

City of Sacramento
Law and Legislation Committee Report
915 I Street Sacramento, CA 95814
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File ID: 2026-01379

7/21/2026

Update on State Budget Activity

File ID: 2026-01379

Location: Citywide

Recommendation: Receive and file an oral report regarding state budget activity.

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Presenter: Consuelo Hernandez, Director of Governmental Affairs, (916) 808-7395, cahernandez@cityofsacramento.org, Office of the City Manager

Attachments:

1-Description/Analysis

2-2026-01006 Staff Report

Description/Analysis

Issue Detail: This item is intended to provide an oral update to the Law & Legislation Committee (Committee) including a summary of the 2026-27 state budget.

Policy Considerations: The California State Legislature passed its version of the state budget on June 15, with the Governor signing on June 29. As has become common in recent years, however, budget negotiations continued well beyond that date. On June 26th, legislative leaders and the Governor announced a negotiated spending plan that includes \$900 million for the Homeless Housing, Assistance and Prevention (HHAP) Program, approximately \$700 million for affordable housing programs, and a record \$35 billion in state reserves. Additionally, the budget included a total of \$175 million for immigrant legal services.

Notably, lawmakers deferred action on the Cap-and-Invest reauthorization package until August. Those negotiations are expected to be among the most closely watched of the year, as the Legislature determines how future Cap-and-Invest revenues will be allocated among competing climate, transportation, housing, and environmental priorities.

Lawmakers also deferred allocation of Proposition 4 funding. Proposition 4, the \$10 billion Climate

Resilience Bond passed by California voters in November 2024, funds projects targeting safe drinking water, wildfire and flood prevention, and coastal protection. Budget Trailer Bills related to Cap-and-Invest, Prop 4 allocations, as well as several other significant budget trailer bills, are expected in August when the Legislature returns from summer recess.

Economic Impacts: Not applicable.

Environmental Considerations: Not applicable.

Sustainability: Not applicable.

Commission/Committee Action: None.

Rationale for Recommendation: This item is being submitted for informational purposes only.

Financial Considerations: None.

Local Business Enterprise (LBE): Not applicable.