Senator Eloise Gómez Reyes, Chair
Senator Catherine Blakespear
Senator Steven Choi
Senator Jerry McNerney

Wednesday, August 12, 2026
9:00 a.m. or Upon Adjournment of Session
1021 O Street - Room 2200

Consultants: Joanne Roy and Elisa Wynne

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

DISCUSSION

VARIOUS DEPARTMENTS

Issue 1: Proposition 4

Background. The Governor's proposed Proposition 4 Spending Plan totals $2.25 billion. The proposal appropriates funding from the various sections of the bond as follows:

Climate Bond Expenditure Plan as of 2026-27 May Revision
($ in Millions)

Investment Category	Bond Allocation	2024-25 Appropriated	2025-26 Appropriated	2026-27 Proposed	Out-Years
Safe Drinking Water, Drought, Flood & Water Resilience	$3,800	$0	$1,199	$815	$1,786
Wildfire & Forest Resilience	$1,500	$181	$417	$314	$588
Coastal Resilience	$1,200	$0	$279	$183	$738
Extreme Heat Mitigation	$450	$0	$110	$241	$99
Biodiversity & Nature-Based Solutions	$1,200	$0	$390	$224	$586
Climate Smart Agriculture	$300	$0	$154	$89	$57
Outdoor Access	$700	$0	$466	$60	$174
Clean Air & Energy	$850	$0	$275	$326	$249
Total	$10,000	$181	$3,290	$2,251	$4,278

Source: Department of Finance

Golden Gate Fields. Golden Gate Fields is a 161-acre land parcel located the Northwest San Francisco Baylands adjacent to the City of Albany. In June 2024, Golden Gate Fields ended its operation as a horse racing track. The owner of the now-defunct racetrack is the Stronach Group and is the seller of this property. The Stronach Group is a private company, and among its businesses, owns and manages racetracks in North America.

In March 2026, the Trust for Public Land (TPL) secured an option to buy the site for $175 million and has until the end of the year to exercise this option. TPL and East Bay Regional Park District (EBRPD) are working together towards raising the funds to purchase the property via public and philanthropic sources. In addition, the EBRPD has committed $20 million from Measure WW (2008) towards this purchase. The selling price includes removal of existing above-ground structures, but the cost of transforming the site for the intended purposes has not been disclosed.

The Governor's proposal includes up to $125 million for the acquisition of Golden Gate Fields. The sale price for the property is $175 million. Specifically, this proposal includes:

- $55 million to the State Coastal Conservancy (SCC) from Public Resources Code (PRC) Section 92010(a) for Coastal Resilience;

- $20 million to SCC from PRC Section 92010(b) for the San Francisco Bay Restoration Authority Act and the San Francisco Bay Conservancy Program;

- $25 million to the Wildlife Conservation Board from PRC Section 93010 for the protection and enhancement of fish and wildlife resources; and,

- $25 million to the California Natural Resources Agency from PRC Section 94020 for the reduction of climate impacts on disadvantaged communities and expansion of outdoor recreation.

According to the Administration:

> TPL has identified a minimum of $50 million in funding from local and philanthropic sources. The state will provide up to $125 million in grants to the TPL to acquire the property. As is typical for conservation acquisitions such as this project, each state agency providing funding will enter into a grant agreement with TPL (in this case, state agencies include the Natural Resources Agency, the Wildlife Conservation Board, and the State Coastal Conservancy). The grant agreements include various requirements that are conditions of the grant agreement, in addition to any applicable requirements of the funding source. Those conditions include conservation and environmental restoration, indemnification of the state for any claims arising out of the acquisition including for future environmental hazards identified on the sites, and management of the property consistent with conservation purposes. Importantly, the property will be transferred from the landowners to East Bay Regional Park District (District), not the state. The state is not acquiring the property.
>
> Once TPL has entered into the necessary grant agreements and secured all required funding, they will exercise the option agreement for the Golden Gate Fields property. This is expected to occur by December 15, 2026. After that, the various sources of funding for the acquisition (state, local, philanthropic) will be placed directly in an escrow account. Upon the close of escrow, the landowners will transfer the property to the District for development of a regional park, as well as assign any rights and obligations it has with respect to state funding to the District. This is expected to occur no later than March 2027.
>
> The District will be the owners and long-term steward of the land. Once conveyed, the District will secure the property and work with the cities of Albany and Berkeley and many other partners to initiate a public engagement process that will help determine the composition of initial and longer-term park, recreation and habitat restoration uses on the site. Community engagement, planning, design, and development of the park likely will be a phased multi-year process.

LAO Comments and Recommendations. *Consider Whether Proposed Project and Amounts Align with Legislative Priorities.* Proposes $125 million one-time from four Proposition 4 categories to help acquire and turn Golden Gate Fields, a former horse racing track in the Bay Area, into a regional park. The remaining $50 million for the acquisition will come from the East Bay Regional Park District (EBRPD) and Trust for Public Land, a nonprofit organization. The proposal also includes budget bill language that would allow DOF to reduce the state allocation if additional non-state funding sources can be identified for the purchase.

LAO finds that the funding sources identified by the administration are allowable and consistent with the requirements of the bond, and this project touches upon state goals for coastal resilience and public access. Moreover, EBRPD will assume ongoing ownership and operations costs for the long term, not the state. However, this would be a significant outlay of Proposition 4 dollars, precluding their use for other projects through the competitive grant process.

