



State Administration and General Government Conference Committee on AB 74

Senator Holly J. Mitchell, Chair and Assemblymember Philip Y. Ting, Vice Chair

Members: Senator Richard D. Roth, Senator Jim Nielsen, Senator John M.W. Moorlach, Senator Nancy Skinner,
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8825 California Commission on Asian Pacific Islander American Affairs

Issue	Description
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Issue 1: Funding for the Commission

Governor had no proposal.

Senate had no proposal.

Assembly appropriated \$500,000 to fund staff and operations for the Commission. The Commission is currently unfunded and unstaffed.

Conference issue is the funding for the Commission.

0509 Governor's Office of Business and Economic Development

Issue	Description
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Issue 2: International Trade Program Specialists

Governor proposed \$592,000 General Fund and three positions to support workload within the International Affairs and Business Unit.

Senate approved the Governor's proposal.

Assembly rejected the proposal without prejudice.

Conference issues are \$592,000 General Fund and three positions.

Issue	Description
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Issue 3: Film and Television Tax Credit Carryforward

Governor had no proposal.

Senate approved proposal to extend the 2.0 Film and Television Tax Credit carryforward period from five to eight years, aligning it with the carryforward provisions of the 3.0 credit, as included in SB 871 (Committee on Budget and Fiscal Review), Chapter 54, Statutes of 2018.

Assembly had no proposal.

Conference issue is TBL to extend the Film and Television Tax Credit carryforward period from five to eight years.

0509 Governor's Office of Business and Economic Development

Issue	Description
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Issue 4: Office of Economic Impact TBL

Governor proposed trailer bill language to change the name of the Governor's Office of Economic Development (GO-Biz) to the Governor's Office of Economic Impact (OEI).

Senate approved the Governor's proposal.

Assembly rejected the Governor's proposal.

Conference issue is TBL to change the name of GO-Biz to OEI.

0511 Government Operations Agency

Issue	Description
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Issue 5: Office of Digital Innovation

Governor proposed the establishment of the Office of Digital Innovation within the Government Operations Agency, and requested \$36.2 million (\$33.7 million General Fund and \$2.5 million reimbursements) in 2019-20, of which \$20 million would be used to establish an Innovation Fund, and \$14.6 million (\$9.6 million General Fund and \$5 million reimbursements) would be ongoing thereafter. This request is for 50 positions, and includes trailer bill language that establishes the Office of Digital Innovation and provides the Office with authority to negotiate and procure Information Technology goods and services.

Senate approved 20 exempted positions and \$10 million General Fund to initiate the Innovation Revolving Fund, for a total of \$15.2 million General Fund in 2019-20, and \$5.2 million ongoing. The Senate also adopted placeholder trailer bill language that established the Office of Digital Innovation, but did not include the procurement authority.

Assembly approved 10 positions and \$10 million General Fund to initiate the Innovation Revolving Fund, for a total of \$18.5 million General Fund in 2019-20, and \$8.5 million ongoing. The Assembly also adopted placeholder trailer bill language, but did not include the procurement authority.

Conference issue is the number of positions and associated funding to initiate the Office of Digital Innovation.

Issue	Description
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Issue 6: Census 2020 Outreach

Governor proposed \$50 million for outreach efforts during the Census 2020 period, \$4 million for the California Housing Population Sample Enumeration (CHPSE) effort, \$2.9 million for Native American outreach, use of Political Data, Inc. software, and the hiring of a data statistician, and \$1 million in reimbursements. This proposal includes provisional language that authorizes the Department of Finance to provide up to an additional \$22.5 million to the State Census Office 30 days after notifying the Joint Legislative Budget Committee. The Governor also proposed trailer bill language that prohibits the disclosure of personal information by the Department of Finance’s Demographic Research Unit if requested under the Public Records Act.

