

COMMITTEE MEMBERS
ROGER W. NIELLO, VICE CHAIR
BENJAMIN ALLEN
CATHERINE BLAKESPEAR
CHRISTOPHER CABALDON
STEVEN CHOI
MARIA ELENA DURAZO
SHANNON GROVE
JOHN LAIRD
JERRY MCNERNEY
CAROLINE MENJIVAR
ROSILICIE OCHOA BOGH
SASHA RENÉE PÉREZ
LAURA RICHARDSON
KELLY SEYARTO
LOLA SMALLWOOD-CUEVAS
AISHA WAHAB
AKILAH WEBER PIERSON

CALIFORNIA STATE SENATE

COMMITTEE ON BUDGET AND FISCAL REVIEW

LEGISLATIVE OFFICE BUILDING – ROOM 502
SACRAMENTO, CA 95814



STAFF DIRECTOR
ELISA WYNNE

DEPUTY STAFF DIRECTOR
SCOTT OGUS

CONSULTANTS
NORA BRACKBILL
TIMOTHY GRIFFITHS
DIEGO EMILIO J. LOPEZ
EUNICE ROH
JOANNE ROY
YONG SALAS
ELIZABETH SCHMITT
JESSICA UZARSKI

ASSISTANT CONSULTANT
SANDY PEREZ

Scott Wiener, Chair

(916) 651-4103
FAX (916) 668-7004

Agenda

June 30, 2025

12:00 p.m. – 1021 O Street, Room 1200

<u>BILL</u>	<u>AUTHOR</u>	<u>SUBJECT</u>
1. AB 130	Committee on Budget	Housing (Vote Only)
2. AB 131	Committee on Budget	Public Resources
3. AB 139	Committee on Budget	State Bargaining Units 9 and 12
4. AB 140	Committee on Budget	State Bargaining Unit 6

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair
2025 - 2026 Regular

Bill No:	AB 130	Hearing Date:	June 25, 2025
Author:	Committee on Budget		
Version:	June 27, 2025 As amended		
Urgency:	No	Fiscal:	No
Consultant:	Timothy Griffiths		

Subject: Housing

Summary: This bill provides statutory changes to facilitate implementation of the Budget Act of 2025 as it relates to housing and homelessness.

Amendments of June 27, 2025:

The amendments remove provisions in Section 60 of the bill that would have established county-by-county wage floors for exempt housing development projects, as specified.

Proposed Law: Specifically, as amended, this bill:

- 1) Changes the Encampment Resolution Fund (ERF) expenditure deadline from two fiscal years after appropriation of funds to two fiscal years after award of funds.
- 2) Requires Homeless Housing, Assistance, and Prevention (HHAP) recipients to report fiscal and system performance metrics on Rounds 1 & 2 of the program in the same way as they are required to report this information for subsequent HHAP rounds.
- 3) Consolidates the existing default reserve funds from specified affordable housing funding programs at the Department of Housing and Community Development into a single, continuously appropriated backstop against the loss of affordable housing due to loan payment defaults. Requires notice to the Joint Legislative Budget Committee whenever more than 25 percent of the fund is spent in a single fiscal year.
- 4) Adds affordable housing projects funded by Proposition 1 of 2024, which includes Homekey+, to the list of affordable housing that is not subject to Article 34 of the California Constitution's requirement that approval of specified affordable housing projects be put up for public vote.
- 5) Allows affordable housing developers funded by the Department of Housing and Community Development Department (HCD) to utilize equity in their affordable housing projects to finance further investments in other affordable housing projects, subject to specified limitations.

- 6) Subjects the California Coastal Commission's review of housing project permit applications to the shorter California Environmental Quality Act (CEQA) timelines that apply to other lead agencies under the Permit Streamlining Act.
- 7) Establishes a statewide vehicle miles traveled (VMT) mitigation bank program that:
 - a) Gives cities, counties, cities and counties, transit agencies, eligible tribal applicants as specified, and project developers the option to meet vehicle miles traveled mitigation obligations under the California Environmental Quality Act (CEQA) by paying into HCD's Transit-Oriented Development (TOD) program fund to support VMT-efficient affordable housing and related infrastructure projects, as specified.
 - b) Modifies the TOD program as specified so that it operates in conjunction with this VMT mitigation program, as specified, including requiring at least 20 percent affordability, requiring 55 year affordability covenants on TOD funded housing projects, and establishing prioritization for greater affordability, filling funding gaps, and project readiness.
 - c) Directs the Governor's Office of Land Use and Climate Innovation (GO-LCI) by July 1, 2026 and every three years thereafter, to create guidelines for the program, as specified, including methodologies to ensure nexus and proportionality between the development project seeking to mitigate its VMT impact and the TOD project that will provide the VMT mitigation.
 - d) Directs GO-LCI to evaluate the program after the program's first year in operation and, upon appropriation and with the agreement of the University of California, to contract with the University of California to evaluate other specified aspects of the VMT mitigation program.
- 8) Allows housing developments involving more than \$100 million in investment the option of utilizing the same streamlined CEQA process already open to smaller housing projects.
- 9) Provides housing development projects with the option of meeting the air quality requirements to qualify for CEQA streamlining by showing consistency with the California Air Resources Board's Scoping Plan instead of using a quantitative net-zero greenhouse gas emissions analysis.
- 10) Provides that CEQA does not apply to a housing development project (i.e., projects where at least two-thirds of the square footage is residential) that meets the following conditions:
 - a) The project site is not more than 20 acres, except for a builder's remedy site, which cannot be more than five acres.
 - b) The project site is either located within the boundaries of an incorporated municipality or is located within a Census Bureau-defined "urban area."

