
MEMORANDUM

To: City of Santa Clara

From: Townsend Public Affairs
Casey Elliott, Vice President & Chief Strategy Officer

Date: October 20, 2026

Subject: Q3 Legislative Update

The 2025-26 legislative session ended on September 1, and Governor Newsom had until September 30 to act on bills sent to his desk. The Legislature was drawn back into Session beyond the August 31 deadline to consider a few late-amended items, resulting in Session officially adjourning at the start of the month. During the rest of the month, Legislators returned to their districts ahead of the November election.

LEGISLATIVE BRANCH ACTIVITY

Legislature Concludes this Year's Session & Adjourns for 2026

Lawmakers cleared the bulk of the more than 1,200 bills still pending at the start of the final month, alongside the last wave of budget trailer bills, before the conclusion of the 2025-26 Regular legislative session. The Legislature does not formally adjourn *sine die* until midnight on November 30, when the two-year 2025-26 session officially concludes. During the interim, Members return home until they reconvene in Sacramento briefly in December to swear in the new Legislature after the November Election.

Wildfire Liability Proposal Withheld

The marquee storyline of the year's final hours was a bill that did not pass. Building on the negotiations that consumed the Legislature, Administration, and much of the Sacramento community at the end of the summer, Governor Newsom and legislative leadership struck a scaled-back compromise in the form of [SB 492 \(Becker/Petrie-Norris\)](#), dropping the Administration's push to cap utility payouts while retaining narrower pieces previewed in earlier proposals: a ban on utility executive bonuses in fire years, a "Fast Pay" program to speed compensation to survivors, restrictions on private-equity investment in wildfire claims, and continued subrogation rights for insurers. Investor reaction was swift and negative. PG&E, Southern California Edison, and San Diego Gas & Electric shares all fell in the days after the deal was announced, while wildfire survivor advocates argued the compromise still did not go far enough.

The measure was amended Saturday, August 29 at 7:30am, meaning the bill was not eligible for final votes until the same time the morning of Tuesday, September 1, forcing both Chambers to convene that morning beyond the August 31 deadline. However, the Assembly ultimately declined to bring the bill to a vote, killing it for the year. Assembly Speaker Robert Rivas [said](#) the proposal "does not yet deliver the relief, accountability or meaningful reform that Californians deserve."

Governor Newsom, in a statement afterward, said the measure "did not meet the gravity of this moment" and called for a comprehensive fix rather than a partial one. Rivas told reporters the Assembly stands ready to act if the Governor calls a special session this fall, but the Governor's Office took no such action.

Legislative Leaders Issue End of Session Remarks

Following the close of the 2025-2026 Legislative Session, both Assembly Speaker Robert Rivas and Senate President pro Tempore Monique Limón issued statements detailing the work of their respective houses over the past two years. [Speaker Rivas](#) highlighted housing as the area of greatest effort, citing changes to how affordable housing is financed that he said will cut an estimated \$60,000 to \$70,000 from the cost of each unit, \$900 million in emergency funding to address street homelessness, a Disaster Rebuilding Fund for fire-affected families, a cap on security deposits at one month's rent, and an \$11.25 billion housing and homeownership bond that will go before voters. Rivas said the Assembly also pushed back against federal actions, describing efforts to reject Medi-Cal cuts, backfill health care subsidies and CalFresh assistance, fund reproductive health clinics, and pass more than two dozen bills related to immigration enforcement. He pointed to additional measures on paid sick days, banking fees and teen social media use, and said the Assembly created a first-in-the-nation Outcomes Review program to examine whether enacted laws are working as intended.

Senate President pro Tempore [Monique Limón](#) said she is proud of the chamber's work to continue supporting California families in the face of federal actions. According to the statement, the Senate held 406 committee hearings and more than 800 hours of debate and public comment, and highlighted priorities in several areas: opposing federal funding cuts to Medi-Cal and Medicare; passing an \$11.25 billion Veterans and Affordable Housing Bond Act to fund construction, preserve affordable housing and expand homeownership; funding roughly 125,000 new child care slots in the 2026-27 budget while building toward universal preschool; protecting the Middle Class Scholarship Program; strengthening protections for voters and poll workers and limiting federal involvement in state elections; and safeguarding natural resources through efforts such as opposing offshore drilling, reducing plastic pollution, and increasing funding for safe drinking water and public lands.

EXECUTIVE BRANCH ACTIVITY

Governor Takes Final Actions on Major Bills of Interest for the Year

Energy, Utilities, and Communications		
BILL	SUMMARY	STATUS
AB 2619 (Papan)	Requires data center developers to provide information on water use to water suppliers and local governments prior to being issued a business license and upon renewal of a business license.	Signed into law.
SB 1168 (McNerney)	Requires the California Public Utilities Commission to assess opportunities for rate structures to address specified rate impacts associated with data centers.	Signed into law.

