

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 STATE ADMINISTRATION

ASSEMBLYMEMBER JIM COOPER, CHAIR

WEDNESDAY, MAY 22, 2019

1:30 P.M., OR UPON ADJOURNMENT OF SESSION

STATE CAPITOL, ROOM 444

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ITEMS FOR VOTE-ONLY

2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

VOTE-ONLY ISSUE 1: REGIONAL HOUSING NEEDS ALLOCATION PROCESS

The Governor's budget requests \$638,000 in 2019-20, and \$543,000 ongoing, (General Fund) for three positions to implement AB 1771 (Bloom, Chapter 989, Statutes of 2018), and SB 828 (Weiner, Chapter 974, Statutes of 2018), which added methodology review requirements for HCD in the Regional Housing Needs Allocations (RHNA) process.

BACKGROUND

State law requires local jurisdictions to plan for their future housing needs through the RHNA process. Under RHNA, the Department of Finance and HCD develop forecasts of the number of housing units at various income levels needed to keep pace with population growth, which they allocate to regions throughout the state. Regional "councils of governments" allocate the regional housing need to local governments within those regions, which must develop a plan –the housing element portion of their general plan – to accommodate the additional housing growth.

As part of the 2017 housing package, AB 1771 and SB 828 made important changes to the RHNA objectives, methodology, and distribution process, as part of a larger conversation in the Legislature on how to revamp the RHNA process.

STAFF COMMENT

This item was heard at the April 30, 2019, hearing. The bill implements both AB 1771 and SB 828 from last year.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 2: PROPOSITION 1 – SERNA PROGRAM CONFORMITY TRAILER BILL LANGUAGE

The Department of Housing and Community Development (HCD) requests trailer bill language to improve the implementation of the Joe Serna Jr., Farmworker Housing Grant Program (Serna).

With the enactment of Proposition 1 in November of 2018, the Serna Program will be making new awards of the \$300 million bond allocation. To maximize funds available to develop farmworker housing, streamline the administration of long-term monitoring, and conform Serna program requirements to other HCD-administered multifamily housing programs, HCD proposes trailer bill language to:

- 1) Remove the requirement for local matching funds,
- 2) Implement an annual project monitoring fee not to exceed 0.42 percent of the loan amount, and
- 3) Lower the default reserve from 4 percent to 1.5 percent

STAFF COMMENTS

The Subcommittee heard this item on May 15, 2019. Creating a monitoring fee for the Serna program is consistent with past actions by the Subcommittee.

Staff Recommendation: Adopt placeholder trailer bill language.

VOTE-ONLY ISSUE 3: DISASTER PREPAREDNESS, RESPONSE, AND RECOVERY

The May Revision includes resources for various departments to enhance the state's disaster response preparedness and support the continuity of state government during disasters. In this proposal, the Department of Housing and Community Development (HCD) requests \$2,002,000 in General Fund budget authority and four positions for a permanent Disaster Response and Recovery Unit, establish a Grant Management System and for a consultant contract to perform local needs assessment and data compilation related to the 2018 Camp and Woolsey wildfires.

STAFF COMMENTS

The Subcommittee heard this item on May 15, 2019. HCD has played a role in disaster recovery operations since 2014. This proposal will provide ongoing resources to the department in light of the severe wildfire, drought and flooding that continues in our state.

Staff Recommendation: Adopt May Revision Proposal.

VOTE-ONLY ISSUE 4: EXCESS SITES: EXECUTIVE ORDER

The Department of Housing and Community Development (HCD) requests \$3.4 million (General Fund) in 2019-20 (\$842,000 for 4.0 positions and \$2.5 million for consulting contracts) and \$782,000 ongoing, in state operations to implement the development of affordable housing on state-owned land.

As part of the Administration's strategy to address the state's housing shortage and affordability pressures, the Governor issued an Executive Order (EO) in January 2019. EO N-06-19 requires HCD to work in collaboration with Department of General Services (DGS) to 1) develop an inventory of state-owned property that is suitable for development of affordable housing, 2) issue a request for proposals offering long-term leases to developers, 3) assess proposed leases for compliance with the executive order criteria, and 4) ensure the goals of the executive order are accomplished.

STAFF COMMENTS

The Subcommittee heard this item on May 15, 2019. There were no concerns with this issue at the time.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 5: STATE HOUSING LAW ENFORCEMENT

The Department of Housing and Community Development (HCD) requests an increase of \$1,440,000 (General Fund) to compensate the Attorney General's (AG's) office for costs incurred as a result of additional workload created by operation of AB 72 (Chapter 370, Statutes of 2017).

AB 72 allows HCD to revoke its finding that a jurisdiction is in substantial compliance with its previously approved housing element and refer the non-compliant jurisdiction to the AG for legal action. A local government may be found in violation of state law if the HCD determines that the local government has not complied with housing element law, or other existing housing laws including:

- The Housing Accountability Act, which restricts the ability of local governments to disapprove housing developments that include affordable units (Government Code section 65589.5).

- No-net-loss in zoning density law limiting down-zoning and density reductions (Government Code section 65863).
- Density Bonus Law, which requires local governments to offer density bonuses and other concessions and incentives to developers who agree to include affordable units in their projects (Government Code section 65915).
- Prohibiting discrimination against affordable housing (Government Code section 65008).

Thus, HCD's new authority to refer cases to the AG will result in additional workload for AG staff attorneys. HCD requests to be made a billable client of the AG along with budget authority to fund potential AG costs.

STAFF COMMENTS

The Subcommittee heard this item on May 15, 2019. There were no concerns with this issue at the time.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 6: NO PLACE LIKE HOME TRAILER BILL LANGUAGE TECHNICAL CLEAN-UP

Due to a technical error, the changes below to the Welfare and Institutions Code did not get incorporated into AB 1827, No Place Like Home Act of 2018. This proposal proposes technical clean up to correct that error.

BACKGROUND

The proposed amendments are as follows:

Welfare and Institutions Code Section 5849.35(d)

(d) The state hereby covenants with the holders from time to time of any bonds issued by the authority pursuant to Section 15463 of the Government Code that it will not alter, amend, or restrict the provisions of this section, subdivision (f) of Section 5890, ~~or~~ subdivision (b) of Section ~~5891~~ **5891**, **Section 19602.5 of the Revenue and Taxation Code, or any other provision requiring the deposit of the revenues derived from the additional tax imposed under Section 17043**

of the Revenue and Taxation Code into the Mental Health Services Fund in any manner adverse to the interests of those bondholders so long as any of those bonds remain outstanding. The authority may include this covenant in the resolution, indenture, or other documents governing the bonds.

STAFF COMMENTS

This is technical clean up. The change should not affect the distribution of the bonds.

Staff Recommendation: Adopt placeholder trailer bill language.

0515 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

VOTE-ONLY ISSUE 7: HOMELESS COORDINATING AND FINANCE COUNCIL

The May Revision increases funding for the Business, Consumer Services and Housing Agency by \$981,000 and six positions to provide resources to the Council to continue work related to the Homeless Emergency Aid Program.

BACKGROUND

The 2018 Budget Act allocated \$500 million one-time General Fund to the Council to provide grants to the 43 Continuums of Care and the 11 largest cities. This proposal would provide necessary staff to carry out the administrative and reporting requirements for the Council under HEAP.

STAFF COMMENTS

The Subcommittee heard this item on May 15, 2019. Additional staff is needed to ensure that the proper administration of the funds.

Staff Recommendation: Adopt May Revision Proposal.

7600 CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION**VOTE-ONLY ISSUE 8: IMPLEMENTATION OF CANNABIS TAX REGULATION**

The CDTFA requests \$2.9 million and 13.9 positions in 2019-20, to perform mandated workload associated with the implementation of the Control, Regulate and Tax Adult Use of Marijuana Act (Proposition 64) and the Medicinal and Adult-Use Cannabis Regulation and Safety Act of 2017 (MAUCRSA, Chapter 27, Statutes of 2017, effective January 1, 2018).

BACKGROUND

The CDTFA's Investigations Division (ID), Investigations and Special Operations Bureau operates under Section 34016, Division 2 of Part 14.5 of the Revenue and Taxation Code, which grants the CDTFA the authority to conduct inspections and seize products of evidence of non-payment of taxes and/or fees when discovered. MAUCRSA enforcement requirements are similar to those currently administered under the Cigarette and Tobacco Products Tax Law (CTPTL) program. Due to the unregulated history of the cannabis industry, and the tax rate on legal and regulated sales of cannabis and cannabis products, the potential for sales to occur as part of the underground economy is great. The Bureau of Cannabis Control (BCC) estimated that 9.4 percent of their licensed population will require enforcement action within the first year of implementation. Due to the potential for sales of cannabis to occur as part of the underground economy, inspectors will be necessary to ensure compliance with the new tax laws.

As of May 30, 2018, the CDTFA had issued 5,331 seller's permits to businesses engaged in cannabis activities, 1,473 of the permits were for registered distributors. With some of the businesses operating in multiple locations, the CDTFA estimates that the total number of potential business inspections to be conducted is 5,800. Under the current CTPTL guidelines, an inspection team of two can perform 250 inspections per year. Due to the many aspects of the cannabis industry, including but not limited to, cannabis categories, excise and cultivation tax computations, reconciliation of data and invoices, and transaction types (arm's and non-arm's length), inspections of cannabis businesses will be more complex and time consuming.

