



COMMITTEE ON BUDGET & FISCAL REVIEW
Room 5019, State Capitol
Sacramento, CA 95814

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Quick Summary

8th Extraordinary Special Session Final Budget Actions

March 5, 2010

The purpose of this Quick Summary is to provide members and staff of the Legislature with a review of the budget actions taken in February and March 2010 in the 8th Extraordinary Special Session. This document will be updated after the Governor takes actions on the final package of budget bills in the 8th Extraordinary Special Session. If you have questions, please contact the committee at (916) 651-4103.

Summary of Special Session

On January 8, the Governor released his proposed 2010-11 budget, declared a fiscal emergency, and called a special session of the Legislature, consistent with Proposition 58.

The Governor proclaimed a “fiscal emergency” utilizing the authority provided within the State Constitution (passed as Proposition 58 by the electorate in early 2004). Under the Constitution, the Governor can call the Legislature into a special session to deal with substantial revenue declines or expenditure increases, accompanied by proposed legislation to address the fiscal emergency. If the Legislature fails to pass, and send to the Governor, a bill or bills by the 45th day following this type of proclamation, the Legislature may not act on any other bill. The 45th day of the Special Session called by the Governor to address the declared fiscal emergency was February 22, 2010. The Legislature met this deadline—by February 22, 2010, six bills were enrolled and sent to the Governor.

As defined by the Department of Finance (DOF) the size of the budget deficit, constituting the fiscal emergency, is approximately \$19.9 billion General Fund over the two-year period.

The Senate Budget and Fiscal Review Committee held ten full-committee hearings to understand, discuss, and hear public testimony on the various issues presented by the administration to address the fiscal emergency. On February 10, 11, and 16 the Committee took various actions to reduce the budget problem by \$5 billion.

As detailed in the report below the final package of budget solutions sent to the Governor in the 8th Extraordinary Special Session were \$1 billion less than the solutions passed by the Senate Budget and Fiscal Review Committee. Specifically, the changes were the result of the following: (1) a tax enforcement measure passed by the Senate was not taken up on the Assembly floor, (2) the Governor’s Emergency Response Initiative was passed by the Senate Budget and Fiscal Review Committee but not taken up on either the Senate or the Assembly floors, and (3) provisions to delay corporate tax breaks originally part of the gas tax swap proposal were not adopted. With these changes the Legislature enacted \$4 billion in solutions to help address the \$19.9 billion deficit identified by the Governor in January 2010.

The summary of the solutions are as follows:

General Fund Solutions:

- Expenditure Reductions: \$2.2 billion
- Alternative Funding: \$1.2 billion
- Fund Shifts/Other Revenues: \$551 million
- Federal Funding Relief: \$76 million
- Revenues: \$0.0 million

Total **\$4.0 billion**

The solutions help the State move towards closing the budget deficit in the 2010-11 fiscal year. Actions were also taken to address cash flow concerns in the current fiscal year and the budget year. The cash flow solutions will strengthen the State's position in the bond market and help ensure sufficient cash reserves throughout the 2010-11 fiscal year.

In the following pages are brief summaries, by major program area, of actions taken. In addition, enclosed is a spreadsheet summarizing all of the final budget solutions and a list of the budget bills sent to the Governor in the 8th Extraordinary Special Session.

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Employee Compensation

Governor's Executive Order S-01-10: Workforce Cap

Five Percent Personnel Savings. Recognized savings of \$449 million General Fund as proposed by the Administration in the Budget Act of 2010 from implementation of the five percent reduction to departmental personnel costs resulting from Governor Schwarzenegger's Executive Order S-01-10. The Executive Order requires agencies and departments to cap the size and cost of the workforce by July 1, 2010, effectively reducing the size of the state workforce by 8,915.7 personnel years. Also stated legislative intent that first priority for achieving these personnel savings come from administration to avoid negative impacts on the delivery of direct services.

