

California State Assembly



Informational Hearing Agenda

Assembly Budget Subcommittee No. 4 on Climate Crisis, Resources, Energy, and Transportation

Assemblymember Steve Bennett, Chair

Wednesday, March 19, 2025
9:30 A.M. – State Capitol, Room 447

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Non-Presentation Items: The following items do not receive a formal presentation from the Administration in order to focus time on the most substantial proposals. Members of the Subcommittee may ask questions or make comments on these proposals at the time designated by the Subcommittee Chair or request a presentation by the Administration at the discretion of the Subcommittee Chair. Members of the public are encouraged to provide public comment on these items at the designated time.

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Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee.

Presentation Items

Various

Issue 1: Prop. 4 – Extreme Heat Mitigation Spending Plan

Proposition 4 includes a total of \$450 million for various activities to mitigate the impacts of extreme heat. The Governor’s budget proposes to appropriate \$102 million—23 percent—of the \$450 million in 2025-26. The Governor’s budget includes multi-year appropriations which would provide \$172 million in 2026-27, and \$176 million in the future budget years. Under the governor’s spending plan, all funds would be allocated in the extreme heat mitigation chapter of the bond.

Chapter 5. Extreme Heat Mitigation (\$ in Millions)

Department	Program	2025-26	2026-27	Out-Years	Pending Allocation
Office of Land Use & Climate Innovation	Extreme Heat & Community Resilience Program	\$16	\$32	\$2	\$0
	Transformative Climate Communities Program	\$0	\$69	\$81	\$0
	Community Resilience Centers	\$0.8	\$0.4	\$59	\$0
Natural Resources Agency	Urban Greening Program	\$47	\$47	\$6	\$0
CAL FIRE	Urban Forests Program	\$0.5	\$24	\$26	\$0
Dept. of Food & Agriculture	Fairground Upgrades	\$38	\$0.7	\$2	\$0
Total		\$102	\$172	\$176	\$0

Programs with General Fund Reductions Backfilled by Prop. 4 Funds:

Department	Program	Amount
Office of Land Use and Climate Innovation	Extreme Heat and Community Resilience Program	\$15 million

Descriptions of Programs for Proposed Spending

Below are brief descriptions of the programs with proposed investments in the administration’s spending plan:

- Extreme Heat and Community Resilience Program – projects to reduce the impacts of extreme heat through investments including physical infrastructure, planning, nature-based solutions, and emergency preparedness.
- Transformative Climate Communities – funds community-led development and infrastructure projects that achieve major environmental, health, and economic benefits in California’s most disadvantaged communities.
- Community Resilience Centers – funds neighborhood-level resilience centers to provide shelter and resources during climate and other emergencies, as well as year-round services and programming that strengthen community connections and ability to withstand disasters.
- Urban Greening Program – funds urban greening and forestry projects that reduce GHG emissions, mitigate the effects of extreme heat, and provide additional benefits including a decrease in air and water pollution or a reduction in the consumption of natural resources and energy.
- Urban Forests Program – funds the expansion and maintaining of urban forests in cities and communities to improve air quality, provide shade, and reduce heat islands.

Panel

- Abby Edwards, LCI Senior Deputy Director, Office of Land Use and Climate Innovation
- Amar Azucena, SGC Deputy Director of Community Investments and Planning, Office of Land Use and Climate
- Bryan Cash, Assistant Secretary for Administration and Finance, Natural Resources Agency
- Matthew Reischman, Deputy Director of Natural Resource Management, CalFire
- Jamie Gonsalves, Finance Budget Analyst, Department of Finance on behalf of Department of Food and Agriculture
- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst’s Office

LAO Comments

Proposition 4 Provides Comparatively Little Flexibility on How Extreme Heat Funding Can Be Used. In contrast to several other sections of Proposition 4 discussed in this report, the extreme heat mitigation chapter of the bond specifies the dollar amounts that should go to each existing program and does not include any new programs. As such, comparatively less discretion exists for how the funding can be used.

Administration’s Proposed Timing of Appropriations Is Based on Projected Ability to Move Forward With Grant Cycles. While Proposition 4 does not provide flexibility on the amount of extreme heat funding to be allocated to each program, the Legislature does have discretion over when this funding is appropriated. The administration’s multiyear spending plan

is based on when it anticipates being able to move forward with new grant cycles for each particular program. For example, CDFA anticipates it will be able to quickly disperse funding for fairground upgrades because, due to its oversight role, the department has extensive knowledge and data about the emergency uses and conditions of fairground infrastructure across the state.

Similarly, LCI indicates it will be able to begin using bond funding in 2025-26 for the Extreme Heat and Community Resilience Program because it will incorporate the funding into a previously planned grant cycle. Specifically, LCI used the General Fund it received from the previous climate packages to award a first round of grants for this program in 2024-25 and has \$15 million General Fund and \$7.5 million GGRF planned for a second grant cycle in 2025-26. The Governor's proposal would revert that \$15 million of General Fund so that it can be used elsewhere, then use \$16 million in Proposition 4 funds to replace the General Fund and slightly augment the previously appropriated funding for the planned second round of grant funding. An additional \$34 million in bond funding for the program would be available in future years.

For some other programs for which new grant cycles will need to be launched, the administration anticipates beginning awards in 2026-27 and its multiyear spending plan therefore includes larger amounts of funding in the out-years as opposed to 2025-26. For example, for the urban forests program, CalFire plans to revise grant guidelines and prepare solicitations for the funding in 2025-26, with awards beginning in 2026-27. Similarly, LCI indicates that the earliest it anticipates being able to award new grants for Transformative Climate Communities and community resilience centers would be in 2026-27. (However, LCI indicates that it is evaluating whether it can modify its program delivery structure to begin awarding funding sooner.)

Staff Comments

Staff notes that the Department of Food and Agriculture will be before the committee on April 2nd and that if members of the Subcommittee have questions about the Fairgrounds sub-allocation in this discussion item that questions be deferred until that hearing.

