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**CALIFORNIA STATE SENATE**

COMMITTEE ON BUDGET AND FISCAL REVIEW

STATE CAPITOL – ROOM 5019  
 SACRAMENTO, CA 95814



*Holly J. Mitchell, Chair*

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**Agenda**

**June 13, 2018**

**9:30 a.m. – State Capitol Room 4203**

<u>BILL</u>	<u>AUTHOR</u>	<u>SUBJECT</u>
A.B. 1807	Committee on Budget	Budget Act of 2017: Augmentation
A.B. 1814	Committee on Budget	Transportation
A.B. 1816	Committee on Budget	Housing
A.B. 1817	Committee on Budget	State Government
A.B. 1818	Committee on Budget	State Government Employment
A.B. 1819	Committee on Budget	Developmental Services
A.B. 1820	Committee on Budget	Public Resources
A.B. 1821	Committee on Budget	Taxation
A.B. 1824	Committee on Budget	State Government
A.B. 1825	Committee on Budget	Education Finance
A.B. 1826	Committee on Budget	State Capitol Building Annex
A.B. 1830	Committee on Budget	Budget Deficit Savings Account
A.B. 1831	Committee on Budget	State Government
A.B. 1834	Committee on Budget	Corrections: Omnibus
A.B. 1836	Committee on Budget	Disaster Response-Emergency Operations Account

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2017 - 2018 Regular

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<b>Bill No:</b>	AB 1807	<b>Hearing Date:</b>	June 13, 2018
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 11, 2018 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Jennifer Troia		

**Subject:** Budget Act of 2017: augmentation

**Summary:** This bill makes supplemental appropriations to the Budget Act of 2017. Specifically, this bill appropriates \$830,532,000 General Fund to the Department of Health Care Services, \$59,983,000 General Fund to the California Department of Corrections & Rehabilitation, and \$7,911 General Fund to reimburse a qualified county for costs of a homicide trial.

**Proposed Law:**

- 1) Appropriates \$830.5 million General Fund to augment the 2017 Budget Act for the Department of Health Care Services (DHCS) to address unanticipated costs in the Medi-Cal program. This amount includes the net effect of costs related to deferred claims for federal financial participation in Medi-Cal expenditures, the Managed Care Organization tax, retrospective payments to the federal government related to prescription drug rebates, the updating of a budgeting methodology used to construct estimates of managed care costs, and retroactive rate adjustments, offset by savings related to the updating of projections for prescription drug rebates and revenues available due to the Hospital Quality Assurance Fee, the amount of federal funds available for the Children's Health Insurance Program (CHIP), other base program changes due to updated caseload and various policies in the Medi-Cal program, and managed care financing due to lower than projected caseload, retroactive rate adjustments, and lower Hepatitis C costs.
- 2) Appropriates \$60.0 million General Fund to augment the 2017 Budget Act for the Department of Corrections and Rehabilitation in response to a higher inmate population than previously projected. This amount includes costs for housing inmates in out-of-state facilities, for dental and medical services, and for mental health care.
- 3) Appropriates \$7,911 General Fund to augment the 2017 Budget Act to reimburse Mariposa County for costs related to the homicide case of "People v. Cary Stayner." This claim has been approved by the State Controller, pursuant to Chapter 3 (commencing with Section 15200) of Part 6 of Division 3 of Title 2 of the Government Code, which allows for qualified counties to seek state reimbursement for homicide trial costs.

**Fiscal Effect:** Appropriates \$890,522,911 from the General Fund to address various shortfalls in the Budget Act of 2017. Balances of the appropriated funds as of June 30, 2018 or December 31, 2018, as specified, would revert to the General Fund.

**Support:** None on file.

**Opposed:** None on file.

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2017 - 2018 Regular

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<b>Bill No:</b>	AB 1814	<b>Hearing Date:</b>	June 13, 2018
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 11, 2018 As amended		
<b>Urgency:</b>	Yes	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	James Hacker		

**Subject:** Transportation

**Summary:** This bill makes a number of statutory changes necessary to implement the transportation provisions of the Budget Act of 2018.

**Background:** This bill makes statutory changes necessary to implement various transportation-related provisions of the Budget Act of 2018. Specifically, it makes changes that impact the Department of Transportation, Department of Motor Vehicles, California Highway Patrol, and local transportation agencies.

**Proposed Law:** This bill makes the following statutory changes:

### California Highway Patrol

- 1) Authorizes the CHP to enter into a lease-purchase agreement for a build-to-suit office facility in the Tracy operations area.

### Local Transportation Agencies

- 2) Authorizes the Golden Gate Bridge, Highway, and Transportation District to utilize the Construction Manager / General Contractor method of contracting for seismic retrofit work on the Golden Gate Bridge.
- 3) Allows local transportation agencies to borrow from other internal city or county revenue streams and reimburse themselves with future year SB 1 apportionments.
- 4) Caps the rate that Caltrans may charge self-help counties with countywide sales tax measures dedicated to transportation improvements for indirect project costs at 10 percent.
- 5) Allows the Ventura County Transportation Authority to allocate local transportation fund apportionment for local streets and roads in the city of Thousand Oaks.

### California Department of Motor Vehicles:

- 6) Allows the department to charge an additional \$1 fee per transaction to private industry partners that work with the department to collect registration fees. The revenue from the fee would fund the business partner's portion of the Front End

Sustainability project, a multi-year effort to upgrade the Department's Vehicle Registration and fee collection systems.

- 7) Authorizes clean air vehicle decals issued by DMV between March 1, 2018 and January 1, 2019 to be valid until January 1, 2022. These decals identify eligible zero-emission, low-emission, and alternative fuel vehicles, and allow these vehicles to both operate in high-occupancy vehicle lanes without having the required number of passengers and drive toll-free or at a reduced-rate in high-occupancy toll lanes.

**Fiscal Effect:** The funding for the provisions in this bill is included in the Budget Act of 2018. Is there an appropriation to reference too.

**Support:** None on file.

**Opposed:** None on file.

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2017 - 2018 Regular

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<b>Bill No:</b>	AB 1816	<b>Hearing Date:</b>	June 13, 2018
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 11, 2018 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	James Hacker		

**Subject:** Housing

**Summary:** This bill makes a number of statutory changes necessary to implement the housing provisions of the Budget Act of 2018.

**Background:** This bill makes statutory changes necessary to implement various housing-related provisions of the Budget Act of 2018. Specifically, it makes changes that impact the Department of Housing and Community Development (HCD), the Business, Consumer Services, and Housing Agency, and local government entities.

