



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 0250-111-3138, Local Assistance, and Addition of Control Section 15.45, Judicial Branch

Immediate and Critical Needs Account Transfer—It is requested that Item 0250-111-3138 be amended to reflect a technical change to ensure the transfer does not adversely affect ongoing construction projects (Attachment I).

Control Section 15.45—It is requested that Control Section 15.45 be added to offset General Fund payments to the Trial Court Trust Fund with funds received from county offices of education (Attachment II).

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

If you have any questions or need additional information regarding this matter, please call Jay Sturges, Principal Program Budget Analyst, at (916) 445-8913.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2013

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Reginald Byron Jones-Sawyer, Sr., Chair, Assembly Budget Subcommittee No. 5
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Jody Patel, Chief of Staff, Administrative Office of the Courts, Judicial Council of California
Mr. Curt Soderlund, Chief Administrative Officer, Administrative Office of the Courts, Judicial
Council of California
Mr. Zlatko Theodorovic, Director and Chief Financial Officer, Fiscal Services Office, Administrative
Office of the Courts, Judicial Council of California
Ms. Gwen Arafles, Manager, Fiscal Services Office, Administrative Office of the Courts, Judicial
Council of California

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ATTACHMENT I

"0250-111-3138—For transfer by the Controller, upon order of the Director of Finance, from the Immediate and Critical Needs Account, State Court Facilities Construction Fund to the General Fund.....(200,000,000)"

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ATTACHMENT II

SEC. 15.45. The Controller shall offset General Fund payments to the Trial Court Trust Fund from Item 0250-111-0001 of Section 2.00 with any funds received from county offices of education for reimbursement of trial court costs pursuant to Section 2578 of the Education Code. These offsets shall be recorded as a reduction of total expenditures and shall not be a reduction to any department or program.



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Attention: Ms. Keely Bösler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Addition of Trailer Bill Language, Office of Emergency Services

Disaster Response Emergency Operations Account—It is requested that trailer bill language be added to extend the sunset date for the Disaster Response Emergency Operations Account through January 1, 2019.

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

If you have any questions or need additional information regarding this matter, please call Jay Sturges, Principal Program Budget Analyst, at (916) 445-8913.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

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Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Mark Ghilarducci, Secretary, Office of Emergency Services
Mr. Mike Dayton, Undersecretary, Office of Emergency Services
Mr. Brendan Murphy, Assistant Secretary, Grants Programs, Office of Emergency Services
Mr. Rick Stolz, Director, Office of Administrative Services, Office of Emergency Services

Office of Emergency Services Proposed Trailer Bill Language

Section 8690.6 of the Government Code is amended to read:

8690.6. (a) The Disaster Response-Emergency Operations Account is hereby established in the Special Fund for Economic Uncertainties. Notwithstanding Section 13340, moneys in the account are continuously appropriated, subject to the limitations specified in subdivisions (c) and (d), without regard to fiscal years, for allocation by the Director of Finance to state agencies for disaster response operation costs incurred by state agencies as a result of a proclamation by the Governor of a state of emergency, as defined in subdivision (b) of Section 8558. These allocations may be for activities that occur within 120 days after a proclamation of emergency by the Governor.

(b) It is the intent of the Legislature that the Disaster Response-Emergency Operations Account have an unencumbered balance of one million dollars (\$1,000,000) at the beginning of each fiscal year. If this account requires additional moneys to meet claims against the account, the Director of Finance may transfer moneys from the Special Fund for Economic Uncertainties to the account in an amount sufficient to pay the amount of the claims that exceed the unencumbered balance in the account.

(c) Funds shall be allocated from the account subject to the conditions of this section and upon notification by the Director of Finance to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house.

(d) Notwithstanding any other law, authorizations for acquisitions, relocations, and environmental mitigations related to activities, as described in subdivision (a), shall be authorized pursuant to this section. However, these funds shall be authorized only for needs that are a direct consequence of the proclaimed emergency if failure to undertake the project may interrupt essential state services or jeopardize public health or safety. In addition, any acquisition accomplished under this subdivision shall comply with any otherwise applicable law, except as provided in the first sentence of this subdivision.

(e) No funds allocated under this section shall be used to supplant federal funds otherwise available in the absence of state financial relief.

(f) The amount of financial assistance provided to an individual, business, or governmental entity under this section, or pursuant to any other program of state-funded disaster assistance, shall be deducted from sums received in payment of damage claims asserted against the state, its agents, or employees, for causing or contributing to the effects of the proclaimed disaster.

(g) No public entity administering disaster assistance to individuals shall receive funds under this section unless it administers that assistance pursuant to the following criteria:

(1) All applications, forms, and other written materials presented to persons seeking assistance shall be available in English and in the same language as that used by the major non-English-speaking group within the disaster area.

(2) Bilingual staff who reflect the demographics of the disaster area shall be available to applicants.

(h) Notwithstanding any other provision of law, no funds in the Disaster Response-Emergency Operations Account shall be expended for conditions in the state's prisons, medical facilities, or youth correctional facilities resulting solely from the action or inaction of the Department of Corrections and Rehabilitation in administering those facilities.

(i) This section shall remain in effect only until January 1, 2014-2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2014-2019, deletes or extends that date.



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Honorable Mark Leno, Chair
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Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Addition of Budget Bill Item 0820-002-3131, Support, Department of Justice

Remote Caller Bingo Program—It is requested that Item 0820-002-3131 be added in the amount of \$48,000 to support workload associated with the operation and regulation of Remote Caller Bingo.