Governance and Transparency		
BILL	SUMMARY	STATUS
<u>AB 1821</u> (Pacheco)	Extends the deadlines for public agencies to provide an initial response to a public records request, by converting the current "calendar day" deadlines to a "business day" standard.	Signed into law.
<u>SB 1159</u> (Cabaldon)	Prohibits individuals from knowingly using AI to falsely represent that a natural person engaged with a government agency and clarifies that "person" does not include artificial intelligence systems, automated agents, or robots for purposes of public engagement with government.	Signed into law.
<u>SB 1164</u> (Cervantes)	Revises and expands the California Voting Rights Act of 2001 with a state voting rights act that seeks to protect voters from voter suppression and vote dilution.	Signed into law.
<u>SB 1187</u> (Durazo)	Repeals language access requirements for local government meetings.	Signed into law.

Housing and Land Use		
BILL	SUMMARY	STATUS
<u>AB 956</u> (Quirk-Silva)	Requires local agencies to ministerially approve two detached, new construction Accessory Dwelling Units a lot with an existing or proposed single-family dwelling.	Signed into law.
<u>AB 1621</u> (Wilson)	Makes numerous changes to the post entitlement permit review process.	Signed into law.
<u>AB 1738</u> (Carrillo)	Requires certain cities, counties, or cities and counties to offer remote virtual building inspections for certain residential projects in single- or two-family dwelling units.	Signed into law.
<u>AB 1751</u> (Quirk-Silva)	Establishes the Missing Middle Townhome Ownership Act, which creates a ministerial approval process for townhome developments on residentially zoned lots.	Signed into law.
<u>AB 1997</u> (Lee)	Expedites the timeline for approval or disapproval of certain affordable housing development projects.	Vetoed.
<u>AB 2433</u> (Alvarez)	Makes various changes to Density Bonus Law.	Signed into law.
<u>AB 2576</u> (Harabedian)	Expands the historic sites exclusion in SB 79 (Wiener) prior to one year following the adoption of the seventh housing element, to include contributing sites within a historic	Signed into law.

	district and parcels individually listed as a historical resource in the State Historic Resources Inventory designated before January 1, 2025.	
<u>SB 1117</u> (Cervantes)	Provides that impact fees charged for certain accessory dwelling units that exceed 750 square feet in size may only be charged on the total square footage that exceeds 750 square feet of interior livable space, instead of the entirety of the ADU.	Signed into law.

Labor Relations		
BILL	SUMMARY	STATUS
<u>AB 1198</u> (Haney)	Requires updated prevailing wage rates, as determined by the Director of the Department of Industrial Relations, to apply to any public works contract that is awarded or for which notice to bidders is published after July 1, 2027, if the awarded value of the prime contract is \$35 million or greater.	Signed into law.
<u>AB 1383</u> (McKinnor)	Makes changes to the Public Employees' Pension Reform Act of 2013 that apply prospectively.	Vetoed.

Public Safety		
BILL	SUMMARY	STATUS
<u>AB 1569</u> (Davies)	Requires the California Department of Education, in consultation with the Department of the California Highway Patrol, to develop a standardized electric bicycle safety and training program for pupils in grades 7 to 12.	Signed into law.
<u>AB 2310</u> (Carrillo)	Increases penalties for a fourth or subsequent illegal dumping offense to a fine of up to \$5,000, and increases penalties for commercial quantities of illegal dumping with fines of up to \$50,000.	Signed into law.
<u>AB 2318</u> (Elhawary)	Prohibits a law enforcement officer from denying, delaying, obstructing, or failing to facilitate access to medical evaluation or treatment for an individual under law enforcement control when certain conditions are met, and requires law enforcement to document the basis for a denial within 72 hours of the incident, as specified.	Signed into law.

<u>AB 2346</u> (Wilson)	Sets speed limits for electric bicycles (e-bikes) and bicycle paths, requires certain disclosures when selling an e-bike, and requires some e-bikes to have a speedometer and lights.	Signed into law.
<u>SB 1167</u> (Blakespear)	Revises the definitions of electric bicycles (e-bikes), motor driven cycles, and mopeds, updates the labeling and disclosure requirements for manufacturers and sellers of these devices, and prohibits noncompliant vehicles from being advertised as e-bikes.	Signed into law.
<u>SB 1218</u> (Arreguin)	Authorizes a peace officer to immobilize a vehicle if the registered owner has unpaid illegal dumping citations or failure to appear notices for illegal dumping.	Signed into law.