**Proposed Law:** This bill includes the following statutory changes:

- **Statewide Housing Package Cleanup:** Makes a number of clarifying changes to existing statute governing the streamlined ministerial project approval process for affordable multifamily housing projects outlined in SB 35 (Wiener), Chapter 366, Statutes of 2017: Specifically, it would clarify the percentage of affordable units required for ministerial approval in situations where a locality is meeting neither its moderate-income nor low-income housing allocations; clarify the Federal Emergency Management Agency (FEMA) standards by which a flood plain may or may not be subject to ministerial approval; and clarify that a decision to grant an affordable housing project funding shall not be considered discretionary under the California Environmental Quality Act (CEQA).
- **Other local homelessness efforts:** Provides for specified homelessness projects in Orange County and Merced County.
- **Emergency Solutions and Housing Program and Housing for a Healthy California Program:** Splits the revenue from the first year of the real estate recording fee created by SB 2 (Atkins), Chapter 364, Statutes of 2017, which is statutorily required to be used to address homelessness, between the Housing for a Healthy California program and the Emergency Solutions and Housing Program, and makes a variety of technical changes to implement the programs.
- **Emergency Aid Block Grants:** Provides for the distribution of \$500 million in one-time funding for flexible solutions to address homelessness in the following manner:
  - \$250 million to Continuums of Care based upon a grouping methodology that relies upon the 2017 Point-in-Time count of homeless persons.

- \$100 million to Continuums of Care based on their proportion of the statewide total of the 2017 Point in Time count.
- \$150 million directly to cities with a population of more than 330,000 that meet specified requirements based on their regional proportion of the statewide total of the 2017 Point in Time Count.
- **Office of Migrant Services:** Allows immediate family members of a migratory agricultural worker to reside within a 50-mile radius of a migrant farm labor center on a year-round basis. Codifies the definition of a migrant farmworker, and upon approval by HCD and until January 1, 2024, allows operators of migrant farm labor centers to provide up to 50 percent of the units in a labor center to be available for nonmigrant agricultural workers provided they have school age children enrolled in the local school district. Would require annual reporting from operators of migrant farmworker housing centers on demographic data for both migrant and nonmigrant agricultural workers in the facility.
- **Homeless Coordinating and Financing Council:** Moves the Homeless Coordinating and Financing Council from the Department of Housing and Community Development to the Business, Consumer Services, and Housing Agency, and makes a number of changes to the makeup and mission of the council. Specifically, it provides for an Executive Director and adds the Agency Secretary, a representative from the Department of Transportation, and a formerly homeless youth to the Council.

**Fiscal Effect:** The funding to implement the provisions of this bill is included in the budget Act of 2018.

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2017 - 2018 Regular

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**Bill No:** AB 1817 **Hearing Date:** June 13, 2018  
**Author:** Committee on Budget  
**Version:** June 11, 2018 Amended  
**Urgency:** Yes **Fiscal:** Yes  
**Consultant:** Renita Polk/ James Hacker/ Joe Stephenshaw

**Subject:** State government

**Summary:** This measure makes various statutory changes necessary to implement the general government-related provisions of the Budget Act of 2018.

**Background:** Assembly Bill 1817 makes various statutory changes to implement the 2018-19 budget.

**Proposed Law:** AB 1817 makes the following statutory changes to implement the 2018-19 budget:

### CalSavers Retirement Savings Program

- 1) Changes the name of the California Secure Choice Retirement Savings Program to the CalSavers Retirement Savings Program.

### California Gambling Control Commission

- 1) On or before December 15, 2018, and on or before December 15 of each fiscal year thereafter, requires the Department of Finance, in consultation with the California Gambling Control Commission, to determine if total revenues estimated for the Indian Gaming Special Distribution Fund in the current fiscal year are anticipated to exceed estimated expenditures, transfers, reasonable reserves, or other adjustments from the fund for the current fiscal year.
- 2) Requires the California Gambling Control Commission, upon approval by the Department of Finance, to apply funds directed by the Department of Finance to reduce, eliminate, satisfy, or partially satisfy, on a proportionate basis, the pro rata share payments required to be made to the fund by limited gaming tribes, as defined. Funds would be applied only if the estimated revenues to the fund, along with any prior year excess revenues, exceed the estimated expenditures, transfers, reasonable reserves, or other adjustments from the funds.

### California Department of Tax and Fee Administration (CDTFA)/Board of Equalization

- 1) Authorizes CDTFA and the Board of Equalization to delegate, share, and provide assistance for, or transfer between themselves, administrative



responsibilities for tax and fee programs within the department's and the board's respective duties, powers, and responsibilities, pursuant to an agreement.

- 2) Transfers authority to administer statutes relating to the welfare exemption, the veterans' organization exemption, change in control and change in ownership of a legal entity, and the Tax-Rate Area System and related provisions from CDTFA to the Board of Equalization. Transfers all employees serving in state civil service, as specified, who are engaged in the performance of functions related to these statutes, all the rights and property related to these statutes, to the Board of Equalization.
- 3) Eliminates an unnecessary component of the reporting requirement for CDTFA related to the sales and use tax exemption for manufacturing equipment and makes clarifying changes.

#### California Science Center

- 1) Renames District Six as Exposition Park. Provides that Exposition Park has specified powers and duties to lease, exchange, sell, or otherwise dispose of all property. Designate the Board of Directors of District 6 as the Board of Directors for Exposition Park and the California Science Center and would provide that property or other interests presently held in title by District 6 vest in Exposition Park. Other specified properties remain with the center within the jurisdiction of Exposition Park.
- 2) Vests in Exposition Park and the Exposition Park Manager duties and responsibilities formerly exercised by the California Science Center, including, among other things, the implementation of the Exposition Park Master Plan.
- 3) Requires the Exposition Park Manager, in consultation with the Natural Resources Agency and the Department of General Services, to approve the leasing, construction, or alteration of existing facilities within Exposition Park. Requires the executive director of the California Science Center and executive director of the California African American Museum, in consultation with the agency and department, to approve the leasing, construction, or alteration of their respective museum facilities.
- 4) Requires specific agreements and leases to include a site lease of the land on which the Phase III Facilities for the California Science Center are to be constructed with the California Science Center Foundation for a nominal payment, and a lease-purchase agreement pursuant to which the California Science Center leases and acquires the Phase III Facilities from the foundation, as specified. Requires the site lease and the lease-purchase agreement to be for a term ending 30 years after the later of October 1, 2022, or the date on which the Phase III Facilities are certified to be available for use and occupancy, and requires that lease payments on behalf of the state be \$2.4 million per year for the term of the lease-purchase agreement, as specified.

