

SUBCOMMITTEE NO. 5

Agenda

Senator Laura Richardson, Chair
Senator María Elena Durazo
Senator Kelly Seyarto



Thursday, March 5, 2026
9:30 a.m. or Upon Adjournment of Session
State Capitol – Room 112

Consultant: Nora Brackbill

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Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

ITEMS FOR DISCUSSION

0690 OFFICE OF EMERGENCY SERVICES

Issue 1: Overview

Panelists.

- Christina (Tina) Curry, Acting Director, Cal OES
- Eric Swanson, Deputy Director, Finance and Logistics Administration, Cal OES

Department of Finance (DOF) and the Legislative Analyst's Office (LAO) are available for questions.

Background.

The Office of Emergency Services (Cal OES) serves as the state's leadership hub during all major emergencies and disasters. This includes responding, directing, and coordinating local, state, and federal resources and mutual aid assets across all regions to support the diverse communities across the state. Cal OES also builds disaster resilience by supporting local jurisdictions and communities through planning and preparedness activities, training, and facilitating the immediate response to an emergency through the longer-term recovery phase. During this process, Cal OES serves as the state's overall coordinator and agent to secure federal government resources through the Federal Emergency Management Agency.

Cal OES also administers a significant portfolio of state and federal grants, including Victims of Crime Act funding and the state and federal Nonprofit Security Grant, among others. Cal OES also implements the state's homeland security strategy by overseeing the California Cybersecurity Integration Center and the State Threat Assessment System.

Cal OES is organized into the following divisions:

- Homeland Security
- Logistics Management
- Office of the Director
- Policy and Administration
- Planning, Preparedness, and Prevention
- Public Safety Communications
- Recovery
- Response Operations
- Seismic Safety Commission

The Governor's budget includes \$3 billion (\$483.9 million General Fund, \$2.2 billion Federal Trust Fund, and various other special funds) and 1,914 positions for Cal OES in 2026-27.

Most of this funding is for Special Programs and Grants Management (\$2.4 billion and 641.1 positions), which handles various grants and disaster funding. Other significant programs include Emergency Management Services (\$271 million and 533 positions) and Public Safety Communications (\$306 million and 257 positions).

Staff Recommendation. This item is informational, and no action is required.

Issue 2: Next Generation 9-1-1 Update**Panelists.**

- Steve Yarbrough, Deputy Director of Public Safety Communication, Cal OES
- Eric Swanson, Deputy Director, Finance and Logistics Administration, Cal OES
- Heather Gonzalez, Principal Fiscal and Policy Analyst, LAO
- Sara Swan, Principal Program Budget Analyst, DOF
- Zachary Voss, Finance Budget Analyst, DOF

Background. California handles over 25 million 9-1-1 calls annually¹. Along with most other states and federal entities, California in the process of transitioning the existing, analog 9-1-1 system to an updated digital, internet-based system, called Next Generation (NG) 9-1-1. The existing system is based on technology that was developed and deployed in the 1980s and has various limitations. For example, during disaster events, the system can get overwhelmed, making it difficult for callers to reach dispatchers. Additionally, NG 9-1-1 will allow for more accurate location information and the transmission of photos and text messages. The transition is led by Cal OES, with input from the State 9-1-1 Advisory Board, pursuant to Sections 53121 and 53115.1 of the Government Code. The board's eleven members include representatives of various public safety and communications entities.²

State Emergency Telephone Number Account. The 9-1-1 system is funded through a telephone access line surcharge, which is deposited in the State Emergency Telephone Number Account (SETNA). The fee is set by dividing the authorized expenditures by the number of eligible lines, with a maximum fee of 80 cents per line per month (Section 41030 of the Revenue and Taxation Code). The fee is currently 41 cents and supports both the legacy and the NG 9-1-1 systems³. SETNA is expected to receive \$215 million in surcharge revenue in 2026-27. The fee will decrease once the legacy system is offline, as the authorized expenditures will decrease.

Previous Resources and Timeline. California has been planning the NG 9-1-1 system since at least 2010. SB 1211 (Padilla), Chapter 926, Statutes of 2014 directed Cal OES to develop a plan and timeline for the new system. Cal OES first requested funding in the 2018-19 budget. They anticipated completing the new system by 2022, with an estimated five-year cost of \$132 million and ongoing operational costs of \$40 million. The 2019 budget package included statutory changes to the fee structure to raise revenue for OES to complete the project. However, the project has experienced significant delays, first from the pandemic, and later through other operational challenges, described below, and is now slated for completion in 2030.

Since 2019, the state has spent a total of \$456.6 million SETNA on the NG 9-1-1 system. This includes \$76 million in non-recurring costs, such as equipment and start-up costs, and \$379 million in monthly recurring costs, which are the ongoing operation of the service. This funding has been used to plan the system, update and install infrastructure at the roughly 450 Public Safety Answering Points (PSAPs, also known as dispatch centers) statewide, install software and

¹ https://www.911.gov/assets/2021-911-Profile-Database-Report_FINAL.pdf

² <https://www.caloes.ca.gov/office-of-the-director/operations/public-safety-communications/ca-9-1-1-emergency-communications-branch/ca-911-information/state-9-1-1-advisory-board-membership-list/>

³ <https://cdtfa.ca.gov/taxes-and-fees/mts.htm#911-Surcharge-Rate>

hardware for call handling at the PSAPs, and begin switching over to the new network. Currently, all PSAPs are connected to the new system and use it to get location and text information. 23 PSAPs have begun transitioning voice calls to the NG 9-1-1 network (which are still taking legacy calls as well; none of the PSAPs have fully transitioned their voice calls).