Revenue and Taxation		
BILL	SUMMARY	STATUS
<u>SB 922</u> (Laird)	Allows local agencies to impose taxes, permit fees, or other charges for the privilege of using its streets or highways to recover costs for street repair and public services.	Signed into law.

CARB Advanced Clean Fleets Compliance Flexibility Expanded

The California Air Resources Board (CARB) approved amendments to its Advanced Clean Fleets (ACF) regulation that provide additional time and flexibility for public agencies transitioning to zero-emission vehicle (ZEV) fleets. While the amendments received Board approval, the text must still complete California's formal rulemaking process, including final approval and filing by the Office of Administrative Law (OAL), before it becomes legally binding. CARB has indicated it expects this process to be completed and the amendments to take legal effect before January 2027. In the meantime, CARB has been administratively applying the amended framework on a compliance-assistance basis, emphasizing education and case-by-case support rather than strict enforcement during this transition period.

Under the revised ZEV Purchase Schedule pathway, the requirement that 50% of new fleet purchases be zero-emission or near-zero-emission vehicles has been extended through 2029, with the full 100% purchase requirement delayed until 2030. Agencies may continue operating compliant internal combustion vehicles indefinitely under this option and can receive credit toward future compliance through early ZEV purchases.

CARB also continues to offer the alternative ZEV Milestones pathway, which bases compliance on fleet-wide ZEV adoption targets rather than individual vehicle purchases. This option provides greater flexibility for fleet transition planning and allows agencies to account for vehicle suitability and operational needs, though agencies selecting this pathway must waive statutory useful life protections for affected vehicles. Additional compliance flexibility measures, including

infrastructure delay extensions, delivery delay extensions, and mutual aid vehicle reserve allowances, remain available for qualifying agencies.

Several funding opportunities remain available to support fleet electrification efforts, including the [Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project](#) (HVIP), [Innovative Small E-Fleets](#) (ISEF) program, [Carl Moyer Program](#), and [California Clean Fuel Reward](#). These programs can help reduce upfront costs through vehicle purchase incentives, leasing assistance, and vehicle replacement funding as local agencies continue planning for long-term compliance with state clean transportation goals.

State Approves New Zone 0 Defensible Space Regulations

On August 19, the California Board of Forestry and Fire Protection formally adopted the nation's first [Zone 0](#) defensible space regulation, capping off a 15-month process. The rule targets the five feet immediately surrounding a home or structure, which research shows is most vulnerable to ember ignition during a wildfire, and applies that standard to properties in the State Responsibility Area (SRA) and in Very High Fire Hazard Severity Zones within Local Responsibility Areas (LRA). The regulation creates two nested sub-zones: a non-combustible "safety zone" immediately adjacent to the structure and under the eaves, and a broader low-combustibility zone extending out to the full five feet. Vegetation is not banned outright. Well-maintained herbaceous plants, groundcovers, potted plants, and properly limbed trees remain allowed, but combustible materials like mulch, dead vegetation, and unmaintained fencing or gates within the zone are not.

While the state has left much of the rollout in local hands, cities within the SRA or a Very High FHSZ overlap should expect real [implementation](#) work ahead. Jurisdictions will need to set specific compliance timelines for the Phase 2 requirements and will serve as the front line for education, outreach, and any enforcement. The Board has been explicit that the early implementation years should prioritize education over penalties, which gives locals room to stand up compliance programs before enforcement becomes a real factor. Municipalities also have a meaningful flexibility option available: they can adopt alternative local standards in place of the state defaults, provided those standards are coordinated with the local fire agency, achieve equivalent or more stringent fire safety outcomes, and receive formal council or board approval. This is worth serious consideration for jurisdictions whose terrain, vegetation, or housing stock doesn't map cleanly onto the state's default zone widths. Applicability is also tied explicitly to Very High FHSZ designation, so cities should anticipate a direct connection to any parcels newly brought into that designation under the state's FHSZ mapping.

Local agencies should start preparing now, rather than waiting for the rule to formally take effect. Since the underlying FHSZ maps are already final, local agencies can identify which parcels fall in the SRA or a Very High FHSZ within an LRA right away. Those interested in an alternative local standard should coordinate with their fire agency early, as it requires fire agency involvement and formal council or board approval. Local governments should also begin scoping outreach for the three-year Phase 1 window: mulch, dead vegetation, and gutter debris removal are simple asks that can build compliance culture before the harder Phase 2 items, like eave zone construction and fencing replacement.