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

If you have any questions or need additional information regarding this matter, please call Jay Sturges, Principal Program Budget Analyst, at (916) 445-8913.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

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Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Reginald Byron Jones-Sawyer, Sr., Chair, Assembly Budget Subcommittee No. 5
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Nancy Bell, Director, Division of Administrative Support, Department of Justice
Mr. Dave Harper, Assistant Director, Division of Administrative Support, Department of Justice
Mr. Michael Fong, Budget Officer, Division of Administrative Support, Department of Justice



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Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Items 0840-001-0001, 0840-001-0970, 0840-001-9740, and Reimbursements, Support, and Addition of Control Section 25.25, State Controller's Office

21st Century Project—Legal, Suspension, and Reconciliation Costs (Issue 100)—It is requested that Item 0840-001-0001 be increased by \$11,919,000, reimbursements be increased by \$1,000,000, and Control Section 25.25 be added to authorize \$1,637,000 on a one-year basis for 2013-14 to support 40 positions and address workload associated with completing specific efforts for the 21st Century Project, including legal costs, payroll migration, payroll stabilization, and payroll reconciliation.

The Controller will be reverting a total of \$58,235,000 in 2012-13; \$41,529,000 from Item 0840-001-0001 and \$16,706,000 from other funds. This reflects the current year savings due to the suspension of the 21st Century Project. From March through June 2013, the Controller is projected to spend \$8.1 million to assist with converting employee history from the 21st Century Project system back to the existing payroll system, manually entering employee history into the existing payroll system, pre-reconciliation activities, and supporting legal activities (e.g., Public Record Act requests and responding to mediation requirements).

It is requested that provisional language for Item 0840-001-0001 be added as follows:

"X. Notwithstanding any other provision of law, the Department of Finance is authorized to augment Item 0840-001-0001 and Control Section 25.25 up to a sum not to exceed \$2,266,000 from all fund sources for payment of data center costs to the Office of Technology Services (OTech) in 2013-14 related to the suspension of the 21st Century Project. The Controller must include full and detailed justification to support a request for additional spending authority, including estimates from OTech for data center costs and assumptions included in such estimates that are related to the suspension of the 21st Century Project. No adjustments shall be made pursuant to this provision prior to a 30-day notification in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine."

It is requested that Control Section 25.25 be added as follows:

“SEC. 25.25. Notwithstanding any other provision of law, a sum not to exceed \$2,637,000 is appropriated from various special and nongovernmental cost funds and reimbursements to the Controller for payment of costs to support specific efforts for the 21st Century Project, including legal costs, payroll migration, payroll stabilization, and payroll reconciliation. The Controller shall assess these funds in sufficient amounts to pay for the authorized 21st Century Project costs that are attributable to such funds pursuant to Section 12432 of the Government Code. Assessments in support of the expenditures for the 21st Century Project shall be made quarterly and the total amounts assessed from these funds in fiscal year 2013-14 shall not exceed the total expenditure incurred by the Controller for the 21st Century Project that is attributable to those funds in 2013-14.”

With these adjustments, the 21st Century Project is proposed to be funded as follows in 2013-14:

\$11,919,000 General Fund
\$2,637,000 Other funds
\$14,556,000 Total

Integrated Data Management System (IDMS) Cost Adjustments (Issue 200)—It is requested that Item 0840-001-0001 be increased by \$651,000, Item 0840-001-0970 be increased by \$317,000, Item 0840-001-9740 be increased by \$583,000, and reimbursements be increased by \$1,467,000 for 2013-14 to continue funding for the OTech Data Center costs to support Computer Associate (CA)—IDMS technology services.

Based on the currently negotiated contract, funding from 2014-15 through 2017-18 will increase by \$100,000 for Item 0840-001-0001, \$225,000 for reimbursements, \$50,000 for Item 0840-001-0970, and \$89,000 for Item 0840-001-9740 to support similar costs.

The Controller requires a continuation of funding in order to maintain and operate the majority of their legacy systems which are necessary to conduct required business functions for personnel, payroll, fiscal, and audits. On March 31, 2012, OTech changed its billing methodology because fewer agencies/departments were utilizing CA—IDMS products, resulting in higher service costs for the few remaining users (the Controller, California Highway Patrol, and California State Teachers’ Retirement System). This request is to continue funding the CA—IDMS costs in 2013-14 through 2017-18.

Unclaimed Property Provisional Language Change (Issue 300)—It is requested that Provision 1 of Item 0840-001-0001 be amended as follows:

“1. The funding provided in Item 0840-001-0970 shall be in lieu of the appropriation in Section 1564 of the Code of Civil Procedure for all costs, expenses, or obligations connected with the administration of the cover costs for personal services and related operating expenses and equipment (including legal costs that are not related to enforcing the recovery of property, and system related costs) for the Unclaimed Property Program. Law, with the exception of payment of owners’ or holders’ claims pursuant to Section 1540, 1542, 1560, or 1561 of the Code of Civil Procedure, or of payment of the costs of compensating contractors for locating and recovering unclaimed property due

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the state. Continuous appropriations from the Unclaimed Property Fund are allowed for other program costs authorized under Section 1564(b) and Section 1325 of the Code of Civil Procedure. These continuous appropriations shall not be used to cover spending authorized under Item 0840-001-0970."

This modification to current Budget Bill provisional language is intended to specify and clarify the types of expenditures that may be paid from the continuous appropriation and those that should be made from the Budget Act item, as intended.

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

If you have any questions or need additional information regarding this matter, please call Oscar Chaves, Principal Program Budget Analyst, at (916) 445-5332.

