

To: Mendocino County Board of Supervisors  
CC: Darcie Antle, County Administrative Officer  
Kelly Hansen, Administrative Analyst II  
From: Paul J. Yoder and Karen Lange, SYASL  
Date: September 30, 2025  
RE: 2025 End of Year: Legislative Summary

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### **2025 Legislative Session**

The Legislature adjourned the first year of the 2025-2026 legislative session on Saturday, September 13<sup>th</sup>. The Governor now has until October 13, 2025, to sign or veto bills sent to him in the last several weeks of the legislative year.

At the end of last session, there was a clear challenge amongst leadership of the two legislative chambers and the Governor to negotiate priority issues, and this year was very reminiscent. On the heels of a week lost to debate and passage of what is now Proposition 50 to mid-decade redistrict the congressional districts in California, the final days of the first half of this session highlighted the tension between lawmakers and the Governor on their priority issues.

Many “big ticket” items were not in print or agreed upon until Wednesday morning September 10 – past the usual but not Constitutionally mandated deadline of Tuesday evening. Among the sticking issues were (1) grid regionalization in an effort to lower consumer energy costs, (2) determining the future of oil and gas production in California, (3) a bid from the Governor to address water allocations in the Bay-Delta, (4) seeking to extend the Cap-and-Trade program, (5) adequately financing the state’s wildfire recovery fund, (6) Proposition 4 allocations, and (7) the expansive list of controversial policy bills that moved through the Legislature this year. In the end, most of those things had agreements reached, but not without strife. (Please note SYASL is submitting this report prior to the end of this legislative year before final disposition on all of these issues; we will update you on October 7).

Looking ahead, with concern in Sacramento over the impacts of the Federal H.R. 1 ever increasing, it remains unclear if the Governor will call a Special Session and require legislators to return to Sacramento to make further amendments to the state budget. The relevant committees held several informational hearings, and it appears the State has some time to decide how to respond considering some of the largest cuts do not take full effect into next year.

### **Mendocino County Board of Supervisors Support Bills**

The following bill listed below has been signed into law by Governor Newsom:

#### **AB 564 (Haney) Cannabis: excise tax: rate increase suspension: report**

This bill reduces the cannabis excise tax rate from 19% to 15% beginning October 1, 2025 and until May 1, 2028.

The following bills listed below have been enrolled to the Governors’ desk and are awaiting a veto or signature:

**[AB 830 \(Rogers\)](#) State highways: encroachment permits: relocating or removing encroachments: public utility districts: County of Mendocino**

This bill requires the Department of Transportation (Caltrans) to pay for relocating or removing the encroachment of a public utility district (PUD) with a ratepayer base of 5,000 households or fewer in the County of Mendocino in the event of a future improvement to the highway, and to notify the PUD at each stage of a project.

**[AB 993 \(Hadwick\)](#) Hazardous materials management: Rural CUPA Reimbursement Account**

This bill expands eligibility for the Rural Certified Unified Program Agency (CUPA) Reimbursement Account to include all counties with populations of less than 150,000.

**[SB 547 \(Perez\)](#) Commercial property insurance cancellation and nonrenewal**

This bill prohibits an insurer from canceling or refusing to renew a commercial property insurance policy, as specified, for one year from the declaration of a state of emergency, if the commercial property is located within the perimeter of a wildfire or in an adjacent ZIP Code.

**[SB 616 \(Rubio\)](#) Community Hardening Commission: wildfire mitigation program**

This bill creates an independent Community Hardening Commission (Commission) within the California Department of Insurance (CDI) to develop fire mitigation/community hardening standards, and generate guidelines to enable the creation of a wildfire data sharing platform.

**Mendocino County Board of Supervisors Oppose Bills**

The following bill listed below has been enrolled to the Governors' desk and is awaiting a veto or signature:

**[AB 339 \(Ortega\)](#) Local public employee organizations: notice requirements**

This bill requires public agencies regulated by the Meyers-Milias-Brown Act (MMBA) to give a recognized employee organization (REO) no less than 45 days' written notice regarding contracts to perform services that are within the scope of work of job classifications represented by the REO, among other provisions.