STAFF COMMENTS

CDTFA must perform mandated work related to inspections. There is a concern about the illegal market, but that issue is addressed under Issue No. 2 on Cannabis.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 9: SALES AND USE TAX EXEMPTIONS: DIAPERS AND MENSTRUAL PRODUCTS TRAILER BILL LANGUAGE

The May Revision includes trailer bill language for two sales tax exemptions on diapers and menstrual products.

BACKGROUND

The May Revision proposes to exempt menstrual products and children's diapers from sales taxation beginning January 1, 2020. This exemption reduces General Fund revenues by \$17.5 million in 2019-20, and \$35 million each year thereafter. Total state and local revenue losses are \$38 million 2019-20, and \$76 million for the following full years. This tax exemption sunsets on December 31, 2021.

STAFF COMMENTS

This item is consistent with policy bills moving through the Legislature. The sunset in the May Revision is unrealistic and should be extended.

Staff Recommendation: Adopt May Revision proposals with a 10-year sunset for both taxes.

VOTE-ONLY ISSUE 10: LIMIT CDTFA TO 3-YEAR LOOK BACK FOR BACK TAXES TRAILER BILL LANGUAGE

The May Revision proposes trailer bill language to limit the California Department of Tax and Fee Administration (CDTFA) to 3-year look back for back taxes.

BACKGROUND

The TBL would limit the SUT liability of certain out-of-state retailers under certain conditions. To qualify for this benefit, retailers must:

- Have been required to pay SUT solely because a marketplace facilitator (as defined in the recently passed AB 147) stored and facilitated delivery of the retailer's goods in California. (As we understand it, these taxes were owed under state law prior to *Wayfair*, so enforcement of them would not constitute retroactive enforcement of *Wayfair*.)

- Not have been registered to pay California SUT prior to December 1, 2018, and not have filed SUT returns or made SUT payments prior to being contacted by CDTFA.
- Must register to pay SUT within 90 days of the effective date of the new law and must pay all tax liabilities incurred since April 1, 2016.

Qualifying retailers would, in effect, have to pay roughly three years of taxes instead of the eight years for which they could be liable under current law. They also would be relieved of any associated penalties.

STAFF COMMENTS

This item was heard on May 14, 2019. In addition to the Governor's proposal, the California Department of Tax and Fee Administration (CDTFA), tax practitioners, and other interested parties identified the following issues where changes to AB 147 are immediately needed:

1. AB 147 enacted the Marketplace Facilitator Act, which deems a marketplace facilitator as the retailer for each sale it facilitates on behalf of marketplace sellers for both sales and use taxes, thereby shifting the requirement to register with CDTFA, and collect and remit tax, from marketplace sellers onto marketplace facilitators. AB 147 provided that newspapers, internet websites, and other entities that advertise property for sale, but do not transmit or otherwise communicate the offer and acceptance for the sale, and do not process payments for third parties, are not facilitating a sale for purposes of the Act. However, some marketplace facilitators operate platforms where they connect a buyer with a seller, but do not participate any further in the sale, which would potentially trigger a tax collection responsibility for the platform when they are not actually aware of the sales prices because the buyer and seller complete the sale offline. Clarification is needed to these provisions to state that newspapers, internet websites, and other entities that advertise tangible personal property for sale; that refer purchasers to the marketplace seller by telephone, internet link, or other similar means to complete the sale; and do not participate further in the sale; are not facilitating a sale for purposes of the Act.
2. AB 147 exempts from the definition of marketplace facilitator, a person that is a "delivery network company," as defined. The exemption responded to concerns from firms who accept orders of taxable items from purchasers on their internet application, then arrange with a person who purchases the items and pays sales tax to a currently registered retailer, and subsequently delivers the items to the purchaser. But for the exemption, these firms would be considered marketplace facilitators despite tax being paid when the delivery driver purchases the items.

However, some delivery network companies indicated that they may want to be considered a marketplace facilitator. Clean-up is needed that directs CDTFA to allow a delivery network company to elect to become a marketplace facilitator in a form, manner, and duration determined by CDTFA, and requires CDTFA to issue regulations allowing for such an election.

3. AB 147 changed the threshold for both in-state and out-of-state retailers to collect and remit district taxes, which are additional sales and use taxes approved by voters in some jurisdictions in the state on top of the current state sales and use tax rate of 7.25 percent. According to the CDTFA notice effective on April 1, 2019, retailers must collect district taxes in any of the state's 317 jurisdictions with a district tax when it has total sales of more than \$100,000 or enters into more than 200 transactions in that district. AB 147 replaced this threshold with one that provides that whenever a retailer sells property with a cumulative sales price of more than \$500,000 in the current or previous calendar year statewide, it must also collect any applicable district tax regardless of the amount of its sales in that particular district, also effective on April 1, 2019. The Governor signed AB 147 on April 25th, so some retailers are concerned that they did not collect the correct amount of district tax because of the change in the threshold. The clean-up would change the district tax threshold effective date consistent with the bills signing date.

Staff Recommendation: Adopt placeholder trailer bill language.

VOTE-ONLY ISSUE 11: TECHNICAL ADJUSTMENTS

The May Revision includes the following technical adjustments to CDTFA's budget:

- Technical Adjustments for Centralized Revenue Opportunity System - Decreases of \$17 million General Fund, \$9.6 million in Reimbursements, and \$3.4 million in special funds to reflect a technical correction to the Centralized Revenue Opportunity System.
- Technical Adjustment to Proposition 56 Expenditures – Increase of \$6 million in expenditure authority for tobacco enforcement to reflect carryover amounts from previous fiscal years.
- Technical Adjustment to the Cannabis Tax Fund – Transfer of \$7.3 million and 29.6 positions from the Cannabis Tax Fund to the Cannabis Tax Fund –

Department of Tax and Fee Administration to reflect a new method for tracking cannabis-related expenditures.

STAFF COMMENTS

These are all technical adjustments to align the department's expenditure authority.

Staff Recommendation: Adopt May Revision proposal.

8260 CALIFORNIA ARTS COUNCIL

VOTE-ONLY ISSUE 12: ONGOING ARTS INVESTMENT

The Governor's budget included a \$10 million ongoing investment in grants provided by the California Arts Council.

BACKGROUND

The California Arts Council (CAC) requests \$10 million General Fund to expand and further develop grant programs that offer support for public access to the arts, arts education, and the state's cultural infrastructure. Grant programs utilizing these funds, shall require a match, to enhance the State's investment. In addition, the CAC requests provisional language to transfer up to \$500,000 of this amount for operational support.

STAFF COMMENTS

This item was heard on March 26, 2019. There were no concerns with this proposal.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 13: ADDITIONAL POSITIONS

The May Revision proposes additional 6.3 positions to support the Programs and Administration Divisions for the California Arts Council.

BACKGROUND

The January budget proposed an increase of \$10 million ongoing for the CAC and the May Revision provides additional staff to address the increase technical, analytical and administrative needs. According to the CAC, current staff already over capacity and without additional staff it will be difficult to manage the additional grant funding.

STAFF COMMENTS

This item was heard on May 14, 2019. There were no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal. .

VOTE-ONLY ISSUE 14: MUSEUM FUNDING

The May Revision includes \$5 million one-time General Fund to the Arts Council for the Los Angeles Museum of the Holocaust and \$5 million one-time General Fund to the Arts Council for the Armenian American Museum.

BACKGROUND

The Los Angeles Museum of the Holocaust is the oldest survivor-founded museum in the United States and houses a large collection of artifacts donated by Holocaust survivors. The museum is expanding in Pan Pacific Park and the \$5 million will assist with this effort.

The Armenian American Museum and Cultural Center of California is a developing project that will be located in Glendale, California. The Museum's mission is to promote understanding and appreciation of America's ethnic and cultural diversity by sharing the Armenian American experience.

The Governor's Budget included \$1 million one-time General Fund to the Natural Resources Agency for the Armenian American Museum, which is being transferred to the Arts Council in the May Revision. Including the additional investment in the May Revision, the state has provided \$8 million since 2016 for the Armenian American Museum.

Staff Recommendation: Approve funding for both museums but pass funding through Natural Resources Agency or another entity.

0509 GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

VOTE-ONLY ISSUE 15: CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK CREDIT OFFICER

The May Revision includes \$263,000 (General Fund) and one position to establish a credit officer to manage, organize, and lead the efforts of all IBank programs within the Bond Financing Units.

BACKGROUND

IBank was created in 1994 to finance public infrastructure and private development that promote economic revitalization and public improvements necessary to maintain and create employment within the State of California.

IBank is located within GO-Biz and governed by a five-member Board of Directors, consisting of the Director of GO-Biz, the State Treasurer, the Secretary of Transportation, the Director of the Department of Finance, and an appointee of the Governor.

Since 1995-96, IBank has exercised its statutory authority to offer: 1) direct financings to local governments and public benefit tax-exempt nonprofit entities for infrastructure and economic expansion projects; 2) tax-exempt and taxable revenue bond financings for manufacturing businesses, nonprofit entities, and public entities; and 3) other financing transactions important to the state.

This one position requested was previously filled with an appointee position borrowed from the California State Lottery Commission. The Deputy Director of Credit held the position with IBank from June 16, 2014 to October 31, 2017. When that appointee retired, the position was no longer available to IBank.