- c) The project site has been previously developed with an "urban use" as specified, at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses, at least 75 percent of the area within a one-quarter mile radius of the site is developed with urban uses, or for sites with four sides, at least three out of four sides are developed with urban uses and at least two-thirds of the perimeter of the site adjoins parcels that are developed with urban uses.
 - d) The project is consistent with the applicable general plan and zoning ordinance, as well as any applicable specific plan and local coastal program.
 - e) The project will be at least one-half of the applicable "Mullin" density (i.e, at least five units per acre for an unincorporated area in a nonmetropolitan county, 10 units per acre in a suburban jurisdiction, and 15 units per acre in a metropolitan jurisdiction).
 - f) The project is not on an environmentally sensitive or hazardous site, as specified.
 - g) The project does not require the demolition of a historic structure that was placed on a national, state, or local historic register.
 - h) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging.
- 11) Requires that projects that utilize the CEQA exemption provided by this bill undertake the following with regards to California Native American tribes (tribes):
- a) Within 14 days of determining that an application for a project is complete, the local government must provide specified information to all tribes traditionally and culturally affiliated with the project site, and invite them to consult on the project;
 - b) Provides that each California Native American tribe has 60 days to notify the local government that it accepts the invitation to consult;
 - c) Requires the local government to begin the consultation within 30 days of notification that a tribe would like to consult, that the consultation must seek to find measures that would avoid significant impacts to a tribal cultural resource, and that deference must be given to tribal information, knowledge, customs, and understanding of the significance of any resources.
 - d) Specifies that the consultation must conclude within 45 days of initiation, subject to a one-time 15-day extension upon request by a participating tribe.
 - e) Requires the local government to include, as binding conditions of the project approval, any enforceable agreements reached during the project consultation, and all of the following measures, unless there is mutual agreement between the California Native American tribe and the project proponent not to include the measure as a binding condition:

- a. Upon request by a California Native American tribe, the project must include tribal monitoring during all ground-disturbing activities, as specified;
 - b. Tribal cultural resources shall be avoided where feasible, as specified;
 - c. The project must stop upon discovery of human remains or burial grounds, as specified;
- 12) Requires that projects that utilize the CEQA exemption provided by this bill undertake the following remediation measures:
- a) The development proponent must assess the site for environmental hazards, and mitigate for any hazards found, as specified, before the issuance of the certificate of occupancy.
 - b) Any housing on a site located within 500 feet of a freeway must include specified air filtration and design mitigations.
- 13) Establishes labor standards for all projects that utilize the CEQA exemption provided by this bill, as follows:
- a) Requires that construction workers be paid the prevailing wage for projects that are 100 percent affordable housing.
 - b) Requires the use of a skilled and trained construction workforce for buildings that are over 85 feet in height.
 - c) Requires that construction workers be paid the prevailing wage for projects of 50 units or greater in the City and County of San Francisco if not subject to (b), above, for any construction craft where at least 50 percent of the units in market-rate multifamily housing projects, as defined, that received their certificate of occupancy between 2022 and 2024, inclusive, were built by workers that were paid not less than the general prevailing rate of per diem wage.
 - d) Makes the project proponent liable if the general contractor or subcontractor fails to meet the applicable wage standards and enables a joint-labor management cooperation (JLMC) committee to enforce this requirement.
 - e) Enables a JLMC to enforce state law that ensure that contractors are properly licensed, are paying their payroll taxes, and have proper workers compensation insurance.
- 14) Clarifies that providing legal services for homeownership preservation, including foreclosure prevention, is an eligible use of National Mortgage Settlement funds.
- 15) Eliminates a provision in state accessory dwelling unit law that any local agency that has adopted an ordinance by July 1, 2018, providing for the approval of

accessory dwelling units in multifamily dwelling structures, must ministerially consider a permit application to construct an accessory dwelling unit meeting specified requirements, but may impose objective standards including design, development, and historic standards on said accessory dwelling units, but not minimum lot size requirements.

- 16) Prohibits the separate sale, lease, or financing of any individual parcel following ministerial approval of a starter housing subdivision project meeting specified eligibility requirements unless that parcel has a completed residential dwelling on it, with specified exceptions. Allows local jurisdiction to opt out of this prohibition.
- 17) Clarifies that any remainder parcel should not be taken into account when calculating project density for purposes of state law requiring ministerial approval of starter housing subdivision projects meeting specified eligibility requirements.
- 18) Makes the following changes to the Regional Housing Needs Assessment (RHNA) process in housing element law:
 - a) Requires the relevant Council of Governments (COG) to provide data assumptions from their projections for overcrowding and percentage of cost-burdened households based on the difference between the region's rates and those comparable regions in the United States.
 - b) Requires COGs to submit a draft allocation methodology and develop a revised methodology in consultation with HCD within 45 days, if HCD finds the draft allocation methodology does not further the objectives.
- 19) Removes several sunset dates within the Housing Accountability Act (HAA) making permanent provisions of the HAA that:
 - a) Define when a project application is "deemed complete" to mean when the project applicant has submitted a specified preliminary application or, if the applicant has not submitted a preliminary application, then when the applicant submitted a complete application, as specified.
 - b) Define "objective" as meaning involving no personal or subjective judgment by a public official and being uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official.
 - c) Require a court to issue an order to correct an action in the case of a local agency requiring a housing development project to comply with an ordinance or standard not in effect when the preliminary application was submitted.
 - d) Provide that the HAA applies to a housing development project that submits a specified preliminary application before January 1, 2030.
- 20) Removes several sunset dates within the Housing Crisis Act (HCA) making permanent provisions of the HCA that:

- a) Prohibit local agencies from requiring more than five hearings on a housing development project that complies with the applicable, objective general plan and zoning standards in effect at the time the application is deemed complete.
- b) Require a local government to determine whether a site for a proposed housing development project is a historic site at the time the application is deemed complete.
- c) Require a local government to compile a list or lists that specify in detail the information required from any applicant for a development project, as specified.
- d) Authorize a housing development proponent to submit a preliminary application, and require a local government to determine the completeness of that preliminary application, as specified.

