[ms-0398.012.002.004]

BUDGET TRAILER BILLS

State Budget
1993-94

Compliments of
ALFRED E. ALQUIST
Budget & Fiscal Review

BUDGET TRAILER BILLS
JUNE 24, 1993 07:40

BILL	AUTHOR	SUBJECT	STATUS
SCA 1	Sen. B&FR	1/2 Cent Sales Tax	On Senate Floor
SCA 9	Roberti	Renters Tax Credit	On Senate Floor
SB 4	Sen. B&FR	Boards and Commissions Transfer Ofc. of Permit Asst.	On Senate Floor
SB 35	Sen. B&FR	Health and Welfare	To Senate
[SB 80	Alquist	Not a trailer/the BUDGET	To Enrollment]
SB 86	Sen. B&FR	Justice System Mandates Appellate Court Fees Court Reporter Fees Correctional Treatment Regs. Public Guardian Reports.	To Enrollment
SB 240	Sen. B&FR	PERS Payment	On Senate Floor
SB 271	Sen. B&FR	Accrual to Cash on Debt Service Two-year Borrowing Authority Special Fund Clean-up	On Senate Floor
SB 351	Sen. B&FR	Renters' Tax Credit Health Care Tax Credit Repeal BOE Cleanup/settlement Authority FTB Settlement Authority	To Senate
SB 399	Hart	K-12 Education CSU Community College Fees	To Enrollment
SB 413	Kopp	Prop. 13 change in ownership	Assembly Rev &
SB 423	Sen. B&FR	Tier Two Option	On Senate Floor
SB 443	Sen. B&FR	Post 75 Mandates	To Enrollment
SB 452	Sen. B&FR	General Govt. Mandate Relief FTB/VLF/Collections Authority Disaster Relief Sunset Ext.	On Senate Floor

TRAILER BILL PACKAGE
JUNE 24, 1993 07:40

BILL	AUTHOR	SUBJECT	STATUS
SB 509	Sen. B&FR	1/2 Cent Sales Tax Extension SCA 1 Implementation Local Sales Tax Cap Prop. 98 Provisions	To Senate
SB 627	Sen. B&FR	Health & Welfare Mandates	On Senate Floor
SB 677	Sen. B&FR	Local Option Sales Tax	On Senate Floor
SB 683	Sen. B&FR	Williamson Act	To Senate
SB 711	Sen. B&FR	Health Care Tax Credit Repeal	To Senate
SB 998	Sen. B&FR	Prop. 99	On Senate Floor
SB 1012	Sen. B&FR	Community College Fees to $13/and lifts Lifts Cap	On Senate Floor (Now fixed.)
SB 1033	Sen. B&FR	General Assistance	On Assembly Flo
SB 1135	Sen. B&FR	Local Govt. Shift TPD Allocation TPD/VLF Roundabout FTB/VLF Roundabout	To Senate
AB 418	T. Friedman	Bank in lieu tax	On Assembly Flo (Passed6/24-Bru moved reconsid.
AB 1252	Mountjoy	Workers Compensation Judges - Ethics	In Senate at De
FOLLOWING PROPOSED AS TRAILERS IN THE ASSEMBLY:			
SB 742	(now Marks)	Teiter Plan - Local Gov't	At Assembly Des
SB 745	(now Bergs.)	Inter-Library districts	At Assembly Des
SB 917	Johnston	To be Independent Police Protection Districts	To Senate
SB 727	Hill	To be Econ. Recovery Act	At Assembly Des
SB 904	Wright	Inmate Welfare Fund	To Senate

CALIFORNIA ASSEMBLY
REGULAR SESSION
1993-94
VOTE TABULATION

SEQ. NO. 19. WAS 3.
AYES 54
NOES 24
NV 2

SB 80 -
THIRD READING
W/O REFERENCE TO FILE

DATE: 06/21/93
TIME: 4:54 AM

AYES - 54

ALPERT	#CANNELLA	#JONES	#POLANCO
ARCHIE-HUDSON	#CONNOLLY	KARNETTE	QUACKENBUSH
#AREIAS	#CORTESE	KATZ	RAINEY
#BACA	COSTA	KLEHS	#RICHTER
#BATES	EASTIN	LEE	#SHER
BORNSTEIN	EPPLE	#MARGOLIN	#SNYDER
#BOWEN	#ESCUTIA	#MARTINEZ	#SOLIS
BRONSHVAG	#FRIEDMAN,B	MCDONALD	SPEIER
#BROWN,V	#FRIEDMAN,T	#MOORE	STATHAM
BRULTE	GOTCH	MURRAY	TAKASUGI
BURTON	HANNIGAN	NAPOLITANO	TUCKER
BUSTAMANTE	HAUSER	#O'CONNELL	#UMBERG
#CALDERA	#HORCHER	PEACE	MR SPEAKER
#CAMPBELL	ISENBERG		

NOES - 24

AGUIAR	FERGUSON	HONEYCUTT	#NOLAN
ALLEN	FRAZEE	JOHNSON	PRINGLE
#ANDAL	GOLDSMITH	KNIGHT	SEASTRAND
BOLAND	HARVEY	#KNOWLES	VASCONCELLOS
BOWLER	HAYNES	#MORROW	WEGGELAND
CONROY	HOGE	#MOUNTJOY	WOODRUFF

NOT VOTING - 2

FA VACANCY VACANT

VOTE ADDED UPON LIFTING OF CALL AT MEMBER'S DESK.
* VOTE CHANGED FROM FLOOR, ADDED AT MINUTE CLERK'S CONSOLE.
+ VOTE ADDED BY SIGNUP SHEET.
@ MEMBER ABSENT OR EXCUSED.

SEQ. NO. 19.

Senate's Vote on SB 80:

ALQUIST -- N
AYALA -- Y
BERGESON -- Y
BEVERLY -- Y
BOATWRIGHT -- N
CALDERON -- Y
CRAVEN -- Y
DEDDEH -- Y
DILLS -- N
GREENE -- Y
HART -- Y
HAYDEN -- N
HILL -- N
HUGHES -- Y
HURTT -- N
JOHNSTON -- Y
KELLEY -- Absent
KILLEA -- Y
KOPP -- Y
LEONARD -- Y
LESLIE -- N
LEWIS -- Y
LOCKYER -- N
MADDY -- Y
MARKS -- Y
MCCORQUODALE -- Y
MELLO -- Y
MORGAN -- Y
PETRIS -- Y
PRESLEY -- Y
ROBERTI -- Y
ROGERS -- Y
ROSENTHAL -- Y
RUSSELL -- Y
THOMPSON -- N
TORRES -- Y
WATSON -- N
WRIGHT -- Y
WYMAN -- N
VACANCY

TOTAL: Ayes, 27, Noes, 11

SENATE THIRD READING

SCA 1 (Committee on Budget and Fiscal Review) - As Amended: June 20, 1993

SENATE VOTE: NOT RELEVANT

ASSEMBLY ACTIONS:

COMMITTEE_____VOTE_____ COMMITTEE_____VOTE_____

DIGEST

2/3 Vote Required.

Existing law:

1) Imposes a tax on the sale and use of tangible personal property within this state. This tax is imposed at a rate of 7.25%. This rate consists of a 5.5% rate for state General Fund purposes, a 0.5% state rate with the proceeds dedicated to the Local Revenue Fund for specific programs, and a 1.25% local rate (the so-called "Bradley-Burns" rate). Under current law, the 5.5% state General Fund rate will be reduced to 5% on July 1, 1993. In addition, counties are authorized to levy local option transactions and use taxes at rates of up to 1.5%.

2) Provides for the allocation of the local sales and use tax based on the site the sale takes place.

3) Section 9 of Article II of the State Constitution provides that tax levies for the usual expenses of the state are not subject to referendum.

4) Section 24 of Article XIII of the State Constitution allows the state to authorize, but not impose, taxes for local purposes.

5) Article XIIIB of the State Constitution establishes limits on the amount of "proceeds of taxes" which may be appropriated by the state and each local government entity.

6) Section 8 of Article XVI of the State Constitution (added by Proposition 98) establishes a funding guarantee for K-14 education and provides education and higher education have first claim on state revenues.

This constitutional amendment:

1) Imposes a 1/2 cent (0.5%) sales and use tax effective January 1, 1994.

2) Provides that the proceeds of the tax are deposited in the Local Public Safety Fund for allocation to counties by the Legislature exclusively for public safety services of local agencies.

3) Requires, in order for a county to receive revenues attributable to the tax, that either of the following must occur:

- continued -

a) A majority of the board of supervisors of the county must pass a resolution requesting an allocation of proceeds of the tax in a manner specified by the Legislature; or

b) A majority of the voters of the county voting in an election on this constitutional amendment must vote in favor of the measure.

4) Provides that the tax imposed by this measure must conform to the sales and use tax law.

5) Specifies that revenues from this tax shall not be considered proceeds of taxes for purposes of the Constitutional appropriations limit (Article XIII B of the Constitution) or state General Fund proceeds of taxes for purposes of Article XVI of the Constitution (Proposition 98). The effect of this provision is that the proceeds of this tax will not count towards either the state or local appropriations limits and will be outside of the Proposition 98 funding guarantee.

6) Provides that this measure supersedes any provision of the Constitution in effect as of the date of its passage which is in conflict with any provision of this measure.

FISCAL EFFECT

State: No direct effect.

Local: If approved by the voters, this measure would result in a local revenue gain of $714 million for the second half of fiscal year 1993-94 and $1.504 billion for fiscal year 1994-95.

COMMENTS

1) The implementing language for this SCA is contained in SB 509, also pending before the Assembly. SB 509 defines the purposes for which the revenues raised by this measure may be spent, prescribes the manner in which a county board of supervisors must request the county's share of the proceeds of this tax, and provides for the allocation of revenues to local public safety services.

2) In order to for a county to receive revenues from the tax imposed by this measure, one of two things must occur:

   a) the county board of supervisors must pass a resolution requesting its share of the proceeds; or

   b) this SCA must be approved by a majority of the county's voters voting on this measure in the November 1993 election.

   However, if this SCA is approved by the voters, the tax will be imposed statewide. Revenues derived from a county that does not qualify to receive an allocation will be distributed proportionately among those counties that qualify to receive revenues as described above.

- continued -

3) The proceeds of this tax do not count towards the appropriations limit for either the state or any local agency receiving funds from the tax.

