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COMMITTEE ON BUDGET AND FISCAL REVIEW

STATE CAPITOL – ROOM 5019
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Agenda

June 12, 2019

1:00 p.m. – State Capitol Room 4203

	<u>BILL</u>	<u>AUTHOR</u>	<u>SUBJECT</u>
1.	A.B. 76	Committee on Budget	Education Finance
2.	A.B. 77	Committee on Budget	Higher Education
3.	A.B. 82	Committee on Budget	General Government
4.	A.B. 83	Committee on Budget	Employment
5.	A.B. 84	Committee on Budget	Political Reform Act of 1974: Online Filing System
6.	A.B. 85	Committee on Budget	Resources
7.	A.B. 87	Committee on Budget	Transportation
8.	A.B. 92	Committee on Budget	Sales Tax Exemption and Wayfair Clean up
9.	A.B. 93	Committee on Budget	Budget Act of 2018: Augmentation
10.	A.B. 94	Committee on Budget	Public Safety
11.	A.B. 95	Committee on Budget	Courts
12.	A.B. 96	Committee on Budget	Emergency Telephone Users Surcharge Act
13.	A.B. 97	Committee on Budget	Cannabis
14.	A.B. 104	Committee on Budget	Corrections Facilities: Financing

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No: AB 76 **Hearing Date:** June 12, 2019
Author: Committee on Budget
Version: June 11, 2019 As amended
Urgency: Yes **Fiscal:** Yes
Consultant: Elisa Wynne

Subject: Education finance: constitutional minimum funding obligation: inflation and cost-of-living adjustments

Summary: This bill makes necessary changes to implement the 2019-20 budget related to the Proposition 98 certification process.

Proposed Law: Specifically, this bill:

- 1) Makes changes to the process for certifying the Proposition 98 minimum guarantee, including that it:
 - a. Eliminates the Proposition 98 Cost Allocation Schedule created in the 2018-19 budget. The Cost Allocation Schedule allowed for the state to account for Proposition 98 appropriations in excess of the amounts required to satisfy the minimum funding obligation to school districts and community college districts and to use any credits to this account to satisfy the minimum guarantee for any prior years in which appropriations were below the certified guarantee level.
 - b. Prohibits the state from making downward adjustments to the Proposition 98 funding level once a fiscal year is over. Requires the state to make upward adjustments to the Proposition 98 funding level after the fiscal year is over, if the calculation results in an increase in a prior year.
- 2) Includes a cap on the cost of living adjustment (COLA) for the Local Control Funding Formula (LCFF) continuous appropriation in future years, if the COLA for LCFF and other K-14 programs exceeds growth in the Proposition 98 guarantee. Adjusts the COLA for programs outside the LCFF by a like amount.
- 3) Provides \$282.2 million in Proposition 98 “settle-up” funding in 2019-20 to allocate to school districts and community colleges for the purposes of reducing the outstanding Proposition 98 funding owed to schools for the 2009-10, 2011-12, 2013-14, 2014-15 and 2016-17 fiscal years. Funding is provided for 2019-20 LCFF expenditures for school districts and charter schools, deferred maintenance for community colleges and other K-12 education and community college programs, as specified.

Fiscal Effect: This bill appropriates \$282.2 million Proposition 98 General Fund for K-14 education.

Support: None on file.

Opposed: None on file.

Comments: This bill provides the necessary statutory changes to enact the 2018-19 budget related to K-12 education.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No:	AB 77	Hearing Date:	June 12, 2019
Author:	Committee on Budget		
Version:	June 11, 2019 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Anita Lee		

Subject: Higher education trailer bill

Summary: This bill makes necessary changes to implement the higher education provisions adopted as a part of the Budget Act of 2019.

Proposed Law: This bill makes various statutory changes to implement the higher education provisions of the 2019-20 budget. Specifically, this bill:

- 1) **Cal Grants for Students with Dependent Children.** Creates a new Cal Grant access award of \$4,000 or \$6,000 for California Community College (CCC), University of California (UC) and California State University (CSU) students with dependent children, as specified.
- 2) **Cal Grants for Students at Accredited Private Non-Profit Institutions.** Extends the timeframe by one-year to 2019-20 for accredited private non-profit institutions to meet associate degree for transfer (ADT) admission thresholds to maintain the maximum Cal Grant award of \$9,084.
- 3) **Competitive Cal Grant Awards.** Increases the number of competitive Cal Grant Awards from 25,750 to 41,000. This bill also repeals existing law that excludes students that qualify for the exemption from nonresident tuition from receiving a competitive Cal Grant. The bill adds legislative intent language for all forms of state-based aid in California to be made equally available to students eligible for state-based financial aid.
- 4) **Middle Class Scholarship.** Adjusts the appropriation for the program to reflect updated caseload and eligibility for the program. The appropriations for the 2017-18, 2018-19, 2019-20, and 2020-21 fiscal years adjusts to \$100 million, 2018-19 \$107 million, \$110.3 million, and to \$117 million, respectively.
- 5) **California College Promise Program.** Authorizes colleges meeting specified requirements to use \$43 million Proposition 98 General Fund to waive fees for first-time, full-time community college students for two academic years.
- 6) **Cal Grant B Incentive Program.** Establishes the Cal Grant B Service Incentive Grant Program, under the administration of the California Student Aid Commission (CSAC), for students that qualify for the exemption from nonresident tuition established by AB 540. Students will receive a stipend of up to \$1,500 per semester

or \$1,000 per quarter if they perform at least 100 hours of community or volunteer service per quarter or 150 hours of community or volunteer service per semester.

