



May 14, 2024

Honorable Scott Weiner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to and Addition of Various Budget Bill Items and Statutory Changes, Support and Local Assistance, State Air Resources Board

Due to lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to prior investments to assist in closing the projected shortfall. These adjustments include the following:

General Fund Solution: Air Pollution Control Fund Loan to the General Fund—It is requested that Item 3900-011-0115 be added to include a \$300 million loan to the General Fund from the Air Pollution Control Fund. As a result of lower revenue projections, and a resulting increase in the budget problem, the May Revision proposes this adjustment to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan. It is also requested that budget bill language be added to authorize repayment of all or a portion of the loan under specified circumstances (see Attachment 1).

The May Revision proposes the following adjustments to enable the board to implement recently chaptered legislation:

Zero Emission Vehicles for Public Agency Utilities: Chapter 585, Statutes of 2023 (AB 1594)—It is requested that Item 3900-001-0115 be increased by \$684,000 and 2 positions in 2024-25, \$899,000 and an additional 1 position in 2025-26, and \$681,000 in 2026-27 and ongoing to implement the requirements of Chapter 585, Statutes of 2023 (AB 1594) that requires the State Air Resources Board to revise existing regulations to allow public utility fleets to replace traditional specialized vehicles at the end of their useful service life and transition to zero-emission medium- and heavy-duty vehicles.

Climate Corporate Data Accountability Act: Chapter 382, Statutes of 2023 (SB 253) and Climate-Related Financial Risk: Chapter 383, Statutes of 2023 (SB 261)—It is requested that Item 3900-001-3228 be increased by \$8,380,000 and 28 positions in 2024-25, \$12.3 million and an additional 12 positions in 2025-26, and \$13.9 million and an additional 2 positions in 2026-27 and ongoing to implement the requirements of the Climate Corporate Data Accountability Act (Chapter 382, Statutes of 2023), and the Climate Related Financial Risk

Disclosure Act (Chapter 383, Statutes of 2023). The requested funding from the Greenhouse Gas Reduction Fund will be phased out, fully repaid, and replaced by two statutorily authorized fee funds: the Climate Accountability and Emissions Disclosure Fund, and the Climate-Related Financial Risk Disclosure Fund.

Clean Energy Projects Assessment: Chapter 336, Statutes of 2023 (AB 585)—It is requested that Item 3900-001-3237 be increased by \$220,000 and 1 position in 2024-25 and ongoing to implement the requirements of Chapter 336, Statutes of 2023 (AB 585) that the State Air Resources Board assist in the preparation of an assessment of the barriers, challenges, and impediments limiting the deployment and development of clean energy projects.

Included below are the remaining adjustments included in the May Revision:

Zero Emission Vehicle Package – Proposition 98 School Bus Grants—It is requested that statutory changes included in the Governor's Budget be amended to shift funding between years for the Zero Emission Vehicle Prop 98 School Bus Grants program by increasing \$105 million in Proposition 98 General Fund and \$191,060,000 in Reimbursements in fiscal year 2024-25 and decreasing the 2025-26 commitment by \$296,060,000.

Technical Adjustment: AB 8 Expenditure Adjustment—It is requested that Item 3900-101-0115 be decreased by \$6.3 million Air Pollution Control Fund in 2024-25 and ongoing and Item 3900-101-3119 be increased by \$6.3 million Air Quality Improvement Fund in 2024-25 and ongoing to appropriate resources from the correct fund source for the approved reauthorization of AB 8 fees (Chapter 319, Statutes of 2023), which were originally approved through Chapter 401, Statutes of 2013. It is further requested that Item 3900-101-3119 be amended to add provisional language to extend the encumbrance period until June 30, 2027, and the liquidation period until June 30, 2029 (see Attachment 2).

Heavy-Duty Inspection and Maintenance Program (HD I/M) for Continued Positions (SB 210)—It is requested that Item 3900-001-3358 be increased by \$1,820,000 and 10 positions in 2024-25 and ongoing to provide permanent funding for positions that were approved on a limited-term basis in the 2022 Budget Act to implement the requirements of the Heavy-Duty Inspection and Maintenance Program (Chapter 298, Statutes of 2019).

