

City of Chino

GOVERNMENT RELATIONS UPDATE (Attachment 1)

As of May 14, 2025

FEDERAL UPDATE (Item 1)

Enclosed is the May 8, 2025 report on Federal issues from Jamie Jones of Turch & Associates.

TRACKED STATE LEGISLATION REPORT (Attachment 2)

Item 2 provides a report City of Chino-tracked state legislation to date. The positions noted on bills are based on the City Council's adopted Legislative Policy. Additional positions may be taken, or existing positions may be modified based on direction from the Legislative Committee or City Council.

Of the 2,695 bills introduced this session, the City is currently tracking 115. The attached Tracked State Legislation Report includes 73 bills that have been classified as "Sponsored", "Priority", "Significant", and "Standard". The remaining bills are currently classified as "Tracking/Watch".

POSITION LETTERS & MAJOR ISSUES (Attachment 3)

SB 466 (Caballero), Support – On April 10, 2025, Public Works Director Hye Jin Lee submitted a letter in support.

SB 634 (Perez), Oppose - On April 17, 2025, Chief Kevin Mensen sent a letter to Assembly Member Michelle Rodriguez stating the City's opposition to SB 634 (Perez). The bill would prohibit a state agency or local jurisdiction from adopting or enforcing a regulation or ordinance that imposes civil or criminal penalties on a person who is homeless or assists an individual experiencing homelessness. The bill was subsequently watered down in response to opposition, now stating that law enforcement cannot ticket charity workers who assist the homeless. The City has a "Tracking/Watch" position on the amended version of the bill.

Mayor Ulloa to Governor Newsom – On April 23, 2025, Mayor Ulloa sent a letter to Governor Newsom opposing the proliferation of state housing laws that usurp local control and local land use authority.

AB 63 (Rodriguez), Support – City Manager Reich submitted a letter to the Assembly Public Safety Committee in support of the measure. The bill is now a two-year bill and will not be considered again until January 2026.

AB 647 (Gonzalez), Oppose – On April 25, City Manager Reich submitted a letter opposing this measure.

City of Chino Issue Alert: South Coast AQMD Proposed Rules 1111 & 1121 – Although the SCAQMD has amended the Proposed Rules 1111 & 1121 in response to opposition from local governments, residents, and businesses, the City continues to oppose the proposed rules and urges the public to contact SCAQMD. The proposal is scheduled for hearing by the SCAQMD Board on June 6.

See the attached City of Chino Issue Alert, the Cost of Living Council's Economic Impact Analysis of Proposed Rules 1111 & 1121 , and SCAQMD's Hearing Notice.

CHINO CITY COUNCIL LEGISLATIVE POLICY COMMITTEE MEETING

The Legislative Policy Committee scheduled for May 13, 2025 was cancelled. The next meeting is scheduled for Tuesday, June 10, 2025 in Council Chambers.

STATE LEGISLATIVE CALENDAR

- May 9 - Last day for policy committees to hear and report to the Floor nonfiscal bills introduced in their house.
- May 16 - Last day for policy committees to meet prior to June 9.
- May 23 - Last day for fiscal committees to hear and report to the Floor bills introduced in their house. Last day for fiscal committees to meet prior to June 9.
- June 2-6 - Floor Session only. No committee may meet except Rules Committee and Conference Committees.
- June 6 - Last day for each house to pass bills introduced in that house.
- June 9 - Committee meetings may resume.
- June 15 - Budget bill must be passed by midnight.

David Jurch and Associates

TO: City of Chino
FROM: Jamie Jones
DATE: May 8, 2025
RE: Federal Update for Legislative Policy Committee May 13 Meeting

I TARIFFS

The Senate recently considered S.J. Res 49, a bipartisan resolution to end the national emergency President Trump declared to impose new tariffs on all imported goods. The measure failed to pass on a tie vote of 49 to 49. Democratic Senator Sheldon Whitehouse of Rhode Island and Republican Senator Mitch McConnell were not present for the vote. Both senators are listed in opposition to President Trump's tariff policy.

Opponents of raising tariffs argue that they slow economic growth and raise prices on all types of consumer goods, effectively acting like a sales tax.

President Trump and his allies argue that tariffs will force our trading partners to level the global playing field. Trump argues that while Americans might experience some short-term economic pain, the long-term benefits of his tariff policy far outweigh a temporary national economic downturn by lowering our trade deficits and fueling the reindustrialization of the country.

II PRESIDENT TRUMP'S FY26 "SKINNY BUDGET" PROPOSAL

On May 2nd, the White House Office of Management and Budget (OMB) released its FY26 "skinny budget." A more detailed budget proposal is expected to be released later this month. The White House is proposing cuts of \$163 billion (23%) to a broad array of non-defense discretionary federal spending such as environmental, education, anti-poverty, foreign aid, housing and health-care programs.

While Trump is proposing to slash programs and departments, Congress will have to weigh in on these proposals through the annual Appropriations spending bills. Trump's budget proposal, like his predecessors, is considered dead on arrival on Capitol Hill, but it nevertheless establishes his FY26 priorities.