Recommended Tracts for Opportunity Zones 2.0 Published

On August 4, the Department of Finance [released](#) its preliminary [list](#) of census tracts recommended by the state for the new round of the Opportunity Zone (OZ) Program, which was established under the Tax Cuts and Jobs Act of 2017, and made permanent by [HR 1](#), the One

Big Beautiful Bill Act, offering preferential federal tax treatment for capital gains invested in qualified projects located within designated census tracts. The second round of the program, OZ 2.0, will use a more restrictive eligibility criteria than the original program. Qualifying census tracts generally must have a median family income below 70% of the applicable metropolitan or statewide average, compared with 80% under the original program, or a poverty rate of at least 20% while remaining below a new income cap. Governors may nominate up to 25% of their states' eligible tracts, with designations remaining in pace for 10 years.

In OZs, eligible investments may include real estate development, rehabilitation of vacant or underutilized properties, operating businesses, infrastructure, and energy projects. Existing OZs will remain in effect through December 31, 2028, creating a brief overlap with the new designations.

The state's recommendation period closed July 20, and the state accepted public comments on the proposed designations through August 28. The U.S. Department of the Treasury is expected to certify California's nominations before the new map takes effect on January 1, 2027.

California Department of Finance Releases Finance Bulletin

On September 22, the Department of Finance released the month's [Finance Bulletin](#) indicating economic conditions remain mixed but stable as U.S headline consumer price index (CPI) inflation held at 3.4% year-over-year in August, with core inflation (which excludes food and energy prices) easing slightly to 2.4%. The main drivers of headline CPI inflation in August were shelter and gasoline. Gasoline price inflation was 27.4% year-over-year, resulting from elevated tensions in the Middle East.

The national unemployment rate remained stagnant at 4.1%, though the number of employed people grew by 569,000 and the number of unemployed people grew by 115,000. In California, the unemployment rate remained stagnant as well at 5.1% with the number of unemployed people falling by 14,000, and 39,400 jobs added in August. Private education and health services dominated job growth for the month with 18,600 jobs added in August, followed by an addition of 9,800 government jobs.

The statewide median sales price of existing single-family homes increased to \$901,420 in August, up 0.1% from August of 2025. Through July of this year, 113,400 housing units were permitted in California, consisting of 57,300 single-family units and 56,100 multi-family units. This represents a 16.5% increase in total housing units permitted compared to the year-to-date through July 2025.

State revenues continue to outperform forecasts, with preliminary General Fund agency cash receipts totaling \$1.5 billion, or 10.9%, above the 2026 Budget Act forecast in August. This was driven primarily by higher personal income tax withholding payments. Overall, since April, when the forecast was completed, preliminary cash receipts were \$2.4 billion above projections. Corporation tax receipts were \$56 million, or 18.5%, above forecast for the month of August.

Governor Introduces AskCA, a New State-Run AI-Powered Tool

On September 9, Governor Newsom [introduced AskCA](#), a new AI-powered digital assistant designed to serve as a single entry point for Californians navigating state and local government services around common "life events" such as finding a job, starting a business, accessing family services, or recovering from a disaster. Built by the Office of Data and Innovation (ODI) in

partnership with Anthropic, the prototype grew out of the state's response to the January 2025 Los Angeles wildfires and delivers on a piece of the Governor's March 2026 executive order on AI.

The State opened sign-ups for a public beta the same day; California residents 18 and older can register at ask.ca.gov, with testing set to begin October 1. Feedback from beta testers and subject-matter experts across state government will be used to refine the system's responses before a full public launch. A prototype has already been tested with more than 140 fire-recovery officials and Altadena wildfire survivors, roughly a dozen job seekers at a CalHR job fair, and more than 100 general users.

CalHR was the first department to deploy the underlying engine in a live public service: starting September 30, a new AI-driven job-skills-matching feature on CalCareers.ca.gov lets job seekers upload a resume and see matching state job classifications, without storing personal information or requiring an account. Separately, state employees already have access to "Poppy," a related internal AI tool built to help with administrative tasks, legislative tracking, and productivity.

Governor Newsom Convenes AI Oversight Experts

On September 23, Governor Newsom named four experts to develop the recommendations called for in his September 18 [executive order](#) on AI oversight:

- Jason Goldman, the first White House Chief Digital Officer
- Gillian Hadfield of Johns Hopkins University
- Alondra Nelson, former acting director of the White House Office of Science and Technology Policy
- Rob Reich of Stanford University

The group will advise the Government Operations Agency, in consultation with Cal OES, on further changes to state law. Proposals under consideration include:

- Requiring frontier AI companies to host an independent verification organization onsite to conduct regular audits.
- Requiring that companies' safety frameworks and risk assessments be independently verified.
- Advancing a verified "kill switch" to shut down frontier models in an emergency.
- Expanding the definition of critical safety incidents to include loss-of-control events.