Technical Adjustment: Reappropriation of Various Appropriations—It is requested that Item 3900-490 be added to extend the encumbrance period until June 30, 2025 for the following: \$2 million Cost of Implementation Account, Air Pollution Control Fund included in the 2023 Budget Act for the implementation of the Embodied Carbon Emissions: Construction Materials (Chapter 352, Stats. 2022); \$850,000 Cost of Implementation Account, Air Pollution Control Fund included in the 2023 Budget Act for the implementation of the Carbon Capture, Removal, Utilization, and Storage Program (Chapter 359, Stats. 2022); \$1 million Cost of Implementation Account, Air Pollution Control Fund included in the 2022 Budget Act and \$1.8 million Cost of Implementation Account, Air Pollution Control Fund included in the 2023 Budget Act for the Low Carbon Fuel Standard Registration and Reporting Tool; and \$36 million Greenhouse Gas Reduction Fund included in the 2021 Budget Act for Advanced Technology Demonstration and Pilot Projects (see Attachment 3).

Technical Adjustment: Extension of Liquidation for Low Carbon Transportation Funds—It is

requested that Item 3900-491 be added to extend the liquidation period until June 30, 2025 for appropriations from the Greenhouse Gas Reduction Fund in the 2016 and 2018 Budget Acts for various Low Carbon Transportation Programs (see Attachment 4).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Christian Beltran, Principal Program Budget Analyst, at (916) 324-0043.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Elisa Wynne, Staff Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
Honorable Josh Becker, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
Christopher W. Woods, Senate President pro Tempore's Office
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy and
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Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Yana Garcia, Secretary, California Environmental Protection Agency
Catalina Hayes-Bautista, Undersecretary, California Environmental Protection
Agency
Eric Jarvis, Deputy Secretary, California Environmental Protection Agency
Krystal Acierto, Deputy Secretary, California Environmental Protection Agency
Sarah Izant, Deputy Secretary, California Environmental Protection Agency
Steven Cliff, Executive Director, State Air Resources Board
David Garcia, Legislative Director, State Air Resources Board
Lu Saephanh, Branch Chief, State Air Resources Board

3900-011-0115—For transfer by the Controller, upon order of the Department of Finance, from the Air Pollution Control Fund to the General Fund..... (300,000,000)

Provisions:

1. The Department of Finance may transfer up to \$300,000,000 as a loan to the General Fund. The Department of Finance shall order the repayment of all or a portion of the loan if it determines that either of the following circumstances exists: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of transfer.

Amend Item 3900-101-3119 as follows:

"3900-101-3119—For local assistance, State Air Resources Board, payable from the Air Quality Improvement Fund ~~28,640,000~~ 34,940,000

Schedule:

(1) 3500-Mobile Source ~~28,640,000~~ 34,940,000

Provision:

1. The funds in this item shall be available for encumbrance or expenditure until June 30, 2027, and shall be available for liquidation until June 30, 2029."

3900-490—Reappropriation, State Air Resources Board. The amounts specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure through June 30, 2025:

3228—Greenhouse Gas Reduction Fund

- (1) Up to \$36,000,000 of the amount authorized by Provision 1(b) of Item 3900-101-3228, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021)

3237—Cost of Implementation Account, Air Pollution Control Fund

- (1) Up to \$1,000,000 of the amount appropriated in Schedule (1) of Item 3900-001-3237 of the Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022) related to the Low Carbon Fuel Standard Registration and Reporting Tool project
- (2) Up to \$1,800,000 of the amount appropriated in Schedule (1) of Item 3900-101-3237 of the Budget Act of 2023 (Chs. 12, and 38, Stats. 2023) related to the Low Carbon Fuel Standard Registration and Reporting Tool project
- (3) Up to \$2,000,000 of the amount appropriated in Schedule (2) of Item 3900-001-3237 of the Budget Act of 2023 (Chs. 12, and 38, Stats. 2023) related to the implementation of Chapter 352, Statutes of 2022 (AB 2446)
- (4) Up to \$850,000 of the amount appropriated in Schedule (1) of Item 3900-001-3237 of the Budget Act of 2023 (Chs. 12, and 38, Stats. 2023) related to the implementation of Chapter 359, Statutes of 2022 (SB 905)