Regional System. Cal OES originally designed NG 9-1-1 as a regional system, with four regions and a statewide backup provider, and separate contracts for each. There are four vendors currently involved (one vendor received two regional contracts). Two physical systems were connected to each PSAP (one primary and one backup). Each of the regional vendors established connectivity to each PSAP to increase redundancy. If any one vendor were to have an outage, the other vendors could continue providing services statewide.

Transition Paused and New Strategy. Cal OES paused the project in late 2024 due to issues identified during transition of the initial 23 PSAPs. Reports emerged that the PSAPs faced technical difficulties including lost or misrouted calls and outages, and there were concerns about the vendors selected and the pre-deployment testing⁴. The regional service provider contracts also expired around this time, shifting the NG 9-1-1 system to operate under the California Public Utilities Commission approved tariffs filed by each of the vendors. Due to the pause in the NG rollout, the 2025 Budget Act extended the expenditure authority to keep the legacy system online (provided the fee remain at or below its level on January 1, 2025) and included additional reporting requirements.

In November 2025, Cal OES presented a Transition Plan to the State 9-1-1 Advisory Board and submitted a report to the Legislature on the status and plans for NG 9-1-1⁵. Cal OES indicated that in developing these reports, they met with 23 PSAPs that had partially transitioned voice calls, the current vendors, the California Department of Technology (CDT), and the Advisory Board. Overall, Cal OES indicated that the number of vendors involved increased the complexity during the transition and during troubleshooting, and that the regional approach is not viable. Specifically, these reports cited three key issues: (1) handling of calls during the transition period, when PSAPs are receiving both legacy and NG calls; (2) ability to resolve issues among the four vendors; and (3) the burdens of testing on PSAP staff.

These reports proposed a new approach, with a statewide rather than a regional model, and the use of transitional elements to assist PSAPs as they migrated to a new system. In February 2026, Cal OES released an Implementation Plan⁶, which outlined the next steps in implementing this new approach.

Interim Plan. First, Cal OES plans to enter an interim contract to move the 23 partially-transitioned PSAPs to the network provided by the current statewide provider within the next 90 days. Cal OES also indicates that during this interim period, they intend to focus on transitioning the Los Angeles region PSAPs prior to the 2028 Olympic and Paralympic games, as well as other PSAPs with urgent needs (e.g. PSAPs with legacy system failures or capacity issues).

⁴ <https://www.nbcbayarea.com/investigations/california-next-generation-911-network/3707165/>

⁵ <https://www.caloes.ca.gov/wp-content/uploads/PSC/Documents/Cal-OES-NG-911-Transition-Plan-FINAL.pdf>

⁶ <https://www.caloes.ca.gov/wp-content/uploads/PSC/Documents/Cal-OES-NG-911-Transition-Implementation-Plan.pdf>

After the interim period, Cal OES has outlined three phases necessary to implement the new approach to NG 9-1-1: (1) establishing long-term contracts with statewide NG 9-1-1 providers, in partnership with CDT; (2) migrating all PSAPs to the statewide provider, and (3) decommissioning legacy 9-1-1. Cal OES estimates that they will award the long-term contracts in 2026, resume the process of transitioning additional PSAPs in June 2027, complete the transition of all PSAPs by June 2030, and take the legacy system offline by July 2030, as outlined in the table below. Cal OES does not have a cost estimate of the plan.

Upcoming Milestones

Feb. 2026	Execution of interim contract
March 2026	Release of RFPs for NG 9-1-1 providers and full implementation
May 2026	Migration of PSAPs for interim period (from Regional Providers to the statewide NG 9-1-1)
Fall 2026	Award for long-term contracts
Fall 2026	NG 9-1-1 Deployment Planning
Spring 2027	All Regional Provider services ended
Summer 2027	Begin statewide deployment with long-term providers

Source: Cal OES's Implementation Plan⁷

LAO Comments. The LAO notes that the project has been significantly delayed, and that OES has spent much more than originally anticipated. It is also unclear how much additional funding will be needed to complete the NG 9-1-1 system. In addition, there are trade-offs between the regional and statewide approaches, and the LAO notes that, “It is unclear if OES’s choices are consistent with the Legislature’s preferences if faced with the same set of options and trade-offs—particularly since OES has not provided information on the trade-offs and costs of the alternatives it considered, nor sought formal legislative input (such as proposing the change through trailer bill language) as it moves forward with its plans.” The LAO also notes that this project is lacking close oversight, with only advisory input from the board and procurement assistance from CDT (this is considered a telecommunications project and not an information technology project, and therefore not subject to CDT’s typical processes).

While OES has provided high-level descriptions of its plans, it has not presented critical details to the Legislature, leaving key questions unanswered, including the following:

- *What Is the Nature and Scope of the Problem?* For example, have the regional networks experienced systematic technical failures or are the problems a reflection of management and coordination challenges?
- *Will New Plan Solve the Problem?* What evidence is there showing that the transition to a statewide approach will solve the problems identified by OES?

