



**TO:** State Association of County Retirement Systems  
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**RE:** **Legislative Update – December 2024**

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The Legislative class of 2025 was sworn into office this week in Sacramento. Of the 120 Members sworn in, 32 are new members, 29 of which have never served in the Legislature previously. This new class will have their hands full with an ongoing two-year structural deficit and a new federal administration that has threatened to withhold resources to California, including wildfire aid. Prior to the Legislature’s swearing in, the Governor officially convened the first special session of 2025, aiming at “Trump-Proofing” the state. This came with an immediate request for an appropriation of \$25 million to the Department of Justice for anticipated litigation. Despite the ongoing deficit, the Department of Finance has reported that all three economic drivers (sales, income and corporate tax) are above forecasted projections. However, due to recently passed initiatives, including two \$10B bonds, any significant economic gains will be diverted to address these additional cost burdens. We will have a better picture for fiscal year 2025-26 when the Governor releases his budget proposal in early January.

Legislative leadership also announced new rules in both Houses this week, limiting the number of bills Assembly Members and Senators can introduce in a two-year session – from 50 to 35 in the Assembly and 40 to 35 in the Senate. The Speaker noted that lowering the bill introduction limit was necessary, “...because we want every leader in this room to have the greatest possible bandwidth to focus on laws that uplift affordability and prosperity.”

Looking ahead, lawmakers have signaled that they plan to focus on affordability issues next year. Leaders of both houses made statements noting that they have heard the voters loud and clear that California is too expensive, and they plan to focus on policies that will lower the cost of living, including lowering utility bills, building more housing and improving public infrastructure. With the legislative session officially open, Members have begun to introduce bills, including measures addressing protecting reproductive rights, regulation of social media, housing and other topics. The Legislature will reconvene in Sacramento on January 6<sup>th</sup> and the real work begins!