The Subcommittee members may wish to ask the following questions:

1. Why is technical assistance important for capacity building? Specifically, why is it important for programs administered by LCI (Transformative Climate Communities, Community Resilience Centers, and the Extreme Heat Program)?
2. How many awards does LCI expect to be able to make with the funds available in Prop. 4 for Transformative Climate Communities and Community Resilience Centers?
3. How will the backfill of Prop. 4 funds for the Extreme Heat and Community Resilience Program disrupt the open round of grant solicitations under way?
4. What is the difference between the Urban Greening and Urban Forestry Program?

Staff Recommendation: Hold Open.

Issue 2: Prop. 4 – Outdoor Access Spending Plan

Proposition 4 includes a total of \$700 million for various park creation, restoration, and outdoor access activities. The Governor’s budget proposes to appropriate \$286 million-- 41 percent—of the \$700 million in 2025-26. The Governor’s budget includes multi-year appropriations which would provide \$117 million in 26-27, and \$65 million in the future budget years. Under the governor’s spending plan, \$231 million of bond funds in this chapter would be left unallocated.

Chapter 8. Outdoor Access

(\$ in Millions)

Department	Program	2025-26	2026-27	Out-Years	Pending Allocation
Dept. of Parks & Recreation	Statewide Park Program	\$190	\$2	\$8	\$0
	Deferred Maintenance	\$84	\$70	\$20	\$0
Natural Resources Agency & Dept. of Fish & Wildlife	Reduction of Climate Impacts on Disadvantaged Communities & Expansion of Outdoor Recreation	\$11	\$21	\$29	\$139
Natural Resources Agency & Departments	Enhancement of Natural Resource Values & Expanded Recreational Opportunities	\$0.7	\$0.7	\$6	\$92
Natural Resources Agency	Nature, Climate Education & Research Facilities Grants	\$0.2	\$23	\$1	\$0
Total		\$286	\$117	\$65	\$231

Programs with General Fund Reductions Backfilled by Prop. 4 Funds:

Department	Program	Amount
Department of Parks and Recreation	Deferred Maintenance	\$14 million
Various, including State Parks	Stewardship of State-owned Land	\$68 million

Descriptions of Programs for Proposed Spending

Below are brief descriptions of the programs with proposed investments in the administration spending plan:

- Statewide Park Program – long-standing grant program within State Parks that funds the creation of new parks and new recreation opportunities in underserved communities across California.
- Deferred Maintenance – State Parks’ deferred maintenance backlog is estimated to be more than \$1.2 billion, consisting of 5,000 projects across the 280 parks. This funding would build on recent one-time investments to State Parks within the climate packages to continue addressing necessary repairs, upkeep, infrastructure, equipment and facilities upgrades.
- Reduction of Climate Impacts on Disadvantaged Communities & Expansion of Outdoor Recreation – per section 94020 of Prop. 4, this section of the bond provides \$200 million for a broad category of uses, which could also be appropriated to any departments under the Natural Resources Agency. Eligible projects for funding include:
 - Improvements to city, county, and regional parks
 - Funding for park-poor communities that have experienced losses of open space
 - Multi-benefit projects to reduce the risks of natural disasters
 - Improved public access, including for individuals with disabilities
 - Protection, restoration, and enhancement of the natural resource values of the state park system and projects to expand public access for disadvantaged communities
 - Coastal public access infrastructure for disadvantaged communities
 - Projects for the creation and improvement of local parks to correct historic underinvestment in park poor communities

Under the administration’s spending plan, \$50 million of the \$200 million would be allocated to the Department of Fish and Wildlife (CDFW) over multiple budget years to increase accessibility across the 1.2 million acres of land the department owns and operates. For CDFW, \$10 million is proposed in 2025-26, \$20 million in 2026-27, and \$20 million in 2027-28. Examples of projects funded include visitor amenities such as bathrooms, trail maintenance, and interpretive panels at entrances.

The remaining \$139 million is unallocated and the administration is considering whether to use these funds for existing programs or creating a new program.

- Enhancement of Natural Resource Values & Expanded Recreational Opportunities – The \$100 million set aside in bond may be used for the protection, restoration, and enhancement of the natural resource values of the state park system and for projects to expand recreational opportunities and public access to state and public park non-

motorized trails. The administration has left this funding unallocated and plans to develop next steps after soliciting desired goals and outcomes from stakeholders.

- Nature, Climate Education & Research Facilities Grants – these funds will be combined with the sub-allocation for the same purpose in the Water chapter of the bond for a total of \$45 million, which will be administered through a competitive grant program.

Panel

- Armando Quintero, Director, Department of Parks and Recreation
- Valerie Termini, Chief Deputy Director, Department of Fish and Wildlife
- Bryan Cash, Assistant Secretary for Administration and Finance, Natural Resources Agency
- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst’s Office

LAO Comments

Proposal Would Allocate Significant Portion of Parks Funding in First Two Years to Address Pent-Up Demand and Needs. The administration’s multiyear plan would appropriate 58 percent of the available funding for park creation and outdoor access across 2025-26 and 2026-27, largely due to plans to allocate nearly all the funding for the Statewide Parks Program and deferred maintenance in these first two years of bond implementation. While in some cases this approach could raise questions about the department’s and grantees’ ability to expend so much funding over a short period of time, Parks indicates sufficient demand and uses for these two programs exist and it is confident funds can be committed and expended relatively quickly.

Based on our initial review, the department’s evidence and rationale for this approach seem reasonable. For the Statewide Parks Program (\$190 million proposed in 2025-26 with the remaining \$10 million set aside to support annual program delivery costs through 2030-31), the administration intends to allocate grants as a continuation of the existing Statewide Park Development and Community Revitalization Program. This provides funding for the creation, expansion, and renovation of safe neighborhood parks in park-poor neighborhoods. The prior funding provided in previous years has been exhausted and Parks indicates high demand for this program exists, with \$1.9 billion in unfunded requests during the last grant cycle.

