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An act to amend Section 99010 of the Government Code, relating to state
finance.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 99010 of the Government Code is amended to read:

99010. The Fiscal Recovery Fund may not be terminated until the Director of Finance provides the notification described in subdivision (b) of Section 99006.

Notwithstanding any limitations contained in this title on the use of moneys in the Fiscal Recovery Fund and the interest earnings thereon, after the Director of Finance has provided that notification, and the board has ceased to collect the special sales tax revenues, revenues and the Controller has made the transfer described in paragraph (4) of subdivision (d) of Section 97.68 of the Revenue and Taxation Code, the Controller shall, upon order of the Department of Finance, transfer any amounts remaining in the fund shall be disbursed as provided in an appropriation bill enacted by the Legislature, including, but not limited to, providing for a rebate to taxpayers of the excess special sales tax revenues collected, to the General Fund.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: California Fiscal Recovery Financing Act: Fiscal Recovery Fund.

The Economic Recovery Bond Act, approved by the voters as Proposition 57 at the March 2, 2004, statewide primary election, authorized the issuance, pursuant to the State General Obligation Bond Law, of bonds in an amount not to exceed \$15,000,000,000 for purposes of financing the accumulated state budget deficit, as defined.

Existing law, the California Fiscal Recovery Financing Act, created the California Fiscal Recovery Financing Authority, and authorized the authority to, among other things, issue bonds for the general purpose of funding the accumulated budget deficit, subject to specified conditions. Existing law imposed, in addition to any other sales and use tax rates imposed by law, a state sales and use tax at the rate of 0.25% to finance the act. Existing law requires all revenues received pursuant to the sales and use tax rate to be deposited into the Fiscal Recovery Fund.



Existing law requires the Director of Finance to notify the Treasurer and the State Board of Equalization if certain events occur related to the bonds issued pursuant to these provisions, and requires that, if that notification occurs, the Controller to transfer, from the Fiscal Recovery Fund, a specified amount to the Sales and Use Tax Compensation Fund for each county. Existing law provides that the Fiscal Recovery Fund may not be terminated until the Director of Finance makes that notification. Existing law requires, in order for money in the Fiscal Recovery Fund to be available to the Legislature for appropriation, that the Director of Finance makes that notification and the State Board of Equalization has ceased to collect the special sales tax. Existing law requires, if both of those conditions occur, that all moneys in the Fiscal Recovery Fund and the interest earnings thereon be disbursed in an appropriation bill enacted by the Legislature, as specified.

This bill would, in addition to the 2 conditions described above, also require that the Controller have transferred from the Fiscal Recovery Fund a specified amount to the Sales and Use Tax Compensation Fund for each county. This bill would, if all 3 of these conditions occur, require the Controller, upon order of the Department of Finance, to transfer any amounts remaining in the fund to the General Fund.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