Operating Expenses and Equipment Savings. Recognized savings of \$130 million General Fund in the Budget Act of 2010 to reflect the Operating Expenses and Equipment savings resulting from Governor Schwarzenegger's Executive Order S-01-10 (as detailed above).

Other Post Employment Benefits

Delaying Pre-payment of Other Post Employment Benefits. Recognized savings of \$98.1 million General Fund as proposed by the Administration in the Budget Act of 2010 to reflect budgetary workload savings from delaying prepayment of other post employment benefits.

Health & Human Services

Department of Health Care Services

Delay Medi-Cal Payments to Fee-for-Service Institutional Providers. Recognized the Governor's authority to delay \$256.9 million (\$94.3 million General Fund) in Medi-Cal payments made to 40 categories of institutional providers by shifting the June 17, 2010 checkwrite to the first week of July and the new fiscal year. Providers affected by this action include hospitals, long-term care facilities, various types of clinics, Adult Day Health Care Centers, Home Health agencies, Mental Health inpatient services and several other categories. The Governor's proposal includes an expenditure of \$38.5 million General Fund for

2010-11 since, if the Administration chooses to make this shift, it would violate federal prompt payment requirements and this penalty would be accessed.

Medi-Cal Anti-Fraud on Physician Services and Pharmacy. Recognized savings of \$28.3 million General Fund within the Medi-Cal Program as proposed by the Administration for the Department of Health Care Services to proceed with additional anti-fraud activities pertaining to physician services and pharmacy.

Department of Public Health

Shift \$3.5 million from State Operations to Local Assistance for HIV/AIDS. Shifted \$3.5 million in unexpended federal funds for State operations to local assistance to support HIV/AIDS prevention and testing activities, and care and support services within the Office of AIDS.

Department of Developmental Services

Continues Three Percent Reduction to Services Purchased by Regional Centers. Adopted the Governor's proposal to continue a three percent reduction for certain payments for services purchased by Regional Centers for the 2010-11 fiscal year. This results in a reduction of \$99.5 million (\$49.7 million General Fund).

Exempt from this reduction are Supported Employment, the SSP supplement for independent living, and services with "usual and customary" rates as established in regulation. In addition, other services may be exempt from this reduction if a Regional Center demonstrates that a non-reduced payment is necessary to protect the health and safety of a consumer and the department has granted written approval of this specific exemption.

Continues Three Percent Reduction to Regional Center Operations. Adopted the Governor's proposal to continue the suspension of several administrative and case management requirements in existing law for the 2010-11 fiscal year in order to provide flexibility for the purpose of reducing their Operations expenditures by three percent. This results in a reduction of \$16.2 million (\$11.2 million General Fund).

The requirements to be suspended include:

- The average service coordinator-to-consumer ratio for certain consumers established at 1:66;
- The overall average service coordinator-to-consumer ratio at a Regional Center for all consumers who have not moved from a Developmental Center to the community, currently established at 1:62; and
- The requirement that Regional Centers shall either have in-house or contract with the following expertise: (1) criminal justice; (2) special education; (3) family support; (4) housing; (5) community integration; and (6) quality assurance.

Department of Social Services

Expanded federal eligibility for foster care. Enacts statutory changes to allow for federal financial participation in a greater number of the state's foster care cases. Contingent upon related amendments to federal law, these changes would save an estimated \$6 million General Fund in 2009-10 and \$69.5 million GF in 2010-11.

Judicial Branch

Delay of Conservatorship and Guardianship Program. Adopted a one-year delay in the implementation of certain provisions of the Omnibus Conservatorship and Guardianship Reform Act of 2006. This delay results in \$17.4 million General Fund savings in the budget year.

