



May 12, 2023

Honorable Nancy Skinner, Chair  
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair  
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

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

**Implementation of Chapter 1, Statutes of 2023 (SBX1-2)**—It is requested that Item 3900-001-3237 be increased by \$1 million one-time in 2023-24 to implement the requirements of Chapter 1, Statutes of 2023 (SBX1-2) that the State Air Resources Board prepare a Transportation Fuels Transition Plan before December 31, 2024. This plan shall incorporate the most current scoping plan and identify mechanisms to plan for and monitor progress towards the state's transition away from petroleum fuels.

**Technical Adjustment to Shift the Reduction of 2023-24 Appropriations (Various Zero Emission Vehicles, Community Air Protection Program, and Energy Investments)**—It is requested that Item 3900-101-0001 be reduced by \$1,111,000,000 in 2023-24. The Governor's Budget reduced this appropriation in Control Section 4.07. This is a technical adjustment to provide transparency at the department/agency level by shifting the reduction from the statewide control section to an item in the department's budget. (see Attachment 1).

**Technical Adjustment to Shift the Reduction of 2023-24 Appropriations (Various Zero Emission Vehicles and Community Air Protection Program Investments)**—It is requested that Item 3900-101-3228 be added in the amount of \$493 million in 2023-24 associated with a shift of funding for Zero Emission Vehicles and Community Air Protection Program to Greenhouse Gas Reduction Fund. The Governor's Budget reduced this appropriation in Control Section 4.07. This is a technical adjustment to provide transparency at the department/agency level by shifting the reduction from the statewide control section to an item in the department's budget (see Attachment 2).

**California Air Resources Board: Reduction and Shift of 2023-24 Appropriation (Various Zero Emission Vehicle Investments)**—It is requested that Item 3900-101-0001 be decreased by \$139 million in 2023-24, \$60 million in 2024-25, and \$35 million in 2025-26 and Item 3900-101-3228 be increased by \$139 million in 2023-24, \$60 million in 2024-25,

and \$35 million in 2025-26 for various Zero Emission Vehicle investments. As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to Zero Emission Vehicle investments to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan.

**Technical Adjustment: Reappropriation for the Statewide Mobile Air Monitoring Initiative**—It is requested that Item 3900-490 be added to extend the encumbrance period until June 30, 2024 for an appropriation in the 2022 Budget Act from the Greenhouse Gas Reduction Fund for Centralizing and Expanding Community Monitoring (see Attachment 3).

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

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

JOE STEPHENSHAW  
Director  
By:

/s/ Erika Li

ERIKA LI  
Chief Deputy Director

Attachment

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee  
Attention: Mark McKenzie, Staff Director  
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Kirk Feely, Fiscal Director  
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee  
Attention: Jay Dickenson, Chief Consultant  
Honorable Vince Fong, Vice Chair, Assembly Budget Committee  
Attention: Joseph Shinstock, Fiscal Director  
Honorable Josh Becker, Chair, Senate Budget and Fiscal Review Subcommittee No. 2  
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 3  
Gabriel Petek, Legislative Analyst  
Christopher W. Woods, Senate President pro Tempore's Office  
Jason Sisney, Assembly Speaker's Office  
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office  
Katja Townsend, Capitol Director, Assembly Republican Leader's Office  
Yana Garcia, Secretary, California Environmental Protection Agency  
Catalina Hayes-Bautista, Undersecretary, California Environmental Protection Agency  
Eric Jarvis, Assistant Secretary, California Environmental Protection Agency  
Edie Chang, Deputy Executive Officer, Air Resources Board  
Hafida Habek, Division Chief, Administrative Services Division, Air Resources Board

Amend Item 3900-101-0001 as follows:

“3900-101-0001—For local assistance, State Air Resources Board...1,292,000,000  
42,000,000

Schedule:

(1) 3510-Climate Change .....	982,000,000	32,000,000
(2) 3515-Subvention .....	10,000,000	
(1) 3530-Community Air Protection .....	300,000,000	

Provisions:

1. The funds appropriated in Schedule (1) shall be used as follows:Of the amount appropriated in this item, \$6,000,000 shall be available for wildfire and forest resilience efforts.