Also notable is \$84 million proposed for 2025-26 plus another \$70 million planned for 2026-27 to help address Parks’ deferred maintenance backlog. (As noted earlier, this includes \$14 million from a previous General Fund appropriation that the Governor proposes shifting to Proposition 4 support.) The department estimates addressing its current deferred maintenance backlog would cost over \$1 billion. As a result, Parks intends to prioritize projects based on various factors such as impacts to health, safety, and disadvantaged communities, with consideration for other factors that might affect project delivery such as permitting and legal issues. Because the appropriation plan for deferred maintenance is based on expected cash flow needs, the administration notes that it may request some adjustments to the multiyear plan in future years.

Legislature May Want to Weigh in on Determining Plans for Two Pending Programs. As noted above, the Governor’s multiyear plan does not yet incorporate funding for two programs. The administration indicates this is because it still is in the process of determining how this funding will be used. This creates an opportunity for the Legislature to help design the programs based on its priorities and what it had in mind when drafting the bond.

Specifically, for reducing climate impacts on disadvantaged communities, the administration indicates that it still is considering whether the pending \$139 million should be used to support new or existing programs. The Legislature could consider whether there are particular activities that it would want this funding to support, and direct the administration accordingly.

Similarly, for enhancing natural resources and expanding trail access—which are new activities established through the bond—the administration plans to develop next steps after soliciting desired goals and outcomes from stakeholders. The Legislature could consider weighing in on what the process for soliciting input from stakeholders should be and/or whether it wants to direct the administration to focus on certain goals and outcomes based on its priorities.

Staff Comments

1. For the Statewide Park Revitalization Program, does the department plan on opening a new round for the grant program or does it plan to award applicants from an existing, open round?
2. To date, the Department of Fish and Wildlife has received \$57 million for increasing accessibility to land the department owns and operates. Over how many years was that funding provided to the department?
3. Has the Department of Fish and Wildlife collected data on number of visitors before and after the accessibility upgrades? If yes, what outcomes is the department tracking after implementation of these projects?
4. What is the total cost/need the Department of Fish and Wildlife has identified for property improvements and projects for increasing accessibility across the properties the department owns?
5. In what ways will the Proposition 4 backfill impact the delivery and timeline of wildfire resilience projects across our State Parks that received General Fund from the Stewardship of State-owned land program?
6. What could \$12 million fund for State Parks in terms of deferred maintenance projects?
7. For the sub-allocation dedicated to the Enhancement of Natural Resource Values and Expanded Recreational Opportunities, why does the Administration need what appears to be two years for program development, as indicated in the \$700,000 appropriated in 2025-26 and 2026-27?

8. How does the Administration plan on engaging with the public on program development and future spending for new programs or for unallocated funds in this chapter?

Staff Recommendation: Hold Open.

3970 CalRecycle

Issue 3: SB 54 Implementation - Plastic Pollution Prevention and Packaging Producer Responsibility Act

“California is leading the way to hold producers responsible, drive sustainable innovation and green jobs, and support the most impacted communities. We have to act now, with urgency, to give our kids a future without plastic pollution.” – Governor Gavin Newsom, March 8, 2024 upon release of draft SB 54 regulations.

Packaging makes up over 50% of what we dump in California landfills by volume¹. Each year we see nearly 12 million metric tons of plastic enter our ocean globally - a dump truck of plastic pollution every 45 seconds². Not only does plastic impact our ocean and marine life, it poses serious threats to human health, both from its production and its end life.

In 2022, the Legislature passed SB 54 (Allen) to address the impacts of single-use packaging and plastic food service ware. This landmark packaging law requires that by 2032, California will:

- Cut single-use plastic packaging and food ware by 25%
- Recycle 65% of single-use packaging and food ware
- And ensure 100% of single-use packaging and plastic foodware is recycle or compostable

SB 54 establishes a new extended producer responsibility (EPR) program to manage covered material, which encompasses single-use packaging and single-use plastic food service ware products across every sector of the economy. This means the law shifts the plastic pollution burden from consumers and ratepayers to producers. Producers will ensure that the covered material sold, offered for sale, distributed, or imported into California is recyclable or compostable.

EPR gives primary responsibility for managing products after their useful life to producers, who can design and market products to be more easily reused or recycled. EPR can encourage product design changes to: (1) ensure products are easily reused or recycled; and (2) minimize negative impacts on public health and the environment at every stage of the product’s life cycle.

Since the passage of SB 54, a number of steps to implement the bill have taken place, including selection of an Advisory Board for implementation within CalRecycle, selection of a Producer Responsibility Organization, and finalization of covered material categories. CalRecycle was also tasked with drafting regulations for SB 54 implementation.

¹ California Department of Resources Recycling and Recovery. (n.d.). Packaging extended producer responsibility (EPR). CalRecycle. <https://calrecycle.ca.gov/packaging/packaging-epr/>

² Monterey Bay Aquarium. (n.d.). The challenge of plastic pollution. Monterey Bay Aquarium. <https://www.montereybayaquarium.org/act-for-the-ocean/plastic-pollution/the-challenge>

Regulation Deadline

The deadline to submit final regulations for SB 54 to the Office of Administrative Law was March 7, 2025. The Governor did not submit the regulations in time, and directed CalRecycle to restart the regulations.

Panel

- Zoe Heller, Director, CalRecycle
- John Parsons, Staff Finance Budget Analyst, Department of Finance
- Erin Carson, Principal Program Budget Analyst, Department of Finance
- Frank Jimenez, Senior Fiscal & Policy Analyst, Legislative Analyst’s Office

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Since the Governor did not submit the regulations the department completed, how does this impact the Beverage Container Recycling Fund loan used for regulation development?
2. What were the specific reasons for withholding the regulations?
3. How does the department plan on funding the revisions to the regulations?
4. What specifically needs to be addressed in the revisions?
5. What is the timeline the department envisions to complete these revisions to stay on track with implementation?
6. Will this delay affect California’s ability to meet the 2032 targets set under SB 54?
7. How does the Administration plan to maintain public trust and stakeholder confidence in SB 54’s implementation given this setback?