Local Government

State Mandate Funding. Approved savings of \$228 million General Fund in the Budget Act of 2010 to reflect the suspension of certain mandates and payment deferrals for other mandates. Generally, these savings would accrue by mirroring the 2009 Budget Act treatment of mandates. Most mandates are suspended, with the exception of mandates relating to law enforcement, election procedures, open meeting requirements, and tax collection. Payment of pre-Proposition 1A mandate claims is deferred. The Local Recreational Background Checks mandate and the Crime Victims' Rights mandate were excluded from this savings for further analysis in budget subcommittees.

Public Safety

California Department of Corrections and Rehabilitation

Receiver Savings. Reduced the California Department of Corrections and Rehabilitation (CDCR) funding by \$811 million General Fund in the budget year to account for a reduction in inmate health care costs.

Immigration and Customs Enforcement (ICE) Commutation Savings. Reduced CDCR's funding by \$182 million General Fund in the budget year to reflect the commutation of inmate sentences by the Governor and the deportation of those inmates to their country of origin.

Division of Juvenile Justice Savings. Reduced CDCR's funding by \$48 million General Fund in the budget year to reflect a reduction in the population of juvenile offenders housed in state facilities.

Implementation of Prison Rehabilitation Reductions. Adopted trailer bill language requesting CDCR to consider reestablishing credentialed teacher positions in lieu of hiring teaching assistants as part of the department's plan to implement cuts to its prison and parole rehabilitation programs in the current year.

Department of Justice

DNA Fee Increase. Increased the DNA penalty charged to all criminal offenders from \$1 for every \$10 in fine, penalty, or forfeiture collected by the courts to \$3 for every \$10 collected. Allowed the revenues to be used for operation of state criminal laboratories. Reduced the Department of Justice funding by \$45.1 million General Fund in the budget year to reflect the projected increase in DNA penalty revenues.

Department of Alcoholic Beverage Control

Fund Reimbursement. Adopted trailer bill language allowing previously awarded federal grants to be released to reimburse the Alcohol Beverage Control Fund

which had been used as an interim measure to award a total of about \$497,000 in federal grants in 2005-06 and 2006-07.

Natural Resources

Beverage Container Recycling Program. Adopted solutions to improve the short-term solvency of the Beverage Container Recycling Fund, including the following:

- Accepted the Governor's plan to accelerate California Refund Value payments by distributors in order to provide \$100 million one-time revenue increase in the current fiscal year, and provided flexibility to allow certain distributors until April 30, 2010, to make first accelerated payment. Additionally, adopted July 1, 2012, sunset to acceleration.
- Consistent with the Governor's proposal to make all program participant's "whole" for the second half of the 2010-11 fiscal year, authorized program payments retroactive to January 1, 2010.
- Identified additional savings of approximately \$28 million in the current year (and approximately \$56 million in the budget year) via two-year suspensions of various continuous appropriations (Public Resources Code Section 14581).

Acknowledged the need to pursue more comprehensive program and fiscal reforms, but deferred these policy deliberations to the regular session.

Fire Protection. Approved trailer bill language to implement a statewide emergency services surcharge on commercial and residential property insurance policies. Beginning in the budget year, the fee revenue would supplant \$200 million in existing General Fund support for wildland fire protection in the Department of Forestry and Fire Protection (CALFIRE) and would fund additional emergency response expenditures including enhancement of mutual aid capacity for local agencies.

Fish and Game Budget Year Reduction. Accepted Governor's proposed \$5 million General Fund reduction to the Department of Fish and Game for the 2010-11 fiscal year, but deferred allocation until the spring budget process.

Environmental Protection

State Water Pollution Control Revolving Fund (SWPCRF). Approved trailer bill language to conform to federal law and authorize the State Water Resources Control Board (Board) to issue grants, forgive loan principal and provide other types of assistance from specified federal SWPCRF funds. Similar authority was provided with respect to American Recovery and Reinvestment Act funds pursuant to Chapter 25, Statutes of 2009 (SBx3 27); however, the Board now requires this clarification with respect to “regular” federal appropriations that include funding for activities outside the traditional revolving-loan aspect of the program.