- 7) **Federal Vocational Rehabilitation and Employment program.** Specifies that a student at CSU or CCC who is receiving benefits under the federal Vocational Rehabilitation and Employment program is exempt from nonresident tuition.
- 8) **UC Institutional Financial Aid.** Allows the UC to use institutional funds to provide scholarships for California students who meet the UC's definition of a California resident.
- 9) **Legislative Analyst's Office Reports.** Amends the deadline for the final evaluation of the community college baccalaureate degree pilot program from July 1, 2021 to February 1, 2020, and eliminates the September 30, 2019 report for the Seymour-Campbell Student Success Act.
- 10) **CSU Capital Outlay.** Authorizes remaining bond funds from 1996, 2002, 2004, and 2006 to be appropriated to the CSU Los Angeles Physical Sciences Building Renovation project.
- 11) **California State University Post-Employment Benefits.** Amends the health and dental benefit vesting schedule for specified new CSU employees to ten years. The bill also authorizes the California Public Employees Retirement System to provide retiree contact information to CSU for the purpose of notifying them of retirement benefits.
- 12) **California Kids Investment and Development Savings (KIDS) Program.** Establishes the California KIDS Program to be administered by the Scholarshare Investment Board of the State Treasurer's Office. This program will provide state funding to open college savings accounts for eligible low-income California child born on or after July 1, 2020, and encourages parents to match the state's contribution.
- 13) **Child Savings Account Grant Program.** Establishes the Child Savings Account Grant program, to be administered by the CSAC. This program will provide grants to support local governments and nonprofit organizations that sponsor or create local child savings account programs. Applicants who have a higher percentage of students in the local programs geographic region who are eligible for free or reduced price lunch, lower median family income, or lower college-going rates shall receive priority.
- 14) **Field Act Exemption.** Provides an exemption from the Field Act for buildings operated by a nonprofit foundation on federal land.
- 15) **CSU Center to Close Achievement Gaps.** Creates the Center to Close Achievement Gaps at California State University. The Center will provide resources, such as a clearinghouse on evidenced-based best practices, professional preparation of educators, and assistance to local education agencies to eliminate academic achievement gaps between subgroups of students. The Center's mission

is to eliminate academic achievement gaps between subgroups of pupils enrolled in kindergarten and grades 1 to 12.

- 16) **UC Reporting.** Amends statute requiring UC to report to the Legislature annually on system wide initiatives and their costs, to ensure that all programs and initiatives are included in the report.
- 17) **UC and CSU Collaborative for Neurodiversity and Learning.** Establishes the UC and CSU Collaborative for Neurodiversity and Learning, comprised of UC Los Angeles, CSU Dominguez Hills, and other CSU campuses along the Los Angeles basin. The collaborative shall develop a network of brain researchers and educators to develop educational support and new teaching methods for children with diverse learning needs, including children with dyslexia and other learning differences.
- 18) **California State Law Library Special Account.** Extends the sunset date of the California State Law Library Special Account until 2025.
- 19) **Higher Education and CalFresh.** Directs the Department of Social Services, in consultation with the UC, CSU and CCC, to assess the effectiveness of the federal CalFresh program in serving low-income college students and provide recommendations by November 1, 2019 to the Department of Finance and Legislature to improve college student access to the program.
- 20) **CCC Re-entry Grants.** Directs the California Community College Chancellor's Office (CCCCO) to administer a grant program serving currently incarcerated and formerly incarcerated students. Colleges may apply for grants to support these students by offering services such as academic counseling, financial aid information and career counseling.
- 21) **CCC Student Basic Needs Reporting.** Requires CCCCCO to report by March 1, 2020 on the use of funds provided in the budget to address student basic needs, including housing and food insecurity.
- 22) **Community College Student Centered Funding Formula.** Makes several changes to the Student Centered Funding Formula, including capping outcomes funding to 10 percent of the overall formula, limiting colleges to points for the highest degree a student earns in a year, setting a three-year average for outcomes, altering the definition of a transfer student and extending the hold harmless period for an additional year.
- 23) **Various Adjustments.** Makes other various technical adjustments related to reappropriations and technical assistance.

Support: None on file.

Opposed: None on file.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No:	AB 82	Hearing Date:	June 12, 2019
Author:	Committee on Budget		
Version:	June 11, 2019 As amended		
Urgency:	Yes	Fiscal:	No
Consultant:	Yong Salas		

Subject: General Government

Summary: This bill contains statutory provisions related to general government and state administration necessary to implement the Budget Act of 2019.

Proposed Law: This bill make the following statutory changes:

- 1) Prohibits the disclosure of personal information by the Department of Finance's Demographic Research Unit if requested under the Public Records Act.
- 2) Establishes the Office of Digital Innovation and the Digital Innovation Services Revolving Fund.
- 3) Requires the state to match county funding on a 3-to-1 basis to assist counties in updating their voting systems. The bill also allows the state to update county voting systems in counties with 50 or less precincts.
- 4) Requires the full text of measures related to debts and liabilities to be printed in the state voter information guide, consistent with the State Constitution.
- 5) Makes technical changes to Chapter 711, Statutes of 2017.
- 6) Reinstates the fee authority for the Bureau of Household Goods and Electronic Repair.
- 7) Authorizes the Department of Alcoholic Beverage Control to charge examination fees, not to exceed five dollars, for the Responsible Beverage Services program.
- 8) Recasts the fee structure for licenses administered by the Department of Alcoholic Beverage Control.
- 9) Clarifies the types of asset items eligible for financing through the Golden State Financial Marketplace Program, and requires the Department of General Services to obtain approval from the State Treasurer's Office and the Department of Finance for terms and conditions used for the Golden State Financial Marketplace Program.
- 10) Authorizes the director of the Department of General Services to enter into an agreement with the County of Sonoma to transfer jurisdiction of the Sonoma Developmental Center.