STAFF COMMENTS

Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 16: INTERNATIONAL TRADE PROGRAM SPECIALISTS

The May Revision includes \$592,000 (General Fund) and three positions to support workload within the International Affairs and Business Unit.

BACKGROUND

The California Technology, Trade and Commerce Agency (TTC) was charged with promoting California exports and bringing foreign investment into the state. At the time the agency sunset in 2003-04, the state had 85 international positions and 12 foreign trade offices which provided business outreach to Argentina, Hong Kong, China-Shanghai, Germany, Israel, Japan, Mexico, Singapore, South Africa, South Korea, Taiwan and the United Kingdom.

After the sunset of the TTC, the state had no international affairs and trade development staffing until 2010 as part of Executive Order S-05-10, which created the Governor's Office of Economic Development (GOED). GOED was tasked with serving as the single statewide point of contact for business development concerns, a function that was originally recommended in the Governor's 2004 California Performance Review and in a February 2010 Little Hoover Commission report. The executive order emphasized the importance of international trade and investment based economic growth by "fostering relationships with international counterparts to help address barriers to trade, find business partners, and promote California's strengths abroad."

A subsequent government re-organization effort expanded the duties of the International Affairs and Business Development unit and increased dedicated staff support. Legislation in 2011 established the Governor's Office of Business and Economic Development (GO-Biz) in statute. After the codification of GO-Biz, staff support for the International Affairs & Business Development unit increased from one employee to three employees. Although the International Affairs and Business Development program had been a part of GOED, the program was formally codified in Government Code Section 13996.41.

The International Affairs and Business Development unit is the State's primary point of contact for expanding California's two-way international trade and investment relations. The unit works to drive business for California and to address barriers to the State's continued global economic strength. The unit provides critical support on issues relating to international trade and investment opportunities, foreign relations, international agreements and partnerships with the countries that have a friendly relationship with California. GO-Biz has one trade office in China that is maintained by a regional organization through an agreement with the department but has no dedicated state staffing resource.

STAFF COMMENTS

This item was heard on May 15, 2019. Staff is rejecting it without prejudice to allow for additional discussion on the intent of the new program.

Staff Recommendation: Reject proposal.

VOTE-ONLY ISSUE 17: OFFICE OF SMALL BUSINESS ADVOCATE-CENTRAL VALLEY AND GRANT PROGRAM

The May Revision includes \$806,000 (General Fund) and three positions to provide resources to support the core duties of the Office of the Small Business Advocate (OSBA).

BACKGROUND

OSBA serves as the lead office in providing small businesses in the state with the information and resources needed to survive in the marketplace and serves as the principal advocate in the state on behalf of small businesses.

To support its core duties, OSBA conducts or provides representation at multiple outreach events to connect with small business owners across multiple geographies, sectors and demographics to disseminate information about state programs, services and new regulations that may impact their business.

In addition to the OSBA's responsibilities above, the office also serves as a liaison for small businesses during state-declared states of emergencies, and assists in the recovery, response and preparedness efforts of small businesses and microenterprises.

Without the additional resources and staffing for OSBA, the program will be unable to provide the level of support and services to small businesses in the Central Valley and monitor the grant programs to ensure success. The additional funding requested is necessary to fund the current positions in OSBA since salary savings in other programs will not be available in future years.

STAFF COMMENTS

This item was heard on May 15, 2019.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 18: GOVERNOR'S OFFICE OF ECONOMIC IMPACT TRAILER BILL LANGUAGE

The May Revision includes trailer bill language to change the name of the Governor's Office of Economic Development (GO-Biz) to the Governor's Office of Economic Impact (GOEI).

BACKGROUND

The Administration suggests that this change is necessary to reduce confusion and make clear that the organization is the economic development office for the state that helps business identify the advantages of considering California locations for business relocation and expansion, versus being a business regulatory and oversight entity.

STAFF COMMENTS

This item would be better suited for January Budget proposal than May Revision in order to take a comprehensive approach to reorganization of Go-Biz.

Staff Recommendation: Reject trailer bill language.

0950 STATE TREASURER'S OFFICE**VOTE-ONLY ISSUE 19: FUNDING REALIGNMENT**

The May Revision includes \$7 million (General Fund) and a decrease in reimbursements by a like amount. This adjustment realigns the funding structure of the STO.

BACKGROUND

With the goal of reducing these risks to the STO's budget funding structure, the STO contracted with Crowe LLP (Crowe) to conduct an analysis of its budget structure and funding sources to determine the appropriate funding allocation for the workload responsibilities assigned to, and completed by, the department. Crowe met with key STO staff between July 2018 and December 2018 to obtain a baseline for STO's current and future workload responsibilities. Crowe then performed workload and funding allocation analyses to identify and support specific changes the STO should consider in realigning its budget funding structure.

Based on Crowe's analyses and recommendations, the STO is requesting a funding shift of \$7.0 million, increasing its GF allocation and decreasing its Reimbursements funding correspondingly. These proposed funding source modifications would ultimately result in an overall funding allocation of 58 percent from Reimbursements, 33 percent from the General Fund, and the remaining nine percent from the CSCRF.

STAFF COMMENTS

Staff recommends adopting the proposal with the proposed budget bill language:

No later than March 1, 2020, the State Treasurer's Office (STO) shall provide the fiscal committees of the Legislature and the Legislative Analyst's Office a report related to its funding realignment proposal. The report shall include (1) the identification of any positions and activities that have received additional General Fund support as a result of the funding realignment provided in 2019-20, (2) the amount of additional General Fund provided to support each of those positions and activities in 2019-20, and (3) the rationale for supporting each of these positions and activities from the General Fund rather than Central Services Cost Recovery or Reimbursements. The report also shall include an evaluation of the workload at STO, including (1) an estimate of the amount of workload associated with processing Women, Infants, and Children (WIC) vouchers in 2018-19 and how that workload has changed due to the loss of the WIC contract in mid-2019; (2) an estimate of the amount of annual workload associated with completing special

projects and the identification of the specific special projects undertaken in 2019-20; and (3) an analysis of any efficiencies that can be achieved in STO's operations.

Staff Recommendation: Adopt May revision and placeholder budget bill language.

0870 OFFICE OF TAX APPEALS

VOTE-ONLY ISSUE 20: ADDITIONAL STAFFING RESOURCES

The May Revision includes \$2.8 million General Fund and 13 positions to provide additional staffing to support appeal process workload.

BACKGROUND

As an independent adjudicatory body, OTA's core mission is to issue fair and objective decisions on tax appeals from taxpayers who disagree with determinations made by FTB or CDTFA. To carry out this charge, OTA has offices and hearing facilities in Sacramento, Fresno, and Los Angeles, staffed by ALJs with significant experience in tax law. The headquarters office in Sacramento is currently staffed with 12 ALJs and a Presiding ALJ. The office in Los Angeles has 6 ALJs and a Presiding ALJ. The Fresno hearing facility is staffed by Sacramento and Los Angeles employees.

OTA was initially staffed with newly established positions, as well as positions transferred from CDTFA. The staffing model was designed prior to the opening of OTA and was necessarily derived from estimated workload. These estimates were generally based on the experience of BOE as the previous appeals body. Based on a year's worth of actual data at OTA, it is now apparent that these initial workload forecasts underestimated the actual workload of the Office. Each appeal at OTA receives a written opinion and is considered by a panel of three ALJs, which creates a substantial workload that did not occur at BOE.

STAFF COMMENTS

Staff has no concerns with the positions.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 21: SMALL BUSINESS TAX CODE STREAMLINING

The May Revision includes trailer bill language to help business and individuals by expediting certain tax appeals.

BACKGROUND

Current law requires the OTA to decide appeals using panels of three Administrative Law Judges. The proposed statutory changes allow tax appeals to be decided by one judge, if the appellants opt-in. The appeals must involve franchise income tax matters of less than \$5,000, or business tax matters of less than \$50,000. The business tax appellant must also have less than \$20 million in gross annual sales.

STAFF COMMENTS

The proposal has merit and staff recommends rejecting the trailer bill language without prejudice so that it can continue through the policy process.

Staff Recommendation: Reject trailer bill language.

**0515 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

VOTE-ONLY ISSUE 22: ASSEMBLY HOUSING AND HOMELESSNESS FRAMEWORK

Based upon the Assembly Housing and Homeless framework adopted on April 30, 2019, and the Governor's May Revision proposal, the Assembly makes a \$2.4 billion investment in the following areas:

Planning and Production Grants (\$750 million)

- Rejects transportation funding ties including SB 1.
- Adopts placeholder trailer bill language to provide \$250 million to Council of Governments (COGs) and local jurisdictions to plan for upcoming Regional Housing Needs Allocation (RHNA) cycle. The funding will be split 50/50 for COGs and local jurisdictions for planning for the 5th and 6th RHNA cycles. It is anticipated that the 6th RHNA cycle numbers will be significantly higher than the 5th cycle. Reject schools and county offices of education as jurisdictions eligible for a portion

of the \$250 million since both entities are not responsible for planning for the 6th RHNA cycle.

- Adopts placeholder trailer bill language to invest \$500 million on housing infrastructure over the counter grants through a modified Infill Infrastructure Grant (IIG) program for housing infrastructure. The modified program should include funding for rural and smaller cities.