Staff Recommendation: Informational, not action needed.

Issue 4: Responsible Textile Recovery Act of 2024 – Implementation of SB 707

The Governor's budget requests 27 permanent ongoing positions to be phased in over two fiscal years (18 positions in 2025-26 and an additional 9 positions in 2027-28) with a total ongoing cost of \$4,552,000 to implement the Responsible Textile Recovery Act of 2024 (Newman, Chapter 864, Statutes of 2024).

CalRecycle additionally requests budget bill language to authorize a loan equally split between the Beverage Container Recycling Fund (BCRF) and Electronic Waste Recovery and Recycling Account (EWWRA) to cover implementation costs until CalRecycle gets reimbursed by the Producer Responsibility Organization.

Background:

Textiles and apparel are a significant portion of California's waste stream, are expensive and difficult to manage, and are a growing environmental issue. CalRecycle's 2021 Waste Characterization Study estimates textiles comprised over 3 percent of the municipal solid waste stream in California in 2021, totaling about 1.2 million metric tons.

The Responsible Textile Recovery Act of 2024 (the Textiles Act; Newman, Chapter 864, Statutes of 2024) requires producers of textiles and apparel to establish a producer responsibility organization (PRO) to implement an extended producer responsibility (EPR) program to increase the reuse, repair, recycling, and proper management of textiles in the state. This new EPR program prioritizes reuse and repair, and the minimization of hazardous waste generation, greenhouse gas emissions, environmental justice, and public health impacts.

The resources requested in this proposal are for CalRecycle to fulfill its statutory responsibilities required by the Textiles Act. The regulated community will include hundreds of producers that sell, offer for sale, or distribute apparel or textile articles in California. Given the complexity and variety of the covered products in the program, CalRecycle will need to develop an understanding of the industry to review PRO applications, determine which PRO can most effectively implement the law, and guide the development of the statewide needs assessment in consultation with the PRO. Oversight of the textile and apparel EPR program will be complex due to the quantity and diversity of producers and products that will require a significant level of review and analysis.

CalRecycle must hire a new team of staff and supervisors to meet its statutory obligations, complete rulemaking, and conduct tasks necessary to implement and enforce the Textiles Act. These positions will also support CalRecycle's outreach to interested parties to enable public comment and participation in rulemaking workshops and regulation development. The request includes 7 positions to create a new unit to focus solely on activities associated with the Textiles Act, 13 positions to carry out enforcement and compliance set for in SB 707, and 7 positions within CalRecycle's Legal Office.

Panel

- Zoe Heller, Director, CalRecycle
- Mindy McIntyre, Chief Deputy Director, CalRecycle
- John Parsons, Staff Finance Budget Analyst, Department of Finance
- Erin Carson, Principal Program Budget Analyst, Department of Finance
- Frank Jimenez, Senior Fiscal & Policy Analyst, Legislative Analyst’s Office

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. What Budget Bill Language does the department need to implement this budget change proposal and why?
2. The ongoing cost of the positions requested is \$4.552 million until CalRecycle gets reimbursed by the Producer Responsibility Organization (PRO). How confident is the department in the two funds that are providing the loans being able to incur this ongoing cost until the PRO can reimburse the department?
3. What are the statutory deadlines included in SB 707 for implementation?

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 5: Impact of LA Fires on State Parks

Two State Parks, Will Rogers State Historic Park and Topanga State Park, were significantly impacted by the Pacific Palisades fire.

Based on a preliminary damage assessment, between the two parks, more than 30 structures – including the Will Rogers’ historic ranch house, Topanga Ranch Motel, and State Park employee residences – were destroyed.

State Parks’ initial disaster response costs are covered as a part of the Presidential Major Disaster Declaration for the Los Angeles Fires, where former-President Biden approved a 100 percent federal cost-share for eligible costs within the first 180-days of the incident period. The 180-day timeframe of 100 percent FEMA reimbursement is limited to Public Assistance Categories A (Emergency Protective Measures) and B (Debris Removal).

State Parks is included in the Phase I debris removal operations led by the U.S. EPA. This phase addresses immediate hazards, such as propane tanks, chemicals, and other hazardous materials.

Beyond the 180-day incident period, the Administration will continue to seek maximum available federal reimbursement. For example, State Parks recently submitted a request to the Office of Emergency Services to be included in Phase II debris removal led by the U.S. Army Corp of Engineers. Once a comprehensive damage assessment is completed, State Parks will be able to seek federal matching and reimbursement funding through the budget process.

For long-term recovery, the department anticipates being able to utilize federal reimbursement through FEMA which includes 75 percent reimbursement rate for FEMA eligible costs. State funding will be necessary to cover the 25 percent state cost-share for FEMA eligible reimbursement costs and 100 percent of the costs not eligible for FEMA reimbursement. Once the full damage assessment is complete, the department will determine the required funding amounts and timeline in coordination with Cal OES and the Department of Finance.

Panel

- Armando Quintero, Director, Department of Parks and Recreation
- Lizzie Urie, Principal Program Budget Analyst, Department of Finance
- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst’s Office

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. Does the Department of Parks and Recreation view Prop. 4 funds as an appropriate fund source for recovery efforts at Will Rogers State Historic Park and Topanga State Park? Why or why not?

2. What fund sources has the department used when State Parks were impacted by natural disasters historically?
3. Based on the department's timeline for assessing damages and receiving FEMA reimbursements for eligible costs, when does the department expect to request state funds for either the state-cost share on FEMA eligible recovery work or non-eligible FEMA costs?
4. What has the department done historically in terms of community engagement in planning processes for rebuilding and recovery efforts at State Parks?
5. What are examples of non-eligible costs for FEMA reimbursement that the state has paid for in recovery efforts for State Parks in the past?