State Administration and General Government

Information Technology Savings

Information Technology Savings. Recognized savings of an additional \$40 million General Fund as proposed by the Administration in the Budget Act of 2010 to reflect information technology (IT) and related savings achieved by state agencies pursuant to the Governor’s Reorganization Plan No. 1 of 2009 (GRP No. 1). These savings are in addition to the \$100 million in ongoing General Fund savings in the current year budget which are reflective of the implementation of the GRP No. 1.

Tribal Gaming Revenues

Shift of revenue from transportation funds to the General Fund. Directs \$101 million in 2010-11 to the General Fund from a specified portion of tribal-gaming revenues. Senate Bill 3X 7 (Statutes of 2009), enacted similar shifts for 2008-09 and 2009-10. Existing law designates the 2010-11 revenues as available for repayment of 2001 and 2002 transportation loans to the General Fund. In 2011-12 and thereafter, tribal revenues would again be available for transportation-loan repayment.

Cash Management

Cash Management. Includes trailer bill language to provide statutory authorization to defer specific cash payments to schools, universities, trial courts, and local governments to ensure sufficient cash reserves at the state for the remainder of the 2009-10 fiscal year and the 2010-11 fiscal year. The language

specifies maximum deferral amounts and the maximum length of the deferral. Language is also included to “smooth” cash payments to the University of California and California State University so that they are relatively the same each month of the fiscal year. All of the deferrals are limited to the current and budget year only and the deferrals may be triggered off by findings of the State Controller, the Director of Finance, and the State Treasurer. The trailer bill language also changes the dates of the bi-annual contributions to the State Teachers Retirement System. The language will provide approximately \$5 billion in cash flow relief that will reduce the size and cost of the State’s short term borrowing.

Transportation

Modified Fuel Swap. Approved a modified fuel swap proposal that generates General Fund relief of \$219 million in 2009-10 and \$929 million in 2010-11, while at the same time improving funding for transit and highways over both the Governor’s proposal and current law. With the swap, the 6.0 percent State sales tax on gasoline is eliminated and the excise tax on gasoline is increased to match the revenue loss – an increase of 17.3 cents per gallon in 2010-11. Additionally, the sales tax on diesel is increased by 1.75 percent and the excise tax on diesel is lowered by 4.4 cents per gallon. The detail by category is as follows:

- **Swap for Transit** – For the remainder of 2009-10 and for 2010-11, appropriated a total of \$400 million for transit operations, and fully funds intercity rail. In 2011-12, increases the state sales tax on diesel from 5 percent to 6.75 percent and decreases the excise tax on diesel from 18 cents to 13.6 cents. This diesel fuel swap provides for growth in both transit operations and intercity rail. Transit operators will get \$350 million in 2011-12, and a growing amount thereafter, via receipt of 75 percent of the state sales tax on diesel. The amount available for intercity rail and other purposes will grow, via receipt of 25 percent of the state sales tax on gas and non-Article XIX transportation funds. The diesel excise tax is recalculated annually to offset revenue gained from the increase in state sales tax on diesel, and maintain overall revenue neutrality. Suspended, through 2011-12, requirements in current law that limits transit operating expenditures as measured against hours of transit vehicle usage – this provides struggling transit operators with some short-term relief.