Long-Term Housing Production Strategy

- Creates an advisory panel consisting of HCD, Office of Planning and Research (OPR) and stakeholders to provide recommendations to the Legislature on how to improve the RHNA process. The advisory panel should meet after HCD begins to implement AB 1771 (Bloom, Chapter 989, Statutes of 2018), and SB 828 (Weiner, Chapter 974, Statutes of 2018). This will ensure changes from last year can begin to be implemented and therefore have more information to evaluate moving forward. The Assembly agrees that the RHNA process needs to be revamped and looks forward to collaborating with the Administration to enact change.

Responding to Homelessness

- Approves a funding pot of \$650 million and adopt placeholder trailer bill language for a response to homelessness using a modified Homeless Emergency Aid Program (HEAP), including the following:
 - Maintain flexibility from HEAP program
 - Include additional reporting requirements to gather more data on the effectiveness of the program.
 - Change population allocation to include 13 cities.
 - Consider a higher percentage to be used on homeless youth
 - Maintain the infrastructure of the CoCs working with local jurisdictions.
 - Remove the emergency declaration but require an agency to show that the funding from the previous year has been allocated.
 - Split \$650 million evenly between Big 13 and CoCs.

Tax Credits

- Adopts placeholder trailer bill language for \$500 million increase in tax credit (one-time) to expand the Low Income Housing Tax Credit (LIHTC) for federally subsidized low-income housing projects receiving 4 percent LIHTC. Of the \$500 million, up to \$200 million available for mixed income set aside.
- Adopts placeholder trailer bill language to lift the \$75,000 cap on the state LIHTC allowed to be claimed per calendar year for each natural person

- Adopts placeholder budget bill language and provides \$500 million one-time funding to CalHFA for various low and moderate income loan program.

Other Legislation

- Defers California Environmental Quality Act (CEQA) and Enhanced Infrastructure Financing Districts (EIFD) legislation to the policy process.

Staff Recommendation: Adopt Assembly Housing and Homeless Framework.

XXXX VARIOUS

VOTE-ONLY ISSUE 23: MANAGED CARE ORGANIZATION TAX

The Subcommittee will adopt the extension of the current MCO tax, as assumed in the Assembly version of the budget.

BACKGROUND

Since 2016-17, California has imposed a per-member tax on the Medi-Cal and non Medi-Cal enrollees of Managed Care Organizations. These taxes were paired with additional payments to health care providers that are eligible for federal matching funds. The MCO tax package was designed to at least fully offset, on net, the state tax liability of the health insurance industry as a whole, but generates approximately \$1.8 billion in total savings to the State. Overall, it was estimated that the health care industry experiences a net benefit of about \$100 million from the extension of the tax.

STAFF COMMENTS

The federal government has recently approved Michigan's version of an MCO tax, which suggests that California could continue to use this mechanism.

The Assembly budget plan assumes a net General Fund benefit of \$858 million in 2019-20 and \$1.844 billion in 2020-21 through 2022-23 from this action.

Staff Recommendation: Adopt an extension of the MCO Tax

0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY**VOTE-ONLY ISSUE 2 4: FUTURE OF WORK COMMISSION AND AGENCY OPERATIONS**

The Governor's May Revision includes \$2.5 million General Fund and 9 positions in 2019-20, \$2.0 million and 9 positions in 2020-21 to provide the Labor and Workforce Development Agency with resources to establish the Future of Work Commission. According to the Administration, the work of the Commission will culminate in a report that will include: (a) facts—fact base on the intersection of technology and the future of work; (b) aspirations—bold ideas; and (c) blueprint—strategies for how to turn the ideas into reality. The additional staff will bring a strategic approach to all aspects of enforcement and service delivery across the Labor Agency and will expand the impact of the departments within the Agency through proactive and targeted outreach and will oversee a reorganization of workforce programs within the Agency. The Commission will provide a progress report in February 2020.

The May Revision also includes \$1.5 million and 6 positions ongoing in order to enhance labor enforcement and strategy operations to meet the State's future of work challenges.

Staff Recommendation: Approve as budgeted. Adopt placeholder trailer bill language to specify the scope and makeup of the Commission, add appointments by the Speaker of the Assembly and President Pro Tempore of the Senate and include specific reporting deadlines and deliverables.

7100 EMPLOYMENT DEVELOPMENT DEPARTMENT**VOTE-ONLY ISSUE 25: DEFERRED MAINTENANCE**

The Governor's budget provides EDD with \$2 million in one-time General Fund to address deferred maintenance needs at EDD's Modesto and Merced facilities. Specifically, funds will be used in the construction phase of replacing the heating, ventilation and air conditioning (HVAC) systems at both facilities, and the fire alarm system at the Merced facility. At Merced, a study conducted by the Department of General Services (DGS) found that the facility's HVAC system is past its equipment service life, and can no longer be maintained or serviced. For the Merced facility, DGS is currently preparing the study with recommendation for replacement of the HVAC and fire alarm systems, and will begin working drawings upon completion of the study.

Staff Recommendation: Approve as budgeted

VOTE-ONLY ISSUE 26: EMPLOYMENT DEVELOPMENT DEPARTMENT: MAY REVISION PROPOSALS

The Governor's May Revision includes the following augmentations for the Employment Development Department (EDD):

- **Claimants' Privacy Measures.** Includes a one-time budget augmentation of \$1.8 million and 9.3 positions in 2019-20, \$2.1 million and 10.5 positions in 2020-21, and \$0.1 million and 0.6 positions in 2021-22 funded equally by the General Fund and the Disability Insurance Fund. These resources will enable EDD to replace social security numbers (SSN) with a modified unique identifier on the top ten mailed documents with the highest volume that currently display an SSN.

This proposal is consistent with the California State Auditor's audit that outlined recommendations for the EDD to eliminate the use of SSNs on mailed forms, including replacing full SSNs with a modified unique identifier. With this funding, EDD will be replacing the full SSNs on the ten highest volume forms with a modified unique identifier and will significantly reduce the number of forms mailed by EDD with full SSNs. The Department is evaluating the resources and timeline necessary to address the remaining documents containing SSNs.

- **Benefit System Modernization.** Includes a one-time budget augmentation of \$12,111,000 and 34.5 positions funded equally by the EDD Contingent Fund and the Disability Insurance Fund and a redirection of \$3,028,000 and 19.0 positions in 2019-20 for the Benefit Systems Modernization (BSM) Project. According to the Administration, these resources are critical to continue activities towards implementing an integrated, secure and sustainable benefits system to service California claimants seeking unemployment, disability or paid family leave benefits. Provisional language is also requested to authorize a budget augmentation of up to \$2,600,000 and 14.5 positions in 2019-20 for workload related to data conversion and requirements development.

This proposal would continue to support the California Department of Technology's (CDT) Project Approval Lifecycle (PAL) Stage 3 Solution Development completion, Stage 4 Project Readiness and Approval solution solicitation initiation, and continued project and system development readiness activities for the BSM Project. The resources will primarily be for state staff, CDT services, and consultant support for Independent Verification and Validation (IV&V), continued requirements development, solicitation development and management, technical services, data conversion support, and National Association of State Workforce Agencies (NASWA) partnerships.

The BSM project will modernize the EDD's benefit systems by implementing a single, integrated benefit system that provides customers and staff a consistent, single portal into the EDD's services while being more agile and responsive for deployment of enhancements and lowering overall maintenance costs. The EDD initiated the BSM Project in 2016-17 with CDT approval of the Stage 1 Business Analysis in November 2016. The 2017-18 Budget Act authorized \$4,022,000 and 15 Personnel Equivalents (PE) and a redirection of \$3,162,000 and 15 PEs to support the BSM's Stage 2 Alternatives Analysis development activities. The BSM Stage 2 was approved by the CDT on September 14, 2018. The 2018-19 Budget Act authorized \$4,022,000 and 15 PEs and a redirection of \$4,446,000 and 19 PEs to support the initiation of the BSM Project's Stage 3 activities.

- **Paid Family Leave for Military Exigency.** Provides \$2.7 million from the Disability Insurance Fund and 12.5 positions in 2019-20 and \$1.3 million and 6.0 positions in 2020-21 for program updates pursuant to Chapter 849, Statutes of 2018 (SB 1123). Beginning January 1, 2021, SB 1123 expands the Paid Family Leave program to cover paid leave for individuals whose spouse, domestic partner, child, or parent needs assistance to prepare for military deployment.

Adding new claims to the Paid Family Leave program requires programming for four of EDD's information technology applications. In addition to programming changes, the Department would be required to complete project planning activities, update forms and publications, update manuals and procedures, and provide training to program staff. The one-time administrative cost associated with these activities is approximately \$4.0 million over two years and is comprised of state staff resources and vendor resources to complete the work.

- **Workforce Innovation Opportunity Act (WIOA) Adjustments.** The May Revision includes adjustments to the WIOA funding. For 2018-19, the Administration is proposing no change to State Operations and no change to Local Assistance. The EDD's current level of authority is consistent with the states planned expenditures.

For 2019-20, the Administration is proposing a \$5,013,000 decrease in State Operations and a \$16,726,000 decrease in Local Assistance. This request is necessary to align EDD's authority with the federal allocations for 2019-20. The proposed decrease in State Operations impacts both Discretionary and Rapid Response funding authority levels. Changes include:

A decrease of \$1,518,000 for the WIOA Discretionary Administration and Program Services to align authority with the anticipated costs of administering the WIOA program.