Senate approved the Governor’s proposal as introduced in January and updated in May, with an augmentation of \$30 million, of which a minimum of \$2.4 million is allocated to the County of Los Angeles, and adopted placeholder trailer bill language.

Assembly approved the Governor’s January proposal of \$54 million, including resources for CHPSE, but delayed the survey until August 2020. Approved the Governor’s May Revision proposal for \$3.8 million, with modified budget bill language that allows the Department of Finance to approve additional resources, but remove the \$22.5 million cap. Adopted placeholder trailer bill language to require the Complete Count Committee to report on various milestones to the Legislature prior to quarterly meetings. Additionally, the Assembly augmented outreach activities with \$30 million for specified activities: 1) \$5 million for the statewide office to translate materials in other languages; 2) \$2 million for K-12 focused Census education programs so that schools have a robust curriculum and materials; 3) \$5 million for additional Bay Area county census outreach efforts; 4) \$5 million for Los Angeles County census outreach efforts; and 5) \$13 million for additionally community-based outreach efforts.

Conference issues are: 1) the amount by which the Department of Finance is authorized to augment funding for the state Census office; 2) the survey period for CHPSE; 3) the distribution of the \$30 million legislative augmentation; and 4) trailer bill language requiring quarterly reporting from the California Complete Count Committee.

0650 Governor's Office of Planning and Research (OPR)

Issue	Description
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Issue 7: Administration Resources

Governor included provisional language to enable OPR to utilize up to five percent of local assistance funding provided to the office for grant programs for program administration.

Senate rejected the proposal.

Assembly approved the proposal.

Conference issue is the provisional language enabling OPR to utilize up to five percent of local assistance funding provided to OPR for program administration.

Issue	Description
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Issue 8: Precision Medicine

Governor proposed trailer bill language extending the sunset date for the California Initiative to Advance Precision Medicine to January 1, 2026.

Senate approved the trailer bill language.

Assembly took no action on the trailer bill language, and adopted Budget Bill Language to require that the University of California, San Francisco, become the program administrator for the remaining funding.

Conference issue is the trailer bill language extending the sunset date and the provisional language requiring the University of California, San Francisco to become the program administrator for the remaining funding.

Issue	Description
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Issue 9: Unclaimed Property BBL

Governor proposed \$1.6 million from the Unclaimed Property Fund in 2019-20 and ongoing and 11 positions to perform audits of holders to ensure compliance with the California Unclaimed Property Law, reunite unclaimed property with its rightful owners or heirs, and provide administrative support.

Senate approved the Governor's request and adopted BBL requiring the State Controller's Office (SCO) to report on plans to provide for a one-time amnesty or other options to increase compliance in lieu of an amnesty program, and the Franchise Tax Board (FTB) to report on plans for including an unclaimed property question on business tax forms.

Assembly approved the Governor's request.

Conference issue is BBL requiring the SCO to report on plans to provide for a one-time amnesty or other options to increase compliance in lieu of an amnesty program, and the FTB to report on plans for including an unclaimed property question on business tax forms.

Issue	Description
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Issue 10: Small Business Tax Code Streamlining

Governor proposed trailer bill language (TBL) to allow certain tax appeals to be decided by one Administrative Law Judge, instead of three, if the appellants opt-in. The appeals must involve franchise income tax matters of less than \$5,000, or business tax matters of less than \$50,000. The business tax appellant must also have less than \$20 million in gross annual sales.

Senate approved the Governor’s proposal.

Assembly rejected the Governor’s proposal.

Conference issue is TBL to allow certain tax appeals to be decided by one judge.

Issue	Description
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Issue 11: Delayed Implementation of Cal-Access

Governor had no proposal.

Senate had no proposal.

Assembly adopted placeholder trailer bill language to delay the implementation date for the Cal-Access Project, an online database that provides financial information supplied by state candidates, donors, lobbyists, and others, from December 2019 to February 2021.

Conference issue is whether to adopt trailer bill language to delay the implementation date for Cal-Access Project.