4) Revenues raised by this tax will be outside the Proposition 98 funding guarantee. As a result, this tax will not increase the state's funding obligation to K-14 education.

5) This provides that if any portion of this SCA conflicts with an existing provision of the state Constitution, this measure shall take precedence. In particular, this measure waives the current provision of the Constitution which prohibits a referendum on taxes used to fund the ordinary operating expenses of the state.

FN 002588

Jean Ross
322-3730
arevtax

Revised - as amended RN 9322505

SENATE THIRD READING

SB 509 (Committee on Budget and Fiscal Review) - As Amended:

SENATE VOTE: NOT RELEVANT

ASSEMBLY ACTIONS:

COMMITTEE_____VOTE_____COMMITTEE_____VOTE_____

DIGEST

Urgency Statute. 2/3 Vote Required.

Existing law:

1) Sets the state's share of the sales and use tax at 6%. There are several component rates which make up this total state rate, including a temporary 1/2 cent rate which sunsets June 30, 1993.

2) Specifies, under the provisions of Proposition 98, a state funding requirement for K-14 programs which is, under certain circumstances, driven by the level of tax proceeds the state collects.

3) Provides that counties may impose local transaction and use taxes for various purposes. However, the total rate associated with these "add-on" rates generally may not exceed 1.5% in a county.

This bill: (i) extends for 6 months the state's temporary 1/2 cent sales tax and dedicates the revenue generated for local public safety; (ii) suspends Proposition 98 with respect to the revenue generated by the measure; (iii) specifies an allocation method for revenues generated both by this measure and by SCA 1; and (iv) makes various other related changes. Specifically, this measure:

SIX MONTH EXTENSION OF 1/2 CENT SALES TAX

1) Extends for 6 months (July 1, 1993 to December 31, 1993) the state's temporary 1/2 cent sales and use tax.

2) Specifies that any revenues generated by the 1/2 cent sales tax extension enacted by this bill shall not be considered General Fund revenues for purposes of calculating the Proposition 98 funding guarantee, and that Proposition 98 is suspended for purposes of the revenue generated by this bill.

3) Provides that revenues generated by the six month extension of the sales tax shall be deposited in the newly created Local Public Safety Fund. Amounts deposited in the fund shall be distributed to counties that adopt a specified resolution (see #4) based on a county's proportionate share of statewide taxable sales (on a "situs" basis).

- continued -

4) Requires that for a county to receive revenue from the 6 month extension of the 1/2 cent temporary sales tax, the county board of supervisors, by majority vote, must adopt a resolution by August 1, 1993 which does both of the following:

   a) Requests an allocation of revenue from the Local Public Safety Fund; and

   b) Ratifies the statewide imposition of an additional 1/2 cent sales tax pursuant to SCA 1 on the November 1993 ballot.

5) Specifies that amounts distributed from the Local Public Safety Fund shall be used only for "public safety services." Public safety services are defined as including, but not limited to "sheriffs, police, fire protection, county district attorneys, and county corrections." Courts are not eligible for distributions.

6) Requires that each qualifying county establish a Public Safety Augmentation Fund for receipt of their share of the specified 1/2 cent revenues. Amounts deposited in the augmentation fund shall be allocated back to cities and counties, in proportion to the amount of property tax reduction, less "VLF backfill," the county or city suffered as a result of the property tax shift contained in SB 1135. However, in no event could a city receive a sales tax allocation which exceeds 50% of its net property tax reduction. Sales tax amounts in excess of this 50% cap on reimbursement would be allocated to the county.

   For example, if a city suffered 10% of the total net property tax reduction imposed upon the county and cities within the county, then that city would be entitled to 10% of the sales tax generated in that county; so long as that sales tax allocation did not exceed 50% of the net property tax loss suffered by the city.

7) Creates an exception to the formula specified in #6 above for the following counties: Fresno, Kings, Merced, San Bernardino, San Diego, San Joaquin, Solano, and Yolo. In these counties, the total proportional allocation of sales tax proceeds to cities is limited to 5% of sales tax amounts deposited in the county Public Safety Augmentation Fund.

8) Specifies that the percentage of sales tax proceeds allocated to cities and counties pursuant to #6 and #7 shall remain fixed for all subsequent years based on the percentages determined for the 1993-94 fiscal year (this provision is only necessary if SCA 1 is approved by voters).

9) Increases from 1.5% to 1.75% the cap on local transaction and use taxes which may be levied in San Francisco County.

10) Clarifies county authority to levy general purpose transaction and use taxes. Specifically, provides that counties may levy these taxes in increments of 1/4 cent, and that they may impose more than one 1/4 cent general purpose increment, so long as the county does not exceed the local transactions and use tax rate cap.

- continued -

11) Provides that if counties elect to place a local transaction and use tax ordinance on their November 1993 local ballot, pursuant to specified existing authority, that such a tax approved on that ballot shall be effective January 1, 1994 rather than April 1, 1994.

12) Exempts property sold pursuant to specified fixed price sales or lease contracts from the 1/2 cent sales and use tax rate imposed by this act.

IMPLEMENTING STATUTES FOR SCA 1

13) Provides that for a county to receive revenues from the 1/2 cent sales tax created by SCA 1, the county must either:

    a) Adopt, by August 1, 1993, a resolution requesting an allocation of revenue from the Local Public Safety Fund and ratifying the statewide imposition of a 1/2 cent sales tax by SCA 1 on the November 1993 ballot; or

    b) A majority of the county's voters must vote to approve SCA 1.

14) Specifies that revenues from the 1/2 cent sales tax imposed by SCA 1 shall be allocated within a qualifying county in the same manner as the revenue generated by the 6 month 1/2 cent sales tax extension discussed above.

15) Specifies the title and summary of SCA 1 which shall appear on the November 2, 1993 ballot. For purposes of the ballot, SCA 1 shall be the "Local Public Safety Protection and Improvement Act of 1993."

16) Takes effect immediately as an urgency statute.

FISCAL EFFECT

State: The Department of Finance estimates that this measure would generate approximately $744 million in revenues during the first 6 months of 1993-94. These revenues would be allocated to local agencies for public safety purposes.

Local: Local agencies would receive $744 million in revenue from the state for public safety purposes. Approximately $46 million of this amount would be allocated to cities, with the balance ($698 million) being distributed to counties.

FN 002704

Andrew Meyers
322-3730
arevtax

Revised - as Amended RN9322488

SENATE THIRD READING

SB 1135 (Committee on Budget and Fiscal Review)

SENATE VOTE: NOT RELEVANT

ASSEMBLY ACTIONS:

COMMITTEE_____VOTE_____COMMITTEE_____VOTE_____

DIGEST

Urgency statute. 2/3 vote required.

Existing law:

1) Pursuant to Community Redevelopment Law:

   a) Establishes a mechanism for allocating, during the 1992-93 fiscal year, a greater amount of local property taxes to school and community college districts to offset the state's general aid expenditure.

      This increase is provided by redirecting redevelopment tax increment moneys to meet a target amount. Amounts collected pursuant to this procedure are deposited in the Educational Revenue Augmentation Fund (ERAF), established in each county for allocation to school districts, county offices of education, and community college districts.

   b) Authorizes an agency to use any moneys which are legally available, including reserve funds, proceeds from bonds or other indebtedness, lease revenues, and the proceeds from the sale of property. However, no moneys currently on deposit within the agency's Low and Moderate Income Housing Fund (LMI Fund) may be used for this purpose.

   c) Authorizes an agency to use 50% of its annual LMI Fund deposit to meet its ERAF obligations. These moneys must be considered a loan from the LMI Fund which must be repaid within 10 years.

   d) Requires a redevelopment agency that is unable to meet its school and community college responsibilities to borrow the amount of that deficiency from the appropriate legislative body.

   e) Provides that if the agency is unable to meet its fiscal responsibilities to school and community college districts, the county auditor is directed to deduct the amount of the transfer from the legislative body's property tax allocation.

2) For the 1992-93 fiscal year, reduces the amount of property tax revenues deemed allocated in the prior fiscal year to counties, cities, and special districts by $525 million, $200 million, and $375 million, respectively, and instead, shifts the amount of these reductions to the ERAF for

- continued -

allocation to school districts, county offices of education, and community college districts.

3) For the 1992-93 fiscal year only, modifies the amount of property tax revenue deemed allocated in the prior fiscal year to any city, county, and city and county by certain per-capita reductions, resulting in an additional shift of property tax revenues to the ERAF for allocation to school districts, county offices of education, and community college districts. These reductions in revenues to cities, counties, and cities and counties are offset by a redirection in the 1992 Budget Act of $100 million from the Motor Vehicle License Fee (VLF) Account. This provision is known as the VLF "roundabout."

This bill:

1) Modifies the 1992-93 redevelopment property tax shift formula by reducing the target amount from $205 million statewide to $65 million statewide. Agencies are required to transfer this target amount to the ERAF in the 1993-94 and 1994-95 fiscal years.

2) Shifts $2.595 billion in property tax revenues from local governments to the ERAF as follows:

Counties	$1,998 million
Cities	288 million
Special Districts	244 million
Redevelopment Agencies (see #1 above)	65 million
TOTAL:	$2,595 million

3) a) Beginning in the 1993-94 fiscal year, additionally modifies the amount of property tax revenue deemed allocated in the prior fiscal year to any city, county, and city and county by certain per capita reductions, resulting in an additional shift of $50 million in property tax revenues to the ERAF. The property tax revenue loss to cities, counties, and cities and counties is offset by allocations of $50 million annually in VLF revenues from delinquent VLF collections by the Franchise Tax Board.

b) For the 1993-94 fiscal year only, provides for an allocation of $130 million in VLF revenues to cities ($90 million) and counties and cities and counties ($40 million) to be disbursed in proportion to their respective shares of the total property tax revenue reduction for cities, counties, and cities and counties described in #2 above.

4) Makes minor technical changes.

FISCAL EFFECT

1) Redevelopment:

State: General Fund savings of $65 million in the 1993-94 and 1994-95 fiscal years.
Local: Revenue loss in the 1993-94 and 1994-95 fiscal years of $65 million annually to local governments which administer redevelopment agencies.

- continued -

2) Local Government Property Tax Shift:

State: General Fund savings of $2,530 million in the 1993-94 fiscal year.
Local: Revenue loss of $1,998 million for counties, $288 million for cities, and $244 million for special districts in the 1993-94 fiscal year.