The executive order also directs the state to accelerate implementation of two bills the Governor signed earlier in the month. [SB 813 \(McNerney\)](#) creates a framework for certifying independent organizations to assess AI systems for safety and risk, and [AB 1405 \(Bauer-Kahan\)](#) establishes a state registry of AI auditors with standards for independence and transparency. Turning his attention to Washington, D.C., the Governor is also urging Congress to adopt California's framework as a national floor.

HR 1 SNAP/CalFresh Administrative Cost Share Changes Begin October 1

On October 1, [HR 1](#), the One Big Beautiful Bill Act's (OBBBA) [changes](#) to the Supplemental Nutrition Assistance Program (SNAP/CalFresh) administrative cost sharing went into effect, reducing the federal share of administrative costs for the program from 50% to 25%. Before the change, in California the State would [cover](#) 35% and each County 15% of the administrative cost share, under the new budget, the State will [cover](#) 52.5%, Counties 22.5% and the Federal Government 25%.

Earlier this year, other provisions [requiring](#) restricting benefit increases and some recipients on the edge of qualifying for the program went into effect, and benefits cost sharing is slated to be introduced based on the State's [payment error rate](#) in October 2027. Early California Legislative Analyst Office (LAO) [estimates](#) from February of this year put immediate fiscal impacts on CalFresh at \$2 billion.

The effects of HR 1 on counties are expected to increase, alongside major changes to Medicaid and Medi-Cal availability and costs significantly impacting the state, which will have to continue to act to fill the deficits left by the federal government.

California Governor Backs Federal Film and TV Tax Credits as State Program Expands

On September 24, Governor Newsom endorsed the bipartisan [Motion Picture, Television, and Entertainment Revitalization Act](#), introduced by Senators Adam Schiff and Tim Scott and Representatives Nathaniel Moran and Linda Sánchez. The bill would create a 20% federal production tax credit that productions could combine with state incentives, which the Governor has sought since May 2025 as productions move overseas for richer foreign incentives.

The Administration pointed to results from the first year of California's expanded program, which grew from \$330 million to \$750 million a year in 2025, a \$3.75 billion commitment through 2030:

- Applications rose 82%
- The program generated \$7.2 billion in direct production spending
- Film shoot days increased 52%
- Productions created nearly 38,000 cast and crew jobs
- More than 7,600 filming days took place in California, including 1,366 outside the Los Angeles studio zone, spreading the economic benefits to other regions

The Governor also signed two related bills during September: [AB 2319 \(Schultz\)](#) creates the state's first standalone tax credit for post-production work such as editing, sound, music and visual effects, and [SB 186 \(Committee on Budget and Fiscal Review\)](#) makes existing credits more valuable through enhanced refundability. Starting in 2027, it also exempts some independent production credits from the temporary credit limitation.

PRIORITY LEGISLATION

Legislative Calendar

Below are the upcoming relevant dates for the Legislature:

November 30th – Legislature adjourns *sine die* at midnight

December 7th – 2027-28 Legislative Session convenes for Organizational Session

Priority Bills

AB 1383 (McKinnor) – Public employees' retirement benefits

The California Public Employees' Pension Reform Act of 2013 (PEPRA) establishes a variety of requirements and restrictions on public employers offering defined benefit pension plans. In this regard, PEPRA restricts the amount of compensation that may be applied for purposes of calculating a defined pension benefit for a new member, as defined, by restricting it to specified percentages of the contribution and benefit base under a specified federal law with respect to old age, survivors, and disability insurance benefits. This bill, for service performed on and after January 1, 2027, would prohibit the pensionable compensation for calendar year 2027 used to calculate the defined benefit paid to a new member of a retirement system subject to PEPRA who retires from the system from exceeding specified percentages of the contribution and benefit base under the specified federal law with respect to old age, survivors, and disability insurance benefits.

Status: This measure was vetoed by the Governor.

AB 1751 (Quirk-Silva) – Missing Middle Townhome Ownership Act

This bill, the Missing Middle Townhome Ownership Act, would authorize a development proponent to submit an application for a townhome development project that is subject to a prescribed ministerial approval process if the development complies with certain procedural requirements and satisfies specified objective planning standards. The bill would also require a local agency to ministerially consider, without discretionary review or a hearing, a tentative and final map for a townhome development project that meets specified requirements, including that the proposed subdivision complies with the requirements established by the bill for ministerial approval of a townhome development project, as described in the preceding sentence, and that the newly created parcels are no smaller than 600 square feet. Status: This measure was signed into law by the Governor.