Issue	Description
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Issue 12: Technical Change to AB 801

Governor had no proposal.

Senate had no proposal.

Assembly adopted placeholder trailer bill language to make a technical change to AB 801 (Weber), Chapter 711, Statutes of 2017, to assign the redistricting role to the County Clerk of the Board of Supervisors rather than to the Registrar of Voters. The proposal would adopt trailer bill language that would change “county elections official” and “Clerk of the County of San Diego” with “Clerk of the Board of Supervisors.”

Conference issue is the adoption of trailer bill language to make a change to Chapter 711, Statutes of 2017.

0890 Secretary of State

Issue	Description
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Issue 13: Voter's Choice Act Funding

Governor had no proposal.

Senate had no proposal.

Assembly appropriated \$3.8 million for the Secretary of State for outreach and education efforts in counties using the Vote Center election models in 2019-20 and 2020-21.

Conference issue is funding for the Secretary of State for outreach and education efforts in counties using Vote Center models.

0974 California Pollution Control Financing Authority

Issue	Description
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Issue 14: CALReUSE Program

Governor had no proposal.

Senate approved \$60 million to the California Pollution Control Financing Authority for the California Recycle Underutilized Sites Program (CALReUSE).

Assembly had no proposal.

Conference issue is the \$60 million provided for the California Recycle Underutilized Sites Program (CALReUSE).

2240 Department of Housing and Community Development

Issue

Description

Issue 15: Housing-Related Infrastructure

Governor proposed \$500 million in General Fund resources for the Infill Infrastructure Grant (IIG) program in 2019-20.

Senate approved \$500 million for the IIG in 2019-20 and \$500 million ongoing for affordable housing development as determined by future trailer bill language.

Assembly approved \$500 million in General Fund resources for the Infill Infrastructure Grant (IIG) program in 2019-20.

Conference issue is the \$500 million ongoing for affordable housing development as determined by future trailer bill language.

2240 Department of Housing and Community Development

Issue

Description

Issue 16: Innovative Financing Tools

Governor had no proposal.

Senate approved \$50 million General Fund to the California Housing Finance Agency (CalHFA) to expand pilot program to develop accessory dwelling units and \$5 million to CalHFA for down payment assistance to purchase State Route 710 properties

Assembly had no proposal.

Conference issue is the \$50 million for pilot programs related to auxiliary dwelling units and the \$5 million for downpayment assistance related to the SR 710 properties.

2240 Department of Housing and Community Development

Issue

Description

Issue 17: Regional Housing Needs Allocation Process (AB 1771 and SB 829)

Governor proposed \$638,000 in 2019-20 and \$543,000 ongoing General Fund for three positions to implement AB 1771 (Bloom), Chapter 989, Statutes of 2018, and SB 828 (Wiener), Chapter 974, Statutes of 2018, which added methodology review requirements for HCD in the Regional Housing Needs Allocation (RHNA) process.

Senate approved \$638,000 General Fund in 2019-20 and \$543,000 in 2020-21 to implement AB 1771 and SB 828.

Assembly approved \$638,000 in 2019-20 and \$543,000 ongoing.

Conference issue is the ongoing funding for three positions.

Issue	Description
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Issue 18: Successor Agencies

Governor had no proposal.

Senate had no proposal.

Assembly adopted trailer bill language authorizing Successor Agencies who have funding remaining from 2011 bonds issued by the former redevelopment agency to use the remaining bond proceeds for purposes related to affordable housing, and to deem remaining property related to its Long Range Property Management Plan surplus property and sell it to a non-profit housing developer or a housing authority to be used for affordable housing.

Conference issues is the trailer bill language related to Successor Agencies.