~~(a) \$165,000,000 for zero emission drayage trucks to be administered through the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project.~~

~~(1) Eligibility for these incentive funds shall be administered in a manner that enhances market development of medium and heavy duty vehicles and benefits disadvantaged communities and small businesses.~~

~~(2) The State Air Resources Board shall, prior to January 1, 2025, limit the number and award amount levels based on fleet size.~~

~~(3) The board shall establish an amount of incentive funds that will only be available for fleet sizes of less than 100 vehicles in California and shall allocate incentive funds to support pilot projects for smaller fleets and owner operators.~~

~~(b) \$200,000,000 for zero emission transit buses to be administered through the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project.~~

~~(c) \$125,000,000 shall be used for a suite of equity transportation programs established under the Charge Ahead California Initiative, including, but not limited to, the Clean Cars 4 All Program.~~

~~(d) \$40,000,000 shall be made available to reduce emissions from commercial harbor craft subject to regulation by the board. In awarding funds, the board shall consider prioritizing projects based on maximizing emission reductions consistent with the commercial harbor craft regulation. The board shall prioritize private ferry operators regulated by the Public Utilities Commission, public ferries, licensed commercial passenger fishing vessels, research vessels, and excursion vessels.~~

~~(e) \$20,000,000 shall be used for accelerating the adoption of ultra-low global-warming potential refrigerants through the Equitable Building Decarbonization Program. The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) shall not apply to guidelines or other standards adopted and used in administering the funds appropriated in this subdivision.~~

~~(a)(f) \$2,000,000 shall be used for enhanced permitting of prescribed fire burns.~~

~~(g) \$135,000,000 of the funds appropriated in Schedule (2) shall be used for zero emission school buses to be administered through the Hybrid and Zero Emission Truck and Voucher Incentive Project.~~

~~(h) \$60,000,000 shall be used to enable port electrification projects, established under Section 39719.2 of the Health and Safety Code.~~

~~(b)(i) \$200,000,000 \$30,000,000 shall be used for sustainable community-based transportation equity projects established under the Charge Ahead California Initiative, which increase access to zero-emission mobility in low-income communities, reducing vehicle miles traveled and air pollution.~~

~~(j) \$35,000,000 shall be used for emerging opportunities within zero emission vehicles, zero emission vehicle components, and zero emission vehicle charging or refueling equipment, established under Section 39719.2 of the Health and Safety Code.~~

~~(k) Up to \$10,000,000 of the funds allocated in this provision shall be available for administrative costs related to zero emission school buses administered through the Hybrid and Zero Emission Truck and Voucher Incentive Project and funded by Proposition 98 General Funds.~~

~~(l) The funds allocated in this provision shall be available for encumbrance or expenditure until June 30, 2028, and shall be available for liquidation until June 30, 2030.~~

2. The funds appropriated in Schedule 2 shall be used to further reduce emissions from chromium plating operations by transitioning away from the use of hexavalent chromium. This includes supporting chromium plating services in California operated by small businesses to convert to trivalent chromium plating and chromic acid anodizing processes and technologies, for use in their chromium plating services, or an alternative that is at least equally health protective.

~~3. The funds appropriated in Schedule 3 shall be available to support local air districts' implementation of Chapter 136 of the Statutes of 2017, notwithstanding any other law.~~

~~3.4. Except as specified in Provision 1(g),~~ Not more than 5 percent of the amounts appropriated in this item may be used for administrative costs. ~~Except as specified in Provision 1(g),~~ The funds in this item shall be available for encumbrance or expenditure until June 30, 2026, and shall be available for liquidation until June 30, 2028."

Add Item 3900-101-3228 as follows:

3900-101-3228—For local assistance, State Air Resources Board, payable from the Greenhouse Gas Reduction Fund ..... 632,000,000

Schedule:

(1) 3510-Climate Change ..... 382,000,000

(2) 3530-Community Air Protection..... 250,000,000

Provisions:

1.-The funds appropriated in Schedule (1) shall be used as follows:

(a) \$165,000,000 for zero emission drayage trucks to be administered through the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project.

(1) Eligibility for these incentive funds shall be administered in a manner that enhances market development of medium- and heavy-duty vehicles and benefits disadvantaged communities and small businesses.

(2) The State Air Resources Board shall, prior to January 1, 2025, limit the number and award amount levels based on fleet size.

(3) The board shall establish an amount of incentive funds that will only be available for fleet sizes of less than 100 vehicles in California and shall allocate incentive funds to support pilot projects for smaller fleets and owner-operators.