ANA J. MATOSANTOS

Director

By:

/s/ Michael Cohen

MICHAEL COHEN

Chief Deputy Director

Attachment

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Attention: Mr. Mark McKenzie, Staff Director
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Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable John Chiang, State Controller
Mr. Collin Wong-Martinusen, Chief of Staff, Controller's Office
Mr. Bill Ashby, Acting Chief Operating Officer, State Controller's Office
Mr. Jim Lombard, Chief Administrative Officer, State Controller's Office
Mr. Tom Yowell, Chief of Administration and Disbursements, State Controller's Office
Mr. Ernesto Hidalgo, Chief of Budgets and Contracts, State Controller's Office
Ms. Jennifer Chavez, Budget Officer, State Controller's Office



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Addition of Budget Bill Item 0855-001-3131, Support, California Gambling Control Commission

Remote Caller Bingo Program—It is requested that Item 0855-001-3131 be added in the amount of \$2,000 to support workload associated with the licensing of Remote Caller Bingo vendors. Proposed trailer bill language will extend the repayment date of two loans from the Gambling Control Fund that were used by the Gambling Control Commission to establish the Remote Caller Bingo Program (Attachment I).

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

If you have any questions or need additional information regarding this matter, please call Jay Sturges, Principal Program Budget Analyst, at (916) 445-8913.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

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Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Tina Littleton, Executive Director, California Gambling Control Commission
Ms. Anna Carr, Deputy Director, Legislation and Regulatory Affairs, California
Gambling Control Commission

**Proposed Trailer Bill Language
Remote Caller Bingo**

MAY 14 2013

SECTION 1.

Amend Penal Code Section 326.3as follows:

(a) The Legislature finds and declares all of the following:

- (1) Nonprofit organizations provide important and essential educational, philanthropic, and social services to the people of the State of California.
- (2) One of the great strengths of California is a vibrant nonprofit sector.
- (3) Nonprofit and philanthropic organizations touch the lives of every Californian through service and employment.
- (4) Many of these services would not be available if nonprofit organizations did not provide them.
- (5) There is a need to provide methods of fundraising to nonprofit organizations to enable them to provide these essential services.
- (6) Historically, many nonprofit organizations have used charitable bingo as one of their key fundraising strategies to promote the mission of the charity.
- (7) Legislation is needed to provide greater revenues for nonprofit organizations to enable them to fulfill their charitable purposes, and especially to meet their increasing social service obligations.
- (8) Legislation is also needed to clarify that existing law requires that all charitable bingo must be played using a tangible card and that the only permissible electronic devices to be used by charitable bingo players are card-minding devices.

(b) Neither the prohibition on gambling in this chapter nor in Chapter 10 (commencing with Section 330) applies to any remote caller bingo game that is played or conducted in a city, county, or city and county pursuant to an ordinance enacted under Section 19 of Article IV of the California Constitution, if the ordinance allows a remote caller bingo game to be played or conducted only in accordance with this section, including the following requirements:

- (1) The game may be conducted only by the following organizations:
 - (A) An organization that is exempted from the payment of the taxes imposed under the Corporation Tax Law by Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or 23701w of the Revenue and Taxation Code.
 - (B) A mobilehome park association.
 - (C) A senior citizens organization.
 - (D) Charitable organizations affiliated with a school district.
- (2) The organization conducting the game shall have been incorporated or in existence for three years or more.
- (3) The organization conducting the game shall be licensed pursuant to subdivision (l) of Section 326.5.
- (4) The receipts of the game shall be used only for charitable purposes. The organization conducting the game shall determine the disbursement of the net receipts of the game.
- (5) The operation of bingo may not be the primary purpose for which the organization is organized.

(c) (1) A city, county, or city and county may adopt an ordinance in substantially the following form to authorize remote caller bingo in accordance with the requirements of subdivision (b):
Sec. __.01. Legislative Authorization.

This chapter is adopted pursuant to Section 19 of Article IV of the California Constitution, as implemented by Sections 326.3 and 326.4 of the Penal Code.

Sec. __.02. Remote Caller Bingo Authorized.

ATTACHMENT I

Remote Caller Bingo may be lawfully played in the [City, County, or City and County] pursuant to the provisions of Sections 326.3 and 326.4 of the Penal Code, and this chapter, and not otherwise.

Sec. __.03. Qualified Applicants: Applicants for Licensure.

(a) The following organizations are qualified to apply to the License Official for a license to operate a bingo game if the receipts of those games are used only for charitable purposes:

(1) An organization exempt from the payment of the taxes imposed under the Corporation Tax Law by Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or 23701w of the Revenue and Taxation Code.

(2) A mobile home park association of a mobile home park that is situated in the [City, County, or City and County].

(3) Senior citizen organizations.

(4) Charitable organizations affiliated with a school district.

(b) The application shall be in a form prescribed by the License Official and shall be accompanied by a nonrefundable filing fee in an amount determined by resolution of the [Governing Body of the City, County, or City and County] from time to time. The following documentation shall be attached to the application, as applicable:

(1) A certificate issued by the Franchise Tax Board certifying that the applicant is exempt from the payment of the taxes imposed under the Corporation Tax Law pursuant to Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, or 23701w of the Revenue and Taxation Code. In lieu of a certificate issued by the Franchise Tax Board, the License Official may refer to the Franchise Tax Board's Internet Web site to verify that the applicant is exempt from the payment of the taxes imposed under the Corporation Tax Law.

(2) Other evidence as the License Official determines is necessary to verify that the applicant is a duly organized mobile home park association of a mobile home park situated in the [City, County, or City and County].

Sec. __.04. License Application: Verification.

The license shall not be issued until the License Official has verified the facts stated in the application and determined that the applicant is qualified.

Sec. __.05. Annual Licenses.

A license issued pursuant to this chapter shall be valid until the end of the calendar year, at which time the license shall expire. A new license shall only be obtained upon filing a new application and payment of the license fee. The fact that a license has been issued to an applicant creates no vested right on the part of the licensee to continue to offer bingo for play. The [Governing Body of the City, County, or City and County] expressly reserves the right to amend or repeal this chapter at any time by resolution. If this chapter is repealed, all licenses issued pursuant to this chapter shall cease to be effective for any purpose on the effective date of the repealing resolution.

Sec. __.06. Conditions of Licensure.