7120 Workforce Development Board
7320 Public Employment Relations Board
7350 Department of Industrial Relations

Issue	Description
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Issue 19: Various Labor Adjustments

Governor provided 30 positions and \$4.8 million in 2019-20, 30 positions and \$4.4 million in 2020-21 and 2021-22, 23.0 positions and \$3.4 million in 2022-23, with 14 positions and \$2 million in 2023-24 and ongoing from the Workers' Compensation Administration Revolving Fund to: 1) reduce caseload per claims examiner to a manageable level; and 2) provide sufficient claims examiners and attorneys to perform due diligence investigations and reduce the State's long-term liability from subsequent injury benefit trust fund (SIBTF) claims.

The Governor provided six positions and a redirection of \$914,000 General Fund in 2019-20, and \$1.2 million in 2020-21 and 2021-22 for the California Workforce Development Board (CWDB) to administer and oversee the Breaking Barriers to Employment Act (AB 1111 (Garcia, E), Chapter 824, Statutes of 2017) grant program. This results in a total of \$3.3 million or 22 percent redirection from the \$15 million grant that was approved in the 2018-19 budget.

Senate approved the Governor's proposals related to SIBTF and AB 1111 funding.

The Senate also provided \$7.3 million General Fund one-time to the Garment Manufacturer's Special Account to address a backlog of unpaid garment worker wage claims. The Senate adopted budget bill language to authorize the transfer of any remaining unencumbered balance of the Unpaid Wage Fund into the Garment Manufacturer's Special Account in 2019-20.

Assembly modified the Governor's proposals related to SIBTF and AB 1111 to: (1) provide \$2 million from the Workers' Compensation Administration Revolving Fund for 14 positions to address SIBTF workload, and (2) allow CWDB to use up to ten percent of the AB 1111 grant funding for administration and technical assistance and provide an additional \$1.8 million one-time General Fund for technical assistance for AB 1111 grantees.

The Assembly also provided an additional \$2.5 million ongoing General Fund to support the Public Employment Relations Board (PERB)'s operating budget.

Conference issues are funding positions and budget bill language regarding SIBTF workload, AB 1111 implementation, GMSA claims and PERB operations.

Issue	Description
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Issue 20: Paid Family Leave (PFL)

Governor proposed trailer bill language to: (1) expand PFL from six weeks to eight weeks starting July 1, 2020 and adds military exigency claims beginning July 1, 2021, (2) reduce the disability insurance reserve balance from 45 to 30 percent, (3) authorize EDD to enter into contracts to implement changes and exempt them from certain provisions of the Department of General Services’ review and approval, (4) exempt these changes from the Department of Technology’s Project Approval Life Cycle review for technology projects, and (5) include legislative intent that the Administration, through a taskforce will develop a proposal by November 2019, to increase PFL to six months by 2021-22.

The Administration provided \$3.3 million from the Disability Insurance Fund ongoing starting in 2019-20 to fund positions and technology changes to implement these changes. Additionally, the Administration provided \$4 million in 2020-21 and 2021-22 to contract for vendor services to conduct outreach regarding PFL.

Senate approved the resources and modified the trailer bill language to provide details regarding the taskforce, including: (1) requiring the taskforce be comprised of employer and employee representatives, the Department of Technology, early education representatives, and designees selected by the Senate and the Assembly, and (2) requiring the taskforce to submit a report to the Legislature by January 1, 2020 regarding: (a) options to expand baby bonding time to six months, (b) a plan to fund and increase wage replacement rates for low-wage workers and all workers, and (c) a plan to align various job protections during leave, among other recommendations.

Assembly deferred the Governor’s proposed trailer bill language to the policy process. The Assembly denied funding for the additional positions related to this proposal, but approved the Governor’s proposal to provide \$8 million for outreach for PFL.

Conference issues are trailer bill language to expand paid family leave and budget bill language and funding to implement these changes.

