the problem; what the most effective mechanism is for state intervention; and how the Legislature might conduct oversight.

### January Income Tax Revenues Fall Short

Preliminary data from the state's tax agencies indicate that January 2024 personal and corporate income tax revenues fell about \$5.7 billion below Governor's budget estimates. This report represents the cumulative agency cash shortfall for income taxes in the 2023-24 fiscal year as of the end of January. Sales and use tax along with other revenue data will emerge in the coming weeks.

Note that these preliminary estimates are subject to later revision. Authoritative estimates for January are expected to be released in the Department of Finance's *Finance Bulletin* on February 20.

### Senate President pro Tempore Mike McGuire Announces Leadership and Committee Assignments

Yesterday, Senate President pro Tempore McGuire [announced](#) his new Senate Democratic Leadership team as well as considerable changes to Senate committee chairs and membership.



His leadership team now is comprised as follows:

- Senator Lena A. Gonzalez (D-Long Beach), Majority Leader
- Senator Angelique V. Ashby (D-Sacramento), Assistant Majority Leader
- Senator Aisha Wahab (D-Hayward), Assistant Majority Leader
- Senator Monique Limón (D-Santa Barbara), Democratic Caucus Chair
- Senator Dave Cortese (D-San Jose), Majority Whip
- Senator María Elena Durazo (D-Los Angeles), Assistant Majority Whip
- Senator Steve Padilla (D-San Diego), Assistant Majority Whip

Additionally, we would note the following:

- As had been rumored, the Senate Governance and Finance Committee has been bifurcated into the Senate Local Government Committee, now chaired by Senator Maria Elena Durazo, and the Senate Revenue and Taxation Committee, now chaired by Senator Steve Glazer.
- Notable newly appointed committee chairs include:
  - Senator Anna Caballero – Senate Appropriations Committee (effective March 11, 2024, the first hearing following the March primary)
  - Senator Scott Wiener – Senate Budget and Fiscal Review Committee
  - Senator Richard Roth – Senate Health Committee
  - Senator Nancy Skinner – Senate Housing Committee
  - Senator Lola Smallwood-Cuevas – Senate Labor, Public Employment and Retirement Committee
  - Senator Dave Cortese – Senate Transportation Committee
  - Senator Aisha Wahab – Senate Budget Subcommittee No. 5 on Corrections, Public Safety, Judiciary, Labor and Transportation

## Two Notable Health-Related Bills Introduced

### ► **AB 2200 (Kalra) – Single Health Care Payer**

Assembly Member Ash Kalra has reintroduced his single payer measure, dubbing it the California Guaranteed Health Care for All Act. Like previous measures, [AB 2200](#) is sponsored by the California Nurses Association (CNA) and does not include a financing mechanism.

AB 2200 is similar to the single payer bill that Assembly Member Kalra introduced in 2022, [AB 1400](#). The 2024 version has a few new elements, including:

- An Office of Health Equity to address inequalities in health care.
- Special projects funding to help with underserved health care areas, including rural areas.
- A new advisory committee to make recommendations about pensions and other health benefits that retirees have already negotiated.
- A transition period during implementation to make sure patients maintain access to their doctors and medications.
- Language to specifically protect gender-affirming care and abortion.

- Provisions to help with the recruitment and retention of health care workers.

With new leadership and new Health Committee chairs in both houses, it is unclear how the bill will fare this year. Since 2022, turnover in the Legislature has resulted in more progressive members, and more candidates endorsed by the CNA have been elected. However, given the state's multi-billion dollar budget deficit the question of financing this change becomes even more important.

► **SB 1012 (Wiener) – The Regulated Psychedelic-Assisted Therapy Act and the Regulated Psychedelic Substances Control Act**

Senator Scott Wiener and Assembly Member Marie Waldron are jointly working on [SB 1012](#), a bipartisan bill that would give people aged 21 or older access to psychedelic substances under the supervision of licensed and trained facilitators.

Governor Newsom vetoed Senator Wiener's 2023 bill, [SB 58](#), which would have legalized the personal possession and use of "magic mushrooms." As part of the veto message, the Governor urged the creation of regulated treatment guidelines. SB 1012 would establish a professional licensing board for developing training programs, ethical standards, scope of practice guidelines, and regulatory oversight for psychedelic therapy.

**Select Committee Holds Second Hearing on Retail Theft**

The Assembly Select Committee on Retail Theft held a joint hearing with the Assembly Public Safety Committee today in Los Angeles County; see the agenda [here](#). In opening comments, committee members indicated that this hearing is meant to build on conversations in the Select Committee's first hearing held in December (see more information and handouts on this [page](#)). Support for balanced solutions, evidence-based practices, and cross-jurisdictional partnerships was also expressed.

The committees heard from three panels that focused on (1) statewide efforts; (2) local efforts; and (3) issues addressing fencing and reselling. Numerous bills seeking to address retail theft have been introduced in 2024. We will continue to monitor committee conversations as well as policy deliberations on related legislation.