(a) Any license issued pursuant to this chapter shall be subject to the conditions contained in Sections 326.3 and 326.4 of the Penal Code, and each licensee shall comply with the requirements of those provisions.

(b) Each license issued pursuant to this chapter shall be subject to the following additional conditions:

(1) Bingo games shall not be conducted by any licensee on more than two days during any week, except that a licensee may hold one additional game, at its election, in each calendar quarter.

(2) The licensed organization is responsible for ensuring that the conditions of this chapter and Sections 326.3 and 326.4 of the Penal Code are complied with by the organization and its officers and members. A violation of any one or more of those conditions or provisions shall constitute cause for the revocation of the organization's license. At the request of the

ATTACHMENT I

organization, the [Governing Body of the City, County, or City and County] shall hold a public hearing before revoking any license issued pursuant to this chapter.

(2) Nothing in this section shall require a city, county, or city and county to use this model ordinance in order to authorize remote caller bingo.

(d) It is a misdemeanor for any person to receive or pay a profit, wage, or salary from any remote caller bingo game, provided that administrative, managerial, technical, financial, and security personnel employed by the organization conducting the bingo game may be paid reasonable fees for services rendered from the revenues of bingo games, as provided in subdivision (m), except that fees paid under those agreements shall not be determined as a percentage of receipts or other revenues from, or be dependant on the outcome of, the game.

(e) A violation of subdivision (d) shall be punishable by a fine not to exceed ten thousand dollars (\$10,000), which fine shall be deposited in the general fund of the city, county, or city and county that enacted the ordinance authorizing the remote caller bingo game. A violation of any provision of this section, other than subdivision (d), is a misdemeanor.

(f) The city, county, or city and county that enacted the ordinance authorizing the remote caller bingo game, or the Attorney General, may bring an action to enjoin a violation of this section.

(g) No minors shall be allowed to participate in any remote caller bingo game.

(h) A remote caller bingo game shall not include any site that is not located within this state.

(i) An organization authorized to conduct a remote caller bingo game pursuant to subdivision (b) shall conduct the game only on property that is owned or leased by the organization, or the use of which is donated to the organization. Nothing in this subdivision shall be construed to require that the property that is owned or leased by, or the use of which is donated to, the organization be used or leased exclusively by, or donated exclusively to, that organization.

(j) (1) All remote caller bingo games shall be open to the public, not just to the members of the authorized organization.

(2) No more than 750 players may participate in a remote caller bingo game in a single location.

(3) If the Governor of California or the President of the United States declares a state of emergency in response to a natural disaster or other public catastrophe occurring in California, an organization authorized to conduct remote caller bingo games may, while that declaration is in effect, conduct a remote caller bingo game pursuant to this section with more than 750 participants in a single venue if the net proceeds of the game, after deduction of prizes and overhead expenses, are donated to or expended exclusively for the relief of the victims of the disaster or catastrophe, and the organization gives the California Gambling Control Commission at least 10 days' written notice of the intent to conduct that game.

(4) An organization authorized to conduct remote caller bingo games shall provide the commission with at least 30 days' advance written notice of its intent to conduct a remote caller bingo game. That notice shall include all of the following:

(A) The legal name of the organization and the address of record of the agent upon whom legal notice may be served.

(B) The locations of the caller and remote players, whether the property is owned by the organization or donated, and if donated, by whom.

(C) The name of the licensed caller and site manager.

(D) The names of administrative, managerial, technical, financial, and security personnel employed.

(E) The name of the vendor and any person or entity maintaining the equipment used to operate and transmit the game.

(F) The name of the person designated as having a fiduciary responsibility for the game pursuant to paragraph (2) of subdivision (k).

(G) The license numbers of all persons specified in subparagraphs (A) to (F), inclusive, who are required to be licensed.

ATTACHMENT I

(H) A copy of the local ordinance for any city, county, or city and county in which the game will be played. The commission shall post the ordinance on its Internet Web site.

(k) (1) A remote caller bingo game shall be operated and staffed only by members of the authorized organization that organized it. Those members shall not receive a profit, wage, or salary from any remote caller bingo game. Only the organization authorized to conduct a remote caller bingo game shall operate that game, or participate in the promotion, supervision, or any other phase of a remote caller bingo game. Subject to the provisions of subdivision (m), this subdivision shall not preclude the employment of administrative, managerial, technical, financial, or security personnel who are not members of the authorized organization at a location participating in the remote caller bingo game by the organization conducting the game. Notwithstanding any other provision of law, exclusive or other agreements between the authorized organization and other entities or persons to provide services in the administration, management, or conduct of the game shall not be considered a violation of the prohibition against holding a legally cognizable financial interest in the conduct of the remote caller bingo game by persons or entities other than the charitable organization, or other entity authorized to conduct the remote caller bingo games, provided that those persons or entities obtain the gambling licenses, the key employee licenses, or the work permits required by, and otherwise comply with, Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code. Fees to be paid under any such agreements shall be reasonable and shall not be determined as a percentage of receipts or other revenues from, or be dependent on the outcome of, the game.

(2) An organization that conducts a remote caller bingo game shall designate a person as having fiduciary responsibility for the game.

(l) No individual, corporation, partnership, or other legal entity, except the organization authorized to conduct or participate in a remote caller bingo game, shall hold a legally cognizable financial interest in the conduct of such a game.

(m) An organization authorized to conduct a remote caller bingo game pursuant to this section shall not have overhead costs exceeding 20 percent of gross sales, except that the limitations of this section shall not apply to one-time, nonrecurring capital acquisitions. For purposes of this subdivision, "overhead costs" includes, but is not limited to, amounts paid for rent and equipment leasing and the reasonable fees authorized to be paid to administrative, managerial, technical, financial, and security personnel employed by the organization pursuant to subdivision (d). For the purpose of keeping its overhead costs below 20 percent of gross sales, an authorized organization may elect to deduct all or a portion of the fees paid to financial institutions for the use and processing of credit card sales from the amount of gross revenues awarded for prizes. In that case, the redirected fees for the use and processing of credit card sales shall not be included in "overhead costs" as defined in the California Remote Caller Bingo Act. Additionally, fees paid to financial institutions for the use and processing of credit card sales shall not be deducted from the proceeds retained by the charitable organization.