Issue	Description
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Issue 21: Sales and Use Tax Exemptions: Menstrual Hygiene Products and Diapers

Governor proposed trailer bill language (TBL) that, on and after January 1, 2020, and until January 1, 2022, would exempt from sales and use taxes the gross receipts from the sale of, storage, use, or other consumption of, menstrual hygiene products and diapers for infants, toddlers, and children. The Administration estimates that these exemptions will reduce General Fund revenue by \$17.5 million in 2019-20 and \$35 million in subsequent years. Total state and local revenue losses are estimated to be \$38 million in 2019-20 and \$76 million in subsequent years.

Senate approved the Governor’s proposal.

Assembly approved the Governor’s proposal with a modification to extend the sunsets of both of the new exemptions from two to 10 years.

Conference issue is TBL extending the sunset of both of the new exemptions from two to 10 years.

Issue	Description
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Issue 22: Earned Income Tax Credit (EITC) Expansion and Advanced Payments

Governor proposed a number of expansions to the EITC, tripling the amount of credits provided from \$400 million to approximately \$1.2 billion. In addition, the Governor proposed to rename the EITC the “California EITC, a cost-of-living refund,” and to provide \$18.7 million and 22 positions in 2019-20 for the Franchise Tax Board (FTB) to begin implementation of advanced payments of the credit.

Senate: 1) approved the Governor’s proposed expansions to the EITC, 2) added the eligibility of Individual Taxpayer Identification Number (ITIN) filers, 3) rejected the renaming of the program, 4) augmented funding for outreach and free tax preparation services at the FTB by \$5 million, for a total of \$10 million, 5) rejected the proposal for FTB to implement advanced payments, and 6) approved BBL requiring the FTB and the Department of Finance to report back to the Legislature with additional detail regarding advanced payments.

Assembly: 1) approved a reduced version of the Governor’s proposed expansions to the EITC (reducing cost of the expansion by \$358 million), 2) added the eligibility of ITIN filers, 3) provided FTB with \$2.2 million to administer the addition of ITN filers to the program, 4) rejected the renaming of the program, 5) augmented funding for outreach and free tax preparation services at the FTB by \$5 million, for a total of \$10 million, and 6) approved half of the amount (\$9.3 million) proposed for the FTB to begin implementing advanced payments, contingent on meeting certain requirements specified in BBL that are similar to what was adopted by the Senate.

Conference issues are \$358 million difference associated with the cost of expansion of the EITC, \$2.2 million for the FTB to administer the addition of the ITIN filers, and \$9.3 million and BBL for the FTB to begin implementation of advanced payments.

Issue	Description
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Issue 23: Administration of Individual Health Mandate and Expanded Subsidies

Governor proposed \$8.2 million General Fund and 50 positions (\$8.1 million and 100 positions ongoing) to administer the penalty and subsidies associated with the proposed Minimum Essential Coverage Individual Mandate and the Affordable Care Access Plus Program.

Senate approved the Governor’s proposal.

Assembly approved the Governor’s proposal with BBL requiring that funding be contingent on enactment of a new law to enforce mandate penalties.

Conference issue is BBL requiring that funding be contingent on enactment of a new law to enforce mandate penalties.

7900
7920
9901

Public Employees' Retirement System
State Teachers' Retirement System
Budget Reserves

Issue	Description
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Issue 24: Debt, Liabilities, and Reserves

Governor proposed dedicating \$15 billion in 2019-20 to paying debts and reversing deferrals (\$4.5 billion), building reserves (\$5.7 billion), and making payments toward unfunded state retirement liabilities (\$4.8 billion). In addition, the Governor proposed \$3.2 billion to make payments toward the school districts' share of the CalSTRS unfunded liability and to reduce school employer contribution rates.

Senate adopted the following changes to the Governor's proposal: 1) made \$1.9 billion of \$3 billion proposed as a supplemental payment to the state's unfunded CalPERS liability contingent on tax conformity being passed later in the year, 2) provided \$950 million for additional CalPERS and CalSTRS rate relief for school districts, 3) rejected the Governor's deferral proposals, and 4) made an additional deposit of \$600 million into the Safety Net Reserve.