Department of General Services

- 1) Requires the director of the department to provide no less than a 30-day notification to the chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house which consider appropriations when entering into a lease agreement if the agreement is to be for the occupancy by a state agency, when the lease period is to be longer than eight years and other specified conditions are met.
- 2) Requires the director of the department to provide specified information to the Legislature demonstrating that the proposed lease is in the best interest of the state.
- 3) Requires the director of the department to submit a report to the Legislature annually that identifies all leases expected to expire during the subsequent year and contains specified information on each of the existing leases.
- 4) Moves the implementation date of the department's Buy Clean program from January 1, 2019, to January 1, 2021.
- 5) Modifies the definition of administrative costs due and payable from each state agency to include amounts expended by the department.

Department of Finance

- 1) Requires the Department of Finance to ensure the state carries out its responsibilities in accordance with the federal Single Audit Act, and requires the department to perform specified tasks in that regard, including collecting financial and nonfinancial information relating to federal awards received.
- 2) Authorizes a designee of the Governor to order the Controller to direct the transfer of all or any part of the moneys not needed in other funds or accounts to the General Fund from those funds or accounts, as specified, including the Surplus Money Investment Fund or the Pooled Money Investment Account.

Department of Housing and Community Development (HCD)

- 1) The Multifamily Housing Program (MHP) currently includes a required annual 0.42 percent interest payment on the loan principal to fund HCD's long-term monitoring efforts. HCD also sets aside up to four percent of program funds for a variety of affordable housing programs to create default reserves. The purpose of a default reserve account is to have a resource available to help cure or avert projects from defaulting over their 55-year regulatory period.
- 2) This bill extends the 0.42 percent annual monitoring fee to the Veterans Housing and Homelessness Prevention Program (VHHP) and Affordable Housing and Sustainable Communities program (AHSC) and deposits those fees into a single fund to facilitate HCD's statutorily-required monitoring duties as projects funded by these programs transition into the long-term monitoring phase. It also

requires, the department to maintain a 1.5 percent default reserve rate across programs, and allows the department to expend default reserve funds across programs. HCD has indicated that a 1.5 percent default reserve rate is likely sufficient to maintain an appropriate default reserve.

Department of Insurance

- 1) Requires the commissioner to maintain offices in Sacramento, Los Angeles, San Diego, and the San Francisco Bay area.

Department of Technology

- 1) Gives the department final authority in the determination of information technology procurement procedures applicable to acquisitions of goods and services related to information technology projects.

Governor's Office of Business Development (GO-Biz)

- 1) Creates the California Small Business Development Technical Assistance Expansion Program within GO-Biz, under the director, for the purpose of assisting small businesses through free or low-cost one-on-one consulting and low-cost training by entering into grant agreements with one or more federal small business technical assistance centers.
- 2) Requires, upon appropriation of funds by the Legislature, the office to make grants to federal small business technical assistance centers that the office determines meet specified eligibility criteria and requires a federal small business technical assistance center that receives funding under this program to provide periodic performance and financial reports, as specified.

Victim Compensation Board

- 1) Corrects an erroneous drafting error that stripped the Victims Compensation Board of its rulemaking authority over the Victim Compensation Program.

Cannabis

- 1) Revises the requirements for the Bureau of Cannabis Control, the Department of Food and Agriculture, and the State Department of Public Health to obtain and receive criminal history information to require the Department of Justice to transmit fingerprint images and related information to the Federal Bureau of Investigation for the purpose of obtaining a federal criminal history records check.

County Assessors

- 1) For the 2018–19 fiscal year to the 2020–21 fiscal year, establishes the State Supplementation for County Assessors Program under terms and conditions similar to the State-County Assessors' Partnership Agreement Program.

- 2) Requires counties selected for participation in the new program to match the Program funds apportioned to that county assessor's office, at the rate of \$1 for every \$2 in program funds that the county assessor's office receives.
- 3) Requires each participating county assessor's office to report specified information to the Department of Finance while the Program is operative and requires the department to submit, by March 1, 2022, a report that includes specified information for each fiscal year that the program was in operation to the Joint Legislative Budget Committee.

**Support:** None on file.

**Opposed:** None on file.

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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**Bill No:** AB 1818 **Hearing Date:** June 13, 2018  
**Author:** Committee on Budget  
**Version:** June 11, 2018 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Anita Lee

**Subject:** State public employment: memorandum of understanding: Bargaining Unit 6: approval

**Summary:** Provides legislative ratification of the memorandum of understanding (MOU) agreed to by Bargaining Unit (BU) 6 and the Administration.

**Background:** Existing law:

- 1) Establishes the Ralph C. Dills Act, which requires the state to collectively bargain with the exclusive representatives of employee groups (i.e. bargaining units) regarding wages and working conditions, and to define negotiated agreements in MOUs.
- 2) Establishes the California Department of Human Resources (CalHR) as the official representative of the Governor in all matters related to collective bargaining with state employees.
- 3) Requires that any MOU between the state and an exclusive representative must be ratified by the Legislature.
- 4) Establishes the California Public Employees' Retirement System (CalPERS), which administers health and retirement benefits for state employees.
- 5) Requires the Legislative Analyst's Office (LAO) to analyze all state MOUs and to provide analyses of an MOU and its fiscal impact to the Legislature within 10 days of receipt of an MOU from CalHR.
- 6) Provides that fully vested state retirees (e.g., with 20 or more years of state employment) are entitled to an employer contribution for retiree health care equal to 100 percent of the weighted average premium of the four health plans most highly utilized by all members. Dependents are eligible for a contribution based on 90 percent of the average additional premiums paid for dependents during the benefit year in which the formula is applied. This is referred to as the 100/90 formula.
- 7) Requires that Medicare-eligible retirees enroll in Medicare and choose a Medicare-coordinated health plan. Since these plans may be cheaper than non-Medicare (or "Basic" plans), thus resulting in some portion of the employer contribution going unused, current law requires that any unused portion of the 100/90 formula contributions may be applied to reimburse retirees for the costs of Medicare Part B

premiums. These reimbursements are made in the form of an additional payment to the retiree on the retirement warrant, up to the cost of the Part B premium. Whether or not a retiree receives the Medicare Part B reimbursement in full or in part depends upon the cost of that retiree's health plan.

- 8) Provides that most state employees (those hired after 1985 or 1989, depending on class) must work for 10 years to receive 50 percent of the 100/90 formula, with an additional five percent per year of service until, after 20 years, they are vested to receive 100 percent of the 100/90 formula. Individuals hired prior to 1985 or 1989 could be subject to either five-year or 10-year vesting for full coverage of the 100/90 formula.
- 9) Provides that retirees who were covered in certain bargaining units while actively employed will receive an employer retiree health contribution based on the 80/80 formula (i.e., 80 percent of the weighted average premium of the four health plans most highly utilized by all members).
- 10) Provides that the employer contribution for active state employee health care shall be determined through collective bargaining.

**Proposed Law:** This MOU will be in effect from July 3, 2018 through July 2, 2019, and would impact approximately 27,349 full-time equivalents employees.