⁷ <https://www.caloes.ca.gov/wp-content/uploads/PSC/Documents/Cal-OES-NG-911-Transition-Implementation-Plan.pdf>

- *What Other Options Were Considered?* Does the state need to transition to a statewide approach to solve these problems, or can they be solved within the regional approach as it currently exists? What other options have been explored?
- *How Do the Options Compare?* How do different options compare on parameters such as cost, effectiveness of addressing the problems encountered to date, and length of time to decommissioning of the legacy 911 system?

LAO Recommendations. The LAO recommends that the Legislature direct OES to pause implementation of the statewide approach until it can provide answers to the key questions. If this is not possible by May Revision, the Legislature could consider halting the project to allow an independent third-party to evaluate the state's options. The LAO also recommends requiring ongoing monthly project updates and quarterly fiscal reports. Finally, the LAO recommends the Legislature consider implementing a new governance structure to provide greater ongoing oversight of the 911 system.

Staff Comments.

Redundancy. A potential concern about the proposed plan is a reduction in redundancy and the potential for a statewide outage, as occurred in Pennsylvania in July 2025⁸. Cal OES has said that the core services of the system will be operated from multiple data centers in different geographic regions, each PSAP will have at least two separate physical links, and PSAPs will be required to have redundant equipment. However, a vendor-level outage could still be a concern, particularly during the interim period, when the transitioned PSAPs will be using the same vendor for both the primary and backup systems.

Communication and Oversight. As the LAO notes, more oversight and governance of the project could be warranted. Previous updates on the project from Cal OES did not mention or understated significant challenges and the scope of the change in direction being considered. The Legislature should consider additional reporting, oversight, and governance solutions to increase communication of and insight into the project.

Other Potential Risks to Consider. In addition to the risks and considerations laid out by the LAO, the Legislature should also consider the risks of continuing to use the legacy system, which is built on deteriorating hardware. The Legislature should also consider how ensure the new system is ready to respond to emerging and evolving risks and threats, such as cybersecurity concerns.

Staff Recommendation. This item is informational, and no action is required.

⁸ <https://www.cbsnews.com/philadelphia/news/pennsylvania-911-outage-cause/>

0820 DEPARTMENT OF JUSTICE**Issue 3: Overview****Panelists.**

- Erin Suhr, Chief Deputy of Operations, Department of Justice (DOJ)

DOJ and LAO are available for questions.

Background. Under the direction of the Attorney General, DOJ provides legal services to state and local entities; brings lawsuits to enforce public rights; and carries out various law enforcement activities, such as ensuring lawful ownership or possession of firearms and ammunition. DOJ also provides various services to local law enforcement agencies, including providing forensic services to local law enforcement agencies in jurisdictions without their own crime laboratory. Finally, DOJ manages various databases, including the statewide criminal history database.

The Governor's budget includes \$1.3 billion (\$508 million General Fund) and 6,093 positions to support the DOJ in 2026-27.

A little more than half of the proposed funding supports DOJ's Division of Legal Services (\$691 million), while the remainder supports the Division of Law Enforcement (\$343 million) and the California Justice Information Services Division (\$275 million). The activities of the divisions are outlined below:

- The Division of Legal Services is made up of the following subdivisions:
 - Division of Civil Law: This division is made up of nine sections, including Business Litigation; Cannabis Control; Correctional Law; Employment and Administrative Mandate; Government Law; Health, Education and Welfare; Health Quality Enforcement; Licensing; and Tort and Condemnation. This division provides legal services to state agencies and officials in trial and appellate litigation.
 - Division of Criminal Law: This division is made up of four sections including Appeals, Writs and Trials; Correctional Writs and Appeals; Cybercrime; and Special Prosecutions Section. This division upholds the Attorney General's constitutional responsibility to represent the people of California in criminal cases.
 - Division of Public Rights: This division is made up of twelve sections including Antitrust, Charitable Trusts, Civil Rights Enforcement, Consumer Protection, Corporate Fraud, Environment, Healthcare Rights and Access, Native American and Tribal Affairs, Land Use and Conservation, Natural Resources, Police Practices, and Worker Rights and Fair Labor. This division safeguards the states' environment, lands, and natural resources; prevents fraudulent business practices; protects consumers; monitors Indian and Gaming Practices; preserves charitable assets, and protects the civil rights of Californians.

- The Division of Law Enforcement includes sworn peace officers and other law enforcement staff involved criminal investigations that range from white collar crime, narcotics enforcement, gambling control, etc. This section includes the Bureau of Firearms, the Bureau of Gambling Control, the Bureau of Forensic Services, and the Bureau of Investigation.
- Administration is made up of the Division of Operations and Directorate Programs, which includes units such as the Public Inquiry Unit, the Office of Legislative Affairs, and the Local Assistance Unit.
- California Justice Information Services Division provides criminal history and analysis and supports the DOJ's information technology infrastructure. CJIS includes six sections: the Executive Office, the Justice Data and Investigative Services Bureau, the Bureau of Criminal Information and Analysis, the Enterprise Services Bureau, the Application Development Bureau, and the Technology Services Bureau.

Staff Recommendation. This item is informational, and no action is required.