21) Makes the following changes to the Davis-Sterling Act governing common-interest developments (CIDs):

- a) Specifies that reasonable restrictions on Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs) in a CID shall not include any fees or other financial requirements.
- b) Limits fines that may be imposed on an association member in a CID, as specified. Additionally, the bill provides that an association member shall have the opportunity to cure a violation associated with damage to the common area or facilities by themselves or a guest, prior to a board meeting to discuss the violation, as specified.

22) Makes the following change to the State Lands Act (SLA):

- a) Removes school district real property from the definition of “exempt surplus land,” requiring this land must be disposed of in accordance with the SLA.

23) Makes the following changes to the Permit Streamlining Act (PSA):

- a) Provides that the PSA applies to an entitlement for a housing development project regardless if the permit is discretionary or ministerial. This change would not apply to a post-entitlement permit.
- b) Requires a local agency to approve or disapprove a ministerial permit within 60 days from the date of receipt of a complete application.

24) Makes the following changes to the California Coastal Act:

- a) Prohibits appeals for residential projects (projects that are exclusively residential and made up of four or more units) that are located in a sensitive coastal resource area or are not the principal permitted use in the Local Coastal Plan (LCP).

- b) Requires an annual report by the California Coastal Commission (CEC) for residential projects that are appealed to evaluate how many residential projects were appealed; how many residential projects waived the timelines for acting on an appeal; and how many residential projects were approved, approved with conditions, denied, or withdrawn on appeal to the CCC. The CCC shall include, for each project: a description of the project, including, but not limited to the number of units in the project, and the percentage of units affordable to low- and moderate-income households; time from the appeal to final decision on each project; and any conditions requested or imposed on a project, and the reason for approval, approval with conditions, or denial.

25) Makes the following additional changes:

- a) Requires the California Residential Mitigation Program (CRMP), upon appropriation by the Legislature, to fund the seismic retrofitting of affordable multifamily housing serving low- and moderate-income households, as specified.
- b) Prohibits specified conduct by a mortgage servicer in connection with subordinate mortgages, as defined, including, among other things, failure to communicate with the borrower in writing for over three years; failure to provide notice of a transfer of loan ownership as required; conducting or threatening to conduct a foreclosure sale after the relevant statute of limitations has run or after providing a form indicating the debt had been written off or discharged; and failure to provide required periodic account statements; among other things. Provides specified legal protections in foreclosure proceedings for borrowers subject to subordinate mortgages.

26) Extends the expenditure deadline by six months, and the reimbursement submission deadline by six additional months after that, for Regional Early Action Planning (REAP) 2.0.

27) Prohibits the California Building Standards Commission (CBSC) and any other adopting agency, from October 1, 2025, until June 1, 2031, from considering, approving, or adopting any proposed building standards affecting residential units unless any of the following conditions is met:

- a) The CBSC deems those changes necessary as emergency standards to protect health and safety.
- b) The building standards are related to home hardening and are proposed for adoption by the Office of the State Fire Marshal (SFM).
- c) The building standards are proposed for adoption in relation to the SFM's study of standards for single-exit, single stairway apartment houses with more than two dwelling units in buildings above three stories.
- d) The building standards are proposed for adoption pursuant to an adaptive reuse standards working group, to reduce potable water use in new

residential buildings, or to support risk-based water quality standards for the onsite treatment and reuse of nonpotable water for certain residential buildings, as specified.

- e) The building standards are necessary to ensure the latest editions of the model codes are incorporated into the triennial edition of the California Building Standards Code.
- f) The building standards are necessary to incorporate the updates to accessibility requirements that align with minimum federal accessibility laws, standards and regulations.
- g) The building standards under consideration would take effect on or after January 1, 2032.

28) Prohibits a city or county from making changes or modifications to building standards affecting residential units, including to green building standards, from October 1, 2025 until June 1, 2031, unless one of the following conditions is met:

- a) The changes or modifications are substantially equivalent to changes or modifications that were previously filed by the governing body of the city or county and were in effect as of September 20, 2025;
- b) The CBSC deems those changes or modifications necessary as emergency standards to protect health and safety;
- c) The changes or modifications relate to home hardening;
- d) The building standards relate to home hardening and are proposed for adoption by a fire protection district pursuant to existing provisions governing the proposal of new standards by fire protection districts;
- e) The changes are necessary to implement a local code amendment that is adopted to align with a general plan approved on or before June 10, 2025, and that permits mixed-fuel residential construction consistent with federal law while also incentivizing all-electric construction as part of an adopted greenhouse gas emissions reduction strategy; or
- f) The changes or modifications are related to specified administrative practices.

29) Requires CBSC to reject a modification or change to any building standard affecting a residential unit filed by the governing body of a city or county, from October 1, 2025 until June 1, 2031, unless one of the conditions in 28) above is met.

30) Requires a city or county to perform annual inspections on every homeless shelter in its jurisdiction to ensure that the shelter is compliant with existing law requirements relating to substandard housing. Provides that these inspections may be unannounced.

