SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**SB 365**
Author:	**Senator Wolk**
As Amended:	**September 11, 2013**
Consultant:	**Joe Stephenshaw**
Fiscal:	**Yes**
Hearing Date:	**September 12, 2013**

Subject: Jail Construction and Juvenile Facility Funding

Summary: This bill would make changes to existing law enacted in AB 900 (2007) and SB 81 (2007), related to construction funding for local correctional facilities.

Existing Law:

- Establishes funding for local jail construction in phases, as follows:
  - AB 900 Phase I. Authorizes the State Public Works Board (SPWB) to issue up to $445.8 million in revenue bonds, notes, or bond anticipation notes to finance the acquisition, design, or construction, and a reasonable construction reserve, of approved local jail facilities and any additional amount to pay for the cost of financing, as specified. Proceeds from the revenue bonds, notes, or bond anticipation notes may be used to reimburse a participating county for the costs of acquisition, preliminary plans, working drawings, and construction for approved projects.

  - AB 900 Phase II. Authorizes the SPWB to issue up to $774.2 million in revenue bonds, notes, or bond anticipation notes, to finance the acquisition, design, or construction, and a reasonable construction reserve, of approved local jail facilities, as specified, to pay for the cost of financing, as specified. Proceeds from the revenue bonds, notes, or bond anticipation notes may be used to reimburse a participating county for the costs of acquisition, preliminary plans, working drawings, and construction for approved projects.

- Allows a participating county that has received a conditional award under Phase I to relinquish its conditional award, provided that no state moneys have been encumbered in contracts let by the county, and reapply for a conditional award under Phase II, as set forth in this chapter.

- Authorizes the SPWB to issue up to $300 million in revenue bonds, notes, or bond anticipation notes to finance the acquisition, design, renovation, or construction, and a reasonable construction reserve, of approved local youthful offender rehabilitative facilities.

Proposed Law:

- Moves $80 million from AB 900 Phase I funding to AB 900 Phase II funding.

- Allows a county which has been conditionally awarded financing to construct a juvenile facility to apply to the Board of State and Community Corrections (BSCC) for redirection of the conditional award to another county that will be the lead county if the original county determines that joint participation in a shared regional facility would benefit the needs of the counties involved.

- Authorizes the BSCC to redirect the conditional award if it determines that redirection would result in cost savings, regional efficiencies, increased services, and improved outcomes.

- Specifies that redirection may only be considered prior to any approval or establishment of the project by the board.

Background:

Shifting AB 900 Phase I Jail Funding to Phase II. San Joaquin County has relinquished $80 million of Phase I AB 900 funding that it had been awarded. Unlike Phase I projects, Phase II projects give funding preference to counties that committed the largest percentage of inmates to state custody, in relation to the total inmate population of the California Department of Corrections and Rehabilitation in 2010, and only requires a 10 percent local match (Phase I requires a 25 percent local match). This bill would shift the $80 million relinquished by San Joaquin County to Phase II, making it available for other counties.

Regional Juvenile Detention Facility. In November 2010, the Colusa County Probation Department received an award of SB 81 grant funding for construction of a local youthful offender rehabilitative facility. Significant reductions in Colusa County's juvenile offender population have rendered the original project proposal no longer cost effective. Colusa County currently houses juvenile offenders in the Bi-County Juvenile Hall, a facility jointly operated by Sutter and Yuba Counties.

Recent discussions between Colusa, Yuba, and Sutter Counties have focused on the possibility of the three counties pooling their resources, including Colusa County's SB 81 grant funding, to build a regional juvenile facility that would replace the aging, obsolete building currently located in Yuba County and provide the needed capacity to serve the three counties' detention and programming needs. The new facility would be located on the existing Yuba County site. This bill would allow the use of Colusa’s SB 81 award to support this tri-county initiative.

Fiscal Effect: This bill would have minimal, if any, fiscal effect.

Support:

Yuba County Board of Supervisors (sponsor)
Sonoma County Board of Supervisors (sponsor)
Sutter County Board of Supervisors
Sutter County Probation Department
Colusa County Probation Department
Colusa County Board of Supervisors
Yuba County Probation Department
Monterey County Sheriff's Office
Monterey County Board of Supervisors
Chief Probation Officers of California

Opposed: None on file.