Issue 4: Firearms Workload**Panelists.**

- Ashley Harp, Assistant Director of Fiscal Operations, DOJ
- Allison Mendoza, Director, Bureau of Firearms, DOJ
- Mayra Morales, Assistant Director, Bureau of Firearms, DOJ
- Jennifer Chan, Assistant Chief, California Justice Information Services, DOJ
- Drew Soderborg, Deputy Legislative Analyst, LAO
- Mark Jimenez, Principal Program Budget Analyst, DOF
- Victoria Chin, Finance Budget Analyst, DOF

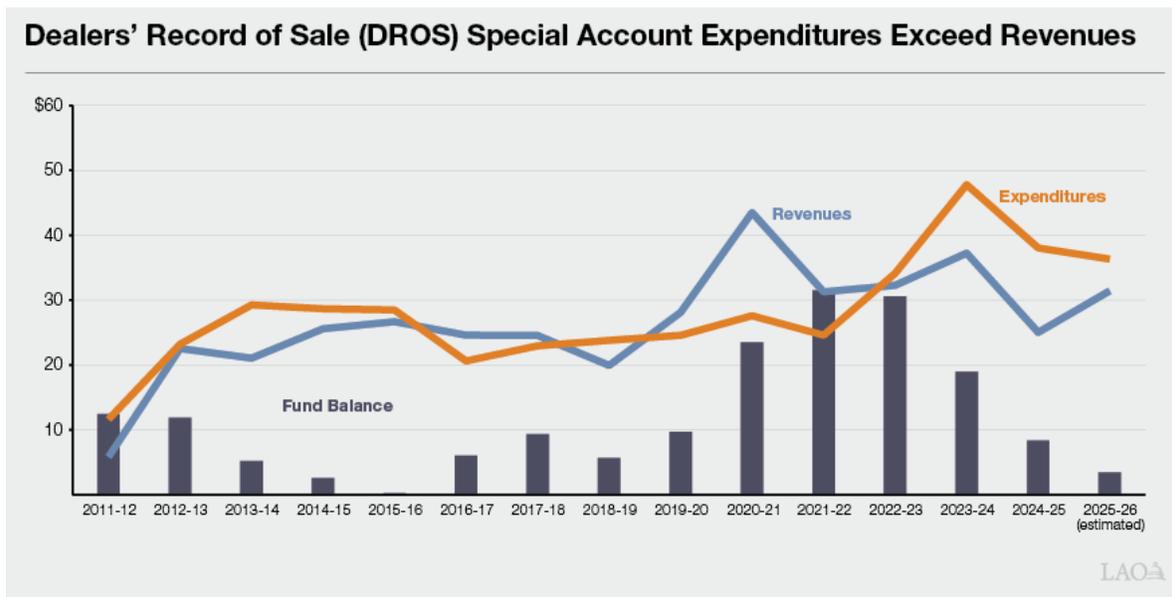
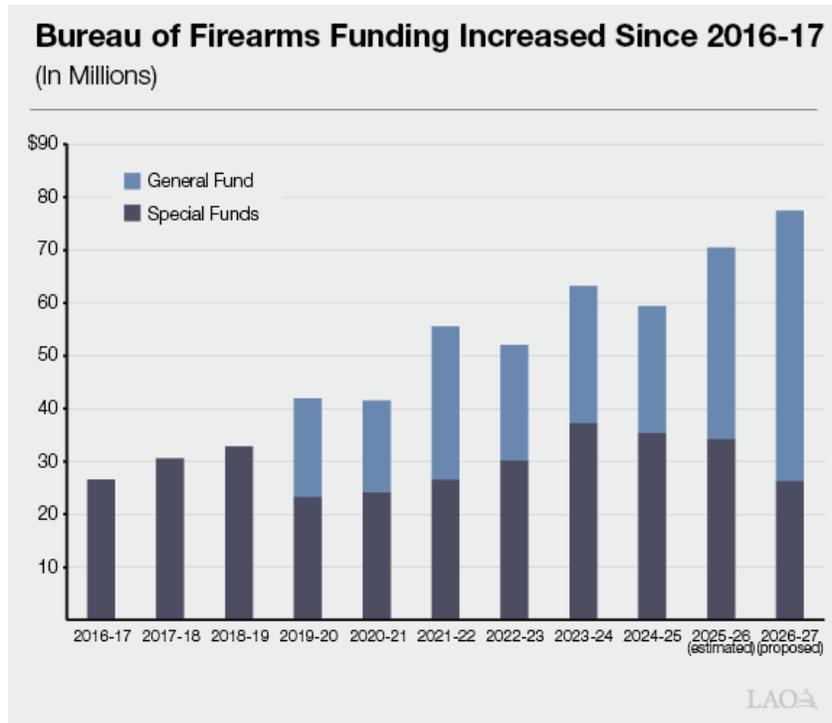
Proposal. The proposed budget includes the following adjustments for firearms-related workload:

- Shift of \$8 million from the Dealers' Record of Sale Special Account to the General Fund for fiscal years 2026-27 through 2028-29.
- \$11.2 million General Fund in 2026-27 to continue the Firearms IT Systems Modernization (FITSM) project.
- \$1.2 million General Fund in 2026-27 and \$259,000 General Fund ongoing and one position to implement SB 704 (Arreguín), Chapter 591, Statutes of 2025 related to firearm barrels.