- **Swap for roads and highways** – Maintained full funding at the Prop 42 level for roads and highways in 2010-11. An additional \$650 million in 2010-11 gas excise tax funds would be set aside for future appropriation by the Legislature. For 2011-12, and thereafter, provides net new revenues for roads and highways. After funding debt service, the new excise funds are split 44 percent for State Transportation Improvement Program (STIP), 12 percent for State Highway Operations and Protection Program (SHOPP), and 44 percent for local roads. This will generate over \$400 million in new funding in 2011-12 and several billion dollars in additional funding over the next decade. The gasoline excise tax is recalculated annually to match revenue lost from the elimination of the state sales tax on gas, and maintain overall revenue neutrality.
- **Swap for General Fund relief** – Augmented the Governor’s 2009-10 GF relief by increasing bond debt-service reimbursement by \$162 million (to a total of \$219 million). Adopted the Governor’s 2010-11 GF revenue of \$929 million from bond debt service. Overall, GF relief is \$1.1 billion over the two years. In 2011-12 and thereafter, the level of GF relief from bond debt service would range between \$730 million and \$1.3 billion per year.
- **Swap and Proposition 98 – No decrease to education funding** – Requires that schools be held harmless in the Proposition 98 Test 1 funding calculation from any tax changes in this swap.

Letters of no prejudice (LONP) for Proposition 116 projects. Authorized the California Transportation Commission to approve LONPs for Proposition 116 projects (The Clean Air and Transportation Improvement Bond Act of 1990), which have been delayed due to the limited ability of the State to sell general obligation bonds. LONPs refers to the process wherein a local project sponsor has a project programmed for State funding, but State funding is delayed. The local entity may continue the project with local funds knowing that that action would not prejudice them from receiving reimbursement from the State when funds become available.

Tax Administration

The Senate passed a tax enforcement trailer bill that included the following four law changes. Ultimately, this trailer bill was not taken up by the Assembly and was not part of the final special session budget package sent to the Governor.

- ***Financial Institutions Records Match (FIRM)***. Adopts the Franchise Tax Board (FTB) financial institutions record match (FIRM) proposal. FIRM requires financial institutions to perform quarterly matches of their account records with a file of tax delinquents provided by the FTB in order to identify assets that can be applied to pay the delinquent tax debts. This provision improves collections, but does not change tax liability. Revenue gain of \$32 million in both 2010-11 and 2011-12.
- ***Sales tax "nexus"***. Requires out-of-state sellers, such as Amazon, that pay commissions to California firms or residents for sales referrals (often through a website link) to collect sales tax on their sales to California residents. This provision improves compliance, but does not change tax liability. Existing law requires Californians to pay equivalent use tax on these purchases, but compliance is low. Revenue gain of \$107 million in 2010-11 and ongoing.
- ***Abusive tax shelters***. Strengthened definition of abusive tax shelters. Discourages tax avoidance and the use of abusive tax shelters by defining a "potentially abusive tax avoidance transaction" as: (1) a tax shelter; (2) an undisclosed reportable transaction; (3) a listed transaction; (4) an entity, investment plan or arrangement, or other plan or arrangement that has the potential for tax avoidance or evasion, as identified by the Secretary of the Treasury or the Franchise Tax Board; (5) a gross misstatement; or (6) a transaction subject to the non-economic substance transaction understatement penalty. FTB indicates that the strengthened definition will result in increased penalty assessments. Revenue gain of \$1.8 million in 2010-11 and \$3.8 million in 2011-12.
- ***License revocation***. Revocation of licenses for delinquent tax payments. Permits the state to suspend state occupational and professional licenses because of unpaid income tax liabilities. Allows taxpayers to avoid suspension by entering into an installment agreement with FTB. Revenue

gain of \$14 million in 2009-10, and \$19 million in both 2010-11 and 2011-12.

