



CITY OF MERCED

MERCED

April 25, 2025

The Honorable Josh Becker
California State Senate
1021 O Street, Room 7210
Sacramento, CA 95814

RE: Senate Bill 358 (Becker) - Mitigation Fee Act: Mitigating Vehicular Traffic Impacts - Notice of Opposition – (As Introduced – February 12, 2025)

Dear Senator Becker:

On behalf of the City of Merced, I write to respectfully express our opposition to Senate Bill 358, which proposes to significantly alter the manner in which local agencies may assess traffic impact fees under the Mitigation Fee Act.

While we support efforts to incentivize infill housing and promote transit-oriented development, SB 358 would create an inflexible and overly prescriptive mandate on cities by requiring that vehicular traffic impact fees for certain housing developments be set at a rate at least 50% lower than for other developments. This rigid requirement eliminates the current ability of cities to adopt findings based on site-specific data through a public process and disregards the variability in actual traffic impacts that may result from such developments, even when located in transit-priority areas.

Additionally, by stripping local agencies of discretion in setting appropriate mitigation fees, SB 358 undermines local planning authority and limits a city's ability to adequately address the infrastructure demands associated with new housing. Cities like Merced rely on development impact fees to fund necessary transportation improvements that ensure safety and mobility for all users—including pedestrians, cyclists, and drivers.

The bill's proposed changes also introduce potential fiscal strain on municipalities by compelling them to subsidize the transportation-related impacts of new development without providing alternative revenue sources. While the bill includes a provision for state reimbursement if determined to be a mandate, the timeline and uncertainty of such reimbursement processes can severely hamper a city's ability to responsibly plan and implement needed infrastructure projects.

For these reasons, the City of Merced must respectfully oppose SB 358. If you should any further questions, please contact Sharon Gonsalves at California Public Policy Group (916) 974-9270.

Sincerely,

Mayor
City of Merced
cc: Members and Staff, Senate Local Government Committee
The Honorable Anna Caballero, Senator 14th District