Background.

The Bureau of Firearms (BOF) within the DOJ is responsible for the regulation and enforcement of the state's firearm and ammunition laws. This includes conducting background checks for individuals seeking to purchase firearms and ammunition, licensing firearm and ammunition vendors, conducting vendor compliance investigations, ensuring lawful possession of firearms and ammunition, and administering various other firearm and ammunition programs. California Justice Information Services (CJIS) also supports BOF's activities by maintaining and updating various databases, such as the Automated Firearms System, which tracks firearm serial numbers.

The budget for BOF has increased over the past decade, from \$26.6 million in 2016-17 to \$70.4 million in 2025-26, as shown in the chart on the next page from the Legislative Analyst's Office. DOJ is authorized to charge various fees to cover its workload related to firearms and ammunition, which are deposited into five special funds. However, an increasing portion of BOF is supported by the General Fund.



Source: LAO⁹

DROS Special Account. Of the five special funds supporting BOF, the Dealers' Record of Sale (DROS) Special Account receives the most revenue and may be used broadly to offset DOJ's firearm-related regulatory and enforcement activities, making it the primary special fund supporting BOF. The DROS fee is charged when purchasing a firearm and is currently \$31.19 (increased from \$19 in 2019). However, the revenues and expenditures have been unstable, as shown in the chart above from the LAO.

⁹ <https://lao.ca.gov/Publications/Report/5118>

The increase of the DROS fee in 2019 combined with high firearm sales in 2020 led to an increase in DROS revenues, reaching just over \$43 million in 2020-21. However, ongoing revenues are projected to be around \$32 million. Increasing expenditures out of the DROS Special Account, such as for the Firearms IT Systems Modernization Project described below, have left the fund approaching insolvency.

The Governor's budget proposes to shift \$8 million in expenditures from the DROS Special Account to the General Fund for three years, from 2026-27 through 2028-29. That funding will cover a total of 39 positions across five units, which include the BOF Executive Unit, Legislation Unit, Customer Support Center, Quality Assurance Unit, and enforcement staff. The tables below, provided by the Administration, show the projected fund condition without (top) and with (bottom) the proposed adjustment.

DROS Special Account Fund Condition Statements
(dollars in thousands)

Projected Without Adjustment

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
BEGINNING BALANCE	18,961	5,816	0	-4,464	-9,288	-13,931
REVENUES³	30,764	31,572	31,572	31,572	31,572	31,572
TRANSFERS⁴	-5,844					
EXPENDITURES	-38,065	-36,216	-36,216	-36,216	-36,216	-36,216
ENDING BALANCE	\$5,816	0	-4,644	-9,288	-13,931	-18,575

Projected With Adjustment

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
BEGINNING BALANCE	18,961	5,816	0	3,356	6,712	10,068
REVENUES⁵	30,764	31,572	31,572	31,572	31,572	31,572
TRANSFERS⁶	-5,844					
EXPENDITURES	-38,065	-36,216	-28,216	-28,216	-28,216	-36,216
ENDING BALANCE	\$5,816	0	3,356	6,712	10,068	5,424

Firearms IT Systems Modernization Project (FITSM). The DOJ has 17 firearms information technology systems (see the following table). These systems support the education, regulation, and enforcement actions regarding the manufacturing, sale, ownership, safety training, and transfer of firearms. Many have been implemented in a piecemeal fashion over the past four decades, largely in response to specific legislative mandates. However, this has resulted in a complicated set of databases that are not compatible and require extensive reprogramming for even minor changes.

The DOJ began the FITSM project to update and consolidate its firearm data systems into two systems: one external and publicly accessible and one internal DOJ-only. The FITSM project received \$2.4 million DROS Special Account in 2020-21, \$5.2 million DROS Special Account in 2022-23, \$7.5 million DROS Special Account one-time in 2023-24 and \$2.6 million ongoing, and \$3.9 million General Fund and eight positions in 2024-25 and \$1.2 million in 2025-26 and ongoing, and \$11.4 million and 17 positions one-time General Fund in 2025-26. This has resulted in ongoing resources of \$3.8 million and 23 positions (18 internal and 5 external consultants). The

proposed 2026-27 budget includes an additional \$11.2 million General Fund and the continuation of the 17 positions provided last year.

Count	Firearms System Name
1	Automated Firearms System (AFS)
2	Dealer Record of Sale Entry System (DES)
3	Armed and Prohibited Persons System (APPS)
4	Dealer Record of Sale (DROS)
5	California Firearms Information Gateway (CFIG)
6	California Firearms Application Reporting System (CFARS)
7	Centralized List (CL)
8	Consolidated Firearms Information System (CFIS)
9	Firearms Certificate System (FCS)
10	Mental Health Reporting System (MHRS)
11	Mental Health Firearms Prohibition System (MHFPS)
12	Carry Concealed Weapon System (CCW)
13	Assault Weapon Registration (AWR)
14	California Firearms License Check (CFLC) System
15	Prohibited Applicant
16	Firearms Employment Application File (FEAF)
17	Ammo Processor

SB 704 (Arreguín), Chapter 591, Statutes of 2025. The proposed budget includes \$1.2 million General Fund in 2026-27 and \$259,000 General Fund ongoing and one position to implement SB 704 (Arreguín), Chapter 591, Statutes of 2025, related to the sale or transfer of firearm barrels. The bill requires the DOJ to charge a fee of up to \$5 per firearm barrel eligibility check to cover their costs. The Governor’s budget proposal does not account for revenues from this fee.