8th Ex. Session: Final Special Session Budget Package

			Amount (in millions)					
Source	% of Total	#	Org. Code	Solution (Department and Issue)	2009-10	2010-11	2-year total	Location
G-RS	E	1	0250	Judicial: Delay Implementation of Conservatorship Program	\$0.0	\$17.4	\$17.4	AB 8x 2
G-SS	AF	2	0820	Justice: Increase DNA Penalty Assessments for Support of DOJ Forensic Labs	13.7	45.1	58.8	AB 8x 2 & AB 8x 3
G-RS	FS	8	2660	CalTrans: Transfer of Tribal Gaming Compact Revenues to the General Fund	0.0	100.8	100.8	AB 8x 10
G-SS	AF	9	2830	CalTrans: Fuel Tax Swap: Reduce General Fund for Transportation Debt Service.	219.0	929.1	1,148.1	AB 8x 6 & AB 8x 9
G-RS	E	11	3600	Fish & Game: Unallocated reduction	0.0	5.0	5.0	AB 8x 2
G-SS	E	12	4260	Medi-Cal -- Defer Institutional providers (cost shift)	94.3	-38.5	55.8	No bill req'd
G-SS	E	13	4260	Medi-Cal -- Anti-Fraud Initiative	0.0	28.3	28.3	AB 8x 2
G-SS	E	14	4300	Developmental Services: Regional Centers--Extend the 3 Percent Provider Payment Reduction through 2010-11	0.0	60.9	60.9	SB 8x 4
G-SS	FF	15	5180	Social Services: Expand Federal Eligibility for Foster Care	6.0	69.5	75.5	AB 8x 4
G-RS	E	16	5225	Corrections: Reduce Inmate Medical Care Costs	0.0	811.0	811.0	AB 8x 2
G-RS	E	17	5225	Corrections: Reduce Division of Juvenile Justice Population	0.0	41.3	41.3	AB 8x 2
C	E	18	5225	Corrections: Commutation of sentences (Governor action)	0.0	182.0	182.0	AB 8x 2
G-RS	E	19	8885	Local Government Mandates: Suspend Certain Mandates & Defer Payment on Prior Year Claims	0.0	228.0	228.0	AB 8x 2
G-SS	E	20	9801	Employee comp: 5% cap on payroll costs	0.0	449.6	449.6	AB 8x 2
G-SS	E	21	9801	Employee comp: Delay OPEB pre-payments	0.0	98.1	98.1	AB 8x 2
G-RS	FS	22	9901	Other: Miscellaneous Revenues	0.0	450.0	450.0	No bill req'd
C	E	23	9901	Other: OE&E savings resulting from 5% cap on payroll costs	0.0	130.0	130.0	AB 8x 2
C	E	24	CS 15.35	IT: Statewide IT savings	0.0	40.0	40.0	AB 8x 2
TOTAL					\$333.0	\$3,647.6	\$3,980.6	
Subtotals:								
Expenditure Solutions					\$94.3	\$2,053.1	\$2,147.4	
Federal Funds					6.0	69.5	75.5	
Alternative Funding					232.7	974.2	1,206.9	
Fund Shifts and Other Revenues					0.0	550.8	550.8	
Revenues					0.0	0.0	0.0	

8th Ex. Session: Final Special Session Budget Package

				Amount (in millions)				
Source	Type	#	Org. Code	Solution (Department and Issue)	2009-10	2010-11	2-year total	Location
				Total	\$333.0	\$3,647.6	\$3,980.6	
Proposals adopted by the Senate but not taken up by Assembly:								
C	R	3	0860	BOE Revenues, tax enforcement: Sales tax nexus	0.0	107.0	107.0	AB 8x 8
C	R	5	1730	FTB Revenues, tax enforcement: FIRM	0.0	32.0	32.0	AB 8x 8
C	R	6	1730	FTB Revenues, tax enforcement: Abusive tax shelter definition--penalties	0.5	1.8	2.3	AB 8x 8
C	R	7	1730	FTB Revenues, tax enforcement: Revoke professional licenses of delinquent taxpayers	14.0	19.0	33.0	AB 8x 8
Proposal not taken up on either floor:								
G-SS	AF	10	3540	CalFire: Emergency Response Initiative: Partial Fund Shift for CAL FIRE's Fire Protection Program	0.0	200.0	200.0	AB 185
Proposal adopted by the Assembly but dropped from final package:								
G-RS/C	R	4	1730	FTB Revenues: Credit Sharing, Limit NOL	0.0	650.0	650.0	SB 8x 6
				Key:				
				G-SS Governor's Budget, Special Session proposal				
				G-RS Governor's Budget, Regular Session proposal				
				C Committee proposal				
				E Expenditure Solutions				
				FF Federal Funds				
				AF Alternative Funding				
				FS Fund Shifts and Other Revenues				
				R Revenues				