- 11) Makes technical changes to Chapter 755, Statutes of 2017.
- 12) Requires the Department of FI\$Cal to provide additional reporting on the status of the FI\$Cal project.
- 13) Aligns statute with the California Department of Veterans Affairs' budgetary practices with regard to revenue collected from state property.
- 14) Cleans up outdated references to an abolished fund and removes duplicative and conflicting language related to the authority to revert unexpended capital appropriations.
- 15) Authorizes monies transferred pursuant to the State Capitol Building Annex Act of 2016 to be deposited into interest bearing accounts.
- 16) Provides that the inclusion of office space or an emergency dispatch center for the California Highway Patrol in the Annex and/or new office building would not subject the entire projects to heightened seismic safety or other requirements that could slow down, or increase the cost of, construction.
- 17) Eliminates the authority of the Department of Justice to be reimbursed for all actual, reasonable, and direct costs incurred in auditing, reviewing, and evaluating the raffle reports being audited by organizations participating in the Major League Sports Raffle Program.
- 18) Makes various technical changes to the state's payroll system.
- 19) Requires the Department of Human Resources to set the salary for the president of the California Public Utilities Commission, and requires the Commission to develop a risk-based approach for reviewing or auditing all balancing accounts.
- 20) Abolishes the Medi-Cal Subaccount and the CalWORKs Subaccount within the Safety Net Reserve Fund and transfers the remaining balances to the Safety Net Reserve Fund, and eliminates the related duties imposed upon the Department of Finance. Requires the Director of Finance to transfer \$700,000,000 from the General Fund to the Safety Net Reserve Fund.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No:	AB 83	Hearing Date:	June 12, 2019
Author:	Committee on Budget		
Version:	June 11, 2019 As amended		
Urgency:	Yes	Fiscal:	No
Consultant:	Anita Lee		

Subject: Employment

Summary: This bill makes necessary changes to implement the 2019-20 budget related to general government and employment.

Proposed Law: This bill makes various statutory changes to implement the general government and employment related provisions of the 2019-20 budget. Specifically, this bill:

- 1) **Paid Family Leave.** Extends the duration of Paid Family Leave benefits from 6 weeks to 8 weeks beginning July 1, 2020 and reduces the reserve requirement for the Disability Insurance Fund from 45 percent to 30 percent beginning July 1, 2019. Includes legislative intent language for the Governor's Office to convene a task force to develop a proposal by November 2019 to extend the duration of paid family leave benefits to six months by 2021-22 for parents to care for, and bond with, their newborn or newly adopted child. The proposal will also address job protections for workers and the goal of providing a 90 percent wage replacement rate for low-wage workers utilizing the Paid Family Leave program to bond with a child.
- 2) **Nonindustrial Disability Insurance.** Expands nonindustrial disability insurance benefits for excluded state employees who are enrolled in annual leave programs to also take paid time off to care for a seriously ill family member or bond with a new child, beginning July 1, 2019.
- 3) **Domestic Workers Outreach and Education Program.** Provides \$5 million in one-time General Fund to create an outreach and education grant program for domestic workers. The Department of Industrial Relations (DIR) Division of Labor Standards Enforcement will allocate grants to community based organizations to provide education and outreach services primarily focused on, but not limited to domestic work employees and employers.
- 4) **Lead Exposure Limits.** Requires DIR's Division of Occupational Safety and Health to complete rulemaking to revise the lead standards of the general industry safety orders and the construction safety orders consistent with scientific research and findings, by September 30, 2020.
- 5) **Sexual Harassment Training for Janitorial Industry.** Eliminates duplicative training requirements for employers who are subject to the mandates of both the Property Service Worker's Protection Act pursuant to Assembly Bill 1978

(Gonzalez), Chapter 373, Statutes of 2016, and the Fair Employment and Housing Act requirements included in Senate Bill 1343 (Mitchell), Chapter 956, Statutes of 2018. This bill ensures that training is consistent with the Fair Employment and Housing Act (FEHA) training and clarifies that janitorial contractors must comply with the provisions specified in AB 1978 and SB 1343.