LAO Comments.

The LAO notes that special funds are currently unable to cover all firearm-related workloads they could statutorily support, meaning General Fund support is needed to maintain DOJ firearm operations. In 2026-27, the Governor’s budget projects that two-thirds of support for BOF will come from the General Fund. In the near term, it is reasonable for the Administration to propose General Fund support for FITSM and DROS. However, the LAO notes that this will not solve the underlying insolvency of the DROS Special Account, and leaves regulatory activities needing General Fund support. This has led to inconsistencies in how workload is funded, driven about concerns with DROS Special Account insolvency rather than a consistent regulatory fee structure or framework.

The LAO notes that the state typically establishes fees to fully support state entities’ costs to license, regulate, and enforce laws within a particular industry. However, a recent U.S Supreme Court comment on firearm regulatory fees raises questions about this approach for firearms and ammunition. In June 2022, the U.S. Supreme Court issued a decision in the *New York State Rifle & Pistol Association v. Bruen* case that found laws requiring people provide “good cause” to carry a concealed weapon to be unconstitutional. As a result, states that want to regulate a person’s ability to carry concealed weapons (including California) must have “shall-issue” regulatory

regimes, meaning such states are required to issue carry concealed permits to people seeking them if they meet nondiscretionary criteria. The decision included the following footnote: “Because any permitting scheme can be put towards abusive ends, we do not rule out constitutional challenges to shall-issue regimes where, for example, lengthy wait times in processing license applications or exorbitant fees deny ordinary citizens their right to public carry.” This footnote suggests that there may be a point where firearm regulatory fees become unconstitutionally high.

LAO Recommendations.

Fee Revenue for SB 704 (Arreguín), Chapter 591, Statutes of 2025. The LAO has no concerns about the amount requested by DOJ to implement Chapter 591. However, the LAO notes that Chapter 591 included specific language requiring DOJ to direct firearm dealers to charge a fee to cover DOJ’s costs. The LAO recommends the Legislature modify the proposal to provide a loan to support the initial implementation workload, which would be repaid with collected fee revenue. The LAO recommends a loan from the Firearms Safety and Enforcement Special Fund, which has a sufficient fund balance to support such a loan.

Approve FITSM Request. The LAO recommends the Legislature approve the Governor’s proposal for \$11.2 million in one-time General Fund support to continue the FITSM project. This will ensure that this necessary project remains uninterrupted.

Modify Proposal to Shift BOF Support to General Fund. The LAO recommends the Legislature modify the Governor’s proposal to shift \$8 million in BOF costs from the DROS Special Account to the General Fund annually through 2028-29. Specifically, the LAO recommends approving this shift for only one year. Additionally, given the fiscal difficulties facing the state, the Legislature could consider providing the General Fund as a loan. When and how this loan would be repaid could be considered as part of the Legislature’s deliberations on how to support firearm-related workload on an ongoing basis. Such an action would ensure that existing BOF operations are maintained while the Legislature weighs its options for how to support firearm-related workload moving forward.

Direct DOJ Provide a Framework for Determining What Workload Should Be Funded by Fee Revenues. The LAO recommends the Legislature direct DOJ to provide a potential framework by January 10, 2027 for determining what firearm and ammunition workload should be funded by special fund fee revenues. In developing this framework, DOJ can evaluate its entire workload, the potential impact of FITSM and other actions that can help improve efficiency, and existing federal and state statute and case law. The framework should provide clear explanations for how the identified workload should be funded, the calculation of appropriate fee levels and how such calculations were reached, recommendations for how frequently the fees should be adjusted and the process by which they should be adjusted, and any recommendations for statutory changes specifying the allowable uses for the special fund revenues.

Use Framework to Inform Future Actions. The Legislature could use the DOJ framework to inform its future actions. This could include aligning firearm and ammunition-related workload with the appropriate fund source. This would then allow the Legislature to determine what fee levels it is comfortable with—which could be higher or lower than those recommended by DOJ.

If the fee levels are lower than current or projected costs, the Legislature would be better equipped to assess (1) how much of this workload needs to be supported from the General Fund at the cost of other budget priorities or (2) whether the cost of the workload needs to be reduced—such as through statutory or other changes—to avoid such budgetary trade-offs.

Staff Recommendation. Hold open.

Issue 5: Federal Accountability**Panelists.**

- Ashley Harp, Assistant Director of Fiscal Operations, DOJ
- Christina Bull Arndt, Chief Counsel of Special Litigation, DOJ
- Danielle O'Bannon, Chief Assistant Attorney General, Public Rights Division, DOJ
- Drew Soderborg, Deputy Legislative Analyst, LAO
- Mark Jimenez, Principal Program Budget Analyst, DOF
- Victoria Chin, Finance Budget Analyst, DOF

Proposal. The Governor's proposed budget includes an additional \$10 million per year General Fund in 2026-27 through 2028-29 for the DOJ to defend the state against enforcement and legal actions taken by the federal government. The Governor's budget also proposes to release \$10 million in 2025-26 for this purpose from funds originally appropriated in the 2024 Budget Act. The proposed budget also makes the additional resources provided in the 2025 Budget Act limited-term, through 2028-29.

