

ROBERT DUTTON
Vice Chair

ELAINE ALQUIST
ROY ASHBURN
MARK DeSAULNIER
ROBERT HUFF
MARK LENO
CAROL LIU
ALAN LOWENTHAL
ABEL MALDONADO
GLORIA NEGRETE McLEOD
ALEX PADILLA
S. JOSEPH SIMITIAN
MIMI WALTERS
RODERICK WRIGHT



California State Senate

COMMITTEE
ON
BUDGET AND FISCAL REVIEW

ROOM 5019, STATE CAPITOL
SACRAMENTO, CA 95814

SENATOR
DENISE MORENO DUCHENY
CHAIR

STAFF DIRECTOR
KEELY BOSLER

DEPUTY STAFF DIRECTOR
BRIAN ANNIS

CONSULTANTS
BRIAN BROWN
KIM CONNOR
BRYAN EHLERS
KRIS KUZMICH
JENNIFER TROIA
DIANE VAN MAREN
SEIJA VIRTANEN

COMMITTEE ASSISTANT
GLENDA HIGGINS

(916) 651-4103
FAX (916) 323-8386

Agenda February 11, 2010 Room 4203

9:30 a.m. or upon adjournment of Session

Governor's Special Session Budget Proposals

	<u>Page</u>
0690 California Emergency Management Agency Port Security (Proposition 1B).....	3
2100 Department of Alcoholic Beverage Control Prior Year Federal Grants	3
2660 Department of Transportation Proposition 116: letters of no prejudice (LOP).....	4

3500	Department of Resources, Recycling, and Recovery	
	Beverage Container Recycling Program.....	5
3540	Department of Forestry and Fire Protection	
	Emergency Response Initiative (ERI) – General Fund Backfill.....	6
3940	State Water Resources Control Board	
	Trailer Bill – Clean Water State Revolving Fund.....	6
5225	California Department of Corrections and Rehabilitation	
	Implementation of cuts to corrections rehabilitation programs	6
Cash	Cash Management – Current Year.....	7
	Cash Management – Budget Year	7
Revenue	Revenue Acceleration and Administration	8

0690 – California Emergency Management Agency	2009-10 (in thousands)	2010-11 (in thousands)	Hearing Date	Recommendation
1. Port Security (Proposition 1B)	TBL	\$0	February 11	Approve trailer bill language to extend the time ports have to complete security projects from June 30, 2010 to June 30, 2012.

2100 – Department of Alcoholic Beverage Control	2009-10 (in thousands)	2010-11 (in thousands)	Hearing Date	Recommendation
1. Prior Year Federal Grants	TBL	\$0	February 11	Approve technical language that would allow previously awarded federal grants to be released to reimburse the Alcohol Beverage Control (ABC) Fund. The ABC Fund was used as an interim measure to award the Federal grants in 2005-06 and 2006-07. The total amount released is \$497,138.01.

Item 2660 – Department of Transportation	2009-10 (in thousands)	2010-11 (in thousands)	Hearing Date	Recommendation
<p>1. Proposition 116: letters of no prejudice (LONP) (Prop 116 is a \$2.0 billion rail bond from 1990 – about \$150 million remains unexpended. LONPs are agreements to fund projects initially with local funds, even though state funds are approved for the project. When state funds are later made available – here through a bond sale – the locals are reimbursed for their cost.)</p>				<p>Adopt placeholder language to allow “letters of no prejudice” for Proposition 116 rail bond funds.</p>

3500 – Department of Resources, Recycling, and Recovery	2009-10 (in thousands)	2010-11 (in thousands)	Hearing Date	Recommendation
1. Beverage Container Recycling Program			January 21	Adopt alternative TBL that includes pieces of the Governor’s proposal, (specifically, the current year CRV acceleration and retroactive payment authorization), but provides additional savings of approximately \$28 million in the current year (and roughly double that in the budget year) via suspension of various continuous appropriations (Public Resources Code Section 14581). Acknowledge Governor’s plan to begin repayments to the Beverage Container Recycling Fund from the California Air Resources Board in the 2010-11 fiscal year.

3540 – Department of Forestry and Fire Protection	2009-10 (in thousands)	2010-11 (in thousands)	Hearing Date	Recommendation
1. Emergency Response Initiative (ERI) – General Fund Backfill		-\$200,000	January 21	Approve Governor’s proposed TBL. Defer all other ERI expenditure proposals until a later date.

3940 – State Water Resources Control Board	2009-10 (in thousands)	2010-11 (in thousands)	Hearing Date	Recommendation
1. Trailer Bill – Clean Water State Revolving Fund—Conforming to Federal Requirements			January 21	Approve

5225 – California Department of Corrections and Rehabilitation	2009-10 (in thousands)	2010-11 (in thousands)	Hearing Date	Recommendation
1. Implementation of cuts to corrections rehabilitation programs	TBL	\$0	January 28	Approve language directing CDCR to retain credentialed teachers in lieu of hiring teaching assistants as part of its plan to implement budget cuts to rehabilitation programs. Language also directs CDCR to utilize half-day programs where feasible to increase program capacity.

Item Cash – Payment Deferrals for Cash Management	2009-10 (in thousands)	2010-11 (in thousands)	Hearing Date	Recommendation
1. Cash Management – Current Year.	TBL		February 3	Adopt placeholder trailer bill language to allow specific one-time cash deferrals of no more than one month to address cash shortfalls in the months of March and April before income tax payments are received. Deferrals would be triggered off if they were not needed.
2. Cash Management – Budget Year.		TBL	February 3	Adopt placeholder trailer bill language to authorize specific cash deferrals in the 2010-11 budget year that would (1) address cash shortages throughout the budget year, (2) address rating agencies and bond markets’ concerns regarding the state’s inability to react to cash crises quickly, (3) preserve external borrowing capacity for the state’s infrastructure programs, and (4) provide a higher degree of predictability for affected programs and entities.

Revenue	2009-10 (in thousands)	2010-11 (in thousands)	Hearing Date	Recommendation
1. Revenue Acceleration and Administration			February 3	Adopt following options (with 2010-11 revenue from Feb 3): <ul style="list-style-type: none"> • Independent Contractor Withholding (\$1.4 billion) • Financial Institution Record Match (FIRM) (\$31 million) • Abusive Tax Shelter Definition (\$2 million) • Professional License Revocation (\$19 million) • Sales Tax Nexus (\$107 million)