- 6) **Transfer Authority and Data.** Provides the Department of Human Resources (CalHR) with direct transfer authority for funds associated with CalHR's reimbursable programs. The bill also requires CalHR to develop and maintain a tracking system to collect data regarding discrimination and harassment complaints across state agencies.
- 7) **Exempt and Excluded Employees' Other Post-Employment Benefits.** Clarifies that new excluded or exempt employees who are not related to a bargaining unit, or an officer or employee of the executive branch who is not a member of state civil service, who are hired after July 1, 2019 are subject to a lower employer contribution rate for future retiree health benefits under the 80/80 percent employer contribution formula.
- 8) **Payroll Deferral.** Repeals the provision of current law that requires that on or after January 1, 2010, payments to employees paid on June 30 of each year be issued on July 1.
- 9) **Administration of Social Security Benefits.** Brings the Old Age Survivors and Insurance (OASI) revolving fund under the budget approval process to ensure administrative oversight and provide better insight and transparency into the State Social Security Administrator Program and OASI Fund reserves. Additionally, the bill increases the penalty for public agencies that fail to pay the social security administration assessment.
- 10) **CalSavers.** Makes provisions that require the Employment Development Department (EDD) to assess a penalty on any eligible employer that fails to make the CalSavers Retirement Savings Program available to employees operative only when the board notifies the Director of EDD that enforcement should proceed and the board and the Director of EDD agree to a reasonable implementation timeline, rather than six months after the board notifies the Director of EDD that the act will be implemented.
- 11) **Secure Choice Retirement Savings.** Requires the California Secure Choice Retirement Savings Investment Board to design and disseminate to employers an employee information packet that includes disclosure and opt-out forms to be made available to eligible employees. Current law requires these employee information packets to be made available through EDD.

Fiscal Effect: \$5 million one-time 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
2019 - 2020 Regular

Bill No:	AB 84	Hearing Date:	June 11, 2019
Author:	Committee on Budget		
Version:	June 6, 2019 As amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Yong Salas		

Subject: Political Reform Act of 1974: online filing system

Summary: This bill contains statutory provisions related to the Political Reform Act of 1974 necessary to implement the 2019 Budget Act.

Proposed Law: The bill extends the deadline for the Secretary of State to making the online filing and disclosure system available for use to February 2021.

Fiscal Effect: The bill appropriates \$6,992,000 General Fund to the Secretary of State to implement the online filing and disclosure system.

Support: None on file.

Opposed: None on file.

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sources of criteria air pollutants are consistent with the community emissions reduction programs. Also requires that these resources complement and furthers the rules and regulatory requirements established by the Air Resources Board and local air districts.

- 8) **Habitat Conservation Fund** – Extends the Habitat Conservation Fund for 10 years, until January 1, 2030.
- 9) **Healthy Stores Refrigeration and Grant Program** – Defines “low-access area” and requires a grant recipient to be located in a low-income area or a low-access area. Revises the criteria required for a nonprofit entity to qualify to apply for a grant and authorizes a nonprofit entity to use grant funds to sell California-grown fresh fruits, nuts, vegetables, and minimally processed prepared foods directly in low-income areas or low-access areas.
- 10) **Independent Emissions Market Advisory Committee (IEMAC): Bagley Keene** – Exempts the members of the IEMAC from the Bagley-Keene Act prohibition on serial conversations in order to provide them greater flexibility to communicate with each other when analyzing the effectiveness of the Cap-and-Trade program.
- 11) **IEMAC Legislative Analyst’s Office: Nonvoting Member** – Specifies that the IEMAC member representing the Legislative Analyst’s Office is a nonvoting member.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2019 Budget Act.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No:	AB 87	Hearing Date:	June 12, 2019
Author:	Committee on Budget		
Version:	June 11, 2019 Amended	Fiscal:	Yes
Urgency:	Yes		
Consultant:	James Hacker		

Subject: Transportation

Summary: Provides for statutory changes necessary to enact the transportation provisions of the Budget Act of 2019.

Background: As part of the 2019-20 budget package, AB 1458 makes statutory changes to implement the budget act.

Proposed Law: This bill makes the following statutory changes:

- 1) ***Eliminate Local Transportation Loan Account and Transportation Deferred Investment Fund.*** This bill would close the Local Transportation Loan Account (LTLA) and the Transportation Deferred Investment Fund (TDIF) and transfer the remaining balances of those funds, estimated at roughly \$29 million between the two funds, to the State Highway Account.
- 2) ***Repayment of All Outstanding General Fund Transportation Loans.*** This bill would repay all outstanding General Fund transportation loans, no later than June 30, 2020. This includes \$236 million from the Traffic Congestion Relief Fund (TCRF) and \$873 million in loaned weight fees. All remaining weight fee revenues are required to be repaid by 2020-21. This bill would repay the entire balance of the loan in 2019-20 instead of splitting the repayment between 2019-20 and 2020-21. The TCRF loan is required to be repaid in 2019-20. This bill would clarify that this repayment would not count towards Proposition 2 debt repayment requirements.
- 3) ***Independent Office of Audits and Investigations.*** This bill would provide confidentiality protections to individuals who communicate with the Department of Transportation's Independent Office of Audits and Investigations. SB 1 (Beall), Chapter 5, Statutes of 2017 established the Caltrans Independent Office of Audits and Investigations to ensure that Caltrans and external entities that expend state and federal transportation funds are doing so efficiently and effectively and in compliance with applicable laws and regulations. This bill would ensure that communications between individuals (or entities) and the Office are kept confidential and protected.
- 4) ***California Memorial Scholarship Fund.*** This bill would require that all revenues from certain fees imposed in connection with the issuance of California memorial license plates be deposited into the Antiterrorism Fund. Current law requires 85 percent of these fees to be directed towards the Antiterrorism Fund, with 15 percent

deposited to the California Memorial Scholarship Fund within the General Fund and to be available for scholarships for surviving dependents of California residents killed as a result of injuries sustained during the terrorist attacks of September 11, 2001.