(n) No person shall be allowed to participate in a remote caller bingo game unless the person is physically present at the time and place where the remote caller bingo game is being conducted. A person shall be deemed to be physically present at the place where the remote caller bingo game is being conducted if he or she is present at any of the locations participating in the remote caller bingo game in accordance with this section.

(o) (1) An organization shall not cosponsor a remote caller bingo game with one or more other organizations unless one of the following is true:

(A) All of the cosponsors are affiliated under the master charter or articles and bylaws of a single organization.

(B) All of the cosponsors are affiliated through an organization described in paragraph (1) of subdivision (b), and have the same Internal Revenue Service activity code.

ATTACHMENT I

(2) Notwithstanding paragraph (1), a maximum of 10 unaffiliated organizations described in paragraph (1) of subdivision (b) may enter into an agreement to cosponsor a remote caller game, provided that the game shall have not more than 10 locations.

(3) An organization shall not conduct remote caller bingo more than two days per week.

(4) Before sponsoring or operating any game authorized under paragraph (1) or (2), each of the cosponsoring organizations shall have entered into a written agreement, a copy of which shall be provided to the commission, setting forth how the expenses and proceeds of the game are to be allocated among the participating organizations, the bank accounts into which all receipts are to be deposited and from which all prizes are to be paid, and how game records are to be maintained and subjected to annual audit.

(p) The value of prizes awarded during the conduct of any remote caller bingo game shall not exceed 37 percent of the gross receipts for that game. When an authorized organization elects to deduct fees paid for the use and processing of credit card sales from the amount of gross revenues for that game awarded for prizes, the maximum amount of gross revenues that may be awarded for prizes shall not exceed 37 percent of the gross receipts for that game, less the amount of redirected fees paid for the use and processing of credit card sales. Every remote caller bingo game shall be played until a winner is declared. Progressive prizes are prohibited. The declared winner of a remote caller bingo game shall provide his or her identifying information and a mailing address to the onsite manager of the remote caller bingo game. Prizes shall be paid only by check; no cash prizes shall be paid. The organization conducting the remote caller bingo game may issue a check to the winner at the time of the game, or may send a check to the declared winner by United States Postal Service certified mail, return receipt requested. All prize money exceeding state and federal exemption limits on prize money shall be subject to income tax reporting and withholding requirements under applicable state and federal laws and regulations and those reports and withholding shall be forwarded, within 10 business days, to the appropriate state or federal agency on behalf of the winner. A report shall accompany the amount withheld identifying the person on whose behalf the money is being sent. Any game interrupted by a transmission failure, electrical outage, or act of God shall be considered void in the location that was affected. A refund for a canceled game or games shall be provided to the purchasers.

(q) (1) The California Gambling Control Commission shall regulate remote caller bingo, including, but not limited to, licensure and operation. The commission shall establish reasonable criteria regulating, and shall require the licensure of, the following:

(A) Any person who conducts a remote caller bingo game pursuant to this section, including, but not limited to, an employee, a person having fiduciary responsibility for a remote caller bingo game, a site manager, and a bingo caller.

(B) Any person who directly or indirectly manufactures, distributes, supplies, vends, leases, or otherwise provides supplies, devices, services, or other equipment designed for use in the playing of a remote caller bingo game by any nonprofit organization.

(C) Beginning January 31, 2009, or a later date as may be established by the commission, all persons described in subparagraph (A) or (B) may submit to the commission a letter of intent to submit an application for licensure. The letter shall clearly identify the principal applicant, all categories under which the application will be filed, and the names of all those particular individuals who are applying. Each charitable organization shall provide an estimate of the frequency with which it plans to conduct remote caller bingo operations, including the number of locations. The letter of intent may be withdrawn or updated at any time.

(2) (A) The Department of Justice shall conduct background investigations and conduct field enforcement as it relates to remote caller bingo consistent with the Gambling Control Act (Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code) and as specified in regulations promulgated by the commission.

ATTACHMENT I

(B) Fees to cover background investigation costs shall be paid and accounted for in accordance with Section 19867 of the Business and Professions Code.

(3) (A) Every application for a license or approval shall be accompanied by a nonrefundable fee, the amount of which shall be adopted by the commission by regulation.

(B) Fees and revenue collected pursuant to this paragraph shall be deposited in the California Bingo Fund, which is hereby created in the State Treasury. The funds deposited in the California Bingo Fund shall be available, upon appropriation by the Legislature, for expenditure by the commission and the department exclusively for the support of the commission and department in carrying out their duties and responsibilities under this section and Section 326.5.

(C) A loan is hereby authorized from the Gambling Control Fund to the California Bingo Fund on or after January 1, 2009, in an amount of up to five hundred thousand dollars (\$500,000) to fund operating, personnel, and other startup costs incurred by the commission relating to this act. Funds from the California Bingo Fund shall be available to the commission upon appropriation by the Legislature in the annual Budget Act. The loan shall be subject to all of the following conditions:

(i) The loan shall be repaid to the Gambling Control Fund as soon as there is sufficient money in the California Bingo Fund to repay the amount loaned, but no later than January 1, 2019~~five years after the date of the loan.~~

(ii) Interest on the loan shall be paid from the California Bingo Fund at the rate accruing to moneys in the Pooled Money Investment Account.

(iii) The terms and conditions of the loan are approved, prior to the transfer of funds, by the Department of Finance pursuant to appropriate fiscal standards.