3900-491—Reappropriation, State Air Resources Board. Notwithstanding any other law, the period to liquidate encumbrances of the following citations is extended to June 30, 2025.

3228 – Greenhouse Gas Reduction Fund

- (1) Up to \$692,000 in Provision 2 of Item 3900-101-3228, Budget Act of 2016, as reappropriated by Item 3900-491, Budget Act of 2018 and Budget Act of 2019, as reappropriated by Items 3900-490 and 3900-492, Budget Act of 2020, and reappropriated by Item 3900-491, Budget Act of 2021
- (2) Up to \$957,000 in Provision 3 of Item 3900-101-3228, Budget Act of 2016, as reappropriated by Item 3900-491, Budget Act of 2018 and Budget Act of 2019, as reappropriated by Items 3900-490 and 3900-492, Budget Act of 2020, and reappropriated by Item 3900-491, Budget Act of 2021
- (3) Up to \$654,000 of provision 2(b) of Item 3900-101-3228, Budget Act of 2018, and reappropriated by Item 3900-491, Budget Act of 2021
- (4) Up to \$10,124,000 of provision 2(c) of Item 3900-101-3228, Budget Act of 2018, and reappropriated by Item 3900-491, Budget Act of 2021



May 14, 2024

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendments to Budget Bill Item 3930-001-0106, Support, Department of Pesticide Regulation

The May Revision proposes the following adjustments to enable the department to implement recently chaptered legislation:

Private Unmanned Pest Control Aircraft Certification: Chapter 354, Statutes of 2023 (AB 1016)—It is requested that Item 3930-001-0106 be increased by \$436,000 and 2.5 permanent positions ongoing to develop and implement programs to accredit unmanned pest control curricula and certify private applicator unmanned pest control aircraft pilots.

Environmental Justice Advisory Committee: Chapter 662, Statutes of 2023 (AB 652)—It is requested that Item 3930-001-0106 be increased by \$580,000 and 2.0 permanent positions ongoing to establish and convene an Environmental Justice Advisory Committee.

Included below are the remaining adjustments included in the May Revision:

Technical Adjustments: Laboratory Cost Increase and Provisional Language Cleanup—It is requested that Item 3930-001-0106 be increased by \$93,000 and provisional language be added to allow an increase in expenditures when the California Department of Food and Agriculture increases their laboratory fees associated with employee compensation changes (see Attachment 1). It is also requested to update Provision 2 of Item 3930-001-0106 to reflect a three-year encumbrance period for the Integrated Pest Management Research Grant and Alliance Grant programs (see Attachment 1).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Christian Beltran, Principal Program Budget Analyst, at (916) 324-0043.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
Committee
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Yana Garcia, Secretary, California Environmental Protection Agency
Catalina Hayes-Bautista, Undersecretary, California Environmental Protection
Agency
Eric Jarvis, Deputy Secretary, California Environmental Protection Agency
Krystal Acierto, Deputy Secretary, California Environmental Protection Agency
Julie Henderson, Director, Department of Pesticide Regulation
Karen Morrison, Chief Deputy Director, Department of Pesticide Regulation
Maria Bueb, Budget Officer, Department of Pesticide Regulation

Amend Item 3930-001-0106 as follows:

"3930-001-0106—For support of Department of Pesticide Regulation, payable from the Department of Pesticide Regulation Fund	104,030,000 <u>105,139,000</u>
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Schedule:

(1)	3540-Pesticide Programs	104,640,000 <u>105,749,000</u>
(2)	Reimbursements to 3540-Pesticide Programs	-610,000