- A decrease of \$1,827,000 for the WIOA Services to Bridge Education and Workforce Gaps for Targeted Populations to align authority with the state's plan for statewide projects.
- A decrease of \$1,668,000 for Rapid Response funding to align with the federal allocation.

The May Revision includes a \$16,726,000 decrease in Local Assistance to align the Department's authority with the federal allocation for local area pass-through funds.

In addition, the Administration recently released trailer bill language related to the Nonindustrial Disability Insurance (NDI) program (available to eligible employees that are on annual leave). The NDI program is a wage continuation program, paid by the state, and only covers the employee if they are disabled and unable to work due to a non-work related injury or medical condition. The Governor's proposal would, beginning July 1, 2019, allow family care leave benefits to be available to excluded employees (enrolled in annual leave) on enhanced NDI to also take paid time off to care for a seriously ill family member or bond with a new child. This new benefit can be claimed for a maximum of six weeks (42 days) in a 12-month period with a weekly benefit of 50 percent of salary and the option to supplement with leave for full salary. This technical language will provide clarity and reduce confusion for state entities when administering the family care leave benefits for excluded employees.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 27: PAID FAMILY LEAVE

The Governor's proposed trailer bill language related to Paid Family Leave would:

- Expand the annual maximum duration of Paid Family Leave from six weeks to eight weeks for bonding or caregiving, beginning July 1, 2020.
- Reduce the reserve requirement for the fund that supports Paid Family Leave to 25-35% of annual disbursements from the current 45-50% reserve requirement beginning July 1, 2019.
- Exempt the EDD from Parts 1 and 2 of the Public Contract Code and from Department of General Services review when entering contracts to implement the proposed trailer bill language. Also exempts the EDD from the Project Approval Lifecycle requirements administered by the California Department of Technology when implementing certain aspects of this proposal.

- Include intent language to convene a task force by November 2019 to develop a proposal to increase the Paid Family Leave duration to a full six months by 2021-22 for parents to care for and bond with their newborn or newly adopted child.

The Governor's May Revision also includes \$3,290,000 and 13.3 positions in 2019-20, \$5,088,000 and 7.5 positions in 2020-21, \$5,003,000 and 7.0 positions in 2021-22, \$863,000 and 6.0 positions in 2022-23, and \$721,000 and 5.0 positions ongoing funded by the Disability Insurance Fund. These resources will enable EDD to make necessary changes to program operations, information technology systems, and to coordinate a public awareness campaign related to the expansion of the PFL program.

The May Revision includes \$8 million for vendor services, ad buys, and additional resources for in-house staff to develop and implement a two-year, statewide paid media campaign that targets California's diverse population and informs them about the availability of PFL. The campaign will target caregivers, new parents, English and non-English speakers, and hard-to-reach communities.

STAFF COMMENTS

There are currently policy bills going through the process related to Paid Family Leave, including AB 196 (Gonzalez) which would provide a 100 percent wage replacement benefit for workers earning \$100,000 or less annually. Additionally, the Administration intends to convene a task force to consider options for further expanding Paid Family Leave. Staff recommends the Legislature look comprehensively in expanding Paid Family Leave benefits through the task force and the Legislative process. Staff recommends deferring consideration of the Governor's trailer bill language to the policy process. Staff recommends rejecting the related positions, but approve the Governor's May Revision proposal to dedicate \$8 million for media and outreach to increase participation in the Paid Family Leave Program.

Staff Recommendation: Defer trailer bill language to the policy process. Reject funding for the related positions. Approve the Governor's proposal to provide \$8 million for media and outreach for the Paid Family Leave Program.

7120 CALIFORNIA WORKFORCE DEVELOPMENT BOARD

VOTE-ONLY ISSUE 28: REMOVING BARRIERS TO EMPLOYMENT ACT (AB 1111)

AB 1111 (E. Garcia), Chapter 824, Statutes of 2017, established the Breaking Barriers to Employment Initiative for the purpose of assisting individuals who have multiple barriers to employment to receive the remedial education and work readiness skills to help them

to successfully participate in training, apprenticeship, or employment opportunities that will lead to self-sufficiency and economic stability.

This grant targets a broad array of populations, which includes: (1) youths who are disconnected from the education system or employment, (2) women seeking training or education to move into nontraditional fields of employment, (3) displaced workers and long-term unemployed, (4) unskilled or under-skilled, low-wage workers, (5) persons for whom English is not their primary language, (6) economically disadvantaged persons, (7) CalWORKs participants, (8) persons who are incarcerated and soon to be released or formerly incarcerated, (9) armed services veterans, (10) Native Americans, (11) migrants or seasonal farmworkers, (12) persons with developmental or other disabilities, (13) immigrants, and (14) persons over 50 years of age who need retraining for in-demand skills, among others.

AB 1111 funds are to supplement and not supplant state or federal funding for programs. This grant is eligible for a broad array of activities, which includes: (1) English language improvement training, (2) basic skills and adult education, (3) high school diploma and General Education Development (GED) acquisition, (4) skills and vocational training that aligns with regional labor market needs identified as part of the California Workforce Innovation and Opportunity Act regional planning process, (5) work experience, (6) on-the-job training, (7) stipends for trainees, (8) earn and learn training, (9) Industry certifications, (10) preapprenticeship, and (11) mentoring, among others.

The 2018-19 budget act provided \$15 million one-time General Fund for AB 1111 and funds are available for encumbrance or expenditure until June 30, 2020, and for liquidation until June 30, 2022.

GOVERNOR'S PROPOSAL

The Governor's proposal includes six positions (one staff services manager I, one research analyst II, and four associate governmental program analysts) and redirection of \$914,000 General Fund in 2019-20, and \$1.2 million in 2020-21 and 2021-22 to administer and oversee the AB 1111 grant. This results in a total of \$3.3 million or 22 percent redirection from the \$15 million grant that was approved in the 2018-19 budget.

CWDB notes that they plan to provide assistance to grantees and work closely with grantees through the life of the grant. They plan to provide frequent project check-ins, resolve issues, and offer technical support. Managers and analysts will develop community of practice for each program to build support network for grantees to learn from each other through meetings, webinars, and conference calls. Program managers oversee the development of materials from policy briefs to best practices, highlighting solutions.

STAFF COMMENTS

The Governor's proposal redirects a significant portion of the \$15 million provided for the AB 1111 grant program. The Administration argues that this funding is necessary in order to provide the technical assistance and support to grantees in order for the program to be successful. Many of the grantees are community organizations that do not have the capacity or expertise in executing grant programs. However, this was not contemplated when originally providing the \$15 million for the program.

Staff recommends allowing CWDB to use up to ten percent of the grant funding (\$1.5 million) for administration and technical assistance and provide an additional \$1.8 million in one-time General Fund (for a total of \$3.3 million over three years) for CWDB to provide in depth technical assistance to grantees.

Staff Recommendation: Allow CWDB to use up to ten percent of the AB 1111 grant funding for administration and technical assistance. Provide \$1.8 million one-time General Fund for CWDB for additional technical assistance for AB 1111 grantees.

7300 AGRICULTURAL LABOR RELATIONS BOARD

VOTE-ONLY ISSUE 29: AGRICULTURE LABOR RELATIONS BOARD BUDGET CHANGE PROPOSALS

The Agricultural Labor Relations Board (ALRB) is responsible for: (1) carrying out the policy of the state to encourage and protect the associational rights of agricultural employees; (2) conducting secret ballot elections so that farm workers in the state may decide whether to have a union represent them in collective bargaining with their employer; and (3) investigating, prosecuting, and adjudicating unfair labor practice disputes.

GOVERNOR'S PROPOSAL

The Governor's budget provides ALRB with \$245,000 General Fund and two Field Examiner II positions to work exclusively on all tasks necessary to complete award calculations to meet the requirements of AB 2751 (Stone), Chapter 718, Statutes of 2018. AB 2751 required ALRB to process findings of liability for monetary amounts due to final order within one year. This significantly shortens the timeline for staff to complete this detailed and time-consuming process. According to the Administration, the timeline required by AB 2751 cannot be met with existing staff.

The Governor's budget also includes \$593,000 General Fund to convert 2.5 limited-term positions to permanent. The Office of the Board (Board) requests permanent funding of \$593,000 General Fund for existing limited-term positions: 1.5 Hearing Officer II positions and one Attorney IV position. These positions have been limited-term for four years and the workload for these positions has not decreased. ALRB's objective is to resolve legal matters in a proactive and timely manner for our stakeholders and thereby advance the policies of the Agricultural Labor Relations Act. The request for permanent funding will provide the Board with resources to continue to achieve that objective and ALRB's mission. The 1.5 hearing Officer II positions have allowed the Board to maintain no backlog and continue to schedule hearings within a 60 to 90 day timeframe. Prior to these resources being added in 2015-16, it took between 200 and 600 days to schedule a hearing.

STAFF COMMENTS

Staff has no concerns with the proposed funding for ALRB.