3) VLF Revenue Allocations:

a) Ongoing "Roundabout":

State: General Fund savings of $50 million in the 1993-94 fiscal year.
Local: Property tax revenue loss of $25 million to cities and $25 million to counties and cities and counties in the 1993-94 fiscal year, to be offset by a redirection of $50 million in VLF revenues to cities, counties, and cities and counties.

b) One-time Redirection:

State: No effect on the General Fund.
Local: Revenue gain of $90 million for cities and $40 million for counties and cities and counties in the 1993-94 fiscal year only.

COMMENTS

1) Although this bill provides for the redirection of unreserved redevelopment moneys to help offset the loss of property tax revenue to cities and counties, it is unclear to what extent this provision is operable from both a constitutional and practical perspective. Under the California Constitution, a redevelopment agency receives tax increment revenues only to the extent that those revenues are necessary to implement its redevelopment plan. Therefore, a redevelopment agency may not have the ability to redirect its moneys to the ERAF. To the extent that unreserved redevelopment moneys do not offset a community's loss of property taxes to schools, these provisions could be considered an additional reduction beyond the property tax revenue reductions to cities and counties.

As noted above, similar redevelopment provisions were enacted for the 1992-93 fiscal year. The City of Alhambra is currently in the process of challenging the 1992-93 local government ERAF transfer requirements, including those provisions relating to redevelopment agencies.

2) Subsequent to the passage of Proposition 13 in 1978, the Legislature enacted SB 154 (Rodda) Chapter 292, Statutes of 1978, to provide for a temporary system of financing local government. This "bailout" bill provided a method for allocating the proceeds of the 1% property tax to each local entity, and also provided for the distribution of direct state assistance ("block grants") to each local entity in direct proportion to the amount of property tax lost due to Proposition 13.

The following year, the Legislature enacted AB 8 (L. Greene) Chapter 282, Statutes of 1979, which provided a permanent method for allocating the proceeds from the 1% property tax rate. The property tax allocation system

- continued -

established by AB 8 ensured that in any fiscal year, a local government received property tax revenues in an amount equal to what it received in the prior fiscal year (i.e., "base") and its share of the growth in revenue resulting from growth in assessed value within its boundaries (i.e., "increment").

AB 8 also authorized a permanent shift of a sizable portion of the property tax base from school districts to counties, cities, and special districts; provided state "buyout" of certain county health and welfare program costs which had previously been financed with the local property tax; and involved a commitment of state revenues to replace much of the school property tax base lost.

Although AB 8 eliminated the one-year state block grant payments to local governments, it did not eliminate the "bailout" support. "Bailout" was made a permanent feature of the state-local fiscal relationship by means of the permanent shift of the school property tax base to local agencies and state "buyout" of certain health and welfare program costs.

The bailout funds pursuant to SB 154 also resulted in the transfer of state General Fund assistance to special districts. However, instead of sending these funds directly to special districts, the Legislature created a Special District Augmentation Fund (SDAF) in each county. Each county received an amount for its special districts based on its districts' property tax losses relative to property tax losses statewide.

Additionally, cities which never levied a property tax rate or which levied low rates of property tax are known as "no- and low-property tax cities." Existing law establishes a minimum property tax entitlement for no- and low-property tax cities located in counties which choose to participate in the Brown-Presley Trial Court Funding Act of 1988. This entitlement, known as the tax equity allocation (TEA), generally guarantees each city a seven-cent property tax increase phased-in over a seven-year period in equal installments beginning in the 1989-90 fiscal year.

Any county which opts to receive state block grants for the support of its trial courts pursuant to the Brown-Presley Trail Court Funding Act is required to transfer a portion of its property tax revenues to the no- and low-property tax cities in the county.

SB 1135 modifies the computations and allocations of property tax revenues to counties, cities, and special districts for the 1993-94 year and redirects approximately $2,530 billion in property tax revenues pursuant to these modifications to school districts, county offices of education, and community college districts.

3) The property tax revenue reduction for counties is allocated among counties pursuant to a formula which calculates each county's average of the amount of its total taxable sales and the amount of its property tax revenue reduction under the Governor's proposal contained in his May Revision of the 1993-94 Budget.

- continued -

The property tax revenue reduction for cities is allocated to each city based pursuant to a formula based on its share of AB 8 "bailout", with no city incurring a reduction which exceeds $19.31 per capita. No-property tax cities and newly incorporated cities, which did not receive any AB 8 "bailout", do not incur a property tax revenue reduction under this bill.

The property tax revenue reduction for special districts is achieved by requiring the county auditor to determine the amount of special districts' AB 8 "bailout" minus the amount of AB 8 "bailout" received by special districts which perform fire protection activities. The Special District Augmentation Fund (SDAF) is repealed. Local hospital districts, transit districts, special districts which perform fire protection activities, and water agencies which do not sell water at retail are not subject to a property tax revenue reduction under this bill.

Special districts which will be mostly affected by the property tax revenue reduction under this bill include library, park and recreation, cemetery, and mosquito abatement districts.

4) Under this bill, counties, cities, and cities and counties will incur an additional $50 million property tax revenue reduction pursuant to a per-capita formula, to be offset by $50 million in VLF revenues which will be realized by the state pursuant to the collection of delinquent VLF by the Franchise Tax Board authorized by SB 452 (Committee on Budget and Fiscal Review), another 1993-94 budget trailer bill.

5) Under this bill, for the 1993-94 fiscal year only, counties, cities, and cities and counties will receive VLF allocations to partially offset their property tax revenue reduction: $90 million for cities, and $40 million for counties and cities and counties, to be allocated in proportion to their property tax revenue loss. The VLF revenues available for allocation under this provision are realized from a redirection in the 1993 Budget Act of Transportation Planning and Development Account revenues into the State Highway Account, with a corresponding redirection of State Highway Account revenues into the Motor Vehicle License Fee (VLF) Account.

6) According to the Department of Finance, the property tax revenue reductions for counties will be partially offset by revenues from the extension of the state sales tax, the VLF allocations described in #3 above, savings in workers' compensation costs, and mandate relief. The Department also asserts that the property tax revenue reductions for cities will be partially offset by the VLF allocations described in #3 above and savings in workers' compensation costs.

FN 002692

Toni Symonds/Betty T. Yee
445-2320/445-6034
ahcd/algov

SENATE THIRD READING

SB 86 (Committee on Budget and Fiscal Review) - As Amended: June 20, 1993

SENATE VOTE: NOT RELEVANT

ASSEMBLY ACTIONS:

COMMITTEE _____ VOTE _____ COMMITTEE _____ VOTE _____

DIGEST

Urgency statute. 2/3 vote required.

Existing law imposes numerous requirements on local agencies regarding court operations and procedures.

This bill removes or suspends several mandates on counties and other public agencies regarding court operations and court processes. Specifically, the bill:

1) Suspends, until July 1, 1994, the requirement that counties: (a) audit all orders and demands of county law library trust funds and (b) conduct biennal audits of all collection and disbursement of courts, probation offices, central collection bureaus and other agencies relating to the judicial process.

2) Requires that courts charge litigants actual costs for court reporter services from the first day such services are required.

3) Provides that courts shall not hold session on days designated as unpaid furlough days pursuant to a consolidated memorandum of understanding between counties and their employees except as ordered by the presiding judge upon a finding of judicial emergency. Also, requires that on such furlough days courts shall provide: (a) drop boxes for filing documents, and (b) an appropriate judicial officer to conduct arraignments and to sign necessary documents on an emergency basis.

4) Deletes the requirement that counties submit annual reports of all court revenues (including filing fees, fines and forfeitures) and court expenditures to the Controller. The information shall continue to be submitted to the Judicial Council which will be responsible for the information's submission to the Controller.

5) Suspends, until January 1, 1996, the requirement that local agencies adopt and implement correctional treatment center regulations.

6) Deletes the mandatory appearance of a juvenile in traffic infractions matters except those relating to: (a) driving without a license; (b) financial responsibility; (c) speeding in excess of 15 miles above the speed limit; and (d) use or possession of alcoholic beverages.

7) Deletes the requirement for conservators (including public guardians) to

- continued -

submit "general plans" regarding how the personal and financial needs of a conservatee will be met.

8) Make legislative findings and declarations that state that efficiencies and cost savings will result from enactment of SCA 3 (i.e., creations of district courts).

FISCAL EFFECT

According to the Department of Finance (DOF), this bill will result in substantial cost savings or increased revenues to local agencies. DoF estimates that: (a) consolidating and suspending the specified court audits and reports will result in cost savings of less than $500,000; (b) collection of court reporter fees equal to actual costs from the first day of service will result in additional revenues of $3 million statewide; (c) permitting court staff furloughs will result in $36 million savings; (d) suspending adoption of correctional treatment regulations will result in $23 million cost avoidance; (e) deleting mandatory appearances in juvenile traffic matters will result in up to $3 million savings; (f) deleting the requirement that conservators submit a "general plan" concerning conservatees will result in less than $1 million cost savings; and (g) full implementation of SCA 3 will result tens of millions of dollars in annual savings.

COMMENTS

The provisions in this bill appear to be consistent with the recommendations of the Committee on Budget and Fiscal Review concerning local agency mandate relief.

FN 002602

Rubin R. Lopez
445-4560
ajud

Revised - As Amended RN9322419

SENATE THIRD READING

SB 1033 (Committee on Budget and Fiscal Review) - As Amended:

SENATE VOTE: NOT RELEVANT

ASSEMBLY ACTIONS:

COMMITTEE_____VOTE_____COMMITTEE_____VOTE_____

DIGEST

I. GENERAL ASSISTANCE STANDARD OF AID

Existing law requires counties to provide aid to indigents who are not eligible for any other state or federal income assistance programs. Aid is provided by each county's General Asistance (GA) program. Local county boards of supervisors set the GA standard of aid. Counties may, however, adopt a ceiling based on 62% of the federal poverty level of 1991 that may be further adjusted by the amount that Aid to Families with Dependent Children (AFDC) grants are adjusted. The GA standard of aid may also be adjusted based on county location and on the sharing of housing.

This bill:

1) Permits any county to reduce its General Assistance (GA) standard of aid below the level established by current law but by no more than 40% of the federal poverty level of 1991 if the Commission on State Mandates finds that meeting the standards under current statute would result in a significant financial distress to the county.

2) Allows the Commission to permit a county to reduce the standard for up to 12 months. However, the Commission may renew the reduction for an additional 12 months under extraordinary circumstances, but the reduction cannot exceed a total of 24 consecutive months.