### **Health Benefits**

**Employer Contribution for Active State Employees:** The state's monthly health benefit contribution for each employee shall continue to be a flat dollar amount equal to 80 percent of the weighted average of the basic health benefit plan premiums of the four largest enrolled basic health plans. For each employee with enrolled family members, the employer shall continue to contribute an additional flat dollar amount equal to 80 percent of the weighted average of the additional premiums. The flat dollar amounts shall be increased as appropriate pursuant to the formula on January 1, 2019.

### **Compensation**

- 1) General Salary Increase (GSI)
  - a. Effective July 1, 2019, all Unit 6 represented classifications shall receive a five percent GSI.
- 2) Uniform Allowance
  - a. Increases the annual uniform allowance from \$950 to \$1,000 for full-time employees, excluding Medical Technical Assistance (MTA) and permanent employees working for the Division of Adult Parole Operations (DAPO).
  - b. Increases the annual uniform allowance from \$546 to \$1,000 for MTAs.
  - c. Provides a new annual uniform allowance of \$250 for DAPO employees.

- d. Allows employees to start receiving a uniform allowance upon completion of the academy rather than upon completion of a probationary period.

**3) Night Shift and Weekend Pay Differentials**

- a. Increases the night shift pay differential (earned by employees who work more than four hours between 6:00 p.m. and 6:00 a.m.) by \$0.15 per hour. The Administration estimates this would cost approximately \$4.5 million General Fund in 2018-19.
- b. Increases the weekend pay differential (earned by employees who work more than four hours between midnight Friday and midnight Sunday) by \$0.15 per hour. The Administration estimates this would cost approximately \$1.7 million General Fund.

**4) Leave Buyback**

- a. In September of 2018, all Unit 6 represented employees will be permitted to cash out up to 80 hours of accumulated compensable leave. It is anticipated that payments for the one-time cash out will be issued by December 15, 2018. The Administration estimates this would cost approximately \$95 million in General Fund in 2018-19.

**Miscellaneous**

- 1) Requires on-duty Division of Adult Institution peace officers to be armed while in uniform, in a state vehicle, and off-grounds in the community. Additional weapons retention training will be incorporated into the 2019 In-Service Training Plan. Beginning January 1, 2020, when Division of Adult Institution peace officers are providing inmate transportation, guarding, or escorts off-grounds in the community, they are required to be armed with an approved handgun with a triple retention holster.
- 2) Equip each transportation team with a state-issued smart phone. If a state-issued smart phone is unavailable, transportation staff shall be permitted to voluntarily bring his or her personal cellular phone for state business use only.
- 3) Allows medical verification for sick leave via telemedicine.
- 4) Clarifies holiday pay for posted and non-posted positions.
- 5) Effective July 1, 2019, include one hour for pre and post work activities in the forty-one-hour work period schedule for Correctional Counselor I employees.
- 6) Provides hour-for-hour compensatory time off (CTO) for the time an employee was incorrectly held over for involuntary overtime.
- 7) Increases the lodging reimbursement rate from \$90 to \$110 for Marin County, \$125 to \$140 for Alameda, San Mateo and Santa Clara Counties, and from \$150 to \$250 for San Francisco County.

- 8) Requires the state and CCPOA to meet to develop the parameters of an equitable distribution redirection plan.
- 9) Improves and automates the Parole Agent Requested Transfers process.
- 10) Prohibits a furlough program or a mandatory Personal Leave Program during the term of the agreement.
- 11) To the extent additional Correctional Counselor positions are authorized through the budget process, requires the state and CCPOA to meet to discuss duties relative to rehabilitation.

**Fiscal Effect:** According to the Administration, the cost associated with this MOU for 2018-19 is \$114.6 million (\$112.4 million General Fund).

**Support:** None on file.

**Opposed:** None on file.

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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<b>Bill No:</b>	AB 1819	<b>Hearing Date:</b>	June 13, 2018
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 11, 2018 Amended		
<b>Urgency:</b>	Yes	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Renita Polk		

**Subject:** Developmental Services

**Summary:** This bill is the omnibus developmental services trailer bill, and contains changes to implement the Budget Act of 2018.

**Background:** Assembly Bill 1819 makes various statutory changes to implement the 2018-19 budget.

**Proposed Law:** AB 1819 makes the following statutory changes to implement the 2018-19 budget.

- 1) Revises provisions relating to the failure of community placement and admittance to a developmental center or department-operated facility to instead refer to an acute crisis home. Includes the acute crisis centers at the Fairview Developmental Center and the Sonoma Developmental Center within the definition of an acute crisis home.
- 2) Requires, as a condition of admittance to the secure treatment facility at Porterville Developmental Center, a regional center to notify the regional resource development project and other specified individuals of the potential admission, and requires that the regional resource development project complete an assessment of the individual's services and support needs.
- 3) Authorizes disclosure of information and records obtained in the course of providing intake, assessment, and services to the regional center clients' rights advocate, unless the consumer objects on his or her own behalf, specifying the various settings for which this disclosure requirement would apply.
- 4) Requires federal funds received under the federal Self-Determination waiver to be used to maximize the ability of Self-Determination Program participants to direct their own lives and ensure that the department and regional centers implement the program, including costs associated with: (a) independent facilitators to assist with a participant's initial person-centered planning meeting, (b) development of the participant's initial individual budget, (c) joint training of consumers, family members, regional center staff, and members of the local volunteer advisory committee, and (d) regional center operations for caseload ratio enhancement.
- 5) Requires each regional center to include on its Internet Web site any procedures and assessment tools used by the regional center to determine the level of respite services needed by each consumer.

**Fiscal Effect:** Appropriates \$1.5 million General Fund to the department to fund a contract awarded for the Best Buddies Program.

**Support:** None on file.

**Opposed:** None on file.

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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**Bill No:** AB 1820 **Hearing Date:** June 13, 2018  
**Author:** Committee on Budget  
**Version:** June 11, 2018 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** James Hacker and Joanne Roy

**Subject:** Public resources

**Summary:** This is the Omnibus Resources Trailer Bill for 2018-19. It contains necessary changes related to the Budget Act of 2018.

**Background:** This bill makes various changes to implement the resources, environmental protection, energy, and agriculture budget actions adopted as part of the 2018-19 Budget package.