The following bills listed below failed passage during the 2025 Legislative Session:

**[AB 470 \(McKinnor\)](#) Telephone corporations: carriers of last resort**

This bill would have required the California Public Utilities Commission (CPUC), in coordination with the Office of Emergency Services (OES), to adopt a process for telephone corporations to petition the CPUC to amend their status as a carrier of last resort (COLR) in designated areas by December 15, 2026, as specified.

**[AB 946 \(Bryan\)](#) Chief probation officer: designee**

This bill would require, in a county with a population of at least 3,500,000 people, the chief probation officer (CPO), or a designee who is appointed by the county board of supervisors and who has jurisdiction over youth development, to perform duties and discharge obligations normally within the jurisdiction of the CPO.

**[AB 1331 \(Elhawary\)](#) Workplace surveillance**

This bill would have regulated and limited the use of workplace surveillance tools, by both public and private employers, as specified.

### **AB 1337 (Ward) Information Practices Act of 1977**

This bill would have amended the Information Practices Act by expanding the definition of “personal information,” extending its scope to cover local governmental entities, and bolstering protections regarding disclosures and accounting.

### **SB 357 (Menjivar) Juveniles: delinquency**

This bill would have authorized a board of supervisors, in a county with a population of at least 6,000,000 people, to delegate to a county official who has jurisdiction over youth development, the duties and authorities that the county probation department has with respect to juveniles, as specified.

### **Other Monitored Legislation**

#### **AB 8 (Aguiar-Curry) Cannabis: cannabinoids: industrial hemp**

This bill, beginning January 1, 2028, requires products containing concentrated cannabinoids other than cannabidiol (CBD) isolate that are derived from industrial hemp to comply with provisions of the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA); establishes a framework for industrial hemp to enter the licensed cannabis market; revises various definitions for purposes of MAUCRSA and other state cannabis laws; prohibits the sale of synthetic cannabis products and inhalable cannabis products containing cannabinoids derived from hemp; places restrictions on the incorporation of industrial hemp raw extract into food and beverage products; and expands the authority for state and local enforcement agencies to inspect, seize, and destroy unlawful cannabis products. Please note the county previously had an oppose unless amended position on the bill, but moved to neutral after the latest set of amendments.

### **2025-26 State Budget**

On June 27, 2025, Governor Newsom signed the 2025-26 state budget, which is represented by [SB 101](#). All told, the Budget Act of 2025 contains \$321.1 billion in total spending, including \$228.4 from the General Fund, an estimated \$89 billion of special fund spending, and \$4 billion of spending from bond accounts. Further, the 2025-26 Budget contains total reserves of \$15.7 billion, including \$11.2 billion in the Rainy Day Fund and \$4.5 billion in the regular reserve.

While the budget is roughly balanced, it did anticipate a General Fund shortfall of \$11.8 billion, largely because the Budget was approved in late June, and it did not reflect the impact of the substantial cuts in federal spending included in the federal omnibus tax and spending bill signed in early July (otherwise known as “reconciliation”).

Therefore, the budget plans to solve the \$11.8 billion General Fund deficit for 2025-26 through the following categories of solutions:

- Reductions—\$2.8 billion in total solutions in 2025-26—growing to \$11.9 billion by 2028-29.
- Revenue/Borrowing—\$7.8 billion in total solutions in 2025-26.
- Fund Shifts—\$1.2 billion total solutions in 2025-26.

### **Mendocino County Funding Requests Adopted During the 2025-26 Budget Process**

The following funding requests listed below, represent requests made on behalf of the Board of Supervisors to the legislature that were incorporated into the final 2025-26 Budget:

California Work Opportunity and Responsibility to Kids (CalWORKs): Right-size County Administrative Funding

- Approved placeholder trailer bill language, and was largely addressed under SB 105 the budget bill Jr. For more information, see below.

#### In-Home Supportive Services (IHSS): Restore \$81 million cut to IHSS Administrative Funding and Reject CFCO County Penalties

- While the final budget did not restore the \$81 million cut to IHSS Administrative Funding, the final budget modified the May Revision proposal regarding In-Home Supportive Services Community First Choice Option Late Penalties to split the penalty 50/50 between state and counties in 2025-26, resulting in savings of \$40.5 million General Fund, and adopting May Revision savings for 2026-27 and ongoing that will occur if late CFCO reassessments continue, with trailer bill language. However, it should be noted that beginning in 2026-27, counties are responsible for the full costs of any Community First Choice Option reassessment late penalties.