As such, the Legislature might want to consider if the amount and distribution of funding in this proposal aligns with its highest priorities for the climate bond. If not, the Legislature could modify the funding amounts and/or proposed bond categories for this acquisition.

Staff Comments. Concerns have been raised about the substantial amount of Proposition 4 funding being used for this one proposal. Although the general obligation bond totals $10 billion, the funds are spread across many "buckets," each having various purposes, limited dollar amounts, and specified requirements. For much of these funds, the demand and need for each bucket far exceed the number of projects and programs that each bucket can support.

Given the visibility and location of the project, perhaps proponents of this project can raise more of the purchasing funds through philanthropic means. In 2025, the top five Bay Area-based corporate philanthropists (Alphabet, Inc., The Sobrato Organization, Salesforce Inc., PG&E Corporation, and Gilead Sciences, Inc.) provided approximately $215 million in cash contributions to greater Bay Area charities (Counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma). Company-wide (Bay Area and beyond), these five corporations combined donated a total of $1.3 billion in 2025. (San Francisco Business Times, "The Top Corporate Philanthropists in the Bay Area, 2026," July 30, 2026.) In addition, it seems viable that numerous and well-capitalized private philanthropic groups could raise a much larger contribution to the acquisition.

Is it prudent for the state to pay over 70 percent of the $175 million purchase price for a property that it will not own? Would a lesser amount of a state contribution to this one proposal be more appropriate and equitable?

Issue 2: Greenhouse Gas Reduction Fund (GGRF)

Background. GGRF is funded from the sale of allowances at auction. GGRF funding is divided into three tiers:

- Tier 1 includes a manufacturing tax exemption (largely for electricity utilities and agriculture) and the Legislative Counsel Climate Bureau.
- Tier 2 includes $1 billion for High-Speed Rail Authority and $1 billion for legislative discretionary spending.
- Tier 3 includes the Affordable Housing and Sustainable Communities Program, the Community Air Protection Program, the Law Carbon Transit Operations Program, Wildfire and forest resilience, and the Safe and Affordable Drinking Water Program.

Tier 1 is funded before Tier 2, and Tier 2 is funded before Tier 3. Therefore, decreases in GGRF jeopardize clean air, affordable water, and wildfire programs before other appropriations.

Below is a table providing a comparison from May Revision to Enactment.

2026-27 Cap-and-Invest Expenditure Plan
(Dollars in Millions)

Comparison		2026 MR	2026 Enactment	Difference
Revenues	Estimated Auction Proceeds	$3,394	$2,731	($663)
Tier 1 Appropriations	Manufacturing Tax Credit	$148	$148	$0
	State Operations	$115	$110	($5)
	State Responsibility Area Fee Backfill	$92	$92	$0
	Legislative Counsel Climate Bureau	$3	$3	$0
Net Revenues Available for Tier 2 and Tier 3		**$3,036**	**$2,372**	**($664)**
Tier 2 Appropriations	High Speed Rail Authority	$1,000	$1,000	$0
	$1 billion reserved for discretionary appropriations:			$0
	- CAL FIRE General Fund Backfill	$750	$750	$0
	- SB 840 Commitments	$250	$250	$0
	- Remaining Available Tier 2 Discretionary Funding	$0	$0	$0
Net Revenues Available for Tier 3		**$1,036**	**$372**	**($664)**
Tier 3 Continuous Appropriations	Affordable Housing	$293	$105	($188)
	Transit and Intercity Rail Capital Program	$209	$75	($134)
	Community Air Protection	$131	$47	($84)
	Sustainable Communities and Agricultural Land Conservation	$126	$45	($81)
	Low Carbon Transit Operations Program	$105	$38	($67)
	Healthy and Resilient Forests	$105	$38	($67)
	Safe & Affordable Drinking Water Program	$68	$24	($44)
	Total (Up to $1.98 billion)	**$1,036**	**$372**	**($664)**
Additional Revenues	Estimated Interest Earnings	$500	$500	$0
Remaining Revenues for Discretionary Appropriations		**$500**	**$500**	**$0**
Additional Discretionary Funding	Additional Discretionary - Remaining CAL FIRE General Fund Backfill	$500	$500	$0
	Zero-emission Vehicle Incentive Funding	$115	$115	$0
	Total	**$615**	**$615**	**$0**

Source: Department of Finance

GGRF actions left open after the June budget include:

- $250 million in discretionary Tier 2 funding.
- Statutory language to establish a new Legislative Counsel Climate Bureau, consistent with the intent of SB 840 (Limón), Chapter 121, Statutes of 2025
- Administration's proposed "clean-up" trailer bill language related to SB 840.
- $5 million for the Administration's GGRF-funded state operations budget change proposals:
    - California Air Resources Board (CARB): Cap-and-Invest Implementation (AB 1207 and SB 840)
    - CARB: AB 617 Community Air Monitoring Updates (SB 352)
    - California Public Utilities Commission: Cap-and-Invest Implementation (AB 1207)

According to the Department of Finance, the department has updated its methodology to incorporate the updated Cap-and-Invest regulations and the updated auction revenue estimate for 2026-27 is $2.731 billion. This reflects the regulations taking effect beginning with the February 2027 auction. This does not incorporate offsets under the cap because allowances will not be retired until calendar year 2028.