**Proposed Law:** This bill makes the following statutory changes:

- 1) **Technical Clean-up: SRA Fund Name.** Makes a technical, nonsubstantive change to Public Resources Code §4213.05, by changing "State Responsibility Area Fire Responsibility Fund" to "State Responsibility Area Fire Prevention Fund."
- 2) **State Parks Revenue Incentive Subaccount.** Amends and extends the Revenue Generation Program, and revises how money is deposited into the State Parks Revenue Incentive Subaccount.
- 3) **Great California Delta Trail.** Clarifies that funding may be provided for the planning and implementation of the Great California Delta Trail Master Plan using a phased approach.
- 4) **Mobile Source Expansion to Off-Road and Aftermarket Parts.** Authorizes the Air Resources Board to impose fees on applicants seeking certification of aftermarket parts.
- 5) **Soil Conservation Fund.** Authorizes the first \$5 million in revenue from Williamson Act contract cancellations to remain in the Soil Conservation Fund.
- 6) **California Underground Facilities Safe Excavation Board Clean-Up.** Makes a technical correction to a drafting error in a previous trailer bill by: (1) clarifying that the Board cannot initiate enforcement action until July 1, 2020, and (2) authorizing the Board to undertake investigations prior to July 1, 2020 consistent with the previous funding approved for the Board, which included authorization of 12 investigator positions starting on July 1, 2018.
- 7) **Dam Inundation Maps and Emergency Action Plans.** Clarifies the process for dam owners where there is an existing or partial Emergency Action Plan or

inundation map as of March 1, 2017. Also requires dam owners with partial Emergency Action Plans or inundation maps to develop a timeline by which they will develop comprehensive Emergency Action Plan and inundation maps.

- 8) **Advanced Payments.** Authorizes the Air Resources Board to make advance payments to grantees of a grant program or project if the Air Resources Board determines specified conditions are met. Requires the Air Resources Board, in consultation with the Department of Finance, to adopt a regulation implementing that advance payment program.
- 9) **Enforcement of Beverage Container Recycling Program.** Clarifies the authority of the California Highway Patrol to arrest individual transporters who illegally transport out-of-state empty containers for redemption in California.
- 10) **Plastic Market Development Program.** Extends the sunset date on the Plastic Market Development Program from January 1, 2018 to July 1, 2022.
- 11) **State Parks California Indian Heritage Center.** Authorizes the California Indian Heritage Center project in Yolo County.
- 12) **Delta Levee Subvention.** Makes various changes to the Delta Levee Maintenance Program.
- 13) **Department of Conservation Regulatory Field Inspection.** Requires the Department of Conservation to report annually on the completion of mandated oversight activities.
- 14) **California Conservation Corps Outcomes Reporting.** Requires the California Conservation Corps to report annually on corpsmember outcomes beginning in 2020.
- 15) **Department of Fish and Wildlife Service-Based Budgeting.** Specifies the mission and core programs of the Department of Fish and Wildlife and requires the Department to contract with an independent entity to conduct a comprehensive service-based budget tracking system.
- 16) **Department of Conservation Mineral Classification.** Requires the Department of Conservation to post data on mineral land classifications and designations online.
- 17) **Federal Public Lands Conveyances.** Authorizes the executive officer of the State Lands Commission to issue a certificate of compliance for certain conveyances.
- 18) **Martins Beach.** Creates the Martins Beach Subaccount in the Land Bank Fund, and would require that moneys received from public and private sources, including nonprofit sources, be used to acquire that right-of-way or easement for the creation of a public access route.
- 19) **Mokelumne River.** Includes specified segments of the Mokelumne River in the state's Wild and Scenic Rivers System.

- 20) **Contaminant Risk Assessment: Public Health Goals.** Requires each public health goal published by the Office of Environmental Health Hazard Assessment to be reviewed at least once every five years, unless the Office of Environmental Health Hazard Assessment determines there has not been a detection of the corresponding contaminant.
- 21) **Healthy Stores Refrigeration Grant Program.** Creates the Healthy Stores Refrigeration Grant Program to award grants to qualified entities, for the purchase of energy-efficient refrigeration units by a small business or corner store that is located in a food desert. Requires a small business or corner store that purchases a refrigeration unit with grant funding to stock the unit with California-grown fresh fruits, nuts, and vegetables.
- 22) **Transfer of the Oversight of Household Goods Movers.** Facilitates the transfer of the California Public Utilities Commission's (CPUC) Transportation Rate Fund to the Department of Consumer Affairs' (DCA) Household Movers Fund, by removing a reference that would have DCA spend money out of a fund they will never use again. Also, allows the CPUC to finish liquidating their 2017-18 encumbrances, transfer any monies that may be left to DCA's fund, and when the fund is empty - abolishes the fund.
- 23) **Reporting Requirements for CPUC.** Requires the CPUC to report on its efforts to keep transmission rates low for ratepayers through its participation in Federal Energy Regulatory Commission rate cases and the Independent System Operator's transmission planning process.
- 24) **Net Energy Metering 2.0 Tariffs.** Allows military installations with eligible distributed generation to utilize the Net Energy Metering (NEM) 2.0 tariff, essentially allowing these electric customers to be treated similarly to other customers who have on-site eligible distributed generation under the NEM 2.0 tariff.
- 25) **Per Diem for Advisory Group Members.** Provides reimbursement for reasonable expenses and a per diem for members of the Advisory Group authorized under the Clean Energy and Pollution Reduction Act of 2015 (Chapter 547, Statutes of 2015) to help ensure appropriate representation on this advisory group.
- 26) **Name Change for the CPUC's Office of the Rate Payer Advocate.** Changes the name of the CPUC's Office of the Rate Payer Advocate to the Public Advocate's Office of the CPUC.

**Fiscal Effect:** The funding for these provisions is included in the Budget Act of 2018.

**Support:** None on file.

**Opposed:** None on file.

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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**Bill No:** AB 1821 **Hearing Date:** June 13, 2018  
**Author:** Committee on Budget  
**Version:** June 11, 2018 Amended  
**Urgency:** Yes **Fiscal:** Yes  
**Consultant:** Joe Stephenshaw

**Subject:** Taxation

**Summary:** AB 1821 is the Revenue and Tax trailer bill and makes changes necessary to implement the 2018 Budget Act.

**Proposed Law:** Specifically, this bill includes the following provisions:

**1) Earned Income Tax Credit (EITC)**

- a. Expands the EITC to working individuals who are aged 18 to 24 or over age 65, by revising the age range for the definition of an "eligible individual."
- b. Expands the qualifying income range for the EITC so that employees who have one or more dependents, and who are working up to full-time at the 2019 minimum wage of \$12 per hour, would qualify for the credit.
- c. By expanding the EITC and, thus, authorizing new payments from the Tax Relief and Refund Account, this bill would make an appropriation.

**2) New Employment Credit**

- a. Extends, until January 1, 2026, the allowance of the current credit for hiring qualified full-time employees within a specified census tract or economic development area. The credit is an amount equal to 35 percent of qualified wages, paid to qualified employees, multiplied by an applicable percentage for the taxable year.

**3) Reservation-Sourced Income**

- a. Excludes from gross income the earned income of an eligible taxpayer that is derived from sources within Indian country in this state.