AB 1821 (Pacheco) – California Public Records Act: agency response time

The California Public Records Act requires each state or local agency, upon a request for a copy of records that reasonably describes an identifiable record or records, to make the records promptly available to any person upon payment of fees covering direct costs of duplication, or a statutory fee if applicable, except with respect to public records exempt from disclosure by express provisions of law. Existing law requires each agency, within 10 days of a request for a copy of records, to determine whether the request seeks copies of disclosable public records in possession of the agency and to promptly notify the person of the determination and the reasons, therefore. Existing law authorizes that time limit to be extended by no more than 14 days under unusual circumstances, as defined. This bill would instead require each agency to determine whether the request seeks copies of disclosable public records in possession of the agency and to promptly notify the person as described above within 10 business days of a request for a copy of records. Status: This measure was signed into law by the Governor.

AB 2346 (Wilson) – Electric bicycles and speed limits

Existing law defines an electric bicycle as a bicycle equipped with fully operable pedals and an electric motor of less than 750 watts and classifies electric bicycles into 3 classes with different restrictions for various purposes. This bill would require all class 2 electric bicycles manufactured, sold, or offered for sale on or after January 1, 2029, to be equipped with a speedometer. The bill would also require all electric bicycles manufactured, sold, or offered for sale on or after January 1, 2029, to be equipped with an integrated or detachable front lamp and a rear lamp. The bill would also require sellers and distributors of electric bicycles to disclose specified information at or before the point of sale. Status: This measure was signed into law by the Governor.

SB 922 (Laird) – Vehicles: local agency charges: use of streets or highways

Existing law prohibits a local agency from imposing a tax, permit fee, or other charge for the privilege of using its streets or highways, other than a permit fee for an extralegal load unless the local agency had imposed the fee prior to June 1, 1989. This bill would expressly limit this prohibition to charges based on weight. The bill would also explicitly state that a fee, charge, or surcharge imposed by or for a local agency to recover the cost of street maintenance and repair and other costs associated with the use of its streets, roads, or highways to provide public services or public works is not a tax, permit fee, or other charge that is prohibited by the provision above. The bill would provide that nothing in the Vehicle Code prohibits a local agency from imposing or collecting this fee, charge, or surcharge. Status: This measure was signed into law by the Governor.

SB 936 (Blakespear) – Nitrous oxide: sales

This bill would, except as specifically exempted, prohibit the sale and distribution of a nitrous oxide container that is capable of holding more than 8 grams of nitrous oxide or from which an individual may directly inhale nitrous oxide. The bill would also prohibit the sale and distribution of a nitrous oxide that has, or is marketed as having, the taste or smell of any food. The bill would prohibit knowingly selling or distributing a device that allows an individual to inhale nitrous oxide from the container or hold nitrous oxide for the purposes of inhalation. The bill would punish a violation of these provisions as an infraction, as specified. The bill would also authorize a court to suspend a business license if the business has a prior conviction for violating these prohibitions, and to revoke a license to sell tobacco products if the business has 2 prior convictions for violating these prohibitions. The bill would make any person, distributor, or business found to have violated these prohibitions liable for all reasonable costs incurred by a public agency in the investigation, inspection, seizure, storage, transportation, handling, venting, abatement, disposal, or destruction of nitrous oxide products, nitrous oxide containers, inhalation devices, or related materials involved in the violation. Status: This measure was signed into law by the Governor.

SB 1159 (Cabaldon) – Artificial intelligence: transparency and governance

This bill would specify that, for purposes of the California Public Records Act, the Bagley-Keene Open Meeting Act, the Ralph M. Brown Act, the Legislative Open Records Act, the Administrative Procedure Act, the California Coastal Act of 1976, and CEQA, “person,” “interested person,” “participant,” “member of the public,” as applicable, and any other similar terms under each act referring to those who may engage with governmental agencies, do not include artificial intelligence, as defined, systems, autonomous agents, or robots, whether physical or digital. Status: This measure was signed into law by the Governor.

SB 1187 (Durazo) – Open meetings

The Ralph M. Brown Act requires, with specified exceptions, that all meetings of a legislative body, as defined, of a local agency be open and public and that all persons be permitted to attend and participate. Existing law, beginning July 1, 2026, requires eligible legislative bodies, as

defined, to have in place a system for electronically accepting and fulfilling requests for meeting agendas and documents. Existing law additionally requires these legislative bodies to translate the agenda for each meeting of that body and to reasonably assist members of the public who wish to translate a public meeting or receive interpretation, as specified. This bill would instead delete the above-described requirements on eligible legislative bodies. Status: This measure was signed into law by the Governor.