- 31) Specifies that a city shall conduct an inspection for the shelters within the city's jurisdiction; a county shall conduct an inspection for the shelters in the county's jurisdiction; and a city with a population under 100,000 may partner with its county to conduct an inspection.
- 32) Requires a homeless shelter to prominently display information about an occupant's rights and the process to report a complaint about a substandard shelter, including contact information for the owner or operator of the shelter, the city or county, and HCD. The shelter must also provide this information to any new occupant during intake.
- 33) Provides that a plaintiff who prevails in an action pursuant to this statute shall be entitled to recover reasonable attorney's fees and costs and authorizes HCD to bring a civil action pursuant to this statute.
- 34) Amends the annual report that each city and county is required to submit to HCD and BCSH as follows:
 - a) Adds the number of complaints received by the city or county of substandard shelters, including if the city or county did not receive any complaints.
 - b) Requires a city or county to submit a report even if there are no outstanding violations, or any violations corrected, during the applicable period.
- 35) Requires HCD to withhold state funding from any city or county that fails to comply with reporting requirements or fails to take action to correct a substandard shelter violation.
- 36) Requires local jurisdictions, as part of their General Plan Annual Progress Reports, to provide data about the number of applications submitted, the location and number of developments approved, and the total number of building permits issued pursuant to the Affordable Housing on Faith and Higher Education Lands Act.
- 37) Clarifies that childcare centers may be incorporated into an eligible project pursuant to Affordable Housing on Faith and Higher Education Lands Act without limitation on the number of children.
- 38) Modifies specified height and parking restrictions applicable to Affordable Housing on Faith and Higher Education Lands Act projects.
- 39) Extends by up to one year the amount of time that the owner of a multifamily building has to complete required balcony inspections when the discovery of asbestos prevents timely inspection completion.
- 40) Adjusts the Renters Tax Credit, subject to future appropriation, as follows:
 - a. For spouses filing joint returns, heads of household, and surviving spouses with gross income of \$50,000 or less, from \$120 to \$250 for qualified renters

- with no dependents, and from \$120 to \$500 for qualified renters with dependents.
- b. For other individuals with adjusted gross income of \$25,000 or less, from \$60 to \$250 for qualified renters with no dependents, and from \$60 to \$500 for qualified renters with dependents.
- 41) Requires the Franchise Tax Board (FTB) to report to the Legislature about the efficacy of the change in (40), above, including the number of taxpayers claiming the credit and the average credit amount on tax returns claiming the credit, beginning two years after any appropriation for the adjusted Renters Tax Credit.

Fiscal Effect: This bill will result in minimal general fund costs for the administration of the homeless shelter conditions and minimal special fund costs associated with building standard codes. It provides for a continuous appropriation of funds from the Affordable Housing Default Reserve Account fund for the purpose of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted by the department.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair
2025 - 2026 Regular

Bill No:	AB 131	Hearing Date:	June 30, 2025
Author:	Committee on Budget		
Version:	June 27, 2025 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Timothy Griffiths		

Subject: Public Resources

Summary: This bill provides statutory changes to facilitate implementation of the Budget Act of 2025 as it relates to public resources.

Proposed Law: Specifically, this bill:

- 1) Establishes Round 7 of the Homeless Housing, Assistance, and Prevention (HHAP) Program.
- 2) Appropriates \$500 million less the amount transferred pursuant to (3), below, for Round 7 of HHAP, effective July 1, 2026.
- 3) Authorizes the Department of Finance (DOF) to augment the Housing and Community Development Department's (HCD's) appropriation in the 2025 Budget Act for state operations by up to \$8 million to prepare for the administration of Round 7 of HHAP and directs DOF to notify the Joint Legislative Budget Committee of any such augmentation within ten days.
- 4) Places the following limitations on the disbursement of Round 7 HHAP funds:
 - a) No Round 7 HHAP funds shall be allocated until after enactment of legislation specifying the parameters for Round 7 of HHAP that incorporates the following conditions and priorities and specifies the extent which each shall apply:
 - (i) Having a compliant housing element.
 - (ii) Having a local encampment policy consistent with administration guidance.
 - (iii) Having a pro-housing designation.
 - (iv) Leveraging local resources to scale state investments.
 - (v) Demonstrating progress on key housing performance metrics.
 - (vi) Demonstrating urgency and measurable results in housing and homelessness prevention.
 - b) No Round 7 HHAP awards shall be disbursed to a city, county, tribe, or continuum of care until HCD's director declares, as provided, that HCD has substantially completed its initial disbursement of Round 6 HHAP funds to the city, county, tribe, or continuum of care and that the city, county, tribe, or continuum of care has obligated at least 50 percent of its total Round 6 HHAP award.

