



February 23, 2010

What Does the Mid-Year Budget Package Do?

On Monday, February 22, the Assembly acted on a set of measures passed by the Senate last week that narrow the state's \$18.9 billion budget gap. The Legislature's actions were taken in the 8th Extraordinary Session and fulfill the requirements of Proposition 58 that the Legislature respond to a governor's declaration of a fiscal emergency within 45 days. Both houses approved changes that:

- Shift \$3.5 million in federal funding for HIV/AIDS prevention and testing from "state operations" to "local assistance" to support continued services.
- Delay implementation of the Conservatorship and Guardianship Program for an additional year for savings of \$17.4 million.
- Increase the DNA penalty fee charged to all criminal offenders, generating \$45.1 million that will be used to replace General Fund support for the state criminal laboratories.
- Reflect reductions in the Department of Corrections and Rehabilitation, including \$811 million from the budget of the receiver who oversees inmate medical services; \$182 million in assumed savings from deporting certain immigrant inmates to their country of origin; and \$48 million to reflect savings from a reduction in the population of juvenile offenders in state facilities. The Legislature deferred action, but adopted "intent" language, on policies that would be implemented to achieve the assumed savings.
- Transfer \$101 million in revenues from tribal gaming from transportation-related purposes to the General Fund.
- Allow local governments to move ahead with transportation projects. These changes allow local governments to move forward and seek state reimbursement from bonds monies available under Proposition 116 of 2006 once state bond funds become available.

The Assembly approved, but the Senate has not acted on, an alternative to the Governor's much-discussed "gas tax" swap. Neither house acted on a measure that would impose a 4.8 percent surcharge on property insurance to support emergency response activities. The Senate approved, but the Assembly did not act on, a measure that would boost collection of sales taxes owed on certain Internet sales and make other changes aimed at ensuring collection of taxes owed under existing law.

The mid-year actions are contained in the following 8th Extraordinary Session bills:

- AB 1: Office of AIDS
- AB 2: Corrections/Department of Justice
- AB 3: Crime Labs

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AB 10: Tribal Gaming Revenues
AB 11: General Obligation Bonds
AB 12: Ports

Measures that have not been approved by both houses include the following 8th Extraordinary Session bills:

AB 4: Social Services
AB 7: Resources
AB 8: Tax Compliance
SB 29: State Employees
AB 6/SB 6: Transportation Tax Swap
AB 9/SB 9: Emergency Response/Property Insurance Surcharge

Both the Senate and Assembly Budget Committees have prepared summaries of the mid-year actions, including the provisions that have not yet been approved. These documents are available on Committee websites at www.asm.ca.gov and www.sen.ca.gov.