Provisions:

1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.
2. Of the funds available in this item, \$3,900,000 is available to fund pest management research and alliance grants and shall be available for encumbrance or expenditure until ~~June 30, 2026~~June, 30, 2027.
3. Of the funds available in this item, \$300,000 is available to fund demonstration projects related to IPM and SPM and shall be available for encumbrance or expenditure until June 30, 2027.
4. The amount appropriated in Schedule (1) for an agreement with the California Department of Food and Agriculture to perform analytical chemistry testing shall be adjusted annually, as necessary, for State-negotiated employee compensation and benefit adjustments."



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Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to and Addition of Various Budget Bill Items, Support and Local Assistance, and Statutory Changes, State Water Resources Control Board

Due to lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to prior investments to assist in closing the projected shortfall. These adjustments include the following:

Drinking Water and Wastewater—It is requested that Item 3940-106-0001 be eliminated, and Item 3940-497 be amended to revert \$152.5 million from Item 3940-106-0001, Budget Act of 2021 to reflect a shift of \$352.2 million in fiscal year 2024-25 and 2025-26 for drinking water and wastewater projects to the Greenhouse Gas Reduction Fund (see Attachment 1). It is also requested that Item 3940-102-3228 be added in the amount of \$322.5 million in 2024-25 and \$30 million in 2025-26, with an extended encumbrance period to support drinking water and wastewater projects previously funded from the General Fund (see Attachment 2).

Water Recycling—It is requested that Item 3940-106-0001 be decreased by \$100 million in 2025-26 originally proposed for water recycling projects.

PFAS—It is requested that Item 3940-495 be amended to revert \$29,119,000 for Per- and polyfluoroalkyl substances support, which was included in the 2021 Budget Act and is available for expenditure until June 30, 2024 (see Attachment 3).

The May Revision proposes the following adjustments to enable departments to implement recently chaptered legislation:

SB 745 Update to Onsite Treatment and Reuse of Nonpotable Water Regulations—It is requested that Item 3940-001-0001 be increased by \$650,000 in 2024-25, and \$450,000 in 2025-26 and 2026-27 to develop risk-based water quality standards for onsite treatment and reuse of alternate water sources.

AB 876 Pajaro River Flood Risk Management Project—It is requested that Item 3940-001-0193 be increased by \$225,000 ongoing and 1 permanent position to expedite project review and oversight of the Pajaro River Flood Management Project.

SB 3 Water Shut Off Protection Act—It is requested that item 3940-001-0306 be increased by \$1,625,000 and 5 permanent positions in 2024-25, and \$1,375,000 annually thereafter to provide training and enforcement resources for implementing the extension of water shutoff provisions to water systems serving between 15 and 200 connections.

AB 664 Enforcement Support for At-Risk Domestic Well Compliance—It is requested that Item 3940-001-0306 be increased by \$450,000 ongoing and 3 permanent positions to enforce safe drinking water requirements for at-risk domestic wells serving tenants.

Included below are the remaining adjustments included in the May Revision:

Leviathan Mine Pond Water Treatment System Improvements and Leviathan Mine Transfer of Title—It is requested that Item 3940-001-0001 be increased by \$3.7 million on a one-time basis to make critical performance, efficiency, and safety upgrades to the aging Pond Water Treatment System at the Leviathan Mine Superfund site. This system treats acid mine drainage and prevents contamination of waterbodies and groundwater near the site. Of this amount, \$200,000 will be used to support the Department of General Services to effectuate a title of transfer of the Leviathan Mine site from the State to Atlantic Richfield Company. It is also requested that statutory changes be added to enable the Department of General Services to effectuate a title of transfer. The requested statutory changes will be made available on the Department of Finance website. It is also requested that Item 3940-497 be amended to revert \$5,163,000 from Item 3940-001-0001, Budget Act of 2023 (see Attachment 2). This funding was originally appropriated for the Leviathan Creek Diversion Channel Relining project, but with the proposed transfer of ownership this project will no longer remain a state legal responsibility. The proposal results in a net-savings to the General Fund.