**4) California Competes Tax Credit**

- a. Extends the California Competes Tax Credit until January 1, 2030 and provides for the allocation of credit amounts of \$180 million for each fiscal year from 2018-19 to 2022-23.

- b. Beginning with the 2018-19 fiscal year, requires that, when determining whether to enter a specific written agreement related to the California Competes Tax Credit, the Governor's Office of Business and Economic Development (GO-Biz) consider the extent to which the credit will influence the taxpayer's ability, willingness, or both, to create jobs in California. Additionally, requires GO-Biz to consider the amount of training opportunities offered for employees by the taxpayer.
- c. Requires that, on or before October 1, 2019, GO-Biz provide to the Legislative Analyst's Office (LAO) a report on credits allocated for the 2018-19 fiscal year, including a detailed description of the methodology used to evaluate applications and allocated credits. Additionally, requires the LAO to report to the Legislature, as specified, regarding an evaluation of the GO-Biz report.
- d. Requires GO-Biz to provide a member of the California Competes Tax Credit Committee, or their designated representative, upon request of that member, with any information necessary to fulfill their duties related to the tax credit.

**5) Tax Data Exchange Repeal Date**

- a. Removes the repeal date of January 1, 2019 for a tax data exchange agreement between the Franchise Tax Board (FTB) and local governments and makes clarifying changes.

**Fiscal Effect:** By extending, modifying, or establishing various tax provisions, this bill would result in General Fund revenue impacts of approximately \$242 million.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2017 - 2018 Regular

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**Bill No:** AB 1824 **Hearing Date:** June 13, 2018  
**Author:** Committee on Budget  
**Version:** June 11, 2018 Amended  
**Urgency:** Yes **Fiscal:** Yes  
**Consultant:** Renita Polk

**Subject:** State government

**Summary:** This measure makes various statutory changes necessary to implement the provisions of the Budget Act of 2018.

**Background:** Assembly Bill 1824 makes various statutory changes to implement the 2018-19 budget.

Existing law requires the Department of Veterans Affairs to prepare a master plan for overall operations of the veterans' home system, as specified, by no later than July 1, 2019. Existing law specifies that the development of the master plan should include a stakeholder process that includes, among other things, an assessment of the current and projected long-term care needs of California's veterans and a discussion of how veterans with complex mental and behavioral health needs will be accommodated.

The Voting Modernization Bond Act of 2002 authorizes a county to apply to the Voting Modernization Board for money from the proceeds of the sale of bonds for the following purposes: (1) to pay for or purchase new voting systems that are certified or conditionally approved by the Secretary of State, (2) to research and develop new voting systems, or (3) to manufacture the minimum number of voting system units reasonably necessary to test and seek certification or conditional approval of the voting system, or test and demonstrate the capabilities of a voting system in a pilot program.

Existing law provides for the compensation of victims and derivative victims, of specified types of crimes by the California Victim Compensation Board from the Restitution Fund, a continuously appropriated fund, for specified losses suffered as a result of those crimes. Existing law requires an application for compensation to be filed within certain time periods, as specified.

**Proposed Law:** AB 1824 makes the following statutory changes to implement the 2018-19 budget.

Department of Veterans Affairs

- 1) Requires the master plan for the overall operations of the veterans' home system to be prepared by December 31, 2019.
- 2) Requires the master plan to be revised and updated every five years.



- 3) Requires the master plan to include consideration and discussion of certain specified elements.

Secretary of State

- 1) Requires the Secretary of State to use funds appropriated in the Budget Act of 2018 for voting system replacement to award contracts to counties that would reimburse the counties for funds the counties spent on specified activities.
- 2) Requires the Secretary of State to allocate funds for those contracts based on specified criteria, and that the reimbursement funds be matched by a county on a dollar-for-dollar basis.

Victim's Compensation Board

- 1) Requires the board to consider, until December 31, 2019, whether the victim or derivative victim incurs emotional harm or pecuniary loss as a result of the delayed identification of the "East Area Rapist," also known as the "Golden State Killer."

**Fiscal Effect:** The bill expands the scope of provisions authorizing certain uses of continuously appropriated funds, thus making an appropriation.

**Support:** None on file.

**Opposed:** None on file.

-- END --



- 5) To the extent an outstanding obligation remains for K-14 education under the Proposition 98 Guarantee in any prior year, after any adjustments made for amounts in the Proposition 98 Cost Allocation Schedule, continuously appropriates the amounts necessary to satisfy the obligations to K-14 education entities, as allocated by the State Controller pursuant to a schedule determined by the Department of Finance.
- 6) Provides the Legislature with the opportunity to adopt an alternative plan for repayment of any outstanding obligations determined as a result of the certification process through the annual budget process or other statute.
- 7) Creates a truncated version of this process to certify the Proposition 98 Guarantee for the 2009-10 through 2016-17 fiscal years. Related to this process, provides for the rebenching of the Proposition 98 Guarantee in the 2015-16 fiscal year for additional child care wraparound services related to the State Preschool Program that were funded within the Proposition 98 Guarantee beginning in 2015-16.

**Local Control Funding Formula (LCFF):** This bill provides a continuous appropriation for cost-of-living-adjustments for the LCFF in future years. This bill also includes technical clean-up related to implementation of the LCFF.

**One-Time Discretionary Funds:** This bill provides \$100 million in Proposition 98 settle-up funds for K-14 education in the 2018-19 year. Of the total, \$89.1 million is allocated to K-12 local educational agencies (LEAs) on a per average daily attendance basis. These one-time discretionary funds may be used for any purpose; however a LEA's funds may be reduced by any outstanding balances related to Medi-Cal claims. The remaining \$10.9 million is allocated to community college districts on a full-time equivalent student basis and may be used for deferred maintenance, instructional materials, and other activities. These funds count towards settle-up obligations owed for the 2009-10 Proposition 98 Guarantee.

**Fiscal Effect:** This bill appropriates \$100 million in Proposition 98 General fund for K-14 education programs.

**Support:** None on File.

**Opposed:** None on File.

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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<b>Bill No:</b>	AB 1826	<b>Hearing Date:</b>	June 13, 2018
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 11, 2018 As amended		
<b>Urgency:</b>	Yes	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Jennifer Troia		

**Subject:** State Capitol Building Annex: state office building

**Summary:** This bill provides statutory changes necessary to enact infrastructure-related provisions of the Budget Act of 2018. Specifically, this bill makes changes related to the State Capitol Building Annex and authorizes construction of a new state office building.