Background.

Since January 2024, Department of Justice has filed over 50 lawsuits and more than 60 amicus briefs to protect California against the actions of the current federal administration. As a result, the DOJ reports that they have protected access to over \$175 billion in federal funding, and obtained orders protecting birthright citizenship and voting rights, preventing the dissolution of federal agencies and programs, stopping the federalization of the National Guard in Los Angeles and Portland, and protecting Supplemental Nutrition Assistance Program benefits, among other topics. Most of these lawsuits involve multi-state coalitions, and cover federal funding, education, health care, the environment, immigration, and other areas.

The DOJ reports spending \$20.4 million on this workload in the 2024-25 fiscal year, and projects a need of \$34 million in 2025-26 based on work to date. The workload is split across the Civil Law Division, which focuses on constitutional challenges and includes matters such as voting rights, benefit access, and data security, and the Public Rights Division, which focuses on immigration, discrimination and civil rights, and healthcare rights and access.

These resources are in addition to previous allocations for this purpose, including a baseline of \$2.5 million ongoing General Fund for the DOJ, \$6 million that was provided one-time in 2024-25 to the DOJ and other state entities, and \$14.2 million in 2025-26 and \$13.9 million in 2026-27 and ongoing that was provided to the DOJ in the 2025 Budget Act.

Staff Recommendation. Hold open.

Issue 6: Online and App-Based Illegal Gambling Enforcement**Panelists.**

- Ashley Harp, Assistant Director of Fiscal Operations, DOJ
- Christine Williams, Senior Assistant Attorney General, Public Rights Division, DOJ
- Drew Soderborg, Deputy Legislative Analyst, LAO
- Mark Jimenez, Principal Program Budget Analyst, DOF
- Victoria Chin, Finance Budget Analyst, DOF

Proposal. The proposed budget includes \$1.1 million Unfair Competition Law Fund and three positions in 2026-27 and ongoing to conduct investigations and litigation against illegal online and app-based gambling operations.

Background.

The DOJ does not currently have resources to investigate and prosecute online illegal gambling schemes, including sports betting and online sweepstakes casinos. The DOJ has successfully pursued some similar litigation on a limited basis, led by its Native American and Tribal Affairs Section (NATA) within the Public Rights Division¹⁰. NATA is largely supported by special funds for gambling-related regulatory work, but those funds cannot be used for enforcement against these illegal operations.

Online Sweepstakes. In California, sweepstakes are legal if they comply with certain gambling and consumer protection laws. Online sweepstakes casinos operate under the guise of a legal sweepstakes contest, but mimic casino games and gambling, and were explicitly prohibited by AB 831 (Valencia), Chapter 623, Statutes of 2025.

Sports Betting. Sports betting is illegal in California. Some products that can mimic sports betting, such as daily fantasy sports and sports prediction markets, have come under recent state scrutiny. In July 2025, the Attorney General released a legal opinion that playing daily fantasy sports constitutes illegal sports betting¹¹, and has been part of two amicus briefs arguing that sports prediction markets are illegal¹².

DOJ is requesting two deputy attorney general positions and a legal secretary, and funding for external consultants. DOJ expects to litigate one to two cases at a time, with cases expected to take around three years each. The DOJ anticipates using both financial and software consultants and expert witnesses. Proceeds and settlements from successful enforcement will help support this workload in the long term.

Unfair Competition Law (UCL) Fund Condition and Loans. The UCL Fund was created to deposit penalties from actions or settlements pursuant to Chapter 5 (commencing with Section 17200) of Part 2 or Chapter 1 (commencing with Section 17500) of Part 3 of Division 7 of the Business and Professions Code. The money in the fund can be used by the Attorney General to support

¹⁰ <https://oag.ca.gov/news/press-releases/attorney-general-bonta-secures-multimillion-dollar-judgment-against-pong-game>

¹¹ <https://oag.ca.gov/system/files/attachments/press-docs/23-1001.pdf>

¹² <https://www.latimes.com/sports/story/2026-02-01/prediction-markets-evade-super-bowl-host-californias-betting-ban>

investigations and prosecutions of California's consumer protection laws. The UCL Fund provided General Fund loans of \$130 million in 2024-25 and \$150 million in 2025-26. The loans do not have a mandatory repayment date but are scheduled for repayment around 2027-28. The UCL Fund balance is projected to be \$216 million at the end of 2024-25, \$39 million in 2025-26, and \$1.9 million in 2026-27.

Staff Recommendation. Hold open.

NON-DISCUSSION ITEMS

These items will not be presented, but the Department of Finance and the Legislative Analyst’s Office are available to answer questions from the subcommittee members. Public Comment may be provided on these items.

0690 OFFICE OF EMERGENCY SERVICES

Issue 7: Provisional Language Authorizing Augmentations for Emergency Management Assistance Compact Reimbursements

Proposal. The proposed budget includes provisional language allowing augmentations to receive reimbursements for participation in Emergency Management Assistance Compact (EMAC) activities in support of other states or territories.