- 5) ***Short Line Rail Infrastructure Improvement Program.*** This bill would direct the California Transportation Commission to establish a statewide competitive grant program to fund short-line railroad projects such as railroad reconstruction, maintenance, upgrades, or replacement. It would fund the program using the unprogrammed amount of funding available to the Trade Corridor Improvement Fund as of May 1, 2020.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2019-20 budget.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair
2019 - 2020 Regular

Bill No:	AB 92	Hearing Date:	June 12, 2019
Author:	Committee on Budget		
Version:	June 11, 2019 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Joe Stephenshaw		

Subject: Taxation

Summary: AB 92 is the Sales Tax Exemption and Wayfair clean-up budget trailer bill. It contains provisions necessary to implement the 2019 budget act.

Proposed Law: Specifically, this bill:

- 1) Requires the Office of Tax Appeals to create a process for a person filing an appeal to choose to appear before one Administrative Law Judge (ALJ) when the appeal:
 - a. Is a Personal Income Tax issue where the total amount in dispute, including taxes, penalties, and fees, is less than \$5,000; or
 - b. Arises from a tax or fee administered by the California Department of Tax and Fee Administration (CDTFA), where the total amount in dispute, including taxes and fees, is less than \$50,000, and the person filing the appeal has gross receipts of less than \$20 million.
- 2) Prohibits a single ALJ from issuing a precedential decision.
- 3) Sunsets the process for appeals before one ALJ on January 1, 2030.
- 4) Clarifies provisions to state that newspapers, internet websites, and other entities that advertise tangible personal property for sale; that refer purchasers to the marketplace seller by telephone, internet link, or other similar means to complete the sale; and do not participate further in the sale; are not facilitating a sale for purposes of the specified provisions.
- 5) Directs CDTFA to allow a delivery network company to elect to become a marketplace facilitator in a form, manner, and duration determined by CDTFA, and requires CDTFA to issue regulations allowing for such an election.
- 6) Limits CDTFA's authority to collect past taxes from qualifying retailers to only those liabilities incurred on or after April 1, 2016.
- 7) Defines "qualifying retailer" as one who:
 - a. Was not registered as a retailer with CDTFA before December 1, 2018.

- b. Had not filed returns or made payments prior to CDTFA contacting them.
 - c. Voluntarily registers with CDTFA, and completes returns including paying taxes due or entering into an installment agreement, within 90 days of the bill's effective date.
 - d. Obtained nexus in the state solely due to using a marketplace facilitator, as defined by AB 147 (Burke), Chapter 5, Statutes of 2019, who stored the retailer's inventory in California.
- 8) Relieves qualifying retailers of any penalties incurred for obligations due between April 1, 2016, and March 31, 2019.
- 9) Amends the district tax threshold effective date to April 25, 2019 to account for the retroactive effect of Assembly Bill 147.
- 10) On or after January 1, 2020, would exempt from sales and use tax the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, diapers for infants, toddlers, and children, and menstrual hygiene products. The Department of Finance would be required to annually estimate the total dollar amount of revenue that would have been credited to the Local Revenue Fund 2011 and would require the controller to transfer that amount from the General Fund to the Local Revenue Fund 2011 no later than June 30 of each fiscal year. These sales and use tax exemptions become inoperative on January 1, 2022.
- 11) Makes technical and conforming changes, including replacing references from the United States Code to the Internal Revenue Code, and deletes unnecessary definitions.

Fiscal Effect: The sales and use tax exemptions provided for in this bill would reduce General Fund revenue by approximately \$17.5 million in 2019-20 and \$35 million in subsequent years.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No: AB 93 **Hearing Date:** June 11, 2019
Author: Committee on Budget
Version: June 6, 2019 As amended
Urgency: Yes **Fiscal:** Yes
Consultant: Jennifer Troia

Subject: Budget Act of 2018: augmentation

Summary: This bill makes a supplemental appropriation to the Budget Act of 2018.

Background: Specifically, this bill appropriates \$112.6 million General Fund to the California Department of Corrections and Rehabilitation and \$800 General Fund to reimburse a qualified county for costs of a homicide trial.

Proposed Law:

1. Appropriates \$112.6 million General Fund to augment the 2018 Budget Act for the Department of Corrections and Rehabilitation. This amount includes costs for providing contracted health care services to state prison inmates who require treatment that cannot be provided in prison clinical environments (\$64.1 million). It also includes funding for housing inmates in out-of-state facilities (\$16.5 million), for dental and medical services (\$3.2 million), for pharmaceuticals (\$18.8 million), and for contracted registry staff in clinical positions (\$10 million).
2. Appropriates \$800 General Fund to augment the 2018 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 qualified counties to seek state reimbursement for homicide trial costs.

Fiscal Effect: Appropriates \$112.6 million General Fund to address shortfalls in the Budget Act of 2018. Balances of the appropriated funds as of June 30, 2019, 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

2019 - 2020 Regular

Bill No:	AB 94	Hearing Date:	June 12, 2019
Author:	Committee on Budget		
Version:	June 11, 2019 As amended		
Urgency:	No	Fiscal:	No
Consultant:	Christopher Francis		

Subject: Public Safety

Summary: Provides for statutory changes to enact the public safety-related provisions of the Budget Act of 2019.

Background: As part of the 2019-20 budget package, AB 94 makes statutory changes to implement the budget act.