AMENDED IN ASSEMBLY SEPTEMBER 11, 2013

SENATE BILL No. 365

Introduced by Senator Wolk
(Principal coauthors: Assembly Members Alejo and Logue)
(Coauthors: Senators Evans, Monning, and Nielsen)
(Coauthors: Assembly Members Chesbro, Levine, and Yamada)

February 20, 2013

An act to *amend Sections 15820.903 and 15820.913 of the Government Code, and to* add Section ~~41 to the Revenue and Taxation~~ *1978 to the Welfare and Institutions* Code, relating to ~~taxation~~ *jails*.

LEGISLATIVE COUNSEL'S DIGEST

SB 365, as amended, Wolk. ~~Income and corporation taxes: credits: information and operative time period.~~ *Jail construction: funding.*

Existing law authorizes the Department of Corrections and Rehabilitation, participating counties, and the State Public Works Board to acquire, design, and construct local jail facilities approved by the Board of State and Community Corrections (BSCC). Existing law authorizes the State Public Works Board to issue revenue bonds, notes, or bond anticipation notes in the amounts of $445,771,000 and $774,229,000, in 2 phases, to finance the acquisition, design, and construction, and a reasonable construction reserve, of approved local jail facilities, as specified. The funds derived from those revenue bonds, notes, or bond anticipation notes are continuously appropriated for the purposes described above.

This bill would decrease the authorization for revenue bonds, notes, or bond anticipation notes in the first phase from $445,771,000 to $365,771,000 and increase the authorization of the 2nd phase from $774,229,000 to $854,229,000.

Existing law authorizes the Department of Corrections and Rehabilitation, a participating county, and the board to acquire, design, renovate, or construct a local youthful offender rehabilitative facility, approved by the BSCC, or a site or sites owned by, or subject to a lease or option to purchase held by, a participating county. Existing law authorizes the issuance of up to $300,000,000 in revenue bonds, notes, or bond anticipation notes to finance the acquisition, design, renovation, or construction, and a reasonable construction reserve, of approved local youthful offender rehabilitative facilities.

This bill would, in the event that a county that has been conditionally awarded financing later determines that participating with other counties in a shared regional facility would provide an improved solution to the county's needs and the needs of other counties, authorize the county to apply to the BSCC for redirection of the conditional award to another county that will be the lead county for the regional facility, in conjunction with the original county and, potentially, other counties. The bill would authorize the board to redirect the conditional award, prior to any approval and establishment of the project, if certain determinations are made by the BSCC.

~~Existing law imposes various taxes and allows specified credits, deductions, exclusions, and exemptions in computing those taxes.~~

~~This bill would require any bill, introduced on or after January 1, 2014, that would authorize a personal income or corporation tax credit to contain, among other provisions, (1) specified goals, purposes, and objectives that the tax credit will achieve, (2) detailed performance indicators to measure whether the tax credit is meeting those goals, purposes, and objectives, and (3) a requirement that the tax credit cease to be operative no later than 10 taxable years after its effective date, as specified.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ *yes*. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 15820.903 of the Government Code is amended to read:

15820.903. (a) The SPWB may issue up to ~~four hundred forty-five~~ *three hundred sixty-five* million seven hundred seventy-one thousand dollars ~~($445,771,000)~~ *($365,771,000)* in revenue bonds, notes, or bond anticipation notes, pursuant to

Chapter 5 of Part 10b of Division 3 of Title 2 (commencing with Section 15830) to finance the acquisition, design, or construction, and a reasonable construction reserve, of approved local jail facilities described in Section 15820.901, and any additional amount authorized under Section 15849.6 to pay for the cost of financing.

(b) Proceeds from the revenue bonds, notes, or bond anticipation notes may be utilized to reimburse a participating county for the costs of acquisition, preliminary plans, working drawings, and construction for approved projects.

(c) Notwithstanding Section 13340, funds derived pursuant to this section and Section 15820.902 are continuously appropriated for purposes of this chapter.

