

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 5**

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: December 11, 2025

Pacific Policy Group, VCE's lobby services consultant, continues to work with Staff and the Community Advisory Committee's Legislative - Regulatory Task Group (LRTG) continues to meet and discuss legislative matters. Below is a summary:

The Legislature will reconvene on January 5, 2026, which will officially begin the second year of the two-year. For some, the year will begin with a sprint as legislators must move a bill out of its house of origin by January 31 if the bill is to be kept alive. For most, January will be a time to dive into the Governor's proposed 2026 budget, work on the introduction of new bills, and familiarize themselves with leadership in the Senate and any new committee assignments.

The Assembly will once again be led by Speaker Robert Rivas (D-Salinas) but the Senate has a new Pro Tem as Senator Monique Limon was sworn into the position on November 17. It is anticipated that Pro Tem Limon will make changes to committee chair and member assignments, but it is unknown if changes will be made across all committees or when they will happen.

California is once again facing the prospect of a significant budget deficit despite better than anticipated tax revenue to date. The stock market is at a record high thanks to the AI boom currently taking place, the capital gains and income tax collections have exceeded forecasts, but the gains here are not enough to offset the deficits. A recent fiscal outlook produced by the Legislative Analyst's Office (LAO) projects an \$18 billion deficit for FY26-27. Governor Newsom must produce a proposed budget by January 10.