Los Angeles County Primacy Delegation Agreement Termination—It is requested that Item 3940-001-0306 be increased by \$881,000 ongoing and 4 permanent positions for regulatory oversight of public small water systems in Los Angeles County. Oversight of 125 water systems will be transferred from Los Angeles County to the State Water Board no later than June 30, 2024, and the State is legally mandated to administer this regulatory program.

Administrative Hearings Office Special Projects—It is requested that Item 3940-001-3058 be increased by \$1,104,000 ongoing and 4 permanent positions to expedite adjudicative hearings for water storage and conveyance projects within the Administrative Hearings Office.

Cal EPA Bond and Technical Proposals: Wastewater Operator Certification Fund Realignment—It is requested that Item 3940-001-3160 be decreased by \$689,000 ongoing to align the latest revenue and expenditure projections for the fund.

Underground Storage Tank Cleanup Fund Augmentation—It is requested that Item 3940-012-0439 be added to transfer \$15 million one-time to the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Subaccount (see Attachment 4). It is also requested that Item 3940-101-0439 be increased by \$100 million one-time to reimburse costs associated with the cleanup of leaking petroleum underground storage tanks and accommodate the number of anticipated claims, and that Item 3940-101-3145 be added in the amount of \$15 million one-time with an extended encumbrance period to fund additional cleanup of orphan petroleum underground storage tank cleanup sites (see Attachment 5). This funding will reimburse costs associated with the cleanup of sites contaminated by leaking petroleum underground storage tank where there is no financially responsible party and address outstanding claims.

Cal EPA Bond and Technical Proposals: Extensions of Liquidation for Dichlorodiphenyltrichloroethane (DDT) and various other General Fund Appropriations—

It is requested that Item 3940-490 be amended, and Item 3940-491 be added to extend to June 30, 2026, the liquidation period of Item 3940-102-0001, Budget Act of 2019 for the Safe and Affordable Drinking Water program, and Item 3940-107-0001 in the 2022 Budget Act for DDT cleanup near southern California. The funding has already been encumbered; however, additional time is needed to fully liquidate these funds. It is also requested to extend the liquidation period provided by Provisions 92, 93, 111, and 118 of Section 19.56 in the 2021 Budget Act (Chs. 21, 69, and 240, Stats. 2021) for the purposes listed below (see Attachments 6 and 7).

- To the City of Reedley for the Olson/Kings River sewer main replacement.
- To the City of Rialto for Lake Rialto wastewater treatment.
- For the Marin Municipal Water District for drinking water infrastructure.
- To the County of Riverside for the Imperial County Local Agency Formation Commission and the Riverside County Local Agency Formation Commission to conduct a study on Imperial Irrigation District.

Net-Zero Technical Adjustment to General Fund Solutions – Water and Drought Resilience – Water Recycling and Groundwater Cleanup—

It is requested that Item 3940-496 be amended to make net-zero technical changes between appropriations for the Water Recycling and Groundwater Cleanup General Fund Solution proposed at Governor's Budget (see Attachment 8). This technical adjustment does not affect the total amount of proposed reversions and does not affect the proposed distribution of reversions between water recycling and groundwater cleanup.

Federal Trust Fund Authority—It is requested that statutory changes be added to amend the Health and Safety Code and provide the Water Board with sufficient authority to expend federal grant funds for as many emerging contaminants as allowed by USEPA. This language is needed to allow the Water Board to expend additional federal funding authority proposed in the Governor's Budget. The requested statutory changes will be made available on the Department of Finance website.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Andrew Hull, Principal Program Budget Analyst, at (916) 324-0043.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
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Committee
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Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Yana Garcia, Secretary, California Environmental Protection Agency
Eric Jarvis, Deputy Secretary, California Environmental Protection Agency
Eric Oppenheimer, Executive Director, State Water Resources Control Board
Ryan Wilson, Budget Officer, State Water Resources Control Board

Amend Item 3940-497 as follows:

“3940-497—Reversion, State Water Resources Control Board. Notwithstanding any other law, as of June 30, 2024, the balances specified below of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

(1) Item 3940-102-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023).
\$25,000,000

(2) Item 3940-001-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023). \$5,163,000 appropriated in Program 3560-Water Quality for the Leviathan Creek Diversion Channel Relining.