**Background:** Existing law:

- 1) Through the State Capitol Building Annex (Annex) Act of 2016 (SB 836, Chapter 31, Statutes of 2016), authorizes the Joint Rules Committee to pursue construction of an annex or restoration, rehabilitation, renovation, or reconstruction of the existing annex.
- 2) Requires that work performed pursuant to these provisions be administered and supervised by the Department of General Services (DGS), subject to review by the State Public Works Board, pursuant to an agreement with the Joint Rules Committee.
- 3) Requires the DGS to report to the Joint Rules Committee on the scope, budget, delivery method, and schedule for work pursuant to these provisions.
- 4) Establishes the State Project Infrastructure Fund (SPIF) and continuously appropriates moneys in the fund for state projects and other specified purposes.
- 5) Requires the Controller to transfer funds from the SPIF to the Operating Funds of the Assembly and Senate in an amount consistent with the budget amount contained in the report by the DGS related to work on the annex.
- 6) Requires a lead agency, as defined under the California Environmental Quality Act (CEQA), to prepare and certify completion of an environmental impact report (EIR) on a project it proposes that may have a significant effect on the environment, or to adopt a negative declaration if it finds that the project will not have that effect.
- 7) Requires the Judicial Council, on or before July 1, 2017, to adopt a rule of court establishing procedures related to actions brought to object to certification of the EIR for work on the annex, or the granting of any project approvals, which requires the actions or proceedings to be resolved within 270 days of certification of the record of proceedings.

- 8) Prohibits a court from enjoining the construction or operation of specified components of work on the annex unless the court makes specified findings.

**Proposed Law:**

**Makes the following changes related to the State Capitol Building Annex:**

- 1) Expands existing project authority to include ancillary improvements, which may include a visitor center, a relocated and expanded underground parking facility, and any needed deconstruction and infrastructure work (annex-related work).
- 2) Requires that the agreement regarding specified aspects of the work be made by the Joint Rules Committee, the Department of Finance or its designated representative, and the DGS or its designated representative.
- 3) Requires this agreement to establish the scope, budget, delivery method, and schedule for annex and annex-related work.
- 4) Requires that the agreed upon scope, cost, and delivery method of each project be recognized by, and subject to oversight of, the State Public Works Board, but authorizes the parties to the agreement to agree upon any delivery method deemed appropriate and advantageous for the work performed and requires them to agree to any changes in the scope of the projects.
- 5) Exempts annex and annex-related work from specified state requirements.
- 6) Specifies that a designated amount of space within the annex be under the control of DGS and that all other space be allocated from time to time by the Joint Rules Committee.
- 7) Specifies that projects related to the annex may be pursued in phases.
- 8) Expands the CEQA-related provisions described above to additionally apply to annex-related work.

**Authorizes construction of a new state office building on O Street in Sacramento:**

- 1) Authorizes DGS to pursue design and construction of a state office building, located on O Street, between 10th and 11th Streets, in Sacramento, to provide for the housing and administrative requirements of the Legislature and executive branch during construction on the annex, and to serve as a state-owned office building over the longer term.
- 2) Applies specified requirements and provisions similar to those applicable to work on the annex to this state office building.
- 3) Applies a height limit in existing statute to this state office building.

- 4) Requires DGS or its designated representative to collaborate with the Joint Rules Committee to determine the scope, budget, delivery method, and schedule for work related to this state office building.
- 5) Expands the CEQA-related provisions described above to additionally apply to this state office building.

**Includes the following provisions with respect to financing the annex and annex-related projects, and the new state office building:**

- 1) Authorizes the State Public Works Board to issue bonds, lease-revenue bonds, notes, or bond anticipation notes, not exceeding specified amounts, to finance the acquisition, design, and construction of the annex and annex-related projects, as well as the state office building on O Street.
- 2) Continuously appropriates funds derived from these financing methods to the State Public Works Board for the authorized projects.
- 3) Establishes the intent of the Legislature, for work on the annex and annex-related projects, to utilize available cash sources, including, but not limited to, funds deposited into the SPIF prior to 2018 and funds appropriated in the Budget Act of 2018, prior to utilizing lease-revenue bond authority provided in this bill.
- 4) Authorizes a transfer of funds from the SPIF to the Architecture Revolving Fund to be used for work related to the state office building.
- 5) Prohibits the use of funds transferred to the Operating Funds of the Assembly and Senate for alteration or modification of specified details related to the historically restored areas of the west wing of the Capitol, unless the Legislature expressly appropriates moneys for that purpose in accordance with the California Constitution.
- 6) Expressly appropriates from the SPIF up to \$20 million to cover the costs of design and construction to modify the west wing.

**Fiscal Effect:** This bill provides for appropriations related to the Budget Bill. This bill additionally authorizes the State Public Works Board to take specified actions with respect to financing the State Capitol Building Annex and annex-related projects, as well as a new state office building.

**Support:** None on file.

**Opposed:** None on file.

**Comments:** As part of the 2018-19 budget, this bill establishes governance and financing structures for construction work related to revitalization of the State Capitol Building Annex and ancillary improvements. Construction on the annex was authorized by the State Capitol Building Annex Act of 2016 and is necessary to address serious deficiencies in the current structure regarding functionality, security, and disability access, among other reasons. This bill also authorizes the DGS to construct a new office building on O Street, between 10<sup>th</sup> and 11<sup>th</sup> Streets, in Sacramento. This new

building will serve as “swing space” to meet the needs of the Legislature and executive branch during construction on the Annex. Over the longer term, it will provide an additional state-owned office building near the Capitol. Construction related to the annex is mostly expected to be financed with funds from the State Project Infrastructure Fund, but this bill provides authority to issue lease revenue bonds if necessary. This bill also authorizes lease revenue bonds for the new office building.

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- c. Specifies that DOF, in consultation with Department of Social Services, the Department of Health Care Services, and the Legislative Analyst's Office (LAO), shall establish 1) a methodology to calculate savings attributable to caseload and cost per case for the purpose of funding the subaccounts, and 2) a process for the distribution of funds.
- d. Requires that, on or before May 1, 2019, and during the budget process, DOF, in consultation with the LAO, present to the Legislature information related to this methodology and distribution process, as specified.
- e. States the Legislature's intent to codify in future legislation the final methodology and distribution process.
- f. Provides that the Controller may use funds in the Safety Net Reserve Fund and the Medi-Cal and CalWORKs subaccounts for cash flow loans to the General Fund.
- g. Appropriates \$8,000 from the General Fund to DOF for work necessary to develop rules associated with the Budget Deficit Savings Account and the Safety Net Reserve Fund.

**Fiscal Effect:** Transfers approximately \$2.8 billion to two new state budgetary reserves created by this bill and appropriates \$8,000 to DOF for work necessary to develop rules associated with these reserves.

**Support:** None on file.

**Opposed:** None on file.

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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**Bill No:** AB 1831 **Hearing Date:** June 13, 2018  
**Author:** Committee on Budget  
**Version:** June 11, 2018 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Joe Stephenshaw

**Subject:** State government: appointments: infrastructure

**Summary:** This bill makes changes related to appointments and infrastructure necessary to implement the 2018 Budget Act.