8th Extraordinary Session Bills Sent to the Governor March 2010:

Bill	Subject	Senate Votes	Chapter/ Veto
AB 1	Amendments to the 2009 Budget Act	38-0	
	--Makes changes to shift \$3.5 million (federal funds) from state support within the Department of Public Health to local assistance for expenditure for HIV/AIDS prevention programs.		
AB 2	Amendments to the 2010 Budget Act	23-15	
	--Makes various reductions to the 2010 Budget Act.		
AB 3	Criminal Justice	24-14	
	--Authorizes a DNA penalty on offenders to cover the costs of the Department of Justice's DNA Laboratories; makes technical changes to reimburse the Alcohol and Beverage Control Fund; and provides CDCR with direction on implementing cuts to rehabilitation programs.		
SB 4	Developmental Services/Foster Care	29-2	
	--Continues 3 percent reduction for provider reimbursement for regional center purchase of services and operations; and expands eligibility for federal foster care funding.		
AB 5	Cash	37-2	1
	--Authorizes various payment deferrals to ensure that the state has adequate cash flow through April of the 2009-10 fiscal year and the entire 2010-11 fiscal year.		
AB 6	Transportation/Gas Tax Swap	22-10	
	--This bill contains only the "tax side" of the new fuel swap package. Amendments to this bill modify the existing fuel tax swap bill to delete provisions that would delay or partially suspend the corporate tax provisions and instead raise the gasoline excise tax by up to 17.3 cents.		
AB 7	Resources	31-6	
	--Makes various changes to improve the fiscal stability of the Beverage Container Recycling Fund; and makes changes to allow California to receive additional ARRA federal funds for the State Water Pollution Control Revolving Fund.		
AB 9	Transportation/Gas Tax Swap	21-10	
	--This bill contains only the "expenditures side" of the new fuel swap package. This bill appropriates \$400 million for transit operations now and at least \$350 million in 2011-12 and ongoing. This bill also provides new money for highways and roads beginning with over \$400 million in 2011-12. This bill also provides \$1.1 billion in General Fund relief over the current and budget years.		
AB 10	General Government	32-6	
	--Makes changes to law to allow a portion of tribal gaming revenue to be transferred from transportation debt relief to the General Fund.		
AB 11	Transportation Proposition 116	39-0	
	--Authorizes the California Transportation Commission to approve Letters of No Prejudice (LONP) for Proposition 116 bonds.		

Bill	Subject	Senate Votes	Chapter/ Veto
AB 12	Prop. 1B Port Security	39-0	
	--Extends time for ports to complete Prop. 1B bond projects.		
AB 14	Cash Clean Up	31-0	
	--Makes various changes to the cash deferrals in AB 5 (above). That bill was enrolled on February 22 and signed by the Governor--this bill was enrolled on March 4. Specifically gives K-12 schools and community colleges more time to apply for a hardship waiver to be exempt from the deferrals. The bill also allows local governments flexibility to use Proposition 1B funds for cashflow while HUTA allocations are deferred and clarifies that HUTA deferrals will be taken on a pro rata basis from various allocation sections in statute.		
<u>Other 8th Extraordinary Session Bills</u>			
<u>Passed by the Senate but not Sent to the Governor:</u>			
AB 8	Tax Enforcement	23-15	
	--Makes various changes to tax enforcement including (1) creates a financial institution record matching (FIRM) system; (2) requires out of state sellers to collect sales and use tax on sales to California residents; (3) strengthens laws related to abusive tax shelters; and (4) permits the state to suspend professional licenses for revoked licenses because of unpaid tax liabilities.		