The commission may assess and collect reasonable fees and deposits as necessary to defray the costs of regulation and oversight.

(D) Notwithstanding any other provision of law, the loan authorized by Provision 1 of Item 0855-001-0567, Budget Act of 2009, in the amount of \$457,000, shall be repaid no later than January 1, 2019.

(r) The administrative, managerial, technical, financial, and security personnel employed by an organization that conducts remote caller bingo games shall apply for, obtain, and thereafter maintain valid work permits, as defined in Section 19805 of the Business and Professions Code.

(s) An organization that conducts remote caller bingo games shall retain records in connection with the remote caller bingo game for five years.

(t) (1) All equipment used for remote caller bingo shall be approved in advance by the California Gambling Control Commission pursuant to regulations adopted pursuant to subdivision (r) of Section 19841 of the Business and Professions Code.

(2) The California Gambling Control Commission shall monitor operation of the transmission and other equipment used for remote caller bingo, and monitor the game.

(u) (1) As used in this section, "remote caller bingo game" means a game of bingo, as defined in subdivision (o) of Section 326.5, in which the numbers or symbols on randomly drawn plastic balls are announced by a natural person present at the site at which the live game is conducted, and the organization conducting the bingo game uses audio and video technology to link any of its in-state facilities for the purpose of transmitting the remote calling of a live bingo game from a single location to multiple locations owned, leased, or rented by that organization, or as described in subdivision (o) of this section. The audio or video technology used to link the facilities may include cable, Internet, satellite, broadband, or telephone technology, or any other means of electronic transmission that ensures the secure, accurate, and simultaneous transmission of the announcement of numbers or symbols in the game from the location at which the game is called by a natural person to the remote location or locations at which players may participate in the game. The drawing of each ball bearing a number or symbol by the natural person calling the game shall be visible to all players as the ball is drawn, including

ATTACHMENT I

through a simultaneous live video feed at remote locations at which players may participate in the game.

(2) The caller in the live game must be licensed by the California Gambling Control Commission. A game may be called by a nonlicensed caller if the drawing of balls and calling of numbers or symbols by that person is observed and personally supervised by a licensed caller.

(3) Remote caller bingo games shall be played using traditional paper or other tangible bingo cards and daubers, and shall not be played by using electronic devices, except card-minding devices, as described in paragraph (1) of subdivision (p) of Section 326.5.

(4) Prior to conducting a remote caller bingo game, the organization that conducts remote caller bingo shall submit to the commission the controls, methodology, and standards of game play, which shall include, but not be limited to, the equipment used to select bingo numbers and create or originate cards, control or maintenance, distribution to participating locations, and distribution to players. Those controls, methodologies, and standards shall be subject to prior approval by the commission, provided that the controls shall be deemed approved by the commission after 90 days from the date of submission unless disapproved.

(v) A location shall not be eligible to participate in a remote caller bingo game if bingo games are conducted at that location in violation of Section 326.5 or any regulation adopted by the commission pursuant to Section 19841 of the Business and Professions Code, including, but not limited to, a location at which unlawful electronic devices are used.

(w) (1) The vendor of the equipment used in a remote caller bingo game shall have its books and records audited at least annually by an independent California certified public accountant and shall submit the results of that audit to the California Gambling Control Commission within 120 days after the close of the vendor's fiscal year. In addition, the California Gambling Control Commission may audit the books and records of the vendor at any time.

(2) An authorized organization that conducts remote caller bingo games shall provide copies of the records pertaining to those games to the California Gambling Control Commission within 30 days after the end of each calendar quarter. In addition, those records shall be audited by an independent California certified public accountant at least annually and copies of the audit reports shall be provided to the California Gambling Control Commission within 120 days after the close of the organization's fiscal year. The audit report shall account for the annual amount of fees paid to financial institutions for the use and processing of credit card sales by the authorized organization and the amount of fees for the use and processing of credit card sales redirected from "overhead costs" and deducted from the amount of gross revenues awarded for prizes.

(3) The costs of the licensing and audits required by this section shall be borne by the person or entity required to be licensed or audited. The audit shall enumerate the receipts for remote caller bingo, the prizes disbursed, the overhead costs, and the amount retained by the nonprofit organization. The commission may audit the books and records of an organization that conducts remote caller bingo games at any time.

(4) If, during an audit, the commission identifies practices in violation of this section, the license for the audited entity may be suspended pending review and hearing before the commission for a final determination.

(5) No audit required to be conducted by the commission shall commence before January 1, 2010.

(x) (1) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

(2) Notwithstanding paragraph (1), if paragraph (1) or (3) of subdivision (u), or the application of either of those provisions, is held invalid, this entire section shall be invalid.

(y) The commission shall submit a report to the Legislature, on or before January 1, 2012, on the fundraising effectiveness and regulation of remote caller bingo, and other matters that are relevant to the public interest regarding remote caller bingo.

(z) The following definitions apply for purposes of this section:

(1) "Commission" means the California Gambling Control Commission.

(2) "Person" includes a natural person, corporation, limited liability company, partnership, trust, joint venture, association, or any other business organization.



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 0860-001-0001 and Reimbursements, Support, and Addition of Trailer Bill Language, State Board of Equalization

Hazardous Waste Fee Collection Costs (Issue 108)—It is requested that Item 0860-001-0001 be amended by increasing reimbursements by \$1,303,000 and 4 positions. These resources will support increased collection workload arising from proposed reforms to the Department of Toxic Substances Control hazardous substances fee programs.

Lumber Products Fee—Retailer Setup Cost Reimbursement—It is requested that trailer bill language be added to clarify that reimbursement for a retailer's collection costs is limited to only the initial setup costs associated with the collection of the assessment (see Attachment A).