Also of note, the Department of Finance released a summary of the Budget Act. Of particular interest is the following statement regarding H.R. 1: "It will take considerable time for state departments to make initial estimates of H.R. 1's effects on Californians and the state budget, including time for federal departments to issue regulatory guidance on the bill's implementation." For more information, see [here](#).

While further responses are likely during regular sessions in 2026, 2027, and 2028, the Governor and legislature have begun to take their initial responses to H.R. 1 through the passage of budget trailer bills such as [SB 105](#) (Budget Bill Jr).

#### Response to H.R. 1 and other federal policy changes:

- Contains \$254.8 million (\$102.7 million General Fund) as follows:
  - \$53.6 million (\$26.2 million General Fund) to resource multiple, multi-year activities that are part of the Administration's CalFresh Payment Error Rate mitigation strategy and that are necessary to implement non-discretionary policy provisions of the federal H.R. 1
  - Up to \$30 million (\$15 million General Fund) for CalFresh automation to further address the CalFresh Payment Error Rate
  - \$20 million General Fund for emergency food bank support to help mitigate anticipated harmful effects due to the enactment H.R. 1, augmenting the \$60 million General Fund provided for food banks (also called the CalFood program) in the June 2025 Budget Act
  - \$40 million (\$20 million General Fund) for county administration for H.R. 1 provisions related to Able-Bodied Adults Without Dependents (ABAWDS), who will imminently experience new work requirements due to the federal law
  - \$294,000 General Fund one-time for the California Health and Human Services Agency (CalHHS or Agency) to fund an attorney position for the significant increase in workload for CalHHS with Agency's involvement in H.R. 1 and other federal issues
  - \$1 million special fund to support California's application for the Rural Health Transformation program
  - \$15 million special fund to defray costs of continuing gender-affirming care coverage, after federal rules eliminated it as an essential health benefit \$1.2 million special fund for healthcare reporting for the Minimum Staffing Standards for Long-Term Care Facilities and Medicaid Institutional Payment Transparency Reporting Final Rule,
  - \$2.5 million (\$1.25 million General Fund) for technical assistance to comply with citizen verification activities mandated by federal direction
  - \$20 million General Fund to the Governor's Office of Business and Economic Development to promote travel and tourism,
  - \$71.2 special fund for reproductive health.

Mendocino County Earmark in SB 105:

- Of the funds appropriated in this item, \$4,000,000 shall be allocated on a one-time basis to Mendocino College to support the Mendocino College Fire Academy.

Lastly, in some positive news regarding the fiscal outlook of the state, according to the State Controller's latest monthly [cash report](#) covering the state's General Fund revenues for August, revenues exceeded estimates contained in the 2025-26 Budget Act by \$2.1 billion, or 6.8 percent; and fiscal year-to-date expenditures were higher than Budget Act estimates by \$3.8 billion, or 9.4 percent. For more information, see [here](#).

### **Looking Ahead**

Obviously, the first major milestone over the next several months will be what the voters statewide decide to do on Proposition 50. If this initiative passes, several legislators may announce that they intend to run for Congress. This could affect the environment in Sacramento in multifaceted ways.

Regardless of the outcome on Proposition 50, there is an expected change in leadership in the Senate from current President Pro Tempore Mike McGuire to Pro Tem-elect Monique Limon; with the official transition date being named as November 17, 2025.

Lastly, please keep in mind that the beginning of the second year of every two-year legislative session is different than the first. Bills that were introduced in 2025 but not moved must successfully move out of their house of origin by the end of January. Also, and probably more importantly, budget trailer bills introduced last year can easily be amended and moved very quickly as they have already been in print for the requisite amount of time. So, you should expect early action on a variety of state budget issues, such as more state response to H.R. 1, clean-up of the 2025-26 state budget and trailer bills, and possibly even final resolution on bills that didn't quite make it to the finish line this summer.

It is our great honor to represent you and your constituents. We look forward to seeing you soon.