- 5) Specifies that administrative costs for Round 7 of HHAP shall not exceed five percent of the total allocation for Round 7 of HHAP and that this five percent includes any augmentation pursuant to (3), above.
- 6) Makes findings and declarations about the role of the California Environmental Quality Act (CEQA), recent Legislative efforts to streamline CEQA, and the purposes for which CEQA should not be used.
- 7) Defines specified terms and phrases for purposes of CEQA.
- 8) Exempts from CEQA any rezoning that implements an approved housing element, with specified exceptions
- 9) Establishes a process to review housing development projects that meet all but one eligibility criteria for specified CEQA exemptions (“near-miss”), with specified exclusions. Provides that this review process will:
 - a) Require the initial study or EIR to examine only those effects that the lead agency determines, based upon substantial evidence in the record, are caused solely by the single condition that makes the proposed project ineligible for the exemption, as provided.
 - b) Limit this alternative environmental review process to remove the alternatives analyses, and consideration of cumulative or growth inducing impacts of the project which would normally be considered in an EIR.
- 10) Exempts from CEQA all of the following types of projects:
 - a) Specified new agricultural employee housing projects and projects consisting exclusively of the repair or maintenance of an existing farmworker housing project.
 - b) Specified wildfire risk reduction projects, including, among other things, projects for prescribed fire, defensible space clearance, and fuel breaks, provided that the project complies with specified requirements.
 - c) Updates to the state’s climate adaptation strategy planning document.
 - d) Any activity or approval necessary for or incidental to planning, design, site acquisition, construction, operation, or maintenance of public park or nonmotorized recreational trail facilities funded by Proposition 4 of 2024, the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024.
 - e) Day care centers, unless located on natural and protected lands, as defined.
 - f) A project that consists exclusively of a federally qualified health center or a rural health clinic, as defined.

- g) A project that consists exclusively of a nonprofit food bank or food pantry, as defined.
 - h) A project that consists exclusively of a facility for advanced manufacturing, as defined.
 - i) A project that consists of the development, construction, or operation of a heavy maintenance facility or other maintenance facility for electrically powered high-speed rail, as defined, if specified conditions are met.
 - j) Projects that consist of the development, construction, or modification of a proposed passenger rail station, or design changes to a passenger rail station, for the purpose of serving electrically powered high-speed rail, if specified conditions are met.
- 11) Postpones, from January 1, 2028 to January 1, 2032, the expiration of an existing CEQA exemption for specified projects undertaken by a public agency or private entity that primarily benefit a small disadvantaged community water system or a state small water system, as provided, and expands the exemption to include projects that provide sewer service to disadvantaged communities served by one or more inadequate sewage treatment systems, as defined.
- 12) Exempts from CEQA, through January 1, 2030, specified community water system projects if the project receives funding from specified sources and does not otherwise include any construction activities if the project results in long-term net benefits to climate resiliency, biodiversity, and sensitive species recovery and includes procedures and ongoing management for the protection of the environment.
- 13) Expands an existing CEQA exemption for linear broadband deployment in a right-of-way if the project meets specified conditions to also include a right-of-way of a local street or road.
- 14) Directs the Governor's Office of Land Use and Climate Innovation (GO-LCI) to develop a definition of and metrics for identifying an eligible urban infill site, as specified, and to do both of the following:
- a) Map, on or before July 1, 2027, the eligible urban infill sites within every urbanized area or urban cluster in the state, subject to a specified process for submission of comments, by a city, county, or city and county, consideration of those comments, map revisions as appropriate, public posting, at least one public meeting, and a public comment period.
 - b) Amend the map from time to time based on a land use designation change or other change in circumstances, after transmitting a draft copy of the map amendment to the board of supervisors and to the city council of each affected jurisdiction 45 days in advance and considering comments from them.
- 15) Specifies that the adoption of, and amendments to the map of eligible urban infill sites and the development of the definition of and metrics for identifying an eligible urban infill site set forth above is not subject to the Administrative Procedures Act.

- 16) Directs GO-LCI to on or before January 1, 2027, and at least once every two years thereafter, to update CEQA guidelines pertaining to the approval of an infill project, as defined, to address any rigid requirements, lack of clarity in vague terminology, and the potential for excessive exposure to frivolous litigation over lead agency determinations, as specified.
- 17) Excludes staff notes and internal agency communications from the administrative record that a lead agency must compile under CEQA when requested by a CEQA plaintiff or petitioner in an action or proceeding to attack, review, set aside, void, or annul certain acts or decisions of a public agency, with specified exceptions.
- 18) Specifies that this bill is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Fiscal Effect: The provisions of this bill result in net General Fund costs of up to \$8 million in 2025-26. This bill also results in net 2026-27 General Fund costs in the amount of up to \$500 million less any portion of the \$8 million that has been transferred to Item 2240-001-0001 of the 2025 Budget Act from the General Fund pursuant to subdivision (d) of proposed Health and Safety Code Section 50245.

Comments: Aside from the establishment of Round 7 of the Homeless Housing, Assistance, and Prevention (HHAP) program in Section 1, this bill is largely based on SB 607 (Wiener). Whereas that bill proposed more expansive modifications of fundamental CEQA procedures, however, this bill is more narrowly tailored to provide specific exemptions and procedural adjustments to CEQA.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair
2025 - 2026 Regular

Bill No:	AB 139	Hearing Date:	June 25, 2025
Author:	Committee on Budget		
Version:	June 25, 2025 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Hans Hemann		

Subject: State Bargaining Unit 9 and State Bargaining Unit 12

Summary: Makes necessary statutory changes to ratify and implement a memorandum of understanding (MOU) between the state and Bargaining Unit (BU) 9 and an addendum to an MOU between the state and BU 12. The agreements cover state employees represented by two exclusive employee representatives, as follows:

Professional Engineers in California Government (PECG)

- BU 9: Professional Engineers

International Union of Operating Engineers (IUOE)

- BU 12: Operating Engineers

Existing Law:

- 1) Establishes the Ralph C. Dills Act, which requires the state to collectively bargain with the exclusive representatives of employee groups (i.e., bargaining units) - regarding wages and working conditions, and to define negotiated agreements in MOUs.
- 2) Establishes the California Department of Human Resources (CalHR) as the official representative of the Governor in all matters related to collective bargaining with state employees.
- 3) Requires that any MOU between the state and an exclusive representative be ratified by the Legislature.
- 4) Establishes the California Public Employees' Retirement System (CalPERS), which administers health and retirement benefits for state employees.
- 5) Requires the Legislative Analyst's Office (LAO) to analyze all state MOUs and to provide an analysis of an MOU and its fiscal impact to the Legislature within 10 days of receipt of an MOU from CalHR.
- 6) Provides that fully vested state retirees (e.g., with 20 or more years of state employment or with 25 years or more, depending on the bargaining unit) are entitled to an employer contribution for retiree health care equal to 80 or 100 percent of the weighted average premium of the four health plans most highly utilized by all members. Depending on the bargaining unit, dependents are

eligible for a contribution based on 80 or 90 percent of the average additional premiums paid for dependents during the benefit year in which the formula is applied. These are referred to as the 80/80 and 100/90 formulas.

- 7) Requires that Medicare-eligible retirees enroll in Medicare and choose a Medicare-coordinated health plan.
- 8) Provides that the employer contribution for active state employee health care shall be determined through collective bargaining.

Proposed Law: This bill ratifies an MOU entered into between the state and BU 9 and an addendum to an MOU entered into between the state and BU 12. Specifically, this measure does the following:

Memorandum of Understanding with BU 9. This bill ratifies an MOU entered into on June 19, 2025 between the state and BU 9, which is represented by the Professional Engineers in California Government (PECG). The MOU agreement is as follows:

Compensation

Salary Adjustments

- Effective July 1, 2025, all Bargaining Unit (BU) 9 classifications shall receive a general salary increase of 3 percent (3%).
- Effective July 1, 2027, all BU 9 classifications shall receive a special salary adjustment, increasing the maximum salary range by 4.5 percent (4.5%) and increasing the minimum salary rate by 2 percent (2%). Employees at the old maximum of the classification shall move to the new maximum of the classification. Employees not at the old maximum of the classification shall receive a Special Salary Adjustment of 2 percent (2%).

Personal Leave Program 2025

- Effective with the July 2025 pay period through the June 2027 pay period.
- Three percent (3%) pay reduction for all BU 9 employees.
- Five (5) hours credited monthly for the PLP 2025 Program.

Telework Stipend Program

- Effective June 30, 2025, the Telework Stipend Program will sunset.

Prefunding of Post-Retirement Health Benefits

- Effective July 1, 2025, the employee and employer monthly contributions to prefunding other post-employment benefits for BU 9 will be suspended through June 30, 2027.

Leave*Bereavement Leave*

- This section was updated to reflect changes to bereavement leave authorized on January 1, 2023, by Assembly Bill 1949, which added section 12945.7 to the Government Code.

Vacation Leave

- Effective July 1, 2025, the BU 9 vacation leave cap will continue to be 832 hours.
- Effective January 1, 2026, the BU 9 vacation leave cap will be 768 hours.
- Effective January 1, 2027, the BU 9 vacation leave cap will be 704 hours.
- Effective January 1, 2028, the BU 9 vacation leave cap will be 640 hours.

Annual Leave Program

- Effective July 1, 2025, the BU 9 annual leave cap will continue to be 832 hours.
- Effective January 1, 2026, the BU 9 annual leave cap will be 768 hours.
- Effective January 1, 2027, the BU 9 annual leave cap will be 704 hours.
- Effective January 1, 2028, the BU 9 annual leave cap will be 640 hours.

Miscellaneous*Business and Travel Expense*

- This section reflects the current travel program that has been in place since October 1, 2024. This is consistent with the BU 9 Side Letter agreement that was signed on September 12, 2024.

On-Call/Standby Time

- This article clarifies that on-call/standby time applies to all BU 9 employees.

Furlough Protection

- For the term of the Personal Leave Program 2025, July 1, 2025, through June 30, 2027, the State will not implement a Furlough Program.

Post-Retirement Health and Dental Benefit Vesting

- This section aligns the health and dental vesting schedules with CalPERS provisions.

Return-to-Office Side Letter

- This Side Letter suspends Executive Order N-22-25 immediately, and reinstates it on July 1, 2026, unless the agreement is not ratified by both parties. Departments shall rescind any existing Return-to-Office notices and revise policies tied to Executive Order N-22-25.

Term

- July 1, 2025, through June 30, 2028.

Duration

- Effective July 1, 2025. The union ratification process will be completed no later than July 3, 2025.

Fiscal

- Fiscal Year 2025-26 Savings: \$38.6 million (\$2.8 million General Fund)
- Total 3-Year Budgetary Cost: \$92.7 million (\$6.6 million General Fund)

Addendum to a Memorandum of Understanding with BU 12. This bill ratifies an addendum to an MOU entered into between the state and BU 12, which is represented by International Union of Operating Engineers (IUOE). The agreement is, as follows:

Compensation*General Salary Adjustment*

- The existing MOU contains a 4 percent (4%) increase to the maximum of the salary range for all BU 12 classifications effective July 1, 2025. This agreement amends that provision and all BU 12 employees shall receive a general salary increase of 3 percent (3%) effective July 1, 2025.

Personal Leave Program (PLP 2025)

- Effective July 1, 2025 pay period through the June 2027 pay period, PLP 2025 will apply to BU 12-represented employees.
- Employees continue to work their assigned work schedules and shall have a reduction in pay equal to three percent (3%) pay reduction.
- Each full-time employee shall be credited with five (5) hours of PLP 2025 on the first day of each pay period for the duration of the PLP

2025 program. On June 1, 2027, BU 12-represented employees shall receive an additional eight (8) hours of PLP 2025.