FEDERAL UPDATES

LEGISLATIVE BRANCH ACTIVITY

Fiscal Year 2026 Ends Without a Shutdown, No Action on FY27 Senate Appropriations Bills

On September 30, the Senate left Washington, DC and will return after the midterm elections and Fiscal Year 2026 (FY26) officially ended. Despite not having full-year appropriations bills, Congress passed [HR 6500](#), a Continuing Resolution (CR) keeping the government open and funded at FY26 levels through December 11. The CR also pushes back the deadline to act on surface transportation reauthorization (last called the Infrastructure Investment and Jobs Act (IIJA)), certain agricultural programs, and an Office of Management and Budget (OMB) [Proposed Rule](#) that could give the Administration significantly greater control over federal funding.

The Senate is expected to return alongside the House on November 9 and immediately jump into finishing the appropriations process. The House has [completed](#) their work on all 12 bills, the Senate has yet to mark up their counterparts. Senate bills are required to be bipartisan, as they need 60 votes to proceed, absences and disagreements over the split between defense and non-defense spending have delayed the process, which usually advances ahead of the August recess.

Additionally, this year's lame duck session is expected to be busy, as Congress will need to act to extend or pass legislation covering a Surface Transportation Reauthorization Act (IIJA), Farm Bill, Water Resources Development Act (WRDA), and National Defense Authorization Act (NDAA) ahead of the end of the calendar year. They are also expected to work towards permitting reform, and other legacy bills for members not returning for the 120th Congress in January.

Senate Passes College Athletics Regulations, Turns to Permitting Reform

The Senate returned to session in September, advancing a number of nominees, passing [S 4668](#), a bill to regulate college athletics, and [finalizing](#) negotiations on federal permitting reform [package](#), introduced on September 30, as the [Bipartisan American Affordability and Jobs Act of 2026](#).

The release of the package caps months of negotiations after the House passed [HR 4776](#), the SPEED Act, last December. Both bills include significant reforms to the National Environmental Policy Act (NEPA) and Council on Environmental Quality (CEQ), which govern environmental reviews for nearly all federally funded projects. Among the most relevant reforms, both bills would create functional equivalency between California Environmental Quality Act (CEQA) and NEPA reviews, allowing CEQA to serve NEPA. NEPA is oftentimes more costly and more time-consuming than CEQA, despite enforcing a lower overall standard. The bill also includes mandatory timelines for NEPA completion, including requirements for CEQ to notify applicants of deficiencies in their reviews in a timelier manner, alongside a wider set of exemptions from mitigation requirements.

The bill also includes stronger language providing public utilities actual statutory authority to charge data centers and other large load users higher rates for electricity to recover the cost of infrastructure improvements needed to support them. While the Senate left DC until after the midterm elections in November, they are expected to take action on the bill in the lame duck session. Passage in the House is unclear, as the bill contains both House Republican priorities and certain provisions allowing clean energy projects to proceed that had been a sticking point in negotiations.

On October 1, House Natural Resources Ranking Member Jared Huffman [warned](#) that most House Democrats will not support the bill in its current form, and Energy and Commerce Committee Republican Staff spoke of continued progress, noting bills they had passed to address the issue. While some conferencing is possible, the Senate has not been motivated by this Congress to accept partisan changes to bipartisan Senate deals.

House Advances California Clean Air Act Waiver Disapprovals, Despite Court Order

On September 15, the House passed [H J Res 210](#) and [H J Res 213](#), a pair of Congressional Review Act (CRA) disapprovals meant to invalidate California Air Resources Board (CARB) rules that exceed the federal standards set by the Clean Air Act (CAA). California has a presumptive waiver to the federal preemption in the CAA, allowing the State to set more stringent standards on vehicle and other emissions. Other states can also choose to adopt California's higher standard.

The Government Accountability Office (GAO), a legislative branch watchdog, previously [determined](#) that California's waivers were not subject to the CRA, which was [reaffirmed](#) by the Senate Parliamentarian last year. Despite this, the Senate proceeded to pass the CRA disapprovals and the President [signed](#) them shortly thereafter in June 2025.

Since then, [litigation](#) has been ongoing and a Federal District Court Judge issued a [preliminary injunction](#) prohibiting the Environmental Protection Agency (EPA) from enforcing the past disapproval or others on the basis EPA improperly submitted the waivers to Congress for review under the CRA. EPA filed an appeal on September 14, which will need to be fully resolved before the Agency can move forward, terminating the waivers and inhibiting CARB from enforcing its standards.

Senate Committees Work on Air and Water Quality Issues

On September 16, the Senate Committees on Environment and Public Works (EPW), and Energy and Natural Resources (ENR) held hearings on a number of bills meant to change air quality monitoring requirements, reauthorize water infrastructure programs, and create new requirements for state energy security planning.