(3) Provision 1, Item 3940-106-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021). \$152,500,000 appropriated in Program 3560-Water Quality for drinking water and wastewater projects.”

3940-102-3228—For local assistance, State Water Resources Control Board, payable from the Greenhouse Gas Reduction Fund.....322,500,000

Schedule:

(1) 3560-Water Quality322,500,0000

Provisions:

1. The amounts appropriated in this item shall be available for drinking water and wastewater projects and may be provided as grants or loans.
2. Up to 5 percent of the amount appropriated in this item may be used for administrative costs.
3. Funds appropriated in this item shall be available for encumbrance or expenditure until June 30, 2027.

Amend Item 3940-495 as follows:

“3940-495—Reversion, State Water Resources Control Board. Notwithstanding any other law, as of June 30, 2024, the balances specified below of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

(1) Provision 2 of Item 3940-106-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022). \$32,600,000 appropriated in Program 3560-Water Quality for technical and financial assistance to drinking water systems to address Per- and Polyfluoroalkyl Substances (PFAS), including but not limited to the funding transferred for administrative costs.

(2) Provision 2 of Item 3940-106-0001, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023). \$39,000,000 appropriated in Program 3560-Water Quality for technical and financial assistance to drinking water systems to address Per- and Polyfluoroalkyl Substances (PFAS), including but not limited to the funding transferred for administrative costs.

(3) Provision 5, Item 3940-106-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021). \$29,119,000 appropriated in Program 3560-Water Quality for technical and financial assistance to drinking water systems to address Per- and Polyfluoroalkyl Substances (PFAS), including but not limited to the funding transferred for administrative costs.”

3940-012-0439—For transfer by the Controller from the Underground Storage Tank
Cleanup Fund to the Underground Storage Tank Petroleum Contamination Orphan Site
Cleanup Fund.....(15,000,0000)

3940-101-3145—For local assistance, State Water Resources Control Board, payable from the Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund.....15,000,000

Schedule:

(1) 3560-Water Quality.....15,000,000

Provisions:

1. The funds appropriated in this item shall be available for encumbrance or expenditure until June 30, 2027, and liquidation until June 30, 2030.

Amend Item 3940-490 as follows:

“3940-490—Reappropriation, State Water Resources Control Board. The balance of the appropriation provided in the following citation is reappropriated for the purposes provided for in that appropriation and shall be available for encumbrance or expenditure until June 30, 2026, and liquidation until June 30, 2029:

0001—General Fund

(1) Provision 2.6 (e), (j), and (k) Item 3940-101-0001, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019) as reappropriated by Item 3940-491, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020).

~~(2) Item 3940-102-0001, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), as reappropriated by Item 3940-491, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020).~~

(3) Subprovision (K) of Provision (e)(2), Section 19.56, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. of 2022) for the Deep Water Intake Location Desalination Study.

3228—Greenhouse Gas Reduction Fund

(1) Item 3940-102-3228, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), established in SB 200, as reappropriated by Item 3940-491, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020).”

3940-491—Reappropriation, State Water Resources Control Board.

Notwithstanding any other law, the period to liquidate encumbrances of the following citations is extended to June 30, 2026:

0001—General Fund

- (1) Item 3940-102-0001, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), as reappropriated by Item 3940-491, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020)
- (2) Provisions 92, 93, 111, and 118 of Section 19.56, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021)
- (3) Provision 2, Item 3940-107-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022)

Amend Item 3940-496 as follows:

“(1) Provision 1 of Item 3940-106-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022). \$100,000,000 appropriated in Program 3560-Water Quality for groundwater cleanup and water recycling projects, including but not limited to the funding transferred for administrative costs.

