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SB-74 Office of Land Use and Climate Innovation: Infrastructure Gap-Fund Program. (2025-2026)

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AMENDED IN SENATE APRIL 07, 2025

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

SENATE BILL

NO. 74

Introduced by Senator Seyarto

(Coauthors: Senators Alvarado-Gil, Choi, Dahle, and Ochoa Bogh)

(Coauthors: Assembly Members Alanis, DeMaio, Sanchez, and Wallis)

January 15, 2025

An act to add Article 8 (commencing with Section 65059.5) to Chapter 1.5 of Division 1 of Title 7 of the Government Code, relating to infrastructure financing.

LEGISLATIVE COUNSEL'S DIGEST

SB 74, as amended, Seyarto. Office of Land Use and Climate Innovation: Infrastructure Gap-Fund Program.

Existing law establishes the Office of Land Use and Climate Innovation in the Governor's office for the purpose of serving the Governor and the Governor's cabinet as staff for long-range planning and research and constituting the comprehensive state planning agency. Existing law authorizes a local agency to finance infrastructure projects through various means, including by authorizing a city or county to establish an enhanced infrastructure financing district to finance public capital facilities or other specified projects of communitywide significance that provide significant benefits to the district or the surrounding community.

This bill would require the office, upon appropriation by the Legislature, to establish the Infrastructure Gap-Fund Program to provide grants to local agencies ~~to develop for the development~~ and ~~construct construction of~~ infrastructure projects, as ~~defined~~ *defined, facing unforeseen costs after starting construction*. The bill would authorize the office to provide funding for up to 20% of a project's additional projected cost, as defined, after the project has started construction, subject to specified conditions, including, among other things, that the local agency has allocated existing local tax revenue ~~to for at least 45% of the initial infrastructure's project's total cost~~ *initially budgeted total cost of the infrastructure project*. When applying to the program, the bill would require the local agency to demonstrate challenges with completing the project on time and on budget and how the infrastructure project helps meet state and local goals, as specified. The bill would require the office to develop guidelines to

implement the program that establish the criteria by which grant applications will be evaluated and funded. The bill would make these provisions operative on January 1, 2030.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Article 8 (commencing with Section 65059.5) is added to Chapter 1.5 of Division 1 of Title 7 of the Government Code, to read:

Article 8. Infrastructure Gap-Fund Program

65059.5. For the purposes of this article, the following definitions apply:

- (a) "Additional projected costs" means costs beyond the initial budgeted costs for the infrastructure project, including, but not limited to, costs related to labor, materials, and additional permits.
- (b) "Infrastructure project" means a broadband, fire station, school, health and safety improvement, or road project.
- (c) "Local agency" means a county, city, city and county, or special district.
- (d) "Local taxes" means any tax imposed by a local agency by ordinance or pursuant to the California Constitution.
- (e) "Program" means the Infrastructure Gap-Fund Program established pursuant to Section 65059.6.
- (f) "Road project" means a project that decreases vehicle miles traveled on roads and improves the public health, safety, and welfare.

65059.6. (a) Upon appropriation by the Legislature, the office shall establish the Infrastructure Gap-Fund Program to provide a grant to a local agency ~~to develop~~ *for the development* and ~~construct~~ *construction of* an infrastructure ~~project~~ *project facing unforeseen costs after starting construction*.

(b) The office may award a grant that provides funding for up to 20 percent of an infrastructure project's additional projected cost after the project has started construction. The office shall *only* grant awards for projects that meet all of the following conditions:

- (1) The infrastructure project has started construction.
- (2) The local agency has identified additional projected costs.
- (3) The local agency has allocated existing local tax revenue ~~to~~ *for at least 45 percent of the initial* ~~initially budgeted total cost of the infrastructure project's total cost~~ *project*.

(c) The local agency when applying to the program shall demonstrate both of the following:

- (1) Challenges with completing the project on time and on budget by providing an analysis of the additional costs not foreseen when the project started construction.
- (2) How the infrastructure project helps meet state and local goals by the construction of the infrastructure project.

(d) The office shall develop guidelines to implement the program consistent with the requirements of this article that establish the criteria by which grant applications will be evaluated and funded.

(e) This ~~section~~ *article* shall become operative on January 1, 2030.