Proposed Law: This bill makes the following statutory changes:

- 1) Re-organization of the Division of Juvenile Justice (DJJ): Moves the DJJ from the Department of Corrections and Rehabilitation (CDCR) to a new department under the California Health and Human Services Agency (CHHS). The new department will be called the Department of Youth and Community Restoration (DYCR).

Focuses on transferring authority from CDCR to the new DYCR, allowing current day-to-day operations to continue during the transition. The move will require additional resources to establish the administrative structure of the new DYCR. Codifies the intention to develop and launch a new independent training institute that will train all staff on best practices so they can further the new DYCR's rehabilitative mission.

Establishes goals and intentions to present DJJ youth with skill-building and job-readiness opportunities through an apprenticeship program provided by DJJ/DYCR and the California Conservation Corps.

Establishes an advisory body. On or before October 1, 2019, the Secretary of California Health and Human Services shall convene a committee of the Child Welfare Council to provide input and recommendations related to the Department of Youth and Community Restoration's policies and programs that promote a commitment to improving youth outcomes, reducing youth detention, and reducing recidivism. The committee shall be comprised of individuals, including but not limited to, those with experience in trauma-responsive and therapeutic care of youth, youth justice advocates, youth and family members who have had direct experience with the juvenile justice system, and county probation department representatives. The Department of Youth and Community Restoration shall report as part of the budget process regarding the committee's input and recommendations until 2025.

- 2) California Reentry and Enrichment (CARE) Grant program: Establishes the CARE Grant program to provide grants to community-based organizations that provide rehabilitative services to incarcerated individuals within correctional settings, establishes grant goals, and creates a steering committee to guide the grant process. The budget allocates \$5 million ongoing for this grant as part of the Prison to Community Pipeline package.
- 3) Armed and Prohibited Persons System (APPS) reporting language: Requires the Department of Justice, no later than April 1, 2020, and no later than April 1 of each year thereafter, to report to the Joint Legislative Budget Committee and the fiscal committees of each house of the Legislature the number of individuals in the APPS, the degree to which the backlog in the APPS has been reduced or eliminated, and other specified information related to the efforts of the department in reducing the backlog.
- 4) Board of Parole Hearings (BPH) Commissioner Increase: Expands BPH by two commissioners, for a total of 17 commissioners. One commissioner per week will be designated as a “floater” who will prepare for hearings and be assigned as a third panel member, but who may be redirected to cover another hearing when needed. The additional commissioners are needed to complete workload related to a projected increase in parole hearings. Since 2011, BPH has scheduled between 4,000 and 5,300 parole hearings annually. Current projections indicate that BPH will need to schedule a total of 7,200 hearings in 2019-20 and 8,300 hearings in 2020-21.
- 5) CDCR Administrative Changes: Renames the “Undersecretary for Administration and Offender Services” as the “Undersecretary of Administration.” The language would rename the “Division of Internal Oversight and Research” as the “Division of Correctional Policy Research and Internal Oversight.” The bill would also eliminate the Division of Fiscal and Business Services.
- 6) Peace Officer Standards and Training (POST) report: Outlines an annual reporting requirement beginning on February 1, 2020. Requires that the reporting should include, but is not limited to, the number of peace officers trained, by law enforcement agency, by course, and by how the training was delivered, among other criteria. The budget approves \$34.9 million ongoing to POST to restore the department to previous funding levels, provide training, and provide local assistance. In 2019-20 and 2020-21, \$20 million is prioritized each year for use of force and de-escalation training.
- 7) Proposition 57 Credit Change Notification: Requires the CDCR to submit a report to the relevant fiscal and policy committees of the Legislature and the Legislative Analyst’s Office whenever the CDCR proposes regulatory changes pursuant to the authority to award credits earned for good behavior and approved rehabilitative or educational achievements.
- 8) Body Camera Technical Fix: Makes a technical fix to AB 748 (Ting), Chapter 960, Statutes of 2018 by adding the phrase “the estimated date for the disclosure of” the video or audio recording.

- 9) Workforce Innovation and Opportunity Act (WIOA) Sharing: Allows the CDCR and California Prison Industry Authority to access relevant quarterly wage data necessary for the evaluation and reporting of their respective program performance outcomes as required and permitted by various state and federal laws pertaining to performance measurement and program evaluation under the federal WIOA.

Authorizes the CDCR to provide the social security numbers of current or former inmates to the Employment Development Department, the California Workforce Development Board, or the California Workforce Development Board's designee, for specified purposes relating to tracking the labor market and other workforce development outcomes. The bill would require these entities to keep the social security numbers confidential and would prohibit the entities from disseminating the social security numbers. Because this bill would expand the group of persons who can be convicted for knowingly furnishing state summary criminal history information to unauthorized persons, it would expand the scope of an existing crime and therefore impose a state-mandated local program.