(2) Subprovision (3)(A) of Provision (c)(1) of Section 35, Chapter 574, Statutes of 2022. (Technical Item 3940-601-0001, Program 3560-Water Quality) \$58,800,000 \$100,000,000 for water recycling, including but not limited to the funding transferred for administrative costs.

(3) Provision 2 of Item 3940-106-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021). ~~\$115,600,000~~ \$74,400,000 for water recycling, including but not limited to the funding transferred for administrative costs.”



May 14, 2024

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to and Addition of Various Budget Bill Items, Statutory Changes, Support, Department of Toxic Substances Control

Due to lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to prior investments to assist in closing the projected shortfall. These adjustments include the following:

General Fund Solution: Cleanup in Vulnerable Communities Initiative Statutory Changes—It is requested that statutory changes be adopted to partially shift funding for the Cleanup in Vulnerable Communities Initiative to the Greenhouse Gas Reduction Fund (GGRF). This includes a shift from General Fund to GGRF of \$65 million in fiscal year 2024-25 and \$42.5 million in 2026-27. This proposal also includes a net General Fund reduction to the Cleanup in Vulnerable Communities Initiative of \$268.5 million including \$136 million in 2023-24, \$85 million in 2025-26, and \$47.5 million in 2026-27. This proposal supersedes the delay of \$175 million that was proposed in the Governor's Budget.

Included below are the remaining adjustments included in the May Revision:

Department of Toxic Substances Control: Technical Adjustments and Reappropriations—It is requested that Items 3960-490 and 3960-491 be added to reappropriate \$15,000 from Item 3960-001-0557 from the 2019 Budget Act, and \$81,000 from Item 3960-001-0557 from the 2020 Budget Act for encumbrance until June 30, 2027 (see Attachments 1 and 2). The funding for both items support the investigation and cleanup work of the sensitive-use properties contaminated with lead in communities surrounding the former Exide Technologies, Inc. facility in the City of Vernon.

Technical Adjustment: Stringfellow Superfund Site—It is requested that Item 3960-001-0001 be decreased by \$1,661,000 and Item 3960-002-0001 be increased by \$1,661,000 to correct a technical error associated with the Stringfellow Superfund site expenditures.

Exide Cost Recovery Litigation: Continued Funding—It is requested that Item 3960-001-3301 be increased by \$1 million for ongoing cost recovery litigation efforts against those responsible for contributing to the contamination of the former Exide Technologies, Inc. facility in the City of Vernon.

Hazardous Waste Control Account: Generation and Handling Fee Shortfall Solution—It is requested that Item 3960-001-0014 be decreased by \$4,576,000 in 2024-25 and \$4,826,000 ongoing, Item 3960-001-0557 be increased by \$5,014,000 ongoing, Item 3960-001-3301 be increased by \$284,000, and Item 3960-001-3390 be increased by \$28,000 as part of a comprehensive proposal to address Hazardous Waste Control Account solvency. This includes a net increase of \$750,000 from various funding sources in 2024-25 and \$500,000 ongoing and trailer bill language be adopted to address lower than projected Generation and Handling Fee revenue and bring the Hazardous Waste Control Account into solvency in 2024-25. These new resources and statutory changes will improve departmental oversight, increase fee payer compliance, and clarify the use of statutory exemptions. It is also requested that Item 3960-011-0557 be added to provide authority to forgive a \$15 million loan that was previously made from the Toxic Substances Control Account to the Hazardous Waste Control Account as part of the 2023 Budget Act (see Attachment 3).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Christian Beltran, Principal Program Budget Analyst, at (916) 324-0043.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Elisa Wynne, Staff Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
Honorable Josh Becker, Chair, Senate Budget and Fiscal Review Subcommittee
No. 2
Honorable Steven Bennett, Chair, Assembly Budget Subcommittee No. 4
Gabriel Petek, Legislative Analyst
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
Christopher W. Woods, Senate President pro Tempore's Office
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy
and Budget
Jason Sisney, Assembly Speaker's Office
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
Yana Garcia, Secretary, California Environmental Protection Agency
Catalina Hayes-Bautista, Undersecretary, California Environmental Protection
Agency
Eric Jarvis, Deputy Secretary, California Environmental Protection Agency
Meredith Williams, Director, Department of Toxic Substances Control
Craig Scholer, Chief Deputy Director, Department of Toxic Substances Control
Brian Brown, Chief Financial Officer, Department of Toxic Substances Control