(b) \$62,000,000 for zero emission transit buses to be administered through the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project.

(c) \$125,000,000 shall be used for a suite of equity transportation programs established under the Charge Ahead California Initiative, including, but not limited to, the Clean Cars 4 All Program.

(d) \$30,000,000 shall be used for sustainable community-based transportation equity projects established under the Charge Ahead California Initiative, which increase access to zero-emission mobility in low-income communities, reducing vehicle miles traveled and air pollution.

2. The funds appropriated in Schedule 2 shall be used as follows:

(a) \$195,000,000 shall be available for financial incentives to reduce mobile and stationary sources of criteria air pollutants or toxic air contaminants consistent with community emissions reduction programs developed pursuant to Section 44391.2 of the Health and Safety Code.

(b) \$50,000,000 shall be available to support local air districts' implementation of Chapter 136 of the Statutes of 2017, notwithstanding any other law.

(c) \$5,000,000 shall be used for technical assistance grants to community-based organizations pursuant to subdivision (d) of Section 44391.2 of the Health and Safety Code. These grants may be used to support community participation, including activities that enable meeting attendance, consistent with State Air Resources Board grant guidelines and agreements, in the implementation of subdivision (d) of Section 44391.2 and Section 42705.5 of the Health and Safety Code

3.-The funds appropriated in this item shall be subject to the provisions of Section 15.14.

4. Not more than 5 percent of the amounts appropriated in this item may be used for administrative costs. The funds in this item shall be available for encumbrance or expenditure until June 30, 2026, and shall be available for liquidation until June 30, 2028.

3900-490—Reappropriation, State Air Resources Board. Notwithstanding any other law, the amount specified in the following citation is reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2024:

3228—Greenhouse Gas Reduction Fund

(1) \$27,000,000 of Provision 1.5 of Item 3900-001-3228, Budget Act of 2022 (Ch. 249, Statutes of 2022)





May 12, 2023

Honorable Nancy Skinner, Chair  
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair  
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to and Addition of Various Budget Bill Items, Support and Technical Adjustments, Department of Pesticide Regulations**

**Acceleration Transition to Sustainable Pest Management**—It is requested that Item 3930-001-0106 be increased by \$1,912,000 in 2022-23 and \$1,412,000 ongoing and 7 positions to support registration workload and a study to accelerate the transition to sustainable pest management. This funding will support the state's shift from the use of high-risk pesticides to sustainable pest management by adding resources to improve the department's registration process and prioritization of safer alternative products, evaluation of high-risk legacy pesticide products, and through stakeholder engagement/collaboration.

**Technical Adjustments: Provisional Language Cleanup**—It is requested to add provisional language to Item 3930-001-0106 for the Pest Management Research Grant Program and Pest Management Alliance Grant Program to allow encumbrance or expenditure until June 30, 2025 (see Attachment 1). These are provisions agreed to in previous budgets that were inadvertently excluded from the Governor's Budget. It is also requested to delete Provision 1 in Items 3930-001-0001 (see Attachment 2), 3930-002-3288 (see Attachment 3), and 3930-102-3288 (see Attachment 4) since this provisional language no longer applies.

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

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

JOE STEPHENSHAW  
Director  
By:

/s/ Erika Li

ERIKA LI  
Chief Deputy Director

Attachment

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee  
Attention: Mark McKenzie, Staff Director  
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Kirk Feely, Fiscal Director  
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee  
Attention: Jay Dickenson, Chief Consultant  
Honorable Vince Fong, Vice Chair, Assembly Budget Committee  
Attention: Joseph Shinstock, Fiscal Director  
Honorable Josh Becker, Chair, Senate Budget and Fiscal Review Subcommittee No. 2  
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 3  
Gabriel Petek, Legislative Analyst  
Christopher W. Woods, Senate President pro Tempore's Office  
Jason Sisney, Assembly Speaker's Office  
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office  
Katja Townsend, Capitol Director, Assembly Republican Leader's Office  
Yana Garcia, Secretary, California Environmental Protection Agency  
Catalina Hayes-Bautista, Undersecretary, California Environmental Protection Agency  
Eric Jarvis, Deputy Secretary, California Environmental Protection Agency  
Julie Henderson, Director, Department of Pesticide Regulation  
Karen Morrison, Chief Deputy Director, Department of Pesticide Regulation  
Maria Bueb, Budget Officer, Department of Pesticide Regulation  
cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee

Amending Item 3930-001-0106 as follows:

“3930-001-0106—For support of Department of Pesticide Regulation, payable from the Department of Pesticide Regulation Fund .....