- 10) Organized Retail Theft: Extends the sunset date for the definition of the crime of organized retail crime and the operation of the statewide organized retail crime task force. Existing law, until January 1, 2021, creates the crime of organized retail theft, and sets forth criminal procedures governing the prosecution of certain types of theft and other misdemeanors, including establishing the jurisdiction of a criminal action for certain types of theft, authorizing a peace officer to retain a person or issue a bench warrant for a person arrested for a misdemeanor if the person has failed to appear in court, as specified, and authorizing a diversion or deferred entry of judgment program for repeat theft offenses. Existing law also requires the Board of State and Community Corrections to award funding for a grant program to reduce the recidivism of high-risk misdemeanor probationers and requires the Department of the California Highway Patrol to convene a regional property crimes task force. This bill would extend the sunset date for these provisions from January 1, 2021 to July 1, 2021.
- 11) State Penalty Fund and POST: Amends the Government and Penal Codes to abolish the Peace Officers' Training Fund, which is no longer used by POST and designates the State Penalty Fund as its successor fund.
- 12) Lease Capacity Agreements: Currently, counties that received jail construction funds from the state (via SB 1022 (Committee on Budget and Fiscal Review), Chapter 42, Statutes of 2012 or SB 844 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2016) are not allowed to lease any additional jail capacity that they achieved as a result of the grant to another agency for a period of 10 years. The This bill would exclude the leasing of housing capacity to state agencies from this covenant requirement, thereby expanding the use of continuously appropriated funds and making an appropriation. The bill states that if a county enters into an agreement to lease housing capacity that includes any state agency other than the State Department of State Hospitals, the Department of Finance must report that fact to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the respective fiscal committees of each house.

13) Penal Code Review: Creates a new committee that will be established under the California Law Revision Commission. The new committee will have separate powers to make policies and take actions, and to review and make recommendations to the Legislature and the Governor on revisions to the Penal Code. The committee will begin an effort to simplify and rationalize criminal law and criminal procedures, establish alternatives to incarceration that aid rehabilitation and protect public safety, improve parole and probation systems, and adjust the length of sentence terms based on certain considerations.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2019-20 budget act.

Support: None on file.

Opposed: None on file.

Comments: This bill provides the necessary statutory references to enact the 2019-20 budget related to public safety.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No:	AB 95	Hearing Date:	June 12, 2019
Author:	Committee on Budget		
Version:	June 10, 2019 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Christopher Francis		

Subject: Courts

Summary: Provides for statutory changes to enact the courts-related provisions of the Budget Act of 2019.

Background: As part of the 2019-20 budget package, AB 95 makes statutory changes to implement the budget act.

Proposed Law: This bill makes the following statutory changes:

- 1) **Judgeships:** Allocates 25 of the remaining 48 trial court judgeships effective in the 2019–20 fiscal year, thereby reducing the total number of judgeships yet to be allocated to 23. Existing law, upon appropriation by the Legislature, requires 100 additional new judges to be provided for and allocated to the various county superior courts pursuant to an appointment schedule that has a total number of 48 judges yet to be allocated. The budget provides \$30.4 million General Fund in 2019-20 and \$36.5 million General Fund in 2020-21 and ongoing to allocate 25 of the 48 remaining trial court judgeships authorized by AB 159 (Jones), Chapter 722, Statutes of 2007.
- 2) **Trial Court Reserves:** Increases the cap on trial court reserves from one percent to three percent. Concludes a trial court's authority to carry over one percent of unexpended funds on June 30, 2019. Authorizes, commencing June 30, 2020, a trial court to carry over unexpended funds in an amount not to exceed three percent of the court's operating budget from the prior year, excluding the same specified revenue from the calculation of that percentage as previously authorized.

Since 2014, trial courts have been restricted to carrying over one percent or less in reserves from the prior year operating budget. In 2018-19, this equals approximately \$27 million statewide. Increasing the cap enables courts to retain funding to cover immediate costs for budgeted expenses such as payroll and other ongoing operating expenses in the event of an unanticipated one-time disruption in funding, giving courts the flexibility to address local needs that are unique to certain jurisdictions, and allowing courts to adjust to mid-year cost changes.

- 3) **Data Analytics and Futures Commission IT Directives:** Makes an appropriation of \$5.5 million General Fund to the Judicial Council to provide funding to implement technology solutions related to business intelligence and data analytics and makes this amount available for encumbrance or expenditure until June 30, 2021. Specific

initiatives include evaluating and implementing a pilot program for new technology solutions, including intelligent chat, video remote hearings, natural language voice-to-text translation services, and business intelligence/data analytics using identity management, with the plan of expanding these programs for availability to all judicial branch entities. This program directly supports delivery of three of the Futures Commission recommendations, as directed by the Chief Justice, as well as Judicial Council Technology Committee workload for data analytics and business intelligence.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2019-20 budget act.

Support: None on file.

Opposed: None on file.

Comments: This bill provides the necessary statutory changes to enact the 2019-20 budget related to the judicial branch.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair
2019 - 2020 Regular

Bill No: AB 96 **Hearing Date:** June 12, 2019
Author: Committee on Budget
Version: June 10, 2019 As amended
Urgency: Yes **Fiscal:** Yes
Consultant: Yong Salas

Subject: Emergency Telephone Users Surcharge Act

Summary: This bill contains statutory provisions related to public necessary to implement the Budget Act of 2019.

Proposed Law: This bill makes the following statutory changes:

- 1) Amends the Emergency Telephone Users Surcharge Act to impose a monthly surcharge amount per access line, at an amount no 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.
- 2) Imposes a surcharge paid for prepaid mobile telephony services at the time of each retail transaction in this state, at the rate equal to the monthly surcharge amount per access line, to be paid by prepaid consumers and collected by sellers.
- 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.
- 4) Authorizes the amounts deposited into the State Emergency Telephone Number Account, upon appropriation by the Legislature, to be spent on 911 systems, which include, but are not limited to, Next Generation 911, and the subsequent technologies, and interfaces needed to deliver 911 voice and data information from the 911 caller to the emergency responder and the subsequent technologies, and interfaces needed to send information such as alerts and warnings.
- 5) Provides that provisions of the bill are severable.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No:	AB 97	Hearing Date:	June 12, 2019
Author:	Committee on Budget		
Version:	June 11, 2019 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Yong Salas		

Subject: Cannabis

Summary: This bill contains statutory provisions related to cannabis necessary to implement the Budget Act of 2019.