Staff Recommendation: Informational, no action needed.

Issue 6: Border Field State Park – Infrastructure Updates

This discussion item includes two sections related to Border Field State Park:

1. A department update on the Monument Road Realignment Project
2. A budget change proposal in the Governor's budget which requests \$1,000,000 in spending authority in fiscal year 2025-26 for the working drawings phase of the Border Field State Park: Monument Mesa Day Use and Interpretive Area project. This project will update the outdoor educational plaza at Monument Mesa with areas for mixed-use group events as well as provide interpretive elements and exhibits.

Border Field State Park is a 760-acre parcel of land situated in the extreme southwest corner of California. The park is part of a larger 2,400-acre unit called the Tijuana River National Estuarine Research Reserve established in 1982 and administered by the National Oceanographic and Atmospheric Administration (NOAA). The park provides restrooms, picnic areas, barbecues, horse corrals, and interpretive displays. Visitors enjoy beach combing, hiking, horseback riding, bird watching, and learning about the historical and cultural significance of Friendship Park and the Monument Mesa area.

Monument Road Realignment Project

State Parks received settlement funds from the Federal Government for impacts to Border Field State Park resulting from the Federal Border Infrastructure Project. \$5.95 million of these funds were allocated to the Monument Road Realignment Project at the Park in 2015. This road experiences frequent issues with flooding. The realignment project would move the road to an area less prone to flooding and debris flows to ensure public access to the park. Road closures have prevented access to Board Field for the past year.

While State Parks invested \$500,000 last year to conduct debris removal from previous flooding, within a week of project completion, International Boundary and Water Commission South Bay International Wastewater treatment plant infrastructure failed, resulting in one million gallons of raw sewage per day to flow down the park road, further delaying the opening of the park.

Despite receiving funding for the realignment project in 2015, State Park cites significant engineering challenges and limited site access as a hindrance for planning, design, and construction of the project. It took several years of extensive collaboration with permitting agency staff (CDFW, USFWS, Army Corps, Regional Water Quality Control Board (RWQCB), and Coastal Commission) and engineers to develop a conceptual plan that met all of the project requirements.

State Parks indicates that final adoption for the Environmental Impact Report for the project will be at the end 2025, and that construction is expected to start in 2027.

Monument Mesa Day Use and Interpretive Area project

The Monument Mesa Day Use area at the southwest quadrant of the park is named for the monument identifying the westernmost border marker between the United States and Mexico. Visitors can see the actual survey marker at this location.

The Federal Border Infrastructure Project restricts public access on Monument Mesa due to the construction of tall steel fences. The public can no longer walk up to the 19th-century historic survey monument which the mesa is named for. The fences also restrict public access to Friendship Park, which is adjacent to Monument Mesa. At one time, this location was a popular meeting place for families and friends separated by the border. Although Monument Mesa is still popular as a day use picnic area, the public may no longer access these valuable historical elements of the park. Additionally, Border Patrol needs access to the northwest corner of the Mesa to occasionally park their vehicles.

The Governor's budget, therefore, requests \$1,000,000 in spending authority for the working drawings phase Monument Mesa Day Use and Interpretive Area project. This will enhance the visitor experience at Border Field State Park by providing landscape and hardscape upgrades to Monument Mesa area and installing integrated interpretive elements and exhibits that will discuss and highlight the border story, as well as commemorate the importance of Friendship Park.

Panel

- Armando Quintero, Director, Department of Parks and Recreation
- Brian Dewey, Facilities and Development Assistant Deputy, Department of Parks and Recreation
- Michael McGinness, Principal Program Budget Analyst, Department of Finance
- David Jensen, Finance Budget Analyst, Department of Finance
- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst's Office

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. For Monument Mesa, in 2017, the Legislature appropriated \$228,000 to State Parks for the working drawing phase for an educational plaza at Monument Mesa. Why does the department need the \$1,000,000 if the working drawing phase was already funded?
2. Can the department provide an overview of the key events that occurred between appropriating the \$5.95 million in 2015 for the Monument Road Realignment Project and today?
3. What is the current cost of the realignment project and what funds is the department planning to use to complete the project? Is it able to be fully funded by settlement funds or are a combination of fund sources being used?

4. What elements of Border Field State Park make is a sensitive coastal wetland habitat?
How is the department mitigating environmental impacts a part of the project?

Staff Recommendation: Hold Open.

3960 Department of Toxic Substances Control

Issue 7: Department Updates – SB 158, Generation and Handling Fee, and Clean Up in Vulnerable Communities Initiative

Generation and Handling Fee

The Hazardous Waste Control Account primarily supports activities the Department of Toxic Substances Control (DTSC) conducts related to regulating the generation, storage, transportation, and disposal of hazardous waste through permitting, compliance monitoring, and enforcement of noncompliance. In 2021, the Legislature enacted SB 158 (Committee on Budget and Fiscal Review, Chapter 73, Statutes of 2021) which mandated several policy reforms to DTSC, stabilized funding, and created the Board of Environmental Safety.

SB 158 established a sustainable fee framework by consolidating four fees into a single flat per-ton rate. SB 158 also established the Board of Environmental Safety to annually set rates. At the time of SB 158's enactment, the newly created generation and handling fee was estimated to generate \$81 million. Actual generation and handling fee revenues in 2022-23 were \$43 million, with revenues in 2023-24 at approximately \$48 million.

In order to address shortfall between estimated and actual revenue, the 2024-25 budget included trailer bill language in SB 156 (Chapter 72, Statutes of 2024) and a Budget Change Proposal to address the structural deficit in the Hazardous Waste Control Account. The proposed statutory changes included the following:

- Clarifying fee exemptions to be consistently applied and aligned with intent of SB 158.
- Defining "release" to be consistent with site mitigation language.
- Mandating DTSC to adopt regulations on an exemption review process and reporting requirements.
- Providing DTSC emergency rulemaking authority on fees administration.
- Replacing California Department of Tax and Fee Administration (CDTFA) penalties with escalating penalties based on delinquency period.
- Providing technical code cleanup.