Staff Recommendation: Approve as budgeted

7320 PUBLIC EMPLOYMENT RELATIONS BOARD

VOTE-ONLY ISSUE 30: PUBLIC EMPLOYMENT RELATIONS BOARD OVERALL BUDGET

The Public Employment Relations Board (PERB) is a quasi-judicial administrative agency charged with administering eight collective bargaining statutes covering employees of the state, local public agencies, trial courts, the judicial council, and California's public schools, colleges, and universities. Since PERB's establishment in 1976, its jurisdiction has grown from overseeing one labor relations statute covering 470,000 employees to eight statutes covering approximately 2.5 million employees. In enacting these statutes, the Legislature sought to "promote full communication between public employers and their employees by providing a reasonable method of resolving disputes regarding wages, hours, and other terms and conditions of employment between public employers and public employee organizations." (Government Code section 3500.)

In performing its mission, PERB investigates violations of state labor laws, conducts informal settlement conferences and formal hearings, and issues written decisions that adjudicate disputes involving public employers, employee organizations, and employees. PERB's quasi-judicial role is carried out by the following three distinct bodies:

- The Office of the General Counsel, which investigates unfair practice claims; investigates and adjudicates representation petitions, which includes conducting

elections to determine formal workplace representation; defends final Board decisions that are challenged by either party in state courts; evaluates requests for injunctive relief and prepares court documents when the Board determines that injunctive relief is warranted; assists parties in reaching negotiated agreements through evaluation of mediation and fact-finding requests; and conducts informal settlement conferences before cases are heard by an Administrative Law Judge (ALJ).

- The Division of Administrative Law, which holds evidentiary hearings on formal complaints and issues proposed decisions.
- The PERB Board, a five-member body appointed by the Governor, which functions as an appellate body to hear challenges to proposed decisions and dismissals that are issued by PERB staff. This includes administrative appeals and requests to reconsider decisions, injunctive relief, judicial review, and expedited hearings. Decisions of the Board itself may be appealed to state courts under certain circumstances.

Additionally, the State Mediation and Conciliation Service (SMCS) mediates labor disputes between employers and employee organizations, conducts consent elections, provides lists of arbitrators, and provides training/facilitation services in interest-based bargaining, labor/management processes, and managing workplace conflict.

GOVERNOR'S PROPOSAL

Based on the Mission Based Review conducted by the Department of Finance, the Governor's budget includes 8.0 positions and \$626,000 of the \$900,000 General Fund set-aside in the current year (\$1,200,000 General Fund on an ongoing basis) to provide adequate staffing, address existing backlogs, and improve the timeliness of case resolutions. In turn, PERB has committed to working with Finance to develop and implement workload metrics to more accurately capture "legal" versus "non-legal" tasks within the Office of the General Counsel and Division of Administrative Law.

STAFF COMMENTS

Staff recommends providing an additional \$2.5 million in ongoing funding for PERB's budget in order to reduce PERB's backlog and provide adequate staffing related to PERB's expanded jurisdiction and regulatory roles.

Staff Recommendation: Approve \$2.5 million ongoing General Fund for PERB's operating budget.

7350 DEPARTMENT OF INDUSTRIAL RELATIONS**VOTE-ONLY ISSUE 31: LEAD EXPOSURE LIMITS FOR WORKERS**

The California State Counsel of Laborers is requesting trailer bill language requiring the Department of Industrial Relations, Division of Occupational Safety and Health (Cal/OSHA) to complete rulemaking to establish a revised permissible exposure limit (PEL) for lead for workers by February 1, 2020. Specifically, the proposal includes the following trailer bill language:

Section 105258 is added to the Health and Safety Code, to read:

(a) The Division of Occupational Safety and Health shall complete rulemaking to establish a revised permissible exposure limit for lead in the lead standards of the general industry safety orders (Section 5198 of Title 8 of the California Code of Regulations) and the construction safety orders (Section 1532.1 of Title 8 of the California Code of Regulations) by February 1, 2020.

(b) The division may promulgate emergency regulations as necessary to implement this section.

STAFF COMMENTS

Lead has been listed under California's Proposition 65 since 1987 as a substance that is known to the State of California to cause reproductive damage and birth defects and has been listed as a chemical known to cause cancer since 1992. According to the Office of Environmental Health Hazard Assessment, lead has multiple toxic effects on the human body, including decreased intelligence in children and increased blood pressure in adults are among the more serious non-carcinogenic effects. There is no level of lead that has been proven safe for children or for adults. Staff recommends adopting the proposed trailer bill language.

Staff Recommendation: Adopt trailer bill language requiring the Division of Occupational Safety and Health to complete rulemaking to establish a revised permissible exposure limit for lead by February 1, 2020.

VOTE-ONLY ISSUE 32: SUBSEQUENT INJURY BENEFIT TRUST FUND

The Governor's budget proposes providing the Department of Industrial Relations (DIR) with 30.0 positions and \$4.8 million in 2019-20, 30.0 positions and \$4.4 million in 2020-21 and 2021-22, 23.0 positions and \$3.4 million in 2022-23, with 14.0 positions and \$2.0

million in 2023-24 and ongoing from the Workers' Compensation Administration Revolving Fund to: 1) reduce caseloads per claims examiner to a manageable level; and 2) provide sufficient claims examiners and attorneys to perform due diligence investigations and reduce the State's long term liability from Subsequent Injury Benefit Trust Fund (SIBTF) claims.

STAFF COMMENTS

The SIBTF unit currently has 15.0 authorized positions, including 9.0 Workers' Compensation Consultants (WCC). The WCCs are responsible for the calendaring, preparation, medical referral, investigation, liability analysis, and settlement negotiation of all SIBTF claims. As of November 30, 2018, the WCCs had an average caseload of approximately 1,000 cases per examiner. The Governor's proposal would reduce the caseload to approximately 360 per examiner. Staff agrees that additional positions may be needed in order to reduce the caseload to allow for the WCCs to fully vet these cases. However, the Governor's proposed 30 positions in 2019-20 and 14 ongoing positions is a significant increase.

Staff recommends approving \$2 million ongoing Workers' Compensation Administration Revolving Fund for 14 ongoing positions for DIR's SIBTF unit. This is almost double the number of current authorized positions and will likely bring down the caseload to approximately 500 cases per examiner.

Staff Recommendation: Approve \$2 million for 14 ongoing positions to address DIR's Subsequent Injury Benefit Trust Fund workload.

VOTE-ONLY ISSUE 33: PRIVATE ATTORNEYS GENERAL ACT

The PAGA, enacted in 2003, allows California employees to enforce the Labor Code through private lawsuits against their employers, recovering penalties for Labor Code violations that previously could only be pursued by the Labor Commissioner and other divisions within DIR. As amended in 2016, PAGA permits employees or their representatives to initiate a case by sending a notice to the employer and the LWDA that identifies the alleged violations and the facts and theories supporting the claims. The LWDA then has 60 days to decide whether to investigate the notice. If it does investigate, it has up to 180 more days to cite or sue the employer. The LWDA's issuance of a citation or the filing of a civil complaint will preclude private litigation over the same violation. If the LWDA does not cite or sue the employer, the plaintiff may proceed with a private lawsuit. The PAGA allows plaintiffs to retain 25% of the civil penalties recovered in a PAGA case, with the remaining 75% of the penalties deposited into the LWDF.

MAY REVISION PROPOSAL

The Labor and Workforce Development Agency (LWDA) and the Department of Industrial Relations (DIR) request 12.0 positions and \$2.0 million in resources from the Labor and Workforce Development Fund (LWDF) for the 2019-20 fiscal year and \$1.8 million ongoing to increase the department's capacity to review Private Attorneys General Act (PAGA) cases.

This proposal will also make technical budgetary changes to transfer the oversight of the unit from the DIR Director's Office to the Labor Commissioner's Office, who will act as LWDA's "designee" pursuant to Labor Code 2699.

Staff Recommendation: Approve as budgeted

VOTE-ONLY ISSUE 34: JANITORIAL TRAILER BILL LANGUAGE

The Property Service Worker's Protection Act AB 1978 (2016) and the recently revised Fair Employment and Housing Act requirements made by SB 1343 (2018) both include new training requirements that employers must comply with by January 1, 2020.

GOVERNOR'S PROPOSAL

The Governor's proposed trailer bill language seeks to avoid duplicative training requirements for employers who are subject to the mandates of both the Property Service Worker's Protection Act AB 1978 (2016) and the Fair Employment and Housing Act requirements included in SB 1343 (2018). In addition, the Governor's proposal closes loopholes and clarifies ambiguity in certain provisions of the janitorial registration and sexual harassment training program that have hindered implementation of this law. Specifically, this proposal would:

- Amend the definition of a covered janitorial "employer" to close a loophole that excludes from the registration requirement janitorial contractors who provide janitorial services through independent contractors or franchisees, but do not have any employees.
- Require employers to ensure sexual harassment training is provided to all covered workers (meaning janitorial employees, franchisees, and independent contractors), not just employees.
- Require, effective January 1, 2020, that new applicants for registration and renewal submit a written attestation to the Labor Commissioner stating that the training has been provided.

- Specify that employers must keep records for janitorial employees and other covered workers, rather than all of a covered employer's employees.
- Amend the successor liability provision to provide that a successor employer is liable for any wages and penalties its predecessor employer owes to any of the predecessor employer's former workforce, not just to the predecessor employer's former employees.
- Allow use of a Taxpayer Identification Number where a Social Security Number is required for registration purposes, including for all individuals associated with the business, because inability to provide this number may have the unintended consequence of forcing these businesses further into the underground economy because they are unable to meet the registration requirements.
- Require that janitorial businesses with unsatisfied judgments under the FEHA or for failure to secure adequate workers' compensation coverage are not eligible to register or renew their registration.