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

If you have any questions or need additional information regarding this matter, please call Mark Tollefson, Principal Program Budget Analyst, at (916) 322-2263.

ANA J. MATOSANTOS
Director

By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2013

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Cynthia Bridges, Executive Director, Board of Equalization
Ms. Liz Houser, Deputy Director, Administration, Board of Equalization
Ms. Edna Murphy, Chief, Financial Management Division, Board of Equalization
Mr. Larry Norris, Budget Officer, Board of Equalization
Ms. Melissa Shelton, Manager, Budget Change Section, Board of Equalization

Public Resources Code section 4629.5 is amended as follows:

(a) (1) On and after January 1, 2013, there is hereby imposed an assessment on a person who purchases a lumber product or an engineered wood product for the storage, use, or other consumption in this state, at the rate of 1 percent of the sales price.

(2) A retailer shall charge the person the amount of the assessment as a charge that is separate from, and not included in, any other fee, charge, or other amount paid by the purchaser.

(3) The retailer shall collect the assessment from the person at the time of sale, and may retain an amount equal to the amount of reimbursement, as determined by the State Board of Equalization pursuant to regulations, for any initial setup costs associated with the collection of the assessment, to be taken on the first return or next consecutive returns until the entire reimbursement amount is retained. For purposes of this paragraph, the State Board of Equalization may adopt emergency regulations pursuant to Section 11346.1 of the Government Code. The adoption of any regulation pursuant to this paragraph shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health, and safety, and general welfare.

(b) The retailer shall separately state the amount of the assessment imposed under this section on the sales receipt given by the retailer to the person at the time of sale.

(c) The State Board of Equalization shall administer and collect the assessment imposed by this section pursuant to the Fee Collection Procedures Law (Part 30 (commencing with Section 55001) of Division 2 of the Revenue and Taxation Code) with those changes as may be necessary to conform to the provisions of this article. For purposes of this section, the references in the Fee Collection Procedures Law to "fee" shall include the assessment imposed by this section.

(d) (1) The assessment is required to be collected by a retailer and any amount unreturned to the person who paid an amount in excess of the assessment, but was collected from the person under the representation by the retailer that it was owed as an assessment, constitutes debts owed by the retailer to this state.

(2) Every person who purchases a lumber product or an engineered wood product for storage, use, or other consumption in this state is liable for the assessment until it has been paid to this state, except that payment to a retailer relieves the person from further liability for the assessment. Any assessment collected from a person that has not been remitted to the State Board of Equalization shall be a debt owed to the state by the retailer required to collect and remit the assessment. Nothing in this part shall impose any obligation upon a retailer to take any legal action to enforce the collection of the assessment imposed by this section.

(e) Except as provided in paragraph (3) of subdivision (a), the State Board of Equalization may prescribe, adopt, and enforce regulations relating to the administration and enforcement of this section, including, but not limited to, collections, reporting, refunds, and appeals.

(f) (1) The assessment imposed by this section is due and payable to the State Board of Equalization quarterly on or before the last day of the month next succeeding each quarterly period.

(2) On or before the last day of the month following each quarterly period, a return for the preceding quarterly period shall be filed with the State Board of Equalization using electronic media, in the form prescribed by the State Board of Equalization. Returns shall be authenticated in a form or pursuant to methods, as prescribed by the State Board of Equalization.

(g) For purposes of this section, all of the following shall apply:

(1) "Purchase" has the same meaning as that term is defined in Section 6010 of the Revenue and Taxation Code.

(2) "Retailer" has the same meaning as that term is defined in Section 6015 of the Revenue and Taxation Code.

(3) "Sales price" has the same meaning as that term is defined in Section 6011 of the Revenue and Taxation Code.

(4) "Storage" has the same meaning as that term is defined in Section 6008 of the Revenue and Taxation Code.

(5) "Use" has the same meaning as that term is defined in Section 6009 of the Revenue and Taxation Code.

(h) (1) Every person required to pay the assessment imposed under this article shall register with the State Board of Equalization. Every application for registration shall be made in a form prescribed by the State Board of Equalization and shall set forth the name under which the applicant transacts or intends to transact business, the location of his or her place or places of business, and such other information as the State Board of Equalization may require. An application for registration shall be authenticated in a form or pursuant to methods as may be prescribed by the State Board of Equalization.

(2) An application for registration filed pursuant to this section may be filed using electronic media as prescribed by the State Board of Equalization.

(3) Electronic media includes, but is not limited to, computer modem, magnetic media, optical disk, facsimile machine, or telephone.



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Items 0890-001-0001 and 0890-001-0228, Support,
Secretary of State**

Business Programs Division Backlogs (Issue 101)—It is requested that Item 0890-001-0228 be increased by \$5,683,000 and that Item 0890-001-0001 be amended to reflect this change. This action is necessary to provide support to the Business Programs Division (BPD) for 56 positions, on a three-year limited term basis, to eliminate the business filings backlog and maintain an average five business day processing time for business filings until the implementation of the automated business filings system, California Business Connect.

It is further requested that Budget Bill language be added to Item 0890-001-0228 to require the Secretary of State to report to the Department of Finance and the Joint Legislative Budget Committee on BPD's efforts in maintaining the five business day processing time and its management of staff and resources (see Attachment I).