**Proposed Law:** Specifically, this bill:

### 1) Appointments

- a) Deletes the length of terms of the members appointed by the Speaker of the Assembly to the Student Aid Commission, the governing body of the California Exposition and State Fair, the High-Speed Rail Authority, and the Employment Training Panel, and makes conforming changes.

### 2) Infrastructure

- a) Provides that the amount estimated to be available for infrastructure under the constitutional provisions of the Budget Stabilization Account shall be appropriated by the Legislature in the annual budget process.
- b) Requires the Controller, for infrastructure amounts attributable to the 2019–20 to the 2021–22 fiscal year, inclusive, to transfer those amounts from the General Fund to the Infrastructure Stabilization Fund, which the bill would create as a continuously appropriated fund, thereby making an appropriation.
- c) Specifies that the Infrastructure Stabilization Fund would receive transfers pursuant to the bill's provisions or from any other funds upon appropriation by the Legislature and that moneys in this fund would be continuously appropriated and distributed, as specified, to the State Infrastructure and Maintenance Fund created by the bill if below \$415 million.
- d) Provides that any excess funds in the Infrastructure Stabilization Fund over the \$415 million threshold are split evenly between a Rail Infrastructure Account, established by the bill, and the existing Housing Rehabilitation Loan Fund.
- e) Restricts the use of moneys transferred from the Infrastructure Stabilization Fund to the Housing Rehabilitation Loan Fund to infrastructure within the Multifamily Housing Program.

- f) Creates the State Infrastructure and Maintenance Fund in the State Treasury for the purposes of funding state capital outlay, lease payments related to state capital outlay, and deferred maintenance, upon appropriation by the Legislature.
- g) Creates the Rail Infrastructure Account in the State Transportation Fund for the purposes of funding projects in the Rail Modernization Improvement Program, which the bill would create. Under the bill, moneys in the account would be continuously appropriated to the Transportation Agency for specific rail infrastructure project purposes.

**Fiscal Effect:** Dedicates significant funding to specific infrastructure programs for the 2019-20 through 2021-22 fiscal years.

**Support:** None on file.

**Opposed:** None on file.

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2017 - 2018 Regular

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<b>Bill No:</b>	AB 1834	<b>Hearing Date:</b>	June 13, 2018
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 11, 2018 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Christopher Francis		

**Subject:** Corrections: omnibus

**Summary:** Provides for statutory changes necessary to enact corrections related provisions of the Budget Act of 2018.

**Background:** As part of the 2018-19 budget package, AB 1834 makes statutory changes to implement the budget act.

**Proposed Law:** This bill makes the following statutory changes:

- 1) Creates amendments to the public safety bond bill.
- 2) Increases the maximum amount of lease revenue appropriation authorized for allocation to any project established by the State Public Works Board in the Health Care Facility Improvement Program by \$43 million. This \$43 million increase raises the maximum amount of lease revenue appropriation authorized to \$1.1 billion.
- 3) Requires that each allocation be approved by the State Public Works Board and that not less than 20 days prior to the Board's approval, the Department of Finance report specified information regarding the project to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the respective fiscal committee of each house of the Legislature.

**Fiscal Effect:** This bill increases the lease revenue appropriation authorized by Government Code Section 15819.403(a) by \$43 million to complete construction of Health Care Facility Improvement Program (HCFIP) projects.

**Support:** None on file.

**Opposed:** None on file.

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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**Bill No:** AB 1836 **Hearing Date:** June 13, 2018  
**Author:** Committee on Budget  
**Version:** June 11, 2018 As amended  
**Urgency:** Yes **Fiscal:** Yes  
**Consultant:** Renita Polk

**Subject:** Disaster Response-Emergency Operations Account: allocation of funds:  
notification: Emergency Telephone Users Surcharge Act

**Summary:** This measure makes various statutory changes necessary to implement the Budget Act of 2018.

**Background:** Assembly Bill 1836 makes various statutory changes to implement the 2018-19 budget.

Existing law, the California Disaster Assistance Act, establishes, until January 1, 2019, the Disaster Response-Emergency Operations Account in the Special Fund for Economic Uncertainties. Existing law continuously appropriates its revenue for allocation by the Director of Finance to state agencies, for disaster response operation costs incurred as a result of a proclamation by the Governor of a state of emergency. Existing law further authorizes expenditure of those funds for activities that occur within 120 days after the proclamation.

The Emergency Telephone Users Surcharge Act generally imposes a surcharge on amounts paid by every person in the state for intrastate telephone communication service and VoIP service that provides access to the 911 emergency system. The Prepaid Mobile Telephony Service (MTS) Surcharge Collection Act establishes a prepaid MTS surcharge, as defined. This surcharge is based upon a percentage of the sales price of each retail transaction that occurs in this state for prepaid mobile telephony services, as defined, and is imposed in lieu of any charges pursuant to the Emergency Telephone Users Surcharge Act and specified Public Utility Commission surcharges. That act requires the prepaid MTS surcharge to be annually calculated by the California Department of Tax and Fee Administration, by October 15 of each year. The calculation is based on the emergency telephone user surcharge rate reported by the Office of Emergency Services and specified Public Utility Commission surcharges.

**Proposed Law:** AB 1836 makes the following statutory changes to implement the 2018-19 budget.

### Disaster Response-Emergency Operations Account

- 1) Deletes the January 1, 2019 repeal date.
- 2) Permits expenditure of funds for an additional period, not to exceed 120 days.

- 3) Requires notification to be provided to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house if it is anticipated that continuation of activities beyond the initial 120 day period will be required.

Emergency Telephone Users Surcharge Act

- 1) Amends the Emergency Telephone Users Surcharge Act to impose a monthly surcharge amount per access line, at an amount not less than \$0.20, but not greater than \$0.80, based on the Office of Emergency Services' estimate of the number of access lines to which the surcharge will be applied per month for a calendar year period. The estimate, pursuant to a specified formula, will produce sufficient revenue to fund the current fiscal year's 911 costs.
- 2) In lieu of the monthly surcharge imposed by existing law, imposes a surcharge paid for prepaid mobile telephony services, as part of the prepaid MTS surcharge imposed pursuant to the Prepaid Mobile Telephony Services Surcharge Collection Act, at the rate of 0.75 percent of the charges for mobile telecommunications services.
- 3) Requires the Office of Emergency Services to determine an amount which is equivalent to the monthly surcharge rate imposed on the purchase of all other access lines in the state, as specified. Requires the surcharge to be remitted to the California Department of Tax and Fee Administration.

**Fiscal Effect:** This bill authorizes additional expenditures from the continuously appropriated Disaster Response-Emergency Operations Account.

**Support:** None on file.

**Opposed:** None on file.

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