~~82,731,000~~84,643,000

Schedule:

- (1) 3540-Pesticide Programs  
..... 83,341,000~~85,253,000~~
- (2) Reimbursements to 3540-Pesticide Programs  
..... -610,000

Provisions:

1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.
2. Of the funds available in this item, \$500,000 is available to fund pest management research grants and shall be available for encumbrance until June 30, 2025.
3. Of the funds available in this item, \$400,000 is available to fund pest management alliance grants and shall be available for encumbrance until June 30, 2025.
4. Of the funds available in this item, \$500,000 is available to fund a fumigant alternatives study and shall be available for encumbrance until June 30, 2025.”

Remove Provision 1 from Item 3930-001-001:

~~1. When ambient air monitoring detects levels exceeding a screening level or regulatory target, established by the Department of Pesticide Regulation, the department shall, in a timely fashion, investigate the cause of the screening level or regulatory target exceedance, determine if a violation of a pesticide use requirement caused the screening level or regulatory target exceedance or if additional mitigation measures may be necessary, notify the local community, continue to monitor for potential additional violations or screening level or regulatory target exceedances, and take appropriate action to address violations and mitigate potential exposures.~~

Remove Provision 1 from Item 3930-002-3288:

~~1. This item shall not be increased in the 2023-24 fiscal year~~

Remove Provision 1 from Item 3930-102-3288:

~~1. This item shall not be increased in the 2023-24 fiscal year~~

May 12, 2023

Honorable Nancy Skinner, Chair  
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair  
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

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

**Implementation of the Sustainable Groundwater Management Act**—It is requested that Item 3940-001-0001 be increased by \$4,796,000 and 19 positions in 2023-24 and 2024-25 to support the next phase of the State Water Resources Control Board's (State Water Board) implementation of the Sustainable Groundwater Management Act. These resources will support the State Water Board's intervention efforts in the six groundwater basins where the Department of Water Resources determined local groundwater sustainability plans are inadequate.

**Technical Adjustment to Shift the Reduction of 2023-24 Appropriations (Water Recycling and PFAS Support)**—It is requested that Item 3940-106-0001 be decreased by \$140 million in 2023-24 for water recycling and PFAS support and increased by \$30 million in 2024-25 for PFAS support (see Attachment 1). The Governor's Budget reduced various items of appropriation in the 2023-24 fiscal year in Control Section 4.07 and delayed certain investments to future fiscal years. This is a technical adjustment to provide transparency at the department level by shifting the reductions from the statewide control section to items of appropriation in the State Water Board's budget.

**Reduction of 2023-24 Appropriation (Water Recycling)**—It is requested that Item 3940-106-0001 be decreased by \$270 million in 2023-24 to reduce the amount provided for water recycling (see Attachment 1). As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to these investments to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan.

**Technical Adjustment: Reappropriation**—It is requested that Item 3940-490 be added to extend the encumbrance period for Item 3940-008-3058, Budget Act of 2018, until June 30, 2024 (see Attachment 2). This reappropriation will allow the State Water Board

to continue to utilize the funding for the California Environmental Protection Agency Sacramento Headquarters Space Optimization Project.

**Technical Adjustment to Shift the Reversion of 2021 and 2022 Balances (Water Refilling Stations at Schools)**—It is requested that Item 0540-495 be added to revert \$5 million for water refilling stations at schools in the 2022 Budget Act (see Attachment 3). The Governor's Budget reverted these funds in statewide Control Section 4.06. This is a technical adjustment to provide transparency at the department level by shifting the reversions from the statewide control section to the State Water Board's budget.