3) Requires the Commission to hold a public hearing after 30 days notice on a county's application to reduce the GA standard. The Commission is required to hold the hearing in the applicant county.

4) Puts into place a process by which counties may apply to the Commission on State Mandates for relief from their obligation to assist indigents.

FISCAL EFFECT

Unknown cost savings to counties to the extent that they secure permission from the Commission to reduce grant costs.

- continued -

II. INDIGENT HEALTH

Existing law requires counties to provide medical care to persons without resources who are unable to obtain services from the state or other sources.

This bill exempts counties from providing or paying for services to its eligible residents that were reduced or eliminated from the Medi-Cal schedule of benefits.

FISCAL EFFECT

Undetermined local cost avoidance to the extent counties take advantage of the exemption to avoid the provision of certain services to Medi-Cal eligibles who can no longer receive such services as a Medi-Cal benefit.

COMMENTS

None.

FN 002688

Carol Wallisch
445-0664
ahumans

Revised as amended - RN9322518

SENATE THIRD READING

SB 683 (Committee on Budget and Fiscal Review)

SENATE VOTE: NOT RELEVANT

ASSEMBLY ACTIONS:

COMMITTEE_____VOTE_____COMMITTEE_____VOTE_____

DIGEST

Urgency statute. 2/3 vote required.

Existing law:

1) Under SB 80 (Alquist), the 1993-94 Budget Act (if signed into law), provides a $14,400,000 appropriation for open space subventions [Item 9100-101-100(e)].

2) Requires the Secretary of the Resources Agency to direct the Controller to annually pay appropriated funds to eligible local governments in the following amounts for each acre of open space land that is subject to an enforceable restriction (i.e., Williamson Act lands): $8 for prime agricultural land that is within three miles of a city with a population of 25,000 or more, $5 for prime agricultural land that is either with a city or within three miles of a city having a population of 15,000 to 25,000, $1 for other prime agricultural land, and $0.40 for all land other than prime agricultural land.

This bill:

1) Augments the SB 80 open space subvention by $20,902,290 (for a total of $35,302,290).

2) Reduces the number of agricultural land categories (from four categories to two categories) and revises the amounts for each acre of land to the following: $5 for prime agricultural land and $1 for other land.

FISCAL EFFECT

Increased appropriation to certain local governments.

COMMENTS

SB 80 (Alquist), the 1993-94 Budget Act (approved by the Assembly June 21 with Senate concurrence June 22), provides a $14,400,000 appropriation for open space subventions. This bill augments that appropriation by $20,902,290, and revises the agricultural land categories and per acreage allocations to correspond with this augmentation.

FN 002703

Randy Pestor
445-6034
algov

CALIFORNIA ASSEMBLY
REGULAR SESSION
1993-94
VOTE TABULATION

SEQ. NO. 20.
AYES 63
NOES 8
NV 9

SB 683 -
3RD READING URGENCY
W/O REFERENCE TO FILE

DATE: 06/23/93
TIME: 11:52 PM

AYES - 63

AGUIAR	CAMPBELL	ISENBERG	POLANCO
ALLEN	CANNELLA	JONES	QUACKENBUSH
ALPERT	CONNOLLY	KARNETTE	RAINEY
ANDAL	CORTESE	KATZ	RICHTER
ARCHIE-HUDSON	COSTA	KLEHS	SEASTRAND
AREIAS	EASTIN	KNIGHT	SHER
BACA	EPPLE	KNOWLES	SNYDER
BORNSTEIN	ESCUTIA	LEE	SOLIS
BOWEN	FRAZEE	MARGOLIN	SPEIER
BOWLER	FRIEDMAN,B	MARTINEZ	STATHAM
BRONSHVAG	FRIEDMAN,T	MCDONALD	TAKASUGI
BROWN,V	GOTCH	MOORE	TUCKER
BRULTE	HANNIGAN	MURRAY	UMBERG
BURTON	HARVEY	NAPOLITANO	VASCONCELLOS
BUSTAMANTE	HAUSER	O'CONNELL	MR SPEAKER
CALDERA	HONEYCUTT	PEACE	

NOES - 8

CONROY	HAYNES	HORCHER	NOLAN
FERGUSON	HOGE	JOHNSON	PRINGLE

NOT VOTING - 9

BATES	GOLDSMITH	MOUNTJOY	WOODRUFF
BOLAND	MORROW	WEGGELAND	VACANT
FA VACANCY			

VOTE ADDED UPON LIFTING OF CALL AT MEMBER'S DESK.
* VOTE CHANGED FROM FLOOR, ADDED AT MINUTE CLERK'S CONSOLE.
+ VOTE ADDED BY SIGNUP SHEET.
@ MEMBER ABSENT OR EXCUSED.

SEQ. NO. 20.

Revised - as Amended RN9322492

ASSEMBLY THIRD READING

AB 418 (T. Friedman) - As Amended:

ASSEMBLY ACTIONS:

COMMITTEE_____VOTE_____ COMMITTEE_____VOTE_____

DIGEST

2/3 Vote Required. Urgency Statute.

Existing law:

1) Imposes a tax of 9.3% on the California net income of all corporations doing business or deriving income from within the state.

2) Exempts banks from the general corporate income tax and provides for a separate tax on banks and financial corporations. This tax consists of the general corporate rate (9.3%) and an "in-lieu" rate set by a statutory formula. The in-lieu rate for 1992 is 1.707%, for a total rate of 11.007%. Effective January 1, 1996, the formula for setting the in-lieu rate is repealed and the in-lieu rate is set at 2%.

3) Provides that the in-lieu tax is levied in place of all state, county and municipal taxes except real property tax, local utility user taxes, sales and use taxes, the state energy resources surcharge, vehicle license and registration fees, and any other taxes levied upon vehicles. As a result, local governments are prohibited from levying personal property and business license taxes, as well as any other tax not specifically exempted, on banks and financial corporations.

This bill:

1) Requires for the Controller to allocate revenues attributable to the bank in-lieu tax rate to qualified cities and counties. For income years ending in 1992 and thereafter moneys in this fund, after refunds and reimbursement of administrative costs, would be allocated as follows:

   a) 15% to counties with population of 700,000 or more in proportion to each counties' share of the population of all counties with population of 700,000 or more;

   b) 13% to cities with population of 100,000 or more in proportion to each cities' share of the population of all cities with population of 100,000 or more;

   c) 28% to counties with a population in excess of 700,000 and with a general relief caseload, as specified, in excess of 10,000 distributed in proportion to caseloads in counties to with general relief caseloads in excess of 10,000;

- continued -

d) 39% to counties with a population in excess of 700,000, general relief caseload in excess of 10,000 and a Medi-Cal caseload, as specified, in excess of 150,000 distributed proportionately to the total Medi-Cal caseload in counties with Medi-Cal caseloads in excess of 150,000; and

e) 5% to negative bail-out counties, as defined, in proportion to the amount of county funds lost as a result of the 1983-84 restructuring of state and county responsibility for certain health programs.

Revenues would be distributed in December and June of each fiscal year.

2) Repeals the 2% in lieu tax rate scheduled to take effect for taxable and income years beginning on or after January 1, 1996.

3) Provides that the maximum combined corporation and in-lieu tax rate:

a) Shall not exceed 11.7% for taxable years ending before 1993;

b) Reinstates the statutory formula for determining the in-lieu rate with a modification allowing the Franchise Tax Board to adjust the formula shall be a fraction.

4) Authorizes local government to impose parcel taxes approved by a two-thirds vote of the voters on banks and financial corporations effective January 1, 1994.

5) Takes effect immediately as an urgency measure.

FISCAL EFFECT

State: General Fund revenue loss of $194 million in fiscal year 1993-94, $103 million in fiscal year 1994-95, and $109 million in fiscal year 1995-96 according to estimates provided by the Franchise Tax Board (see comment 2).

Local: Gain to eligible cities and counties of $194 million in fiscal year 1993-94 and $103 million in fiscal year 1994-95.

COMMENTS

1) The purpose of the bill is to provide fiscal relief to large, urban counties and large cities that, according to the author, suffer disproportionately from the property tax shift proposed as part of the 1993-94 budget. In addition, this bill provides assistance to so-called "negative bailout" counties that were required to shift property taxes to school districts after the state increased its share of certain health and welfare program costs. These counties were low property tax counties prior to Proposition 13 that experienced a net gain when the state increased its share of funding for health and welfare programs. The original negative bailout counties include Alpine, Butte, Lassen, Mariposa, Orange, Plumas, Stanislaus, and Trinity.

- continued -

2) This measure applies retroactively to revenues attributable to taxable years ending in 1992. As a result, the state is required to make payments to local government for amounts attributable to fiscal years 1991-92 1992-93.

3) While bank in-lieu tax revenues are attributable to bank operations statewide, this measure provides fiscal relief to a limited number of jurisdictions.

   The annual approximate distribution (not including retroactive amounts attributable to fiscal years 1991-92 and 1992-93) from this measure is as follows:

   a) $15 million to cities with population in excess of 100,000 including $4.4 million to Los Angeles, $1.4 million to San Diego, and $989,000 to San Jose.

   b) $85 million to certain counties including $65 million for Los Angeles County, $7.8 million for Alameda County, $4 million for San Francisco, $1.7 million for San Diego County, and $4.4 million for Orange County.

4) The bank in-lieu tax is a special state tax paid by banks and other financial corporations in lieu of local taxes other than real property and utility user taxes. The in-lieu tax is paid in the form of an "add-on" to the corporate income tax. The in-lieu tax does not equal what banks would pay in local taxes. The Franchise Tax Board estimates that banks would pay approximately $147 million in local taxes in fiscal year 1993-94, while the state will only receive $103 million in lieu tax revenues, for a net combined revenue loss of $44 million.

5) An alternative to this proposal would be a repeal of the current in-lieu tax. If the in-lieu tax were repealed, local government will be able to impose the same local taxes that all other businesses pay on banks within their jurisdiction. The most common taxes that are affected by this measure are the personal property tax, business license taxes, and parcel taxes. However, banks and financial corporations are also exempt from other local taxes such as parking taxes.

   In addition, this bill does not allocate revenues to all of the jurisdictions that forgo revenues under the current in-lieu tax system. Personal property taxes are allocated in the same manner and proportion as those on real property. For fiscal year 1992-93, counties will receive 31.5% of all property tax revenues, cities will get 11.8%, special districts will get 7.2%, K - 14 schools will get 43.1%, and redevelopment agencies will receive 6.4% of all property tax revenues.