3960-490—Reappropriation, Department of Toxic Substances Control. The amounts specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2027:

0557—Toxic Substances Control Account

- (1) Up to \$15,000 of Provision 3, Item 3960-001-0557, Budget Act of 2019 (Ch. 23 and 55, Stats. 2019)

3960-491—Reappropriation, Department of Toxic Substances Control. The amounts specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2027:

0557—Toxic Substances Control Account

- (1) Up to \$81,000 of Provision 3 Item 3960-001-0557, Budget Act of 2020 (Ch. 6 and 7, Stats. 2020)

3960-011-0557—For transfer by the Controller from the Toxic Substances Control Account to the Hazardous Waste Control Account..... (\$0)

Provisions:

1. The Hazardous Waste Control Account is not required to repay the \$15,000,000 loan provided from the Toxic Substances Control Account pursuant to 3960-011-0557, Budget Act of 2023 (Chs. 12, 38, and 189, Stats. 2023).



May 14, 2024

Honorable Scott D. Wiener, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Items 3970-001-0387, 3970-001-3202, and 3970-001-3228, and Eliminate Item 3970-013-0113, Support, Department of Resources Recycling and Recovery

The May Revision proposes the following adjustments to enable the department to implement recently chaptered legislation:

Aerosol Spray Paint Inclusion Within Extended Producer Responsibility Program: Chapter 848, Statutes of 2023 (AB 1526)—It is requested that Item 3970-001-3202 be increased by \$261,000 and 2 permanent positions in fiscal year 2024-25 and \$670,000 ongoing to evaluate stewardship plans, prepare amendments and reports, develop regulations, conduct investigations, audits, and enforcement, and coordinate with relevant state agencies as a result of the elimination of the exemption for aerosol spray paint from the Extended Producer Responsibility program.

Recycling Infrastructure Project Grants: Chapter 693, Statutes of 2023 (AB 1548)—It is requested that Item 3970-001-3228 be increased by \$135,000 and 1 permanent position ongoing to develop program criteria, review and evaluate applications, monitor progress of awarded projects, manage grants, review payment requests, and close out grants due to recent statutory changes to add specific financial assistance for at least two new grant programs.

Expansion of Low Population Waiver Within Organic Waste Recycling Law: Chapter 878, Statutes of 2023 (SB 613)—It is requested that Item 3970-001-0387 be increased by \$171,000 and 1 permanent position ongoing to expand the waiver for low population jurisdictions under California's organic waste recycling law.

Included below are the remaining adjustments included in the May Revision:

Withdrawal of Proposed Loan from the California Beverage Container Recycling Fund (BCRF) Loan to the General Fund—It is requested that the Item 3970-013-0133 be eliminated, along with a one-year repayment deferral of an existing \$25 million budgetary loan, from BCRF to the General Fund be removed, as proposed, from the Governor's Budget.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Christian Beltran, Principal Program Budget Analyst, at (916) 324-0043.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

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Eric Jarvis, Deputy Secretary, California Environmental Protection Agency
Krystal Acierto, Deputy Secretary, California Environmental Protection Agency
Zoe Heller, Director, Department of Resources Recycling and Recovery
Mindy McIntyre, Chief Deputy Director, Department of Resources Recycling and
Recovery
Brandy Hunt, Deputy Director of Administration, Department of Resources
Recycling and Recovery