EMAC was created in 1996 as a framework for state-to-state mutual aid during emergencies. When a state affected by an emergency cannot cover its resource needs, EMAC is activated, and other states offer assistance if they are able. For example, a state may provide additional firefighting equipment to a neighboring state during a major wildfire. After the emergency, the affected state provides reimbursement to the states that helped. The assistance California has provided in recent years is summarized in the table below, with the number of missions and the reimbursement amounts that California has received.

Resource History

EMAC History (Calendar Year)	2020	2021	2022	2023	2024	2025*
Number of Missions	16	4	14	20	11	5
Reimbursement Amount	\$1,508,000	\$5,235,000	\$7,780,000	\$5,677,000	\$2,497,000	TBD

*2025 information as of August 2025.

Cal OES receives and processes EMAC reimbursements on behalf of the state, but does not have the budget authority to do so without a mid-year adjustment, which requires a 30-day notification period. The provisional language would streamline this process by allowing the Department of Finance to augment Cal OES’s budget to process the reimbursement, and notify the Legislature within 10 days of the adjustment.

Staff Recommendation. Hold open.

Issue 8: Implementation of Legislation

Proposal. The Governor’s budget includes the following resources for the Office of Emergency Services to implement three recently enacted bills:

- *Accessibility to Emergency Information and Services: Evacuations: Pets (AB 478, Zbur).* The proposed budget includes three positions and \$668,000 General Fund in 2026-27 and ongoing to support cities and counties updating Emergency Operations Plans with procedures for the rescue, reunification, and temporary holding of household pets during and after evacuations, pursuant to AB 478 (Zbur), Chapter 695, Statutes of 2025.
- *Artificial Intelligence Models: Large Developers (SB 53, Wiener).* The proposed budget includes two positions and \$618,000 General Fund in 2026-27 and ongoing to establish a mechanism to be used by a frontier developer or the public to report critical safety incidents and a mechanism to confidentially submit summaries of assessments of potential catastrophic risk resulting from use of frontier models, in order to implement SB 53 (Wiener), Chapter 138, Statutes of 2025.
- *California Cybersecurity Integration Center: Artificial Intelligence (AB 979, Irwin).* The proposed budget includes two positions and \$717,000 General Fund in 2026-27 and \$463,000 in 2027-28 to create the California Artificial Intelligence Cybersecurity Collaboration Playbook pursuant to AB 979 (Irwin), Chapter 285, Statutes of 2025.

Staff Comment. These proposals are roughly consistent with the fiscal impacts estimated during the policy process, except for the resources provided related to SB 53 (Wiener), Chapter 138, Statutes of 2025. The Administration noted that late amendments to the bill meant that OES’s fiscal impact was not included in that analysis.

Staff Recommendation. Hold open.

0820 DEPARTMENT OF JUSTICE**Issue 9: Implementation of Legislation**

Proposal. The Governor’s budget includes the following resources for the Department of Justice to implement seven recently enacted bills (excluding one piece of firearm-related legislation, which is included in Issue 4: Firearms Workload):

- *California Artificial Intelligence Transparency Act (AB 853, Wicks).* The proposed budget includes four positions and Unfair Competition Law Fund spending authority of \$1.2 million in 2026-27 and ongoing to enforce the requirements of the California AI Transparency Act, AB 853 (Wicks), Chapter 674, Statutes of 2025.

- *Device Protection Requests (SB 50, Ashby)*. The proposed budget includes one position and \$175,000 General Fund in 2026-27 and \$167,000 in 2027-28 and ongoing for the Division of Law Enforcement, Victim Services Unit, to address the increased victim services requirements outlined in SB 50 (Ashby), Chapter 676, Statutes of 2025.
- *Immigration Enforcement Policies (SB 580, Durazo)*. The proposed budget includes \$238,000 General Fund in 2026-27 and \$229,000 General Fund in 2027-28 for the California Justice Information Services Division to implement the requirements of SB 580 (Durazo), Chapter 670, Statutes of 2025.
- *Pharmacy Benefit Managers (SB 41, Wiener and Wahab)*. The proposed budget includes three positions and Public Rights Law Enforcement Fund spending authority of \$883,000 in 2026-27, and \$858,000 ongoing to support the implementation and enforcement of SB 41 (Wiener and Wahab), Chapter 605, Statutes of 2025.
- *Racial Justice Act Expansion (AB 1071, Kalra)*. The proposed budget includes \$2.7 million General Fund in 2026-27 and \$2.6 million General Fund in 2027-28 through 2029-30 to implement the requirements of AB 1071 (Kalra), Chapter 721, Statutes of 2025.
- *Social Media Warning Labels (AB 56, Bauer-Kahan)*. The proposed budget includes \$595,000 Unfair Competition Law (UCL) Fund in 2026-27, and \$581,000 UCL Fund ongoing, and two positions to support enforcement and compliance activities under existing authority related to the requirements of AB 56 (Bauer-Kahan), Chapter 671, Statutes of 2025, which requires social media platforms to warn users regarding the association of social media use with significant mental health harms in young users.
- *Transparency in Frontier Artificial Intelligence Act (SB 53, Wiener)*. The proposed budget includes eight positions and General Fund spending authority of \$2.2 million in 2026-2027 and \$2.1 million ongoing for the implementation of SB 53 (Wiener), Chapter 138, Statutes of 2025.

Staff Comment. These proposals are roughly consistent with the fiscal impacts estimated during the policy process.

Staff Recommendation. Hold open.