6) AB 2311 of 1990 (1497, Hannigan) and AB 1451 of (Chapter 1087, Hannigan) revised the method used to determine the bank in-lieu tax rate. For years prior to 1989, the FTB was required to survey general corporations to determine the amount of business license and personal property taxes paid by these corporations. This information was used to set the in-lieu tax rate. General corporations, however, objected to the completing surveys

- continued -

that were used to set a preferential tax rate that they did not benefit from. AB 2311 set a statutory rate of 1.441% for 1990 and 1991. AB 1451 established a new formula using information provided by the State Controller's Office reports on financial transactions of local agencies for years 1991-1995 and established a statutory 2% rate for taxable years beginning on or after December 1, 1995.

This bill repeals the statutory 2% rate and permanently adopts a formula approach for setting the in-lieu rate.

7) The Franchise Tax Board notes that it will not be easy to identify in-lieu revenues. Currently, in-lieu revenues are estimated using a sample of all corporate returns. This measures requires the FTB to precisely identify in-lieu revenues from all bank and corporation tax returns. Since many taxpayers with financial operations file on a combined reporting basis, a special processing system will be required to segregate in-lieu tax revenues from corporate tax revenues. For example, General Motors pays the in-lieu tax on income generated by its financial subsidiary, General Motors Assistance Corporation. Under current law, there is no need to identify in-lieu tax revenues since the entire amount is deposited into the General Fund. Under this bill, the FTB will be required to identify the in-lieu tax component.

8) The formula established to set the in-lieu tax rate in the bill allows the Franchise Tax Board to make an adjustment in certain date received from the Controller if it believes the adjustment is needed accurately calculate the rate. The Franchise Tax Board argues that any adjustments needed should not be left to administrative discretion. FTB strongly prefers that any criteria on which the adjustment would be based should be specified in legislation.

FN 002696

Jean Ross
322-3730
arevtax

County	Total Population	Percent Of Population for those Co.	Spread Of $15 million	GR Cases Oct. 1992	Percent Of total GR cases	Percent Of GR cases for those Cos.	Spread Of $30 million	Persons Cert. Medi-Cal Jan 1992	Percent Of total Medi-Cal	Percent Of M/C cases for the two	Spread Of $40 million	Total
Los Angeles	9,087,399	39.09%	5,863,943	94,965	57.88%	78.76%	23,626,857	1,438,233	33.59%	0.893	35,729,856	65,220,456
Alameda	1,313,332	5.65%	847,471	11,116	6.77%	9.22%	2,765,810	171,895	4.01%	0.107	4,270,344	7,883,424
										100.00%	40,000,000	
										1,610,128	40,000,000	
San Francisco	728,730	3.13%	470,237	14,500	8.84%	12.03%	3,607,534	103,316	2.41%			4,077,770
						100.00%	30,000,000					
						120,581	30,000,000					
Sacramento	1,099,056	4.73%	709,203	8,302	5.06%			197,008	4.60%			709,203
San Diego	2,602,244	11.19%	1,679,183	5,499	3.35%			301,934	7.05%			1,679,183
Santa Clara	1,531,796	6.59%	988,442	5,073	3.09%			153,866	3.59%			988,442
Contra Costa	836,871	3.60%	540,018	5,028	3.06%			79,190	1.85%			540,018
Fresno	713,719	3.07%	460,551	942	0.57%			191,538	4.47%			460,551
Orange	2,512,198	10.81%	1,621,078	4,405	2.68%			203,792	4.76%			1,621,078
San Bernardino	1,530,582	6.58%	987,845	504	0.31%			247,749	5.79%			987,845
Riverside	1,289,712	5.55%	832,229	220	0.13%			151,627	3.54%			832,229
		1.00	15,000,000									85,000,000
		23,245,821	15,000,000									

AB 418 (FRIEDMAN)

Cities	Population 1/1/93 per DOF 4/30/93	Percent Of Cities over 100,000	Spread Of 15 million
Los Angeles	3,579,572	29.41%	4,410,863
San Diego	1,149,598	9.44%	1,416,571
San Jose	803,038	6.60%	989,529
Long Beach	442,106	3.63%	544,777
Sacramento	385,127	3.16%	474,566
Fresno	382,362	3.14%	471,159
Oakland	377,898	3.10%	465,658
Santa Ana	304,857	2.50%	375,654
Anaheim	279,408	2.30%	344,295
Riverside	238,061	1.96%	293,346
Stockton	221,585	1.82%	273,044
Bakersfield	188,251	1.55%	231,969
Huntington Beach	184,962	1.52%	227,916
Glendale	184,405	1.51%	227,230
Fremont	177,474	1.46%	218,689
San Bernardino	175,813	1.44%	216,642
Modesto	174,210	1.43%	214,667
Garden Grove	148,065	1.22%	182,450
Oxnard	146,432	1.20%	180,438
Chula Vista	141,778	1.16%	174,703
Ontario	138,830	1.14%	171,071
Oceanside	138,469	1.14%	170,626
Pomona	136,525	1.12%	168,230
Torrance	133,949	1.10%	165,056
Pasadena	133,525	1.10%	164,534
Sunnyvale	120,509	0.99%	148,495
Santa Rosa	120,181	0.99%	148,091
Hayward	118,165	0.97%	145,607
Fullerton	117,424	0.96%	144,694
Vallejo	114,772	0.94%	141,426
Orange	114,489	0.94%	141,077
Irvine	114,346	0.94%	140,901
Concord	112,970	0.93%	139,205
Salinas	112,895	0.93%	139,113
Escondido	112,851	0.93%	139,059
Inglewood	112,502	0.92%	138,629
Rancho Cucamonga	110,466	0.91%	136,120
El Monte	109,796	0.90%	135,294
Ventura	106,557	0.88%	131,303
Lancaster	104,655	0.86%	128,959
Berkeley	104,156	0.86%	128,344
		100.00%	15,000,000
		12,173,034	15,000,000

Revised - As Amended RN9322471

SENATE THIRD READING

SB 35 (Committee on Budget & Fiscal Review)

SENATE ACTIONS: NOT RELEVANT

ASSEMBLY ACTIONS:

COMMITTEE_____VOTE_____COMMITTEE_____VOTE_____

DIGEST

Urgency statute. 2/3 vote required.

This bill makes changes to Medi-Cal and other health programs and to social services programs including Aid to Families with Dependent Children (AFDC), Greater Avenues for Independence (GAIN), Food Stamps, Supplemental Security Income/State Supplementary Program (SSI/SSP), and county administration of those programs to support the budget bill. Specifically, the bill:

1) Provides for the implementation of the indefinite extension of the $30 and one-third income disregard. **$13.3 million annual General Fund costs.**

2) Creates the Alternative Assistance Program that allows applicants and recipients of AFDC to refuse a cash grant in lieu of Medi-Cal benefits and child care assistance. **Unknown General Fund costs or savings. Potential costs due to possible increase of applicants for AFDC but offset by savings from increased numbers of AFDC recipients leaving AFDC and becoming employed.**

3) Reduces the AFDC-Unemployed Parent and AFDC-Family Group grants by 2.7%. This reduces the grant for a mother and two children from $624 per month to $607 per month. **$62.4 million annual General Fund savings.**

4) Reduces the SSI/SSP grant by 2.7%. This reduces the grant for an aged or disabled person living independently from $620 per month to $603. Persons who cannot prepare their meals at home or are living in out-of-home care are excluded from this reduction. **$145.3 million annual General Fund savings.**

5) Eliminates the pass through of the federal cost-of-living adjustment (COLA) in 1994 for SSI/SSP recipients. The COLA is expected to be approximately 3% and would be an increase of approximately $13 per month for an aged or disabled person. This elimination of the pass-through would not apply to persons who cannot prepare meals at home or are living in out-of-home care. **$66.5 million General Fund savings.**

6) Provides that individuals who lose their SSI/SSP eligibility because of these grant reductions will not pay a Medi-Cal share-of-cost. **$5 million annual General Fund costs.**

- continued -

7) Makes management efficiencies in the GAIN program that speed up the good cause and conciliation processes; reduces the GAIN deferral to 4 months for those who have a second child and have already used one deferral as caretaker of a child under age 3; and prevents those who have received education and training services but cannot find unsubsidized employment from obtaining additional education and training services. **Unknown General Fund savings.**

8) Relieves counties from providing matching funds for GAIN that is above the match they made in 1992-93 as long as they maintain the funding they provided in 1992-93. **Unknown costs or savings from relieving counties of their match.**

9) Establishes the Cal Learn Program under GAIN. **$5.9 million General Fund costs in 1993-94 and $11.8 million annually, thereafter. Additionally, there are Medi-Cal savings of $1.3 million annually due to the reduction in the number of low birth weight babies.** Specifically the program:

   a) Requires pregnant and parenting teens to attend school to obtain their high school diploma or GED. Teens must submit report cards and receive a grant supplement of $100 per report card period for maintaining satisfactory progress in school. Satisfactory progress is defined as grade C or above. Teens who fail to submit a report card or fail to make adequate progress, defined as a failing grade, receive a grant reduction of $100. Grant reductions are apportioned over a two month period. Students who graduate or pass the GED receive an additional one time bonus of $500.

   b) Provides for payments for child care and transportation and exempts teens from participation if either necessary child care or transportation is not available.

   c) Provides for case management through the Adolescent Family Life Program (AFLP) or through a public or nonprofit agency as long as the services conform to the standards and scope of services of AFLP.