EPW marked up and advanced [S 5045](#), the Wildfire Emissions Prevention Act, which would streamline federal permitting for prescribed burns and expand their potential uses; and [S 3135](#), the Cold Weather Diesel Reliability Act of 2025, would mitigate the impacts of vehicle emissions system controls turning off engines in cold weather and stranding drivers.

ENR heard testimony from bill authors and others on a measure to reauthorize programs supporting aquatic ecosystem restoration projects, multi-benefit watershed health projects, and WaterSMART grants, alongside [S 4166](#), the SECURE Grid Act, which would change the

requirements for State Energy Security Plans to include weather, supply chain, and large load (data center) connection risks.

ENR also considered [S 5360](#), the Rural and Municipal Utility Cybersecurity Act, which would extend authorization for the Rural and Municipal Utility Advanced Cybersecurity Grant and Technical Assistance (RMUC) [Program](#), created by the 2021 Infrastructure Investment and Jobs Act (IIJA) and is set to expire on September 30.

The bills are likely to receive further consideration before the end of the year but are unlikely to become law before the start of the next Congress on January 3, 2027, meaning the legislation will have to again pass through each committee.

House Transportation and Infrastructure Committee Advances Aviation Safety and Airport Legislation

On September 15, the House Committee on Transportation and Infrastructure held a [markup](#) of 11 bills addressing aviation safety and drone technology issues. The majority of the bills were offered as Amendments in the Nature of a Substitute (ANS), significantly altered from their original versions, usually to ready the text for floor consideration.

[HR 10304](#), the Drone Safety Statement Modernization Act, would require commercial drone manufacturers to include a safety statement directing potential operators to flight rules, [HR 6448](#) would reduce the local cost-share for infrastructure projects at rural airports, and [HR 8597](#), the Air Traffic Situational Awareness Enhancement Act, would require the Federal Aviation Administration (FAA) to install Airborne Position Reference Tools at certain airports.

The bills were all advanced by voice vote. While they could be added to the House calendar for a floor vote before the end of the year, they are unlikely to receive consideration in the Senate before the start of the next Congress, meaning they would have to be reintroduced and again advanced through the Committee.

EXECUTIVE BRANCH ACTIVITY

White House Publishes “Pocket Rescissions” Package, GAO Reaffirms Illegality

On September 25, the White House Office of Management and Budget (OMB) [published](#) a list of 11 rescissions of budgetary authority totaling \$810 million ahead of the end of Fiscal Year 2026 (FY26) on September 30. The rescissions [covered](#) certain programs the Administration argues provided services to undocumented immigrants under the Departments of Health and Human Services, Education, and Homeland Security. Other rescissions covered the Department of Justice’s Community Relations Service, the Minority Business Development Agency, and other programs labeled as being based on “Diversity, Equity, and Inclusion” principles. OMB simultaneously submitted notice to Congress reapportioning the funds and withholding them from grantees under the programs.

Presidential rescissions of budgetary authority provided by Congress via the appropriations process are [permitted](#) under certain circumstances but generally require that the agencies have fulfilled the purpose of the program for less money than was allocated by Congress. OMB’s argument that the funding expires at the end of the Fiscal Year and is therefore rescindable without Congressional approval has been dubbed a “pocket rescission.” The Government

Accountability Office (GAO) [found](#) the practice illegal again and noted that this Congress previously approved a [rescissions package](#) via the regular process.

It is likely that the forthcoming bipartisan appropriations bills for FY27 in the Senate will attempt to address this issue among others. It is also likely that program recipients will file a lawsuit asking a judge to invalidate the practice. The appropriations process has been delayed in the Senate until after the midterm elections; the federal government is currently operating under a Continuing Resolution until December 11.

HUD Reopens Continuum of Care Application After Federal Court Stay

On September 16, the Department of Housing and Urban Development (HUD) won a [stay](#) in the Fifth Circuit Court of Appeals allowing them to proceed with the Fiscal Year 2026 (FY26) Continuum of Care (CoC) Notice of Funding Opportunity (NOFO). The NOFO was [reopened](#) on September 18, with a September 30 deadline.

Since 2025, HUD has [sought](#) to lower the percentage of CoC funding dedicated to Annual Renewal Demand (ARD)/Tier 1, which funds Permanent Supportive Housing on a long-term basis for certain recipients. Historically, 90% of the funding has been dedicated to ARD. HUD received an allowance in the annual appropriations process last fiscal year to reduce that amount to 60%, and make other changes to the annual NOFO, including priorities in the competitive subset of funding.