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California Association for Local Economic Development

August 28, 2024

Assembly Member Juan Carrillo
State Capitol, Ste. 4320
Sacramento, CA 95814

Assembly Member Eloise Reyes
State Capitol, Ste. 4510
Sacramento, CA 95814

Re: Opposition AB 98 (as proposed to be amended RN# 24 21421 06)

Dear Assembly Member Carrillo and Assembly Member Reyes:

The California Association for Local Economic Development (CALED), an organization representing more than 900 public and private local economic development professionals, regrets that we must **Oppose** your AB 98, as proposed to be amended (RN #24 21421 06), because of its numerous provisions limiting local economic development opportunities for California's local agencies, employers and residents.

Major transparency concerns are also raised. This 30-page bill was drafted in a secretive process without participation and input from all affected stakeholders. Dropping such a massive proposal into print several days before the end of the legislative session undermines principles of public transparency in government.

This legislation will significantly limit the growth and expansion of warehouses and logistic facilities by tying them up in costly requirements and litigation over future siting and expansion plans. These facilities serve as a critical backbone to our state's economy and provide hundreds of thousands of middle-class jobs. Legislation affecting them should be considered carefully and through an open and transparent process.

CALED's limited review of this sweeping measure has identified many issues which deserve to be fully vetted through the policy committee process, including:

- **Impact on small businesses:** An overly broad definition of "logistics facility," which has no minimum square footage limitation, that could be interpreted to apply to many small businesses up and down the state.
- **Reduced economic and job opportunities:** Imposing excessive and costly mandates on all affected businesses will curtail investment and force more economic activity out of state, or into remote areas which require more vehicle miles travelled. Several provisions of the bill even boldly tout that: "cost shall not be a factor."
- **Inconsistent proposals:** An odd arrangement is established in the legislation where "sensitive receptors" could still continue to be built close to industrial properties and logistics facilities, thus both increasing impacts and limiting the ability of existing facilities to operate and expand.

- **Limiting future sites.** Undermining existing zoning and development plans by restricting areas where facilities can be constructed to along roads that primarily serve commercial uses, and then exposing local agencies to litigation over mitigation measures.
- **Wasting public funds:** Requiring local agencies which don't even have these facilities (including those in rural areas) to spend limited tax dollars updating their transportation elements by 2028, to avoid \$50,000 fines from the Attorney General.

CALED urges the Legislature to not recklessly rush through this complex, secretive legislation. California's economy cannot sustain more economic and population losses. If the proposed concepts in this bill have true merit, then they should be able to survive the sunlight of full legislative and stakeholder review in the 2025 Legislative session.

For these reasons, CALED Opposes AB 98 as proposed to be amended. Please feel free to contact me at 916-448-8252, with any questions.

Sincerely,



Gurbax Sahota
President & CEO

cc: Assembly Speaker Rivas
Senate Pro Tem McGuire
Senator Durazo, Chair, Senate Local Government Committee
Dee Dee Myers, Senior Advisor & Director, Governor's Office of Business & Economic Development