10) Increases the personal property limitation to $2,000 and increases the value of an exempt automobile to $4,500 for AFDC recipients and allows AFDC and Food Stamp recipient families to save up to $5,000 in restricted accounts for use in starting a business, purchasing a home, or providing postsecondary education or training for a child. **Insignificant costs or savings.**

11) Makes a supplemental child care payment to employed AFDC recipients for actual child care costs up to the maximum amount matched by the federal government. **$7.5 million in annual General Fund costs.**

12) Prevents a parent from claiming a child support hardship deduction when a child of that parent is receiving AFDC. **Unknown General Fund savings.**

13) Requires the state to pay 100% of the nonfederal share of administrative costs for activities relating to an income and asset verification system

- continued -

for AFDC. **$629,000 annual General Fund costs and $3.4 million annual General Fund savings.**

14) Establishes a consolidated AFDC/Food Stamp eligibility determination project. **Unknown General Fund savings due to reduced administrative costs.**

15) Makes management efficiencies in the administration of AFDC and Food Stamps. These include allowing counties to issue on AFDC payment per month and instituting demonstration projects related to monthly reporting systems. **Unknown General Fund savings from increased efficiencies.**

16) Makes changes in the AFDC-Foster Care program. **$21.3 million in General Fund savings.** These changes include:

    a) An increase in funding for foster parents caring for children with specialized care needs. Funds may be used to recruit and train foster parents to care for these children, and to implement or expand specialized care payment systems.

    b) A reduction by 2/3, the statutory rate increase for Foster Care group homes scheduled to occur on July 1, 1993, and delays the remainder until July 1, 1994. The rate floor was scheduled to increase from 92.5% of the standard rate for each rate classification level to 100% of the standard rate on July 1, 1993. Under this bill, it will be 95% instead of 100%.

    c) A prohibition of group home new programs and program changes that will increase the rate classification level or the AFDC-FC rate through the 1993-94 fiscal year, with specified exceptions.

17) Reorganizes the county allocations received from the Department of Social Services and includes federal funds received under Title XX of the federal Social Security Act and appropriated by the Legislature for child welfare services, county services block grant, and the In-Home Supportive Services Administration, to be considered part of the state share of costs and not part of the federal expenditures for the program. **$30 to $40 million General Fund savings.**

18) Makes changes to the In-Home Supportive Services (IHSS) program which provides for personal care and domestic assistance to aged and disabled people to allow them to stay in their own homes. **This provision would result in no increased General Fund costs because the $3.3 million is new federal funds obtained by identifying a new group of IHSS recipients eligible for federal matching funds.** The bill:

    a) Specifies that the employees of a public authority created by a county to administer its IHSS program shall not be employees of the county for any purpose.

    b) Requires that, if the governing body of the public authority is not the board of supervisors, its membership must be comprised of at least half

- continued -

c) The county must issue the contract through an open bidding process and, if more than two agencies bid at or below the required rate, the county must contract with at least the two lowest bidders, but not more than three.

d) Where a county already has a contract with an agency to provide IHSS, it may re-negotiate a managed care contract with that agency on a sole source basis.

e) DSS must specify performance and quality assurance standards for the managed care contract and is authorized to waive statutory and regulatory requirements necessary to facilitate the success of the capitated program.

f) The managed care contract will cover recipients over the age of 65 who become eligible after the start date of the contract. At the county's option, those who are eligible prior to the start date may elect to be covered by the contract as well.

g) Two years after the first contract is approved, the Auditor General must submit to the Legislature and the Governor a performance review of all the managed care contracts in the state.

h) These provisions of the the bill sunset after 4 years.

20) Authorizes the Department of Health Services (DHS) to file claims for service against the estate of a decedent under 65 for Medi-Cal reimbursed nursing home services. Changes the authorization to file a lien on equity interests to a requirement to file. Requires notice when surviving spouse of a decedent dies. Changes interest rates on value of distributed property for which the state is entitled to make a claim. **$7 million General Fund savings.**

21) Extends the one year authority to collect up to $14 million of Vehicle License Fee (VLF) penalty fees for deposit in the realignment account used to allocate funds to local mental health trust funds. **No General Fund fiscal impact.**

22) Repeals the requirement that Medi-Cal hospital inpatient reimbursement rates negotiated between the state and hospitals also apply to the rates charged Medi-Cal managed care plans by such hospitals. **No fiscal impact.**

23) Directs the DHS to contract for clinical laboratory services and durable medical equipment items no later that August 31,1993. Further directs the DHS to contract after July 1,1995 for single source drugs on a negotiated basis and multi-source drugs on a bid or negotiated basis (technical). **$4 million General Fund savings.**

24) Permits deferral up to 90 days of elective, non-urgent services as listed in published emergency regulations. **$5 million General Fund savings.**

- continued -

25) Limits dental services, as specified, to adults except for persons with special medical disorders as determined by the department and subject to utilization controls. **$44 million General Fund savings.**

26) Requires liberal construction for use of the income deduction when determining Medi-Cal eligibility for pregnant women in households with incomes between 185 and 200% of federal poverty guidelines. Requires the income deduction to be set aside for women and infants receiving Medi-Cal benefits wholly funded by the state. **$9 million Cigarette & Tobacco (C&T) Funds savings.**

27) Increases the amount of transfer from the University of California to the **Medi-Cal fund by $15 million. $15 million General Fund savings.**

28) Increases the percentage of intergoverrnmental funds which will be transferred to the state from 11.419% to 13.988% if the federal government does not increase the amount of federal matching funds available for intergovernmental transfer. **$50 million General Fund savings dependent on federal action.**

29) Increases the amount of state assumption of risk for CMSP counties for 1993-94 by $1.8 million. **$1.8 million General Fund cost.**

30) Defines the uses of tobacco surtax funds for the purposes of attracting federal match. **Back fill of $20.3 million in C&T funds to replace a like amount in federal funds which the Governor assumed in the January budget for immigrant health services.**

31) Permits the DHS to adopt and readopt emergency regulations without Office of Administrative law review of the emergency findings for 1993-94, but retains the requirement for public comment.

32) Restores the Vocational Rehabilitation Work Activity Program and Vocational Rehabilitation Supported Employment Program rates to their July 1, 1992 level. **Annual General Fund costs of $434,000 to increase the rates. Conference Committee funded this item by moving more Habilitation clients into VR/WAP and VR/SEP for a $2 million General Fund savings.**

FN 002694

Carol Wallisch
445-0664
ahumans

Revised - as amended 9322499

SENATE THIRD READING

SB 423 (Senate Budget and Fiscal Review)

SENATE VOTE: NOT RELEVANT

ASSEMBLY ACTIONS:

COMMITTEE_____VOTE_____COMMITTEE_____VOTE_____

DIGEST

Existing law, under the Public Employees' Retirement Law provides for various benefit options which are available to public agencies which contract with the Public Employees' Retirement System (PERS) for retirement services. These options may be enacted by public agencies through an amendment to their contract as provided by the Board of Administration.

This bill:

1) Allows public agencies to contract with PERS for an alternate level of retirement benefits or "second tier" for miscellaneous employees. This article does not apply to a contracting public agency unless and until certain bargaining agreements are met, and the agency elects to be subject to this article by contract amendment.

2) Requires that the disability retirement pension for local miscellaneous members change in accordance with criteria specified in this article.

3) Allows counties which operate retirement systems under the County Employees Retirement Law of 1937 to establish an alternative retirement tier at such time or times as may be mutually agreed to in an MOU, and if the Board of Supervisors adopts by majority vote.

FISCAL EFFECT

Unknown. It is assumed that local contracting agencies which elect this "second tier" benefit will see their retirement benefit costs substantially reduced, given they are able to successfully gain an agreement with labor.

COMMENTS

This bill would be an option which cannot be enacted unless and until there is a Memorandum of Understanding (MOU) with employee representatives and the contracting agency elects to amend its contract with PERS.

The provisions of this bill are to apply to employees who first become members of the retirement system after the contract amendment effective date.

The bill stresses that efforts be made to offer the "second tier" to first tier employees. If the first tier employee elects to become second tier, that

- continued -

election is irrevocable.

Labor (MOU's) agreements which are in existence at the time of contract amendment are not subject to the provisions of this bill. However, the bill suggests that if absence of a new agreement when the old agreement expires "first tier" employees could be automatically mandated into the second tier.

The employer is allowed the sole right to interpret "eligibility "for those persons who may enter into the "first tier" after the contract amendment. The language suggests that special provisions could be made for the "highly compensated."

Provisions are made in this bill to allow for the member to pay 2% contribution, which the employer may "pick up" or pay.

The "second tier" benefit shall be 1% at 65 years of age.

The provisions of this bill which offer the election of an alternative tier to counties could be considered useless for the for the following reasons:

a) 37 Act Counties already have the capability to execute action. In fact several counties already have multiple tiers.

b) This bill will not create any immediate savings for counties or county retirement systems.

c) This bill can only apply to new hires. If there are no new hires due to fiscal constraints, there are no savings.

d) Since this bill is not a mandate, counties will probably ignore its provisions. If it is mandated, county retirement systems will probably suggest that such a mandate is unconstitutional under Proposition 162.

Although the bill requires an MOU agreement with labor representatives before the option may be enacted, some of the authority attributed to the employer appears to be in conflict with basic employees relations principles.

FN 002708

Clem Meredith
322-4320
aper&ss

SENATE THIRD READING

SB 443 (Committee on Budget and Fiscal Review) - As Amended: June 20, 1993

SENATE VOTE: NOT RELEVANT

ASSEMBLY ACTIONS:

COMMITTEE	VOTE	COMMITTEE	VOTE

DIGEST

Urgency statute. 2/3 vote required.

Existing law:

1) Under the Budget Act, suspends numerous state mandates and sixteen of these mandates have been suspended in the last three Budget Acts. These mandates are referenced in the Budget Act by Chapter number and relate to: candidate filing fees, destruction of marijuana records, dental exams, victims' statements, crossing guards, juvenile felony arrests, subdivision mergers, personnel files, missing persons reports, airport land use planning, investment reports, Short-Doyle audits, motorists' assistance, guardianship investigations, detention of minors, and pretreatment facilities.

2) Under Article XIII B, Section 6 of the California Constitution, requires the state to reimburse local governments when the state mandates a new program or higher level of service, with certain exceptions. The Government Code also prohibits the Commission on State Mandates from finding costs mandated by the state which: define a new crime, were enacted before 1975, implement federal laws and regulations, provide for offsetting savings, are included in a ballot measure approved by voters in a statewide election, or are held by a court to affirm a law. There is also an exception for mandates which may be recovered by the local agency through charges, fees, or assessments.

This bill:

1) Repeals certain suspended mandates that have been suspended for each of the last three Budget Acts.

2) Requires the Commission on State Mandates to hear and decide on a claim by a local agency that the agency cannot be required to continue to implement or give effect to a statute if the maximum charges, fees, or assessments are insufficient to pay for the mandated new program. Any claim must be given a priority over other matters before the commission, but no later than 60 days from the date of filing. An agency must not be required to implement or give effect to a statute if a claim has been heard and approved for that local agency. This provision must remain operative until July 1, 1995.

- continued -

FISCAL EFFECT

General fund savings due to repeal of certain suspended state mandates.