(d) This section shall become inoperative on June 30, 2017, and no project may be commenced after that date; however, projects that have already commenced by that date may be completed and financed with bonds issued pursuant to this chapter.

SEC. 2. Section 15820.913 of the Government Code is amended to read:

15820.913. (a) The SPWB may issue up to ~~seven hundred seventy-four~~ *eight hundred fifty-four* million two hundred twenty-nine thousand dollars ~~($774,229,000)~~ *($854,229,000)* in revenue bonds, notes, or bond anticipation notes, pursuant to Chapter 5 of Part 10b of Division 3 of Title 2 (commencing with Section 15830) to finance the acquisition, design, or construction, and a reasonable construction reserve, of approved local jail facilities described in Section 15820.911, and any additional amount authorized under Section 15849.6 to pay for the cost of financing.

(b) Proceeds from the revenue bonds, notes, or bond anticipation notes may be used to reimburse a participating county for the costs of acquisition, preliminary plans, working drawings, and construction for approved projects.

(c) Notwithstanding Section 13340, funds derived pursuant to this section and Section 15820.912 are continuously appropriated for purposes of this chapter.

SEC. 3. Section 1978 is added to the Welfare and Institutions Code, immediately following Section 1977, to read:

1978. In the event that a county that has been conditionally awarded financing, pursuant to this article, later determines that *participating with other counties in a shared regional facility would provide an improved solution to the county's needs and the needs of other counties, the original county may apply to the Board of State and Community Corrections (BSCC) for redirection of the conditional award to another county that will be the lead county for the regional facility, in conjunction with the original county and, potentially, other counties. If the BSCC determines, based on findings submitted by the regional consortium of counties, that the redirection will result in cost savings, regional efficiencies, increased services, and improved outcomes, and that the design of the joint facility will enhance program delivery, health and mental health services, and the safety and security of minors, the BSCC may authorize the redirection of the conditional award. Redirection may only be considered prior to any approval or establishment of the project by the board.*

~~SECTION 1. The Legislature finds and declares the following:~~

~~(a) Government at all levels enacts tax preferences to promote equity among taxpayers and enhance economic growth in a way that is inexpensive to administer and provides direct benefits to taxpayers.~~

~~(b) National and state public finance experts recommend that tax preferences be evaluated alongside direct spending programs, as both are public initiatives meant to accomplish specified goals.~~

~~(c) Revenue losses attributable to federal tax preferences exceed any other category of federal spending, including defense, Medicaid and Medicare, Social Security, debt service, or discretionary spending.~~

~~(d) California now forgoes more than $47 billion in revenue from tax preferences, according to the Department of Finance.~~

~~(e) Many current tax preferences contain neither sunset provisions, nor goals and objectives to measure the performance of the tax preference.~~

~~(f) Many current tax preferences neither require taxpayers to submit data demonstrating the tax preference's effectiveness, nor for state agencies to collect and send data to the Legislature to evaluate the tax preference.~~

~~(g) The Legislature should apply the same level of review and performance measure that it applies to spending programs to tax preference programs, including tax credits.~~

~~SEC. 2. Section 41 is added to the Revenue and Taxation Code, to read:~~

~~41. Notwithstanding any other law, any bill, introduced on or after January 1, 2014, that would authorize a new credit against the "net tax," as defined in Section 17039, or against the "tax," as defined in Section 23036, or both, shall contain all of the following:~~

~~(a) Specific goals, purposes, and objectives that the tax credit will achieve.~~

~~(b) Detailed performance indicators for the Legislature to use when measuring whether the tax credit meets the goals, purposes, and objectives stated in the bill.~~

~~(c) Data collection requirements to enable the Legislature to determine whether the tax credit is meeting, failing to meet, or exceeding those specific goals, purposes, and objectives. The requirements shall include the specific data and baseline measurements to be collected and remitted in each year the credit is in effect, in order for the Legislature to measure the change in performance indicators, and the specific taxpayers, state agencies, or other entities required to collect and remit data.~~

~~(d) A requirement that the tax credit shall cease to be operative no later than 10 taxable years after its effective date, and as of January 1 of the year following the end of the operative period is repealed.~~

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