Proposed Law: This bill makes the following statutory changes:

- 1) Authorizes a licensing authority to issue a citation to a licensee or unlicensed person for any violations of existing law or regulations related to the Control, Regulate and Tax Adult Use of Marijuana Act of 2016.
- 2) Authorizes licensing authorities to assess administrative fines not to exceed \$5,000 per violation for licensees and \$30,000 per violation for an unlicensed person, per day, with due considerations as to the appropriateness of the amount, as specified.
- 3) Requires proceeds from citations to be used for the recovery of investigation and enforcement costs and to be deposited into the Cannabis Control Fund, and the remaining proceeds to be deposited directly into the Cannabis Fines and Penalties Account, and to be available upon appropriation by the Legislature.
- 4) Clarifies that the Cannabis Control Appeals Panel is established in the Business, Consumer Services, and Housing Agency. The bill would authorize the panel to hold a closed session for the purpose of holding a deliberative conference, as specified.
- 5) Extends the repeal date for the provisional license provisions to January 1, 2025 and modifies the applicant requirements to provide evidence of compliance with local ordinances, as specified:
 - a. Requires a provisional license to be valid for no more than 12 months from the date it was issued.
 - b. Authorizes a licensing authority, in its sole discretion, to renew the provisional license annually until the licensing authority issues or denies the provisional license. If the licensing authority renews a provisional license, the bill would require the licensing authority to include the outstanding items needed to qualify for an annual license.
 - c. Authorizes a licensing authority, in its sole discretion, to revoke or suspend a provisional license if the licensing authority determines the licensee failed to

actively and diligently pursue requirements for an annual license. The bill would require a licensing authority to cancel a provisional license upon issuance of an annual license, denial of an annual license, abandonment of an application for licensure, or withdrawal of an application for licensure.

- 6) Extends the repeal date for provisions that provide that the California Environmental Quality Act does not apply to the adoption of an ordinance, rule, or regulation by a local jurisdiction that requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity to July 1, 2021.
- 7) Authorizes the Governor's Office of Business and Economic Development to administer on behalf of the Bureau of Cannabis Control provisions related to the review and granting of funding for cannabis equity programs. The bill would require the report the bureau is required to submit to the Legislature regarding the progress of local equity programs funded by these grants to be submitted annually and to include a copy of the equity assessment, as defined, and equity program descriptions for each local jurisdiction that applies for grant funding.
- 8) Exempts contracts entered into or amended by the State Department of Health Care Services and funded from the Youth Education, Prevention, Early Intervention and Treatment Account from specified provisions of law governing public contracting for programs for youth that are designed to educate about, and to prevent, substance use disorders and to prevent harm from substance use.
- 9) Adds an urgency clause, declaring that the bill take into effect immediately.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No:	AB 104	Hearing Date:	June 12, 2019
Author:	Committee on Budget		
Version:	June 10, 2019 As amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Christopher Francis		

Subject: Corrections facilities: financing

Summary: Provides for statutory changes necessary to enact the corrections financing provisions, relating to the Health Care Facility Improvement Program (HCFIP), of the Budget Act of 2019.

Background: As part of the 2019-20 budget package, AB 104 makes statutory changes to implement the budget act. Individual HCFIP projects at 25 prisons have been established by the State Public Works Board (SPWB) utilizing the lease revenue bond financing authority in Government Code Sections 15819.40-15819.404. These projects are required to improve the infrastructure for outpatient health care services to inmate-patients.

Under existing law, the costs for design and construction, including renovation, and construction-related costs for all projects approved for financing by the SPWB and may not exceed \$1,089,579,000. Existing law limits financing pursuant to this authorization to specified facilities and projects, including all projects established by the board in HCFIP.

Multiple complications, such as poor architectural and engineering design performance, lack of compliance with fire/life/safety requirements and extended construction duration has led to the Department of Corrections and Rehabilitation (CDCR) to estimate that that their needed funding will exceed beyond the current 20 percent augmentation authority.

Proposed Law: This bill makes the following statutory changes:

- 1) Increases the maximum amount of costs authorized from \$1.090 billion to \$1.139 billion for all projects under CDCR jurisdiction that design and construct new, or renovate existing, buildings and provide any necessary ancillary improvements to provide medical, dental, and mental health treatment or housing.
- 2) Makes an additional \$92.9 million available for allocation to any project established by the SPWB in the HCFIP portfolio, subject to existing requirements, including that each allocation be approved by the board and that the Department of Finance report specified information regarding the project to the Joint Legislative Budget Committee and the fiscal committees of each house of the Legislature at least 20 days before the board's approval. By increasing the amount of funds that is continuously appropriated to the board on behalf of the department for these purposes, the bill would make an appropriation.

Fiscal Effect: This bill makes an additional \$92.9 million available for allocation to any project established by the State Public Works Board in the HCFIP portfolio to complete construction of HCFIP projects.

Support: None on file.

Opposed: None on file.

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