COMMENTS

1) This bill attempts to repeal certain state mandates that have been suspended in the last three Budget Acts. When a mandate is suspended in the Budget Act, a chapter is shown so that one can identify the particular requirements that are suspended. Repealing a suspended mandate, therefore, does not necessarily repeal all requirements relating to that subject -- only those provisions of the requirement contained in a particular chapter.

   To repeal a particular suspended mandate, only requirements enacted by a particular chapter are stricken. This bill, however, repeals entire sections of law or makes certain provisions permissive and thereby may not reflect the suspended chapter. For example, this bill attempts to make airport land use planning law permissive when the suspended mandate, SB 3551 (Mountjoy) Chapter 1117, Statutes of 1984, changed the conditions under which airport land use planning requirements must be met. SB 3551 did not make these provisions mandatory.

   According to the Department of Finance, problems associated with certain provisions in this bill will be corrected in subsequent legislation.

2) Current law provides a disclaimer for state mandates if the local agency can levy a charge, fee, or assessment to pay for the mandated program. This bill provides that a local agency cannot be required to continue to implement or give effect to a statute if a claim by the local agency that a maximum change, fee, or assessment is insufficient to pay for the costs has been heard and approved by the Commission on State mandates.

FN 002608

- continued -

Revised - as Amended RN 9322283

SENATE THIRD READING

SB 452 (Committee on Budget and Fiscal Review) - As Amended:

SENATE VOTE: NOT RELEVANT

ASSEMBLY ACTIONS:

COMMITTEE	VOTE	COMMITTEE	VOTE

DIGEST

Urgency statute. 2/3 vote required.

I. GENERAL GOVERNMENT MANDATE RELIEF

Existing law:

1) Under the Child Care and Development Services Act, requires the Superintendent of Public Instruction to adopt rules and regulations which must contain certain items (e.g., guidelines, a contract monitoring system, standards).

2) Requires crossing guard costs to be reimbursed from certain collected fines or by a city or county.

3) Requires the application of certain county-adopted animal control provisions within a city if a city governing body requests the application of those provisions.

4) Requires the Office of Noise Control to adopt guidelines for the preparation of general plan noise elements.

5) Requires every employer applying for a business license or renewal to complete a workers compensation declaration, specifies the contents of the declaration, prohibits local governments from being responsible for determining the truth or accuracy of the declaration, and provides that the requirement cannot prevent a city or county from collecting a tax payment because a business has not complied with the requirement.

6) Under the California Solid Waste Reuse and Recycling Access Act of 1991, requires local governments to adopt an ordinance by September 1, 1993, relating to adequate areas for collecting and loading recyclable materials in development projects. If a local agency has not adopted an ordinance by that date, then the model ordinance adopted by the Integrated Waste Management Board must take effect.

7) Requires local agencies to expend from their general funds for street and highway purposes an amount equal to or greater than the average of their general fund expenditures during the 1987-88, 1988-89, and 1989-

- continued -

90 fiscal years (Proposition 111 maintenance of effort requirement). This requirement is suspended for three fiscal years (1992-93, 1993-94, and 1994-95).

8) Allows the Integrated Waste Management Board to impose administrative civil penalties of up to $10,000 per day if the board finds that a city or county has not implemented its source reduction and recycling element.

9) Requires tax collector records and accounts, as well as probation officer books and records, to be annually audited.

This bill:

1) Prohibits any county agency providing contract services pursuant to the Child Care and Development Services Act from being subject to any rules and regulations for self-evaluation or self-assessment.

2) Repeals the crossing guard reimbursement provisions.

3) Specifies that the animal control provisions cannot require a county to enforce those provisions within city limits located within the county.

4) Provides that the requirement to adopt noise element guidelines are inoperative during the 1993-94 fiscal year.

5) Deletes the above workers compensation declaration provisions.

6) Extends the date for adopting a solid waste reuse and recycling access ordinance from September 1, 1993, to September 1, 1994.

7) Extends the street and highway maintenance of effort requirement for two additional fiscal years (1995-96, 1996-97).

8) Prohibits the Integrated Waste Management Board from imposing administrative civil penalties for a period of two years after July 1, 1993.

9) Provides that the auditing requirements are inoperative from July 1, 1993, to July 1, 1994.

II. VEHICLE LICENSE FEE DELINQUENCY COLLECTIONS

Existing law:

1) Imposes a license fee on vehicles and authorizes the Department of Motor Vehicles to administer and collect the fee.

2) Provides that Vehicle License Fees are delinquent whenever any vehicle is operated on any highway without having first paid the appropriate fee.

- continued -

This bill:

1) Shifts responsibility for collecting delinquent vehicle license fees, registration fees, local vehicle license fees, and any other related penalties from the Department of Motor Vehicles to the Franchise Tax Board effective July 1, 1993.

2) Allows the Franchise Tax Board to collect delinquent revenues in a manner consistent with personal income tax law.

III. DISASTER RESPONSE-EMERGENCY OPERATIONS ACCOUNT

Existing law establishes a Disaster Response-Emergency Operations Account in the Reserve for Economic Uncertainties. Moneys in the account are continuously appropriated for allocation by the Director of Finance to state agencies for disaster response activities. These provisions must become inoperative on June 30, 1993.

This bill extends the inoperative date from June 30, 1993, to June 30, 1996.

FISCAL EFFECT

I. GENERAL GOVERNMENT MANDATE RELIEF

Potentially significant savings to local governments due to suspension, revision, or repeal of numerous mandates.

II. VEHICLE LICENSE FEE DELINQUENCY COLLECTIONS

State: Unknown Motor Vehicle Account revenue increase.

Local: Vehicle License Fee, local vehicle license fee, and penalty revenue gain estimated at $50 million in fiscal year 1993-94.

III. DISASTER RESPONSE-EMERGENCY OPERATIONS ACCOUNT

Unknown fiscal effect.

COMMENTS

I. GENERAL GOVERNMENT MANDATE RELIEF

The general government mandate relief provisions of this bill repeal, revise, or suspend numerous mandates relating to certain rules and regulations for self-evaluation or self-assessment, crossing guard reimbursement, animal control, general plan noise element guidelines, business license workers compensation declarations, recycling requirements, street and highway maintenance of effort requirements, and audits.

II. VEHICLE LICENSE FEE DELINQUENCY COLLECTIONS

- continued -

The intent of this provision is to shift responsibility for collecting delinquent Vehicles License Fees (VLF) and vehicle registration fees from the Department of Motor Vehicles to the Franchise Tax Board (FTB). The FTB believes that it can increase collections using its existing collections recovery procedures.

Amounts collected will continue to be deposited in the Motor Vehicle License Fee Fund or Motor Vehicle Account (MVA) and allocated pursuant to existing law. To the extent collections are increased, the Local Revenue Fund established in 1991 as part of the realignment of specified social and health services will also experience a revenue gain, as will the MVA, and recipients of local vehicle fees.

III. DISASTER RESPONSE-EMERGENCY OPERATIONS ACCOUNT

By extending the operative date for the Disaster Response-Emergency Operations Account, this bill enables the Director of Finance to make certain disaster-response allocations.

FN 002652

- continued -

SENATE THIRD READING

SB 627 (Committe on Budget and Fiscal Review) - As Amended June 22, 1993

SENATE VOTE: NOT RELEVANT

ASSEMBLY ACTIONS:

COMMITTEE	VOTE	COMMITTEE	VOTE

DIGEST

Urgency statute. 2/3 vote required.

This bill:

1) Permits consolidation or elimination of state required health advisory boards to the extent permitted by federal law including boards required by contract.....Less than $500,000 local savings.

2) Suspends requirement to compile list of family planning directories for one year..... Less than $500,000 local savings.

3) Removes duplicate state and local Emergency Technician certification authority.....Less than $1,000,000 in applicant fee savings.

4) Suspend new pet bird disease regulation for one year.....Minor state savings.

5) Repeals the requirement that counties maintain a human services directory which includes a list of public and private agencies which provide services in the local community.....Less than $500,000 local savings.

6) Repeals the requirement that counties prepare and forward to the state an In-Home Supportive Services plan which details how the county will stay within its expenditure limits..... Less than $500,000 local costs avoidance.

7) Repeals the requirement that each county appoint an advisory body to the Board of Supervisors on social services matters.....Unknown local cost avoidance.

8) Mirrors federal law regarding the Aid to Families with Dependent Children (AFDC) program by presuming that a portion of a sponsor's income is available to the General Assistance (GA) applicant or recipient if that sponsor signed an affidavit of support for the applicant's or recipient's entry into the U.S. However, the deeming may not be applied if the sponsor has abandoned his or her duty to

- continued -

support the alien. Abandonment of duty to support must be supported by documentary evidence or collateral support. No General Fund fiscal impact. $20-25 million savings to counties.

9) Requires the State Department of Social Services (DSS) to implement a program that allows counties to be reimbursed for their administrative costs that are needed to recover AFDC grant overpayments under certain conditions. Implementation is contingent upon the federal government making funding available for this purpose and upon the Department of Finance determining that the savings to the General Fund from increased overpayment recoveries equals or exceeds the costs to the state. DSS is required to report to the Legislature on the program by January 30, 1996. This provision is repealed by January 1, 1997. $3-6 million General Fund savings to the extent counties increase their collection of AFDC overpayments.

10) Requires counties to continue to provide DADP with any information required by state or federal law, comply with state and federal requirements concerning expenditure of state and federal funds, and specifies the terms of NNA contracts.....Undetermined cost savings to state and counties as a result of streamlining the contracting process for county alcohol and drug programs.

11) Provides Boards of Supervisors with the discretion of maintaining county alcohol and drug abuse advisory boards as they currently exist, consolidating them, including under or as part of another health or human services advisory board, or eliminating one or of the both boards altogether.....Minor local cost savings. Board members serve on a voluntary basis. In addition, reimbursement of the costs that board members incur as a result of board activities and county staffing of boards is discretionary.

12) Would allow counties or cities, for fiscal years 1993-94 and 1994-94 only, to limit their deposit of mental health matching funds into the realignment trust funds in an amount necessary to meet the minimum federal maintenance of effort requirements for continued receipt of federal mental health funds.....Department of Finance projects a savings of $12 to $15 million in costs to local government.

13) Makes permissive for one year, the mandatory duty of local health departments to provide occupational health services to promote the health of employed persons.....Minor local savings.

14) Provides for consolidation of audits for various state funded health programs....Less than $1,000,000 state and local savings.