The 2024-25 budget also included \$750,000 one-time, and \$500,000 ongoing from the Hazardous Waste Control Account to increase CDTFA audit activity and implement escalated penalty framework; and develop exemption review and reporting oversight processes, and build out DTSC and CDTFA oversight activities.

Since the passage of SB 156, DTSC noticed its regulatory proposal to implement SB 156 (Chapter 72, Statutes of 2024) through emergency rulemaking. The regulations include

specifying generator reporting and record keeping requirements, clarifying certain fee exemptions, establishing an exemption review process, and adopting penalty framework for failure to comply with reporting requirements. Once approved, DTSC will begin developing the internal processes to implement the exemption review process and begin coding its reporting system to assess penalties to take effect in the 2026 reporting period.

Cleanup in Vulnerable Communities Initiative

In addition to fee reform, SB 158 also created the Cleanup in Vulnerable Communities Initiative (CVCI). The original multi-year total was \$500 million, which prioritizes the cleanup and investigation of hazardous waste sites in communities that suffer from multiple sources of contamination.

Under the umbrella of the initiative, there are five programs – the Equitable Communities Revitalization Grant (ECRG), the Technical Assistance Grant, Workforce Development, Discovery and Enforcement, and the Community Benefit Agreements. SB 158 also allocated funding to supplement existing Site Remediation Account funding to clean up federal and orphan sites.

Descriptions of programs:

- Discovery and Enforcement - Investigates and cleans up environmental releases associated with dry-cleaning operations.
- Equitable Community Revitalization Grants - Provides grants for environmental assessments, investigation, and cleanup of land to be reused or revitalized.
- Technical Assistance Grants - Provides grants for a subject matter expert to build community capacity and knowledge on technical activities performed under DTSC oversight. Technical Assistance Grants also engage communities to collect environmental data through an approach known as Community Science.
- Workforce Development - Provides job opportunities to communities where CVCI work will be conducted.
- Community Benefits Agreement - Integrates with DTSC's oversight of sites in communities with high environmental burdens and proximity to sensitive receptors by directing benefits to the impacted community.

Due to subsequent deficits, reductions to the original \$500 million total have been made to balance the budget. In addition, \$108 million of the \$500 million was shifted from the General Fund to the Greenhouse Gas Reduction Fund.

In total, the original \$500 million investment was reduced by \$269 million, leaving \$232 million as the revised total for the Initiative.

Panel

- Katherine Butler, Director, Department of Toxic Substances Control
- Craig Scholer, Chief Deputy Director, Department of Toxic Substances Control
- Erin Carson, Principal Budget Program Analyst, Department of Finance
- John Parsons, Staff Finance Budget Analyst, Department of Finance
- Frank Jimenez, Senior Fiscal & Policy Analyst, Legislative Analyst’s Office

Staff Comments

The Subcommittee members may wish to ask the following questions:

For the Generation and Handling Fee:

1. In addition to the changes in SB 156 from last year, did the department raise the Generation and Handling Fee? If yes, by how much?
2. What are the impacts the department is seeing based on the changes in SB 156? Is the desired effect occurring?
3. Other than the special notice CDTFA issued informing fee payers about the escalating penalties for late payment, what other outreach to generators occurred regarding these changes?
4. How are the LA fires impacting generation of hazardous waste? Is this something you are specifically tracking?

For the Clean Up in Vulnerable Communities Initiative:

1. How many rounds were originally planned for the Equitable Community Revitalization Grant program and how many are now able to be funded given the reductions?
2. What was the demand for the various grant programs under CVC?

Other:

1. Does DTSC or Department of Finance expect to need to take action regarding the negative fund balance in the Toxic Substances Control Account? Why or why not?

Staff Recommendation: Informational, no action needed.

3930 Department of Pesticide Regulation

Issue 8: Department Update - Implementation of AB 2113, Mill Fee, and Sustainable Pest Management

The Department of Pesticide Regulation (DPR) is charged with protecting public health and the environment by regulating pesticides. The department is responsible for evaluating and registering pesticide products at the state level. This includes the continuous review of pesticides and, if needed, the formal reevaluation of products to identify actions needed to reduce or eliminate adverse impacts. DPR also is responsible for licensing individuals and businesses that sell, consult on, or apply pesticides. Additionally, the department tests pesticide residues on fresh produce and oversees local enforcement of pesticide use laws and regulations by County Agricultural Commissioners. DPR and County Ag Commissioners have the authority to discipline those who violate state pesticide laws and regulations, such as through levying administrative penalties. Finally, the department offers grants and conducts outreach activities to encourage the adoption of alternative pest management practices.

Historically, about 90 percent of DPR's budget has been supported by the DPR Fund with the remaining amount coming from other special funds and federal funds.

The DPR Fund is a repository of taxes and fees paid by pesticide retailers, wholesalers, and businesses. The state uses the fund to support state and local activities related to regulating pesticides. The DPR Fund is primarily supported by three main funding sources: the mill assessment, registration fees, and licensing fees. The largest revenue source for the DPR Fund—about 80 percent—is the mill assessment, a tax levied on pesticides when first sold into or within the state. Prior to last year, the mill assessment had not been increased since 2004.

Last year, the Legislature passed AB 2113 (Chapter 60, Statutes of 2024), a compromise between the Assembly, Senate, and Administration to sustainably fund DPR.

