

MURDOCH WALRATH & HOLMES

MEMORANDUM

Date: November 2, 2024

To: CABE Board Members
Dr. Edgar Lampkin, CEO

From: Jennifer Baker, Legislative Advocate

Subject: Sacramento Update

While the Legislature focuses its time on the November General Election, most legislative discussions are on hold until the 2025-26 Legislative Session begins. I have been having discussions behind the scenes with stakeholders that had concerns with AB 2222 (Rubio), about next steps and alternative scenarios. While it is too early to discuss details, it is likely there may be an alternative legislative proposal, in addition to an updated version of AB 2222 being introduced next year.

I will be monitoring the results of the November election to assess what the new Legislature will look like in 2025. With 34 new legislators expected, the culture may continue to shift. I will spend the remainder of the fall assessing where these newly elected officials are likely to be on issues of importance to CABE.

Positive Economic Forecast Continues

The [California Department of Finance](#) issued their [October Finance Bulletin](#), which contained multiple positive economic indicators leading into the Fall. California increased its personal income by 6.5% in the second quarter of 2024, with a revised first quarter increase from 8.2% to 15.2%, which were a result of wages and salaries as well as property income.

Initial General Fund agency cash receipts were 16% above Budget Act forecast for September at \$2.4 billion, stemming from both personal income tax and corporation taxes which were \$1.8 billion and \$557 million higher than forecast. Personal income tax cash receipts totaled \$1.8 billion (20.4%) above the September forecast and totaled \$4 billion (6.6%) since April. Corporation tax cash receipts equaled \$557 million (22%) above the September forecast. Corporation tax receipts totaled \$2.4 billion (12.7%) above forecast since April. Sales and use tax receipts amounted to \$60 million (2.2%) below the September forecast. However, these receipts were \$73 million (0.4%) cumulatively above forecast since April.

Capitol insiders have indicated that the increased revenues will likely increase the Proposition 98 Maintenance Factor. It is too early to tell whether overall increases in the Proposition 98 base will occur but the overall positive economic outlook will create a more positive environment for addressing fiscal needs of importance to CABE.

Remaining Legislative Calendar

November 5 – General Election.

November 30 – Legislature adjourns.

December 2 – Legislative 2025-26 session convenes.

January 1, 2025 – Statutes take effect.