Staff Recommendation: Adopt trailer bill language

0110 SENATE
 0120 ASSEMBLY
 0130 LEGISLATIVE ANALYST'S OFFICE
 CONTROL SECTION 12.00

VOTE-ONLY ISSUE 35: STATEWIDE APPROPRIATION LIMIT ADJUSTMENT

The Assembly will revise the budgeted amount for Legislature to reflect the updated the Statewide Appropriations Limit calculation.

BACKGROUND

Pursuant to Proposition 140 of 1990, funding for the California Legislature can only be increased by the amount equal to percentage increase of the Supplemental Appropriations Limit. The May Revision reduce the projected SAL for 2019-20 to 4.18 percent, resulting in a reduction to the amount budgeted for the Assembly, Senate, and the Legislative Analyst's Office.

STAFF COMMENTS

This reduction to the legislature's budget is a routine annual adjustment that occurs once the May Revision is released.

Staff Recommendation: Conform Legislative Budget to new SAL adjustment.

9210 LOCAL GOVERNMENT FINANCING

VOTE-ONLY ISSUE 36: GOLDEN STATE KILLER INVESTIGATORY EXPENSES

The Subcommittee will consider providing funding for county expenses related to the Golden State Killer.

BACKGROUND

The Golden State Killer is currently in trial for multiple crimes across California. The Golden State Killer's criminal activities has resulted in one of the most resource intense prosecutorial cases in State history. Over a span of 14 years, the Golden State Killer is suspected of committing 13 murders, 13 kidnappings, more than 50 rapes, over 100 burglaries and multiple robberies across counties in both Northern and Southern California.

STAFF COMMENTS

The Subcommittee intends to appropriate \$20 million to assist counties with the unusual impact of this individual's prosecutorial costs.

Staff Recommendation: Appropriate \$20 million for counties for the Golden State Killer

0690 OFFICE OF EMERGENCY SERVICES

VOTE-ONLY ISSUE 37: INTERNET CRIMES AGAINST CHILDREN

The Subcommittee will consider providing ongoing funding for local Internet Crimes Against Children law enforce efforts.

BACKGROUND

The California Internet Crimes Against Children Task Force (ICAC) is comprised of federal, state, and local law enforcement agencies. The ICAC is dedicated to protecting children online and investigating crimes committed against children which are facilitated by the Internet and computer usage.

The 2018-19 Budget included \$4 million one-time for this effort.

STAFF COMMENTS

This Subcommittee intends to stabilize and increase the funding for this program by providing \$10 million ongoing for ICAC.

Staff Recommendation: Appropriate \$10 million ongoing for ICAC

XXXX VARIOUS

VOTE-ONLY ISSUE 38: CALIFORNIA COMMISSION ON ASIAN AND PACIFIC ISLANDER AFFAIRS (CAPIAA)

The Subcommittee will consider providing funding for the California Commission on Asian and Pacific Islander Affairs.

BACKGROUND

The mission of the CAPIAA is to advise the Governor and Legislature on how to respond most effectively to the needs and concerns of California's Asian and Pacific Islander communities. Former Assembly member George Nakano (Torrance) authored AB 116 in 2002 to establish CAPIAA, with members of the Asian Pacific Islander Legislative Caucus co-authoring the bill. Since its inception, the 13-member Commission has held public hearings, produced reports, and advocated for policies to address community needs.

The funding will be used for the following:

- \$200K for an Executive Director, Project Coordinator, and any other part-time staff who will lead and administer the various projects.
- \$150K for consultants who will author reports, conduct research, do graphic design, and convene statewide experts including from other racial/ethnic communities.
- \$45K for 6 regional hearings including venue rental, speaker fees, marketing, and printing costs.
- \$30K for website modernization and building out consistent social media presence and other original content for publication.
- \$25K to pay for staff and Commission travel throughout the state for hearings and meetings.
- 10% or \$50K for administrative costs including technology, payroll, etc.

STAFF COMMENTS

The Commission was established in 2002 and has not received state funding. The Subcommittee intends to appropriate \$500,000 to fund the Commission.

Staff Recommendation: Appropriate \$500,000 for the Commission.

ITEMS TO BE HEARD

7730 FRANCHISE TAX BOARD

ISSUE 1: EARNED INCOME TAX CREDIT

The May Revision proposes to further expand, rename the California Earned Income Tax Credit (EITC), and proposes an Advance Payment system for EITC recipients.

BACKGROUND

The May Revision proposes to rename the credit the California EITC, a cost-of-living refund (COLR), and significantly expands the credit beyond the January proposal. The newly expanded credit will be available to roughly 3 million households in total, and will approximately triple the amount of credits provided from \$400 million to about \$1.2 billion. The May Revision proposes to:

- Provide a \$1,000 credit for every family that otherwise qualifies for the credit and has at least one child under the age of six.
- Increase the maximum eligible earned income to \$30,000 so that those working up to full-time at the 2022 minimum wage of \$15 per hour will be eligible for the credit.
- Change the structure of the credit so that it phases out more gradually, providing a more substantial credit for many eligible families.

STAFF COMMENTS

Staff recommends approving the Governor's proposed expansion of the Earned Income Tax Credit in the following manner:

- Adjusting the total size of the EITC program to \$1 billion, which is about a 150 percent increase over the current program.
- Extending the credit to taxpayers who file with the Individual Tax Identification Number eligible for the program and providing appropriate resources to implement ITINs.
- Rejecting renaming the program.

- Augmenting funding for outreach and free tax preparation services at FTB by \$5 million for a total of \$10 million.

Advance Payments

- Although the Advance Payment has merit, there are still some issues that need to be resolved in order to have a successful Advance Payment implementation. Therefore staff recommends authorizing half the resources for advance payments contingent upon JLBC review when the following requirements are satisfied:
 - FTB and the Department of Finance report back to the Legislature on the federal waiver to ensure other public benefit programs are not impacted;
 - Provide additional information on how the program will be designed in a way that is accessible to all; and
 - Explain how the risk of overpayment will be minimized.

Staff Recommendation: Adopt EITC as outlined above.

0000 VARIOUS DEPARTMENTS

ISSUE 2: CANNABIS

The May Revision includes a funding plan for resources in the Cannabis Tax Fund as well as proposed clean-up trailer bill language.

BACKGROUND

Under existing law, the Cannabis Tax fund is a continuously appropriated fund. For the 20 percent for the Environmental Restoration and Protection Account, existing law states that the Controller disburses the funding and the Secretary of the Natural Resources Agency determines the allocation. Additionally for the 20 percent to the State and Local Government Law Enforcement Account, existing law states that the Controller disburses the funding to the various categories and the Department of Finance determines the allocation. However, the law provides limited direction on the specific programs and the amounts for each program. For these reasons, staff recommends amending the Cannabis Tax Fund as follows to direct funding to specific programs within both Accounts:

Cannabis Tax Fund

Adopt Cannabis Tax Fund with the following changes:

- ***Youth Education, Prevention, Early Intervention, and Treatment Account (Youth Account)***. Conform with Sub. 2 action on the Youth Account.
- ***Environmental Restoration and Protection Account***. Reject \$10.1 million to support enforcement activities aimed at preventing further environmental degradation of public lands and instead use \$10.1 million to Campaign Against Marijuana Planting (CAMP) program to enforce against illegal cultivation on public and private land.
- ***State and Local Government Law Enforcement Account***. Reject \$26 million appropriations and replace it with the following:
 - \$15.5 million to incentivize local governments that have authorized cannabis activities in their jurisdictions to bolster their enforcement capabilities by creating local enforcement grants. These grants would be administered by the Board of State and Community Corrections.

- \$10 million to provide greater support for statewide enforcement against unlicensed cannabis operators with an emphasis on unlicensed cannabis retail.
- \$500,000 to establish and support the California Cannabis Interagency Team to develop guidance to cities and counties on all aspects of cannabis enforcement. This interagency team will create guidelines for cost sharing and prosecution agreements with district attorneys and city attorneys, including sharing any monies seized as part of the investigations or prosecutions. This interagency team will also be responsible for liaising with city and county representatives on joint enforcement opportunities with local governments.

Trailer Bill Language

The May Revision includes statutory language to address technical, clean-up issues related to the California Cannabis Appeals Panel statute, streamline provisional licenses, enhance the equity grant program established in SB 1294 (Chapter 794, Statutes of 2018), strengthen administrative penalties for unlicensed cannabis activity, and extend the existing CEQA exemption.