Key elements of AB 2113 include:

1. Requiring DPR to complete the registration of pesticides within a specified timeframe beginning in 2027;
2. Removing the authority of DPR to raise the mill assessment in the future (as was originally proposed in the Governor's budget proposal);
3. Requiring DPR to initiate an additional re-evaluation of a pesticide each year until 2029, and then initiate an additional two re-evaluations of pesticides each year;
4. Raising the mill fee incrementally over four years to a maximum of 30 mills;
5. Requiring DPR to post certain information such as timelines of pesticide registration or the estimated timeline of completing certain re-evaluations on its website; and,

6. Requiring the Director of DPR to appear before the respective legislative policy committees of the Assembly and Senate, no less than at least once every two years.

Panel

- Alejandra Duran, Deputy Director, Department of Pesticide Regulation
- Erin Carson, Principal Budget Program Analyst, Department of Finance
- Frank Jimenez, Senior Fiscal & Policy Analyst, Legislative Analyst’s Office

Staff Comments

The Subcommittee members may wish to ask the following questions:

1. What steps has the department been able to take in implementing the new statutory requirements as outlined in AB 2113, including:
 - a. Annual reporting of processing times to review, evaluate, and issue final decisions on applications for registering pesticides
 - b. Annual initiation of a pesticide reevaluation
 - c. Annual reporting and posting on DPR’s website its actions to identify and evaluate potential adverse effects of pesticides, and to develop mitigation measures to address those effects
 - d. Identification of actions to improve the efficiency of its internal processes for reevaluating pesticides
2. How many staff has the department hired? Has the department faced challenges in filling authorized positions?
3. What has the department been able to accomplish in terms of implementing Sustainable Pest Management Roadmap?

Staff Recommendation: Informational, no action needed.

Non-Presentation Items

Various

Issue 1: California Environmental Protection Agency Chaptered Legislation

The Governor’s budget includes various requests for resources from the General Fund and special funds to implement statutory requirements associated with legislation chaptered in 2024 for Boards, Departments, and Offices under the California Environmental Protection Agency before the committee today. The requests are as follows:

Department	Issue Title, Chapter (Bill)	Fund Source(s)	2025-26	2026-27	2027-28	2028-29	2029-2030	Total Ongoing Positions
Department of Pesticide Regulation	Pesticides - Anticoagulant Rodenticides - Chapter 571 (AB 2552)	0106 Department of Pesticide Regulation Fund	\$258	\$193	\$193	\$193	\$193	1.0
Department of Pesticide Regulation	Pesticide Use Near School sites - Chapter 552 (AB 1864)	0001 General Fund 0106 Department of Pesticide Regulation Fund	\$690	\$200	\$200	\$200	\$200	1.0
Department of Resources Recycling and Recovery	Solid Waste Reduction and Recycling - Chapter 421 (AB 2902)	3228 Greenhouse Gas Reduction Fund	\$345	\$345	\$345	\$345	\$345	2.0
Department of Resources Recycling and Recovery	Organic Waste Reduction - Chapter 452 (SB 1046)	3228 Greenhouse Gas Reduction Fund	\$500	\$0	\$0	\$0	\$0	0.0
Department of Resources Recycling and Recovery	Propane Cylinder Waste Management - Chapter 466 (SB 1280)	0387 Integrated Waste Management Account	\$474	\$174	\$174	\$174	\$174	1.0
Department of Resources Recycling and Recovery	Organic Waste Reduction Regulations - Chapter 712 (AB 2346)	3228 Greenhouse Gas Reduction Fund	\$315	\$315	\$315	\$315	\$315	2.0

Department of Resources Recycling and Recovery	Beverage Container Recycling - Chapter 983 (SB 551)	0133 Beverage Container Recycling Fund	\$141	\$141	\$141	\$141	\$141	1.0
Office of Environmental Health Hazard Assessment	Studying the health effects of microplastics in drinking and bottled water - Chapter 881 (SB 1147)	0001 General Fund	\$453	\$253	\$253	\$253	\$253	1.0

Staff Recommendation: Until the Subcommittee receives more detailed information from the Department of Finance about the impact of vacancy sweeps across various departments, staff is recommending the Subcommittee hold this item open.

0555 Secretary of the California Environmental Protection Agency

Issue 2: CalEPA ServiceNow Stabilization

The Governor’s budget requests \$6.6 million in spending authority from the Unified Program Account in the Fiscal Year 2025-26 to implement a technology refresh project on the California Environmental Reporting System (CERS) known as CERS NextGen.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 3: California Environmental Reporting System Project

The Governor’s budget requests \$662,000 in FY 2025-26 and ongoing from various special fund sources, and 3 permanent full-time positions to stabilize the Agency-wide implementation of ServiceNow and to oversee continuous governance and maintenance of the system.

ServiceNow is a low-code, web-based platform that allows CalEPA to deploy solutions that are reusable and scalable across Boards, Departments, and Offices. It has allowed for automation of manual processes and for Boards, Departments, and Offices to share common data for reporting purposes.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

0650 Governor’s Office of Land Use and Climate Innovation

Issue 4: California Education Learning Lab

The Governor’s budget proposes to move the California Education Learning Lab, a higher education innovation program launched in 2018, from the Governor’s Office of Land Use and Climate Innovation to the Government Operations Agency.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3790 Department of Parks and Recreation

Issue 5: Candlestick Point State Recreation Area: Initial Build-Out of Park

The Governor’s budget requests \$2,000,000 in fiscal year 2025-26 from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund (Proposition 68) for the working drawings phase of the Candlestick Point State Recreation Area: Initial Build-Out of Park project in San Francisco County. This continuing project will allow for the design and construction of the initial build-out of the park unit to provide core improvements, public access, and recreation enhancements.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 6: Hollister Hills State Vehicular Recreation Area: Entrance Kiosk

The Governor’s budget requests \$182,000 in fiscal year 2025-26 from the Off-Highway Vehicle Trust Fund for the preliminary plans phase of the Hollister Hills State Vehicular Recreation Area Entrance Kiosk project in San Benito County.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 7: Natural Resources Agency Chaptered Legislation Proposals