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

If you have any questions or need additional information regarding this matter, please call Chris Lief, Assistant Program Budget Manager, at (916) 445-8913.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2013

-2-

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah González, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable Debra Bowen, Secretary of State
Ms. Dora Mejia, Chief, Management Services Division, Secretary of State
Ms. Kristin Dagsher, Fiscal Affairs Manager, Management Services Division, Secretary of State
Mr. Charles Young, Budget Officer, Secretary of State

Proposed Budget Bill Provisional Language

MAY 14 2013

Add provisions 1 and 2 to Item 0890-001-0228:

Provisions:

1. The Secretary of State shall report to the Department of Finance and the Joint Legislative Budget Committee on performance of its Business Filings Division (BPD). The report shall include a summary of performance over the preceding quarter including average processing time, number of filings processed, the number of expedited filings, total outstanding filings, a summary of number of staff in the BPD, the number of vacant positions and vacancy rate, the hours of overtime worked, number of temporary workers, and hours they worked.
2. The report required in Provision 1 shall be made on the last business day of each month through December 2013 and quarterly thereafter (March 30, June 30). However, if the December 2013 or any subsequent report indicates that the average processing time for business filings is more than 5 days, the Secretary shall include a plan to come in compliance with the 5-day standard and shall report on the last day of each month until it is in compliance.



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 0950-001-0001 and Reimbursements, Support, State Treasurer's Office

It is requested that Item 0950-001-0001 be amended by increasing reimbursements by \$677,000 from bond funds to begin development of a new debt management system. An amount of \$570,000 (one year) will be used for a procurement consultant, verification/validation vendor, and California Technology Agency oversight. The remaining \$107,000 is required for one Treasury Program Manager II position to oversee the project. This position will be authorized until the project is fully implemented.

Since the existing debt management system was implemented in 2004, there have been significant changes in the law, the financial markets, and the state's outstanding debt. Due to these changes, the current debt management system is outdated and inadequate, and has resulted in the need to develop several ancillary systems to support key functions, requiring considerable manual work and extensive auditing to ensure information is accurate. Implementation of a new debt management system will ensure the state's debt will continue to be properly managed, ensure optimal confidence from the capital markets, and avoid unintended consequences and potentially higher debt costs due to errors.

The project is expected to be completed by fiscal year 2018-19 and will cost approximately \$17.6 million.

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

If you have any questions or need additional information regarding this matter, please call Greg Bruss, Principal Program Budget Analyst, at (916) 445-5332.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2013

-2-

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Steve Coony, Chief of Staff, State Treasurer's Office
Mr. Hugo Lopez, Chief of Administration, State Treasurer's Office
Ms. Becky Grajski, Budget Manager, State Treasurer's Office



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Addition of Budget Bill Item 0971-001-0465, Support, and Item 0971-101-0465, Local Assistance, California Alternative Energy and Advanced Transportation Financing Authority

Residential Home Energy Efficiency Projects

It is requested that Item 0971-001-0465 be added in the amount of \$810,000 for 4 positions (2 permanent and 2 limited term) and contract funds to implement and administer the program.

It is also requested that Item 0971-101-0465 be added in the amount of \$10 million for local assistance to provide financing for home energy efficiency projects and energy upgrades under the Property Assessed Clean Energy (PACE) Program. The California Alternative Energy and Advanced Transportation Financing Authority will provide financial assistance in the form of a loss reserve to financial institutions or insurance companies providing loans or insurance policies to facilitate the installation of PACE energy efficiency improvements or distributed generation renewable energy sources on residential properties. These improvements could include lighting, insulation, heating and cooling systems, reduced water use, and add renewable energy sources, such as solar and geothermal. Participating financial institutions or insurance companies will receive an initial 10 to 20 percent reserve contribution for each qualified loan enrolled in the program.

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

If you have any questions or need additional information regarding this matter, please call Oscar Chaves, Principal Program Budget Analyst, at (916) 445-5332.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2013

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable Bill Lockyer, State Treasurer
Mr. Saúl Gomez, Executive Director, California Alternative Energy and Advanced
Transportation Financing Authority
Mr. Steve Coony, Chief of Staff, State Treasurer's Office
Mr. Hugo Lopez, Director, Administrative Division, State Treasurer's Office
Ms. Becky Grajski, Budget Officer, State Treasurer's Office



MAY 14 2013

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Ms. Keely Bosler, Staff Director (2)

Honorable Bob Blumenfield, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 0985-001-0001, Support, California School Finance Authority

Add One-Time Funding to Facilitate Charter School Program Transfer (Issue 001)—It is requested that Item 0985-001-0001 be increased by \$105,000 General Fund on a one-time basis to facilitate the transfer of the Charter School Facility Grant Program (CSFGP) and the Charter School Revolving Loan Program (CSRLP) from the State Department of Education to the California School Finance Authority (CSFA). Specifically, it is requested that Schedules (1) and (2) of this item be increased by \$15,000 and \$90,000, respectively, for administrative support and consulting services that would allow the CSFA to review the existing revolving loan portfolio and to implement loan underwriting criteria.

It is further requested that provisional language be added as follows to conform to this action:

X. Of the funds appropriated in Schedules (1) and (2), up to \$105,000 is available for consulting services that are necessary to facilitate the transfer of the Charter School Facility Grant Program and the Charter School Revolving Loan Program to the California School Finance Authority.

Trailer Bill Language

Charter School Facility Grant Program Allocation—The Administration proposes to revise the Governor's Budget trailer bill legislation related to the transfer of the CSFGP and the CSRLP. Specifically, the Administration proposes: (1) to allow the CSFA to apportion fiscal year 2013-14 CSFGP funding by October 15 rather than August 31 as currently proposed; and (2) to establish the CSFA as the senior creditor beginning in 2013-14. The proposed statutory amendments would provide the CSFA with adequate lead-time to implement the CSFGP and senior creditor status for any audit recovery efforts beginning in 2013-14 (see Attachment A).

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

MAY 14 2013

-2-

If you have any questions or need additional information regarding this matter, please call Ed Hanson, Principal Program Budget Analyst, at (916) 445-0328.

ANA J. MATOSANTOS
Director
By:

/s/ Michael Cohen

MICHAEL COHEN
Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Bill Emmerson, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Marty Block, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Susan Bonilla, Chair, Assembly Budget Subcommittee No. 2
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Becky Grajski, Budget Officer, State Treasurer's Office