Reappropriation of Equity Funding

Last year the Legislature appropriated \$10 million for the Cannabis Equity program. Due to some programming issue, the funds were unspent and need to be reappropriated for this year. Additional budget bill language should be included to specifically direct the funds as shown below:

1111-490—Reappropriation, Bureau of Cannabis Control, Department of Consumer Affairs. The balances of the appropriations provided 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, 2020:

0001—General Fund

(1) Item 1111-101-0001, Budget Act of 2018 (Ch. 29 and 30, Stats. 2018)

Provisions:

- 1. Notwithstanding any other law, the funds reappropriated in this Item shall be used for grants as outlined in accordance with Provision 3 of this item.*
- 2. For purposes of the grant program included in Provision 3, the following definitions apply:*
 - (a) “Eligible local jurisdiction” means a local jurisdiction that has adopted or operates a local equity program.*
 - (b) “Local equity applicant” means an applicant who has submitted, or will submit, an application to a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction’s local equity program.*

- (c) *“Local equity licensee” means a person who has obtained a license from a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction’s local equity program.*
- (d) *“Local equity program” means a program adopted or operated by a local jurisdiction that focuses on inclusion and support of individuals and communities in California’s cannabis industry who are linked to populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization. Local equity programs may include, but are not limited to, the following types of services:*
- (1) Small business support services offering technical assistance to those persons from economically disadvantaged communities that experience high rates of poverty or communities most harmed by cannabis prohibition, determined by historically high rates of arrests or convictions for cannabis law violations.*
 - (2) Tiered fees or fee waivers for cannabis-related permits and licenses.*
 - (3) Assistance in paying state regulatory and licensing fees.*
 - (4) Assistance securing business locations prior to or during the application process.*
 - (5) Assistance securing capital investments.*
 - (6) Assistance with regulatory compliance.*
 - (7) Assistance in recruitment, training, and retention of a qualified and diverse workforce, including transitional workers.*
- (e) *“Local jurisdiction” means a city, county, or city and county.*
- (f) *“Transitional worker” means a person who, at the time of starting employment at the business premises, resides in a ZIP Code or census tract area with higher than average unemployment, crime, or child death rates, and faces at least one of the following barriers to employment: (1) is homeless; (2) is a custodial single parent; (3) is receiving public assistance; (4) lacks a GED or high school diploma; (5) has a criminal record or other involvement with the criminal justice system; (6) suffers from chronic unemployment; (7) is emancipated from the foster care system; (8) is a veteran; or (9) is over 65 years of age and is financially compromised.*
3. (a) *With the funds reappropriated with this item, an eligible local jurisdiction may, in the form and manner prescribed by the bureau, submit an application to the bureau for a grant to assist local equity applicants and local equity licensees through that local jurisdiction’s equity program.*
- (b) *The bureau shall review an application based on the following factors:*
- (1) Whether the local jurisdiction is an eligible local jurisdiction.*
 - (2) Whether the local jurisdiction has adopted or operates a local equity program.*
 - (3) Whether the local jurisdiction has identified a local equity applicant or a local equity licensee that the local jurisdiction could assist, as defined in Provision 4, through use of the grant funding.*
 - (4) Whether the local jurisdiction has demonstrated the ability to provide, or created a plan to provide, the services identified in Provision 4.*
 - (5) The number of existing and potential local equity applicants and local equity licensees in the local jurisdiction.*
 - (6) Any additional relevant and reasonable criteria the bureau deems necessary.*
- (c) *The bureau shall use the following point-based scoring system to allocate funding to all eligible applicants:*

- (1) Points shall be allocated based on the population of the applicant jurisdiction, according to data published as of January 1, 2019, on the Department of Finance's Internet Web site. Points shall be allocated to the local jurisdiction applicant as follows:
 - (A) 12 points to local jurisdictions with 3 million or more residents;
 - (B) 10 points to local jurisdictions with 2,000,000-2,999,999 residents;
 - (C) 8 points to local jurisdictions with 1,000,000-1,999,999 residents;
 - (D) 6 points to local jurisdictions with 400,000-999,999 residents;
 - (E) 4 points to local jurisdictions with 100,000-399,999 residents;
 - (F) 2 points to local jurisdictions with less than 100,000 residents.
- (2) Points shall be allocated based on the length of time that the applicant's equity program has existed (beginning with the date the applicant's equity program was adopted) as follows:
 - (A) 5 points for more than one year in existence;
 - (B) 3 points for 6 months to one year in existence;
 - (C) 0 points for fewer than 6 months.
- (3) Two additional point shall be allocated if the applicant has published a study identifying communities and groups most impacted by arrests and convictions for cannabis law violations, and the study identifies a need for equity in the local cannabis industry to repair the harms of arrests and convictions for cannabis law violations.
- (4) Points shall be allocated based on the applicant's current annual investment in its equity program as follows:
 - (A) 5 points for an investment greater than \$1 million;
 - (B) 3 points for an investment between \$250,000-\$999,999.99;
 - (C) 1 point for an investment between \$1-\$249,999.99;
 - (D) 0 points for no investment.
- (5) One additional point shall be allocated for each of the following program elements that are part of an applicant's equity program at the time of application:
 - (A) Small business support (technical assistance);
 - (B) Tiered fees or fee waivers for cannabis-related permits/licenses;
 - (C) Assistance in paying state regulatory and licensing fees;
 - (D) Assistance securing business locations prior to or during application process;
 - (E) Assistance securing capital investments (excluding loans and grants from city);
 - (F) Assistance with regulatory compliance;
 - (G) Assistance in recruiting, training, and retention of a qualified/diverse workforce;
 - (H) Business loans and/or grants to equity applicants.
- (6) Points shall be allocated based on the total number of verified equity applicants (this includes individuals currently in the application process and individuals who have completed and submitted an application but who have not been licensed) as follows:
 - (A) 4 points for 300 or more applicants;
 - (B) 3 points for 201-300 applicants;
 - (C) 2 points for 101-200 applicants;
 - (D) 1 point for 20-100 applicants;
 - (E) 0 points for less than 20 applicants.
- (7) Points shall be allocated based on the applicant's total number of equity license holders as follows:
 - (A) 16 points for more than 80 equity license holders;
 - (B) 14 points for 61-80 equity license holders;
 - (C) 12 points for 1-60 equity license holders;

- (D) 10 points for 21-40 equity license holders;
- (E) 8 points 5-20 equity license holders;
- (F) 4 points for 1-4 equity license holders;
- (G) 0 points for 0 equity license holders.

(d) A minimum of one hundred thousand dollars (\$100,000), or less if requested, shall be allocated to each qualifying jurisdiction that meets the requirements of subdivision (b). The remainder of the funding shall be allocated based on the following formula:

[(Total Points for Local Jurisdiction) divided by (Total Points for All Local Jurisdictions Qualifying for Grant Funding)] multiplied by 100.

4. An eligible local jurisdiction that receives a grant pursuant to Provision 3 shall use grant funds to assist local equity applicants and local equity licensees in that local jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace. For purposes of this Provision, "assist" includes, but is not limited to, any of the following methods:
 - (a) To provide a loan or a grant to a local equity applicant or local equity licensee to assist the applicant or licensee with startup and ongoing costs. For purposes of this paragraph, "startup and ongoing costs" include, but are not limited to, rent, leases, local and state application and licensing fees, regulatory adherence, testing of cannabis, equipment, capital improvements, and training and retention of a qualified and diverse workforce.
 - (b) To support local equity program efforts to provide sources of capital to local equity applicants and local equity licensees.
 - (c) To provide direct technical assistance to local equity applicants and local equity licensees.
 - (d) To assist in the administration of local equity programs.
5. An eligible local jurisdiction that receives a grant pursuant to Provision 3 shall, on or before January 1 of the year following receipt of the grant and annually thereafter for each year that grant funds are expended, submit an annual report to the bureau that includes all of the following information:
 - (a) How the local jurisdiction disbursed grant funds.
 - (b) How the local jurisdiction identified local equity applicants or local equity licensees, including how the local jurisdiction determines who qualifies as a local equity applicant or local equity licensee.
 - (c) The number of local equity applicants and local equity licensees that were served by the grant funds.
 - (d) Demographic data on equity applicants, equity licensees, and other applicants and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual orientation, income level, prior convictions, and veteran status. This information will be consolidated and reported without the individual's identifying information.
6. An eligible local jurisdiction that receives a grant pursuant to this Item shall use no more than 10 percent of the state grant for administration, including employing staff or hiring consultants to administer grants and the program.
7. The bureau may review, adopt, amend, and repeal guidelines to implement uniform standards, criteria, requirements or forms that supplement or clarify the terms, references, or standards set forth in this Item. In Administering the grant program in this Item, the bureau shall not be subject to the rulemaking provisions of the Administrative

Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

8. (a) *On or before July 1, 2020, the bureau shall submit a report to the Legislature regarding*

the progress of local equity programs that have received funding pursuant to this Item.

The report shall include, but is not limited to, the following information:

- (1) The cities, counties, and cities and counties that have enacted local equity programs.*
 - (2) The number of local equity applicants and general applicants applying for and receiving licenses in the jurisdictions that received grants.*
 - (3) Information collected pursuant to Provision 5.*
- (b) The bureau shall post the report required by this section on its Internet Web site.*
- (c) The report required by this section shall be submitted in compliance with Section 9795 of the Government Code, and shall apply notwithstanding Section 10231.5 of the Government Code.*

Staff Recommendation: Staff Recommendation: Adopt Cannabis Tax Fund with specified changes, adopt placeholder trailer bill language and reappropriate \$10 million for Equity Program and budget bill language as outlined.

This agenda and other publications are available on the Assembly Budget Committee's website at: <https://abgt.assembly.ca.gov/sub4hearingagendas>. You may contact the Committee at (916) 319-2099. This agenda was prepared by Genevieve Morelos, Christian Griffith, and Katie Hardeman.