- PLP 2025 accruals do not expire. PLP 2025 may be cashed out upon separation from state service.
- PLP 2025 leave shall not be considered as “time worked” for overtime purposes except when an employee is “mandated” to work overtime.
- The State shall not seek furlough compensation or additional personal leave program (PLP) reductions from BU 12-represented employees during the term of this MOU.

Health Benefits

Health, Dental, Vision

- The State’s monthly health benefit contribution for each employee shall continue to be a flat dollar amount equal to 80 percent (80%) of the weighted average of the basic health benefit plan premiums of the four largest enrolled basic health plans. The flat dollar amounts shall be increased or decreased as appropriate pursuant to the formula on January 1, 2027.

Prefunding of Other Post-Employment Benefits (OPEB)

- The employer and employee’s monthly contribution for prefunding other post-employment benefits (OPEB) for the 2025-26 and 2026-27 fiscal years of 4.1 percent (4.1%) is suspended and shall not be contributed by the employer and shall not be withheld from employees’ salaries from July 1, 2025 through June 30, 2027.
- Commencing July 1, 2027, OPEB contributions shall be restored with the goal of reestablishing a 50-percent cost sharing of actuarially determined total normal costs for both the employer and employees with a three-year phase-in period (see Side Letter). Beginning July 1, 2027, both the employer and employee shall contribute 1.40 percent (1.40%) of pensionable compensation.
- Beginning July 1, 2028, both the employer and employee shall contribute 2.7 percent (2.7%) of pensionable compensation.
- Beginning July 1, 2029, both the employer and employee shall contribute 4.1 percent (4.1%) of pensionable compensation.
- Effective July 1, 2030, both the employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. The increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent (0.5%) per year.

Retirement

- The existing MOU contains changes to employee retirement contributions effective July 1, 2025. Increases to employee retirement

contributions provided for in Article 11.1 and Article 11.4 will be suspended through June 30, 2027.

Term

- Upon ratification by both parties, the MOU current term is extended from June 30, 2026, to June 30, 2027.

Fiscal

- Fiscal Year 2025-26 savings: \$30.3 million (\$10.9 million General Fund)

Achieving Additional Savings. Includes uncodified language that approves any memoranda of understanding or addenda to a memoranda of understanding entered into by the state employer and state employee bargaining unit between June 21, 2025 and June 30, 2025 that includes measures that achieve savings that contribute to meeting the reductions pursuant to Section 3.90 of the Budget Act of 2025.

Fiscal Effect: This bill results in a savings of \$68.9 million (\$13.7 million General Fund) in fiscal year 2025-26 with the implement the MOU and the addendum to an MOU as described above.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair
2025 - 2026 Regular

Bill No:	AB 140	Hearing Date:	June 25, 2025
Author:	Committee on Budget		
Version:	June 24, 2025 As amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Hans Hemann		

Subject: State employment: State Bargaining Unit 6

Summary: Makes necessary statutory changes to ratify and implement a memorandum of understanding (MOU) between the state and Bargaining Unit (BU) 6. The agreements cover state employees represented by the exclusive employee representative, as follows:

California Correctional Peace Officers Association (CCPOA)

- BU 6: Correctional Officers

Existing Law:

- 1) Establishes the Ralph C. Dills Act, which requires the state to collectively bargain with the exclusive representatives of employee groups (i.e., bargaining units) - regarding wages and working conditions, and to define negotiated agreements in MOUs.
- 2) Establishes the California Department of Human Resources (CalHR) as the official representative of the Governor in all matters related to collective bargaining with state employees.
- 3) Requires that any MOU between the state and an exclusive representative be ratified by the Legislature.
- 4) Establishes the California Public Employees' Retirement System (CalPERS), which administers health and retirement benefits for state employees.
- 5) Requires the Legislative Analyst's Office (LAO) to analyze all state MOUs and to provide an analysis of an MOU and its fiscal impact to the Legislature within 10 days of receipt of an MOU from CalHR.
- 6) Provides that fully vested state retirees (e.g., with 20 or more years of state employment or with 25 years or more, depending on the bargaining unit) are entitled to an employer contribution for retiree health care equal to 80 or 100 percent of the weighted average premium of the four health plans most highly utilized by all members. Depending on the bargaining unit, dependents are eligible for a contribution based on 80 or 90 percent of the average additional premiums paid for dependents during the benefit year in which the formula is applied. These are referred to as the 80/80 and 100/90 formulas.

- 7) Requires that Medicare-eligible retirees enroll in Medicare and choose a Medicare-coordinated health plan.
- 8) Provides that the employer contribution for active state employee health care shall be determined through collective bargaining.

Proposed Law: This bill ratifies an MOU entered into between the state and BU 6 and includes provisions to take effect immediately. Specifically, this measure does the following:

Memorandum of Understanding with BU 6. This bill ratifies an MOU entered into on June 12, 2025 between the state and BU 6, which is represented by the California Correctional Peace Officers Association. The MOU agreement is as follows:

Compensation

General Salary Adjustment

- Effective July 1, 2025, all BU 6 classifications shall receive a general salary increase of three percent (3%).
- Effective July 1, 2027, all BU 6 classifications shall receive a general salary increase of three percent (3%).
- In order to address budget short falls, the parties agreed to a Personal Leave Program 2025 (PLP 2025).