Assembly adopted the following changes to the Governor's proposal: 1) reduced the \$3 billion General Fund proposed as a supplemental payment to the state's unfunded CalPERS liability to \$600 million, 2) added \$1.2 billion General Fund for a supplemental payment to school districts' CalPERS unfunded liability, 3) added \$350 million to reduce districts CalPERS contribution rates, 4) rejected the Governor's proposed \$1.1 billion of Proposition 2 debt payment funds for a supplemental payment to the state's CalSTRS unfunded liability, instead using Proposition 2 funds to pay weight fee loans and pre-Proposition 42 transportation loans, 5) rejected the Governor's deferral proposals, and 6) created a new Disaster Account. The Assembly also approved placeholder trailer bill language to authorize the Legislature to appropriate funds in the future to prepay the state's annual employer contributions for CalPERS.

Conference issues are: 1) \$2.4 billion and a trigger in the difference of action related to a supplemental payment to the state's unfunded CalPERS liability, 2) \$1.2 billion for a supplemental payment to school districts' CalPERS unfunded liability, 3) \$600 million difference in amounts to provide additional rate relief to school districts, 4) use of \$1.2 billion in Proposition 2 debt payment funds, 5) \$600 million difference in the deposit to the Safety Net Reserve, 6) the creation of a Disaster Account, and 7) TBL regarding future CalPERS payments.

Issue	Description
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Issue 25: Museum Funding

Governor proposed to shift \$1 million from the Natural Resources Agency to the California Arts Council and to augment this amount for a total of \$5 million to fund the Armenian American Museum and Cultural Center. The Governor also proposed \$5 million for the Los Angeles Museum for the Holocaust.

Senate approved this proposal.

Assembly approved the funding for this proposal, but shifted the funding to be administered by the Natural Resources Agency or another state entity.

Conference issue is under which state entity the funding shall be administered.

8820 California Commission on the Status of Women and Girls

Issue	Description
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Issue 26: Pay Equity Program

Governor proposed ongoing \$269,000 General Fund to fund the Commission on the Status of Women and Girls' Pay Equity program.

Senate approved the Governor's proposal, and augmented with \$620,000 General Fund in 2019-20 and \$220,000 General Fund ongoing thereafter.

Assembly approved the Governor's proposal.

Conference issue is whether to augment funding for the Commission on the Status of Women and Girls Pay Equity Program above the level proposed by the Governor.

8955 California Department of Veterans Affairs

Issue	Description
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Issue 27: Minority and Underrepresented Veterans Division

Governor had no proposal.

Senate had no proposal.

Assembly approved \$328,000 General Fund in 2019-20 and \$311,000 ongoing General Fund for three positions in the Minority and Underrepresented Veterans Division within the Department of Veterans Affairs (CalVet).

Conference issue is whether to provide additional funding and position support for the Minority and Underrepresented Veterans Division.

9210 Local Government Financing

Issue

Description

Issue 28: Funding for Disaster-Impacted Counties

Governor proposed \$518,000 to backfill property tax losses for counties, and \$10 million to support communities impacted by the Camp Fire.

Senate approved the Governor's proposal.

Assembly approved the Governor's proposal, and appropriated an additional \$25 million for disaster relief for local governments. Also adopted placeholder trailer bill language to allow some disaster-impacted counties to retain a portion of reimbursements they collect on behalf of the state if these counties meet certain conditions.

Conference issues are: 1) additional funding for disaster-impacted counties; and 2) the proposal to allow some disaster-impacted counties to retain a portion of reimbursements they collect on behalf of the State if these counties meet certain conditions.

9210 Local Government Financing

Issue	Description
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Issue 29: County Funding Related to Golden State Killer's Trial

Governor had no proposal.

Senate had no proposal.

Assembly appropriated \$20 million to assist counties with expenses related to Golden State Killer's trial.

Conference issue is funding for county expenses related to the Golden State Killer's trial.