The Governor’s budget includes various requests for resources from the General Fund and special funds to implement statutory requirements associated with legislation chaptered in 2024 for Boards, Departments, and Offices under the California Natural Resources Agency before the Subcommittee today. The requests are as follows:

Department	Issue Title (Chapter/Bill)	Fund Source	2025-26	2026-27	2027-28	2028-29	Total Ongoing Positions
Department of Parks and Recreation	Firearms: Destruction (Chapter 547, SB 1019)	0001	\$420	\$398	\$398	\$398	2.0

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 8: Off-Highway Vehicle Trust Fund Local Assistance Grants

The Governor's budget requests \$29 million in 2025-26 from the Off-Highway Vehicle (OHV) Trust Fund for local assistance grants. The OHV Trust Fund provides state funds to local and state agencies and other organizations for grants that support various off-highway motorized vehicle projects and programs.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 9: California State Parks Library Pass Program

The Governor's budget requests a one-time transfer of \$6.75 million from the General Fund to the State Park Recreation Fund for the Library Pass program in 2025-26. This proposal will provide 33,000 State Library Parks Passes to more than 1,100 library branch locations throughout the state

LAO Comments:

The budget context requires that the Legislature apply a higher bar to its review of new spending proposals than it might in a year in which the General Fund has more capacity, as new spending essentially comes at the expense of existing commitments.

Data Suggest Program Encourages Increased Park Visitation. While Parks has not collected data on the number of times the passes have been used to access state parks, it has conducted surveys to collect data from users of the program. Respondents indicate that as a result of the program, they anticipate visiting state parks more frequently and also that they are more likely to use other library resources and services.

Program Improves Affordability for Participants but Is Less Targeted Than Other Parks Access Programs. Data that Parks has collected from surveys of program users indicate that the program serves participants across a range of incomes, including those at the lower end. Specifically, the survey found that 23 percent of respondents earn \$30,000 or less; 19 percent earn between \$30,001 and \$60,000; 15 percent earn between \$60,001 and \$90,000; and 11 percent report earning between \$90,001 and \$120,000. (An additional 12 percent of respondents provided other entries that were not quantified by Parks and 20 percent of respondents chose not to answer this question.) Among survey respondents, 64 percent identified costs as a factor for not previously visiting state parks. Parks notes that while the program is available throughout the state, the department has taken steps to increase access within lower-income communities by providing a larger proportion of passes to library branches located in areas with high poverty index percentages. However, an important consideration is that because the Library Pass Program is available to any Californian with a public library card, it is not as closely targeted toward residents with particular demographics as other free park pass programs the state operates. For example, the Golden Bear Pass program is specifically designed to increase parks

access for lower-income residents. A key question for the Legislature to consider is whether expanding broad-based park passes to Californians of all income levels continues to be a priority for limited General Fund resources.

LAO Recommendation:

Weigh Proposal Against Other Budget Priorities. Survey data suggests the Library Pass Program has had some success at pursuing its goals of increasing access and encouraging more widespread use of state parks. However, given the constrained General Fund condition, we recommend the Legislature consider whether providing funding to continue the broad-based Library Pass Program for an additional year is among its highest budget priorities, particularly given the state already supports other free parks pass programs that are more targeted.

Staff Recommendation: Hold Open.

Issue 10: State Parks Roads and Bridges Program – Budget Change Proposal and Trailer Bill Language

The Governor’s Budget requests \$8.6 million ongoing from the State Parks and Recreation Fund and an increase of \$8.6 million in ongoing annual transfers from the Highway Users Tax Account, Transportation Tax Fund to State Parks and Recreation Fund beginning in 2025-26. The increased transfer will increase the Department’s proportional share of current Highway Users Tax Account, Transportation Tax Fund revenues, which have not been updated since 1993. This funding will be used for continued improvement and maintenance of roads and bridges within the state park system.

Trailer bill language amends Section 2107.7 of the Streets and Highways Code to reflect the requested increase of \$8.6 million transferred from the Highway Users Tax Account in the Transportation Tax Fund to the State Parks and Recreation Fund.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3960 Department of Toxic Substances Control

Issue 11: Biomonitoring California Funding Realignment

The Governor’s budget requests to shift \$425,000 General Fund from the Department of Public Health to the Department of Toxic Substances Control (DTSC) in 2025-26 and ongoing. This fund shift is in lieu of continuing an Interagency Agreement that supports laboratory services provided by DTSC per the legislative mandate of Senate Bill (SB) 1379, Perata (Chapter 599, Statutes of 2006). The General Fund transfer to the Toxic Substances Control Account will fund 2.0 permanent positions in 2025-26 and ongoing to support DTSC’s statutory obligations for implementation of the California Biomonitoring program. This request has no net cost to the General Fund.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 12: National Priorities List and State Orphan Sites

The Governor’s budget requests a transfer of \$36.6 million from the Toxic Substances Control Account to the Site Remediation Account and \$36.6 million expenditure authority from the Site Remediation Account in 2025-26 to fund the state's National Priorities List obligations and state orphan sites with Priorities 1A, 1B, 2, and 3, and statewide service contracts.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

3970 CalRecycle

Issue 13: Reusable Grocery Bag Program (SB 270) Fund Shift

The Governor's budget requests a fund shift of \$256,000 in 2025-26 and ongoing from the Integrated Waste Management Account to the Reusable Grocery Bag Fund to fund an existing Environmental Scientist and Accounting Officer (Specialist) to implement Senate Bill (SB) 270 (Padilla, Chapter 850, Statutes of 2014).

Additionally, CalRecycle requests authority to use Reusable Grocery Bag Fund funds collected in the amount of \$256,000 collected to date to cover its staffing costs with the SB 270 program requirements. This shift in funding and authority will ensure that fees collected from reusable grocery bag producers are used as intended to fund the implementation of the Reusable Grocery Bag Program (SB 270 Program), thereby reducing the expenditures currently incurred by the Integrated Waste Management Account. The fund shift and requested appropriation will be a net zero cost.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

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