Personal Leave Program 2025

- Effective with the July 2025 pay period through the June 2027 pay period.
- Three percent (3%) pay reduction for all BU 6 employees.
- 5 hours credited monthly for the PLP 2025 Program, except as follows:
 - Fire Captain (9001), Range L and M (192 Hour Schedule) = 7 hours
 - Fire Captain (9001), Range N and P (216 Hour Schedule) = 7 hours

Prefunding of Post-Retirement Health Benefits

- Suspends the employer's monthly contribution for prefunding other post-employment benefits for the 2025-26 and 2026-27 fiscal years of four percent (4%) is suspended and shall not be contributed by the employer from July 1, 2025 through June 30, 2027. The employees' monthly contribution of four percent (4%) of pensionable compensation for prefunding other post-employment will continue uninterrupted.

Retention Differential for Hard-to-Keep/Fill Institutions

- Effective the first day of the pay period following ratification and approval of the MOU, new and current BU 6 employees who work at Salinas Valley State Prison, California State Prison, Sacramento, or R.J. Donovan will be eligible to accrue a \$10,000 retention differential, payable in two payments during the term of the MOU. For the first payment, BU 6 employees shall

receive \$416 for each qualifying pay period worked between July 2025 and June 2026, to be paid in a single lump sum during the month of July 2026. For the second payment, BU 6 employees shall receive \$416 for each qualifying pay period worked between July 2026 through June 2027, to be paid in a single lump sum during the month of July 2027.

Location Incentive Bonus

- Effective the first day of the pay period following ratification of this agreement by both parties, cadets who accept work at one of the eligible institutions listed below will be eligible to receive a \$5,000 location incentive bonus, payable in two payments, upon graduation from the academy and reporting to the institution if the following applies: The institution is 50 or more miles away from their current home address, and they are required to relocate from their home address.
 - Eligible Institutions:
 - Salinas Valley State Prison
 - California State Prison, Sacramento
 - R.J. Donovan Correctional Facility
 - Kern Valley State Prison
 - Pelican Bay State Prison
 - High Desert State Prison
 - San Quentin State Prison
 - California State Prison, Los Angeles County
 - California State Prison, Corcoran

Housing Stipends and Recruitment/Retention Incentives

- Housing Stipends:
 - Effective the first day of the pay period following ratification and approval of the MOU, Salinas Valley State Prison will no longer be eligible for the housing stipend.
 - Effective the first day of the pay period following ratification and approval of the MOU, employees employed at the Correctional Training Facility by September 8, 2025 will continue to receive the housing stipend. Employees hired after September 8, 2025, will no longer be eligible to receive the housing stipend.
- Recruitment and Retention Incentives:
 - Effective the first day of the pay period following ratification and approval of the MOU, employees at Salinas Valley State Prison will be eligible for the recruitment and retention incentive of \$2,600, payable in two semi-annual payments of \$1,300.
 - After September 8, 2025, new hires and transfers at Avenal, Calipatria, Centinela, and Ironwood State Prisons are not eligible for the recruitment and retention incentive.

Health Benefits*Health, Dental, Vision*

- The State's monthly health benefit contribution for each employee shall continue to be a flat dollar amount equal to 80 percent (80%) of the weighted average of the basic health benefit plan premiums of the four largest enrolled basic health plans. The flat dollar amounts shall be increased or decreased as appropriate pursuant to the formula on January 1, 2026, January 1, 2027, and January 1, 2028.
- Removes the language that during their first twelve months, new BU 6 employees are not eligible to enroll in the Union-sponsored fee-for-service plan.

Miscellaneous*Class B Driver's License*

- Language was added clarifying that BU 6 employees with a Class C License and/or a Class C License with a Firefighter endorsement are and have been eligible for the Commercial Driver's License pay differential.

Personnel Investigations

- Enhancements were made to this section outlining notice requirements when a BU 6 employee is ordered to attend an interview by CDCR, which now includes routine reviews. The entire section was also rearranged to make it flow better, and headers were added to clearly identify topics within the section.

Random Substance Testing Program

- The parties recognize California law, specifically AB 2188 (Chapter 392, Statutes of 2022), which protects California employees from discrimination based on their off-duty, off-site cannabis use. As such, the parties agree correctional facilities, units, offices, and anywhere BU 6 employees work and interact with supervised/incarcerated individuals will be maintained as a drug-free workplace, consistent with the California Penal Code. Balancing an employer's right to maintain a safe and secure workplace and BU 6 employee's statutory right to choose to use cannabis off-duty, the parties agree to remove the testing requirement for marijuana/cannabinoids (THC) from the random testing panel.
- The testing requirement for marijuana/cannabinoids (THC) under the Federal Motor Carrier Safety Administration's annual minimum testing for covered drivers with a commercial driver's (Class C) license or Class C driver's license with a Firefighter endorsement will remain in place.

Video Recordings

- Within ninety (90) days of ratification and approval of the MOU, for routine matters, BU 6 employees will be granted the opportunity to review Audio/Visual Surveillance Systems (AVSS) data from an institutional fixed camera(s) of an incident they were involved in either prior to or after writing and submitting their initial incident report to the extent operationally and technologically feasible.

Duration

- July 3, 2025, through July 2, 2028.

Term

- Effective the first day following ratification and approval of the MOU. The union ratification process will be complete July 2025.

Fiscal

- Fiscal Year 2025-26 Savings: \$88.4 million (\$88.4 million General Fund)
- Total 4-Year Incremental Cost: \$149.6 million (149.6 million General Fund)
- Total 4-Year Budgetary Cost: \$608.1 million (\$608.1 million General Fund)

Fiscal Effect: This bill reduces employee compensation by \$88,392,000 (\$88,392,000 General Fund) in Fiscal Year 2025-26 to implement the MOU as described above.

-- END --