15) Permits Tobacco tax maintenance of effort reduction equivalent to realignment revenue shortfall.....$25 million local savings.

16) Eliminates guidelines for submission of local plans for receipt of funds for preventive health services for the aged.....Less than

- continued -

$1 million local savings.

17) Contains a severability clause.

FN 002644

- continued -

Assembly Ways and Means Committee
June 24, 1993

Budget Related Legislation

SB 4 Boards and Commissions

- Eliminated the statutory authority for 70 advisory boards and commissions that were defunded in the current (1992-93) year.

- Re-establishes the Office of Permit Assistance as the Department of Permit Assistance and moves its program functions from the Governor's Office of Planning and Research to the recently created Trade and Commerce Agency.

Passed SB 35 Health and Welfare

- Reduces AFDC and SSI/SSP grants 2.7%; denies the January, 1994 passthrough COLA to SSI/SSP recipients, but maintains persons who would be dropped from the Medi-Cal share-of-cost program due to the SSI/SSP reductions; reduces the foster care group home rate increase from 92.5% to 95% of the established rate instead of increasing to 100%; and includes a welfare reform package consisting of 15 separate reforms.

- Increases the ability of the Department of Health Services to recover Medi-Cal costs from the estate of a deceased person. (Savings $7 million.)

- Allows for the bulk purchase of certain medical supplies and laboratory services in the Medi-Cal program (Savings $4 million).

- Permits deferral of certain elective medical procedures for up to 90 days for Medi-Cal beneficiaries. (Savings $5 million).

- Limits certain adult dental procedures under Medi-Cal for 2 years, but does not eliminate the benefit. (Savings $44 million).

- Allows $65 million of the intergovernmental transfers to be used for Medi-Cal including $15 million from the University of California. (Savings $65 million).

Passed SB 80 Budget BILL

- This bill contains appropriations for the support of state government for the 1993-94 fiscal year.

Passed SB 86 Justice System Mandates, Court Fees

- Increases appellate court filing fees from $200.00 to $300.00.

Passed SB 240 PERS Payment

- Requires that the General Fund contribution to the Public Employees' Retirement Fund be appropriated annually, twelve months in arrears, on July 1 of each fiscal year, beginning July 1, 1994, for a General Fund savings of $195 million in 1993-94.

Passed SB 271 Accounting/Deficit Retirement

- Creates the Deficit Retirement Fund for the purpose of setting aside specified state funds to retire the 1992-93 General Fund deficit, estimated at $2.8 billion.

- Changes the accounting basis for interest payments on General Obligation bond payments from accrual to cash, consistent with Generally Accepted Accounting Principles.

SB 351 Renter's Tax Credit

- Suspends the Renters' Tax Credit for the 1993 and 1994 tax years for a $415 million General Fund revenue gain in 1993-94.

- Revises the formula for allocating the costs of administering sales and use and transactions and use taxes for a General Fund savings of $12 million in 1993-94.

- Extends Board of Equalization and Franchise Tax Board authority to settle outstanding tax disputes to June 30, 1994, for an estimated General Fund revenue gain of $100 million in 1993-94.

SB 399 K-12 Education, CSU/Community College Fees

Passed

- Makes the necessary statutory changes to provide schools with general purpose funding equivalent to about $3,200 per pupil. In addition, cost savings are provided from the repeal of the property tax administrative fees and reduced workers compensation rates.

- Provides a loan of $609 million to provide total funding of $4,187 per K-12 pupil.

- Codifies current attendance accounting practices.

- Authorizes a community college per unit fee increase from $10 to $15 and places a $150 per semester cap on the amount of fees that can be collected. (SB 1012 (see below) reduces the increase to $13 per unit and eliminates the cap.) In addition, provides a $178 million loan to the community colleges.

- Authorizes a 10 percent fee increase for the California State University system. The budget bill contains a $50 million augmentation in order to reduce the fee increase to this level.

SB 418 Bank In-lieu Tax

- Allocates bank in-lieu tax revenues to cities and counties beginning in 1993-94, resulting in a $103 million General Fund state revenue loss and a corresponding local revenue gain.

- Repeals the 2 percent in-lieu tax rate scheduled to take effect for tax/income years beginning January 1, 1996.

- Authorizes local government to impose parcel taxes on banks and financial corporations if approved by a two-thirds vote effective January 1, 1994.

SB 423 Tier Two Retirement Option

Passed

- Authorizes local contracting agencies of the Public Employees' Retirement System and 1937 Act County Retirement Systems to provide a reduced retirement benefit for miscellaneous employees pursuant to a collective bargaining agreement for potentially major savings in reduced employer retirement costs in future years.

SB 443 Post 1975 Mandates

Passed

- o Repeals post-1975 state mandated local programs that have been suspended for each of the last three budget years.

- o Authorizes local governments to petition the Commission on State Mandates for relief (suspension) from a state mandated program on the basis that the fee a local agency is authorized to charge is insufficient to cover the cost of the particular program.

SB 452 General Government

- o Relieves local governments of the requirement to implement various state mandated programs related to: animal control, school crossing guards, general plan noise elements, streets and highway maintenance of effort, and audits of certain functions, among other things.

- o Shifts, from the Department of Motor Vehicles to the Franchise Tax Board, the responsibility for collecting delinquent vehicle license fees.

- o Extends by three years, from June 30, 1993 to June 30, 1996, the Disaster Response-Emergency Operations Account within the state's Reserve for Economic Uncertainties.

SB 509 Sales Tax Extension

Passed

- o Extends for six months, from July 1, 1993 to December 31, 1993, the state's existing 1/2 cent sales tax, with the proceeds to be deposited in the newly created Local Public Safety Fund for allocation to cities and counties, as specified.

- o Provides for the allocation to counties and cities of revenues from extension of the sales tax beyond December 31, 1993, if the voters approve SCA 1 on the November 1993 ballot,

- o Increases by .5 percent, from 1.5 percent to 2.0 percent, the cap on the local sales tax rate that can be imposed in any given county.

- o Clarifies county authority to levy a general purpose sales tax and provides that the rate may be increased in increments of 1/4 percent not to exceed the overall rate cap of 2.0 percent.

- Specifies that revenues from the 1/2 cent sales tax do not count against either the state or local appropriations limit and are outside of the Proposition 98 funding guarantee.

SB 627 Health and Welfare Mandates

Passed

- Consolidates audits of various health programs.
- Eliminates duplicative local certification of Emergency Medical Transportation-Paramedics (EMT-P).
- Eliminates the requirement that local health officers prepare a list of family planning clinics.
- Allows relief from maintenance of effort requirements for certain health programs if revenues from specified sources are below a certain amount.
- For two years, eliminates the mental health maintenance of effort requirement down to the level required by federal law and establishes net negotiated contracts with counties for drug and alcohol programs.

SB 677 Local Option Sales Tax - Voter Approval Requirement

Passed

- Provides that counties may levy transactions and use taxes for general fund purposes at a rate of .25 percent up to the 1.5 percent rate cap.
- Allows counties to adopt an ordinance imposing a local sales tax with the approval of a 2/3 vote of the board of supervisors and any applicable voter approval requirement.
- Requires the Board of Equalization to administer any ordinance adopted by a county which is consistent with the provisions of the bill.

SB 683 Williamson Act

Passed

- Appropriates $20.9 million General Fund to augment subventions to counties.

SB 711 Health Care Tax Credit Repeal

Passed

- Repeals the Small Business Health Care Tax credit. This credit has never gone into effect.

SB 998 Proposition 99

- o Transfers $21 million from Cigarette and Tobacco Products (C&T) Surtax Funds Research Account and $22 million from C&T Unallocated Account for prenatal services for undocumented women.
- o Provides federal matching funds for C&T funds.
- o Allows federal funds to be matched with C&T funds for perinatal services for women with family incomes between 185% and 200% of poverty.

SB 1012 Community College Fees

Passed

- o Raises student fees by $3 (from $10 to $13 per unit), with no cap in order to partially offset the General Fund reductions.
- o Waives 10 month notification requirement in order to permit a 10 percent CSU fee increase .

SB 1033 General Assistance

- o Allows counties to apply to the Commission on State Mandates to provide a lower standard of aid due to financial distress.

SB 1135 Local Property Tax Shift to Schools

Passed

- o Shifts $2.6 billion from local governments to schools as follows: (a) $1,998 million from counties, (b) $288 million from cities, (c) $244 million from special districts and (d) $65 million from redevelopment agencies.
- o Exempts from the property tax shift all of the following: fire districts, hospital districts, transit districts, water districts that do not sell water at retail, and enterprise districts (generally water and sanitation districts) that do not receive financial assistance from the Special District Augmentation Fund (SDAF).
- o Backfills the city (by $90 million) and county (by $40 million) property tax shift to schools by transferring $130 million worth of vehicle license fee revenue to them from the Motor Vehicle Account (MVA). The MVA transfer ($130 million) is backfilled with State Highway Funds (SHF). The SHF transfer ($130 million) is backfilled with gasoline sales tax funds otherwise earmarked for local transit projects. (TP&D Roundabout)

- Increases the property tax shift from cities and counties to schools by $50 million to offset additional VLF revenues flowing to these jurisdictions as a result of the transfer of collection of delinquent vehicle license fees from the Department of Motor Vehicles (DMV) to the Franchise Tax Board (FTB). (FTB-VLF Roundabout)

SB 1252 Workers Compensation

- Requires the Administrative Director of the Division of Workers' Compensation to adopt regulations to ensure that activities of workers' compensation judges are consistent with the Code of Judicial Conduct and with gift, honoraria and travel restrictions on legislators contained in the Political Reform Act of 1974.

- Requires that workers' compensation judges participate in continuing education including courses in ethics and conflict of interest.

SCA 1 Local Option Sales Tax

- Places on the November special election ballot a measure that, if approved by the voters, would impose a 1/2 cent sales tax effective January 1, 1994.

Passed

- Deposits the proceeds of the 1/2 cent sales tax in a newly created Local Public Safety Fund for allocation to counties by the Legislature exclusively for public safety services of local agencies (pursuant to SB 509)

- Prohibits the allocation of 1/2 sales tax revenues unless: (a) a majority of the board of supervisors passes a resolution requesting an allocation of the proceeds, or (b) a majority of the voters of the county voting in the November election vote in favor of the 1/2 cent sales tax measure.

- Specifies that revenues from the 1/2 cent sales tax do not count against either the state or local appropriations limit and are outside of the Proposition 98 funding guarantee.