COMPARED TO THE FY25 BUDGET, TRUMP'S FY26 BUDGET PLAN PROPOSES TO CUT:

- State Department by 84% (includes USAID cuts)
- EPA by 55%
- HUD by 44%
- Labor by 35%
- Interior by 31%
- HHS by 26%
- NASA by 24%
- Treasury by 19%
- USDA by 18%
- Commerce by 17%
- Education by 15%
- Energy by 9%
- Justice by 8%

President Trump's Proposed Plus Ups:

VA by 4%
 Transportation by 6%
 Defense by 13%
 Homeland Security by 65%

III CONGRESSIONAL RECONCILIATION UPDATE

H.Con.Res . 14, the FY25 Budget Resolution, passed the Republican controlled Congress last month, includes reconciliation instructions that direct 11 House committees to submit legislation that will increase or decrease the deficit over FY2025-FY2034 and increase the statutory debt limit by 5 trillion.

The reconciliation bill is expected to extend and expand President Trump's 2017 tax cut and reform measure. House and Senate Republicans have a cap of about \$4.5 trillion reserved for extending current tax rates that are due to expire at the end of the year. To offset some of the costs of extending the 2017 tax rates, GOP congressional members will have to come up with at least \$1.5 trillion in cuts to non-defense programs. A tall order since Senate Republicans are on record wanting to cut \$4 billion and House Republicans, pressured by the Freedom Caucus, want to cut up to \$2 trillion.

The House Budget Committee has put the repeal of tax-exempt municipal bonds on a list of possible pay-fors for a budget reconciliation bill and the rewrite of the 2017 tax law. I recommend that the City of Chino communicate with its congressional delegation, urging them to oppose repealing or weakening tax-exempt municipal bonds.

According to the US Conference of Mayors, it is projected that an elimination of tax exemption would raise borrowing costs by up to **\$833 billion between 2026 and 2035**, a cost that would be passed onto taxpayers and lead to a **\$6,554.67** tax and rate increase for each American household over the next decade.

The US Conference of Mayors letter to Congress highlighted the following issues House and Senate GOP members should support as they work on shaping the reconciliation package:

1. ***Provide major housing tax credits to spur production***, including a robust expansion of the Low-Income Housing Tax Credit, creation of the Neighborhood Homes Tax Credit, tax credits to convert vacant commercial property to housing, and expansion of the Historic Tax Credit. Research shows significant increases in housing production directly correlate to reduced rents and the moderation of housing prices, exactly what is needed to address our national housing crisis. But these credits must spur sufficient production to adequately respond to the depth and breadth of our nation's shortage of units, which we estimate to be between 4-7 million. Given the role that rising home prices and rents play in "kitchen table" inflation, we believe the production credits should be a top priority in the tax bill.
2. ***Provide full funding of the Community Development Block Grant (housing rehab) and HOME Partnership (new construction) programs***, along with increased resources for ***FHA mortgage insurance, rental assistance, and affordable housing programs*** to further address our housing crisis.
3. ***Protect tax-exempt municipal bonds, including private activity bonds***, which are the main financing tool of locally funded, essential infrastructure, including transportation, water and wastewater facilities, along with housing, schools, and hospitals, to name a few. We oppose any effort to restrict this time-honored mechanism for raising local revenues to support locally driven projects. State and local governments finance 75% of the nation's infrastructure, mostly through tax-exempt financing. Removing the tax exemption on municipal bonds would cost households on average \$6,500 over a ten-year period.
4. ***Continue innovative Direct Pay energy credits within the IRS*** to support local government energy efficiency and conservation projects to lower energy bills. Federal investment credits and direct pay policies provide a critical incentive for leveraging investments in new and upgraded energy sources. Direct pay policies also enhance local efforts to modernize the electricity transmission grid and ensure that electricity transformers are available.
5. ***Restore and Expand the Child Tax Credit, proven to reduce child poverty*** in our nation. In fact, CTC levels during our economic recovery reduced child poverty by 40%. This bill should do the same. An economically stable and secure family enriches early childhood development and emotional health; poverty yields the opposite. Expanding the CTC is an investment in the future of our children's lives and our nation.
6. ***Protect Medicaid benefits to ensure current levels of service and access to health care*** Medicaid is the principal source of health care funding for countless seniors in nursing homes in cities and rural America alike; and is a major source of health care for the nation's children. We also want to emphasize the importance of maintaining the funding for the Supplemental Nutrition Assistance Program (SNAP) and other child nutrition programs, as they are vital for supporting child health.

IV TRUMP THREATENS 100% TARIFFS ON MOVIES MADE ABROAD

President Donald Trump is threatening to levy all films produced outside the U.S. at a rate of 100%.

Over the weekend, Trump accused other countries of “stealing the movie-making capabilities” of the U.S. and said that he had authorized the Commerce Department and the U.S. Trade Representative to immediately begin the process of implementing this new import tax on all foreign-made films.

Further specifics or dates weren't provided. The White House confirmed that no final decisions had been made as of Monday, May 5.