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

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

JOE STEPHENSHAW  
Director  
By:

/s/ Erika Li

ERIKA LI  
Chief Deputy Director

Attachment

cc: On following page



cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee  
Attention: Mark McKenzie, Staff Director  
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Kirk Feely, Fiscal Director  
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee  
Attention: Jay Dickenson, Chief Consultant  
Honorable Vince Fong, Vice Chair, Assembly Budget Committee  
Attention: Joseph Shinstock, Fiscal Director  
Honorable Josh Becker, Chair, Senate Budget and Fiscal Review Subcommittee No. 2  
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 3  
Gabriel Petek, Legislative Analyst  
Christopher W. Woods, Senate President pro Tempore's Office  
Jason Sisney, Assembly Speaker's Office  
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office  
Katja Townsend, Capitol Director, Assembly Republican Leader's Office  
Yana Garcia, Secretary, California Environmental Protection Agency  
Eric Jarvis, Assistant Secretary, California Environmental Protection Agency  
Eileen Sobeck, Executive Director, State Water Resources Control Board  
Ryan Wilson, Budget Officer, State Water Resources Control Board

"3940-106-0001—For local assistance, State Water Resources Control Board...~~430,000,000~~20,000,000

Schedule:

(1) 3560-Water Quality...~~430,000,000~~20,000,000

Provisions:

1. ~~Of the amount appropriated in this item, \$310,000,000 shall be utilized for water recycling projects and may be provided as grants or loans.~~
2. Of the amount appropriated in this item, ~~\$120,000,000~~\$20,000,000 shall be available for technical and financial assistance to drinking water systems to address Per- and Polyfluoroalkyl Substances (PFAS). Contracts pursuant to this provision are exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code and Section 4526 of the Government Code, and the State Water Resources Control Board may award those contracts on a noncompetitive bid basis as necessary to implement the purposes of this section. The board may adopt guidelines to implement this provision. Such guidelines are not subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.
4. Up to 5 percent of the amount appropriated in this item may be used for administrative costs.
5. The amount appropriated in this item shall be available for encumbrance or expenditure until June 30, 2026."

3940-490—Reappropriation, State Water Resources Control Board. 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, 2024.

3058—Water Rights Fund

(1) Item 3940-008-3058, Budget Act of 2018 (Chs. 29, Stats. 2018)

3940-495—Reversion, State Water Resources Control Board. Notwithstanding any other law, as of June 30, 2023, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

1. \$5,000,000 of the amount appropriated for water refilling stations at schools by Provision (b)(4)(A) of Control Section 19.58 of the Budget Act of 2022 (Ch 249, Stats. of 2022).



May 12, 2023

Honorable Nancy Skinner, Chair  
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair  
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to Budget Bill Item 3960-001-0014, and Addition of Items 3960-002-3301 and 3960-011-0557, Support, Department of Toxic Substances Control**

**Hazardous Waste Control Account: Generation and Handling Fee Shortfall**—It is requested that Item 3960-001-0014 be increased by \$1.2 million and 5 new permanent positions to support workload and contract costs to support an in-depth analysis of the current shortfall in Generation and Handling Fee revenues, as well as to increase various fee administration activities to better ensure that generators are paying the amounts owed. The May Revision also includes a loan be authorized from the California Beverage Container Recycling Fund to address a shortfall of revenue deposited into the Hazardous Waste Control Account. Please see the Department of Resources Recycling and Recovery Finance Letter for specific item language.

**Exide: Parkways Cleanup Funding**—It is requested that Item 3960-002-3301 be added in the amount of \$40.4 million for fiscal year 2023-24 and \$26.9 million for 2024-25 to support the cleanup activities specifically for lead-contaminated soil in parkways surrounding the former Exide Technologies facility in Vernon, California (see Attachment 1).

**Loan from the Toxic Substances Control Account to the Hazardous Waste Control Account**—It is requested that Item 3960-011-0557 be added in the amount of \$15 million to support a loan from the Toxic Substances Control Account to the Hazardous Waste Control Account to address a short-term revenue deficit stemming from lower than anticipated revenue from the Generation and Handling Fee (see Attachment 2).

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

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

JOE STEPHENSHAW  
Director  
By:

/s/ Erika Li

ERIKA LI  
Chief Deputy Director

Attachment

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee  
Attention: Mark McKenzie, Staff Director  
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Kirk Feely, Fiscal Director  
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee  
Attention: Jay Dickenson, Chief Consultant  
Honorable Vince Fong, Vice Chair, Assembly Budget Committee  
Attention: Joseph Shinstock, Fiscal Director  
Honorable Josh Becker, Chair, Senate Budget and Fiscal Review Subcommittee No. 2  
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 3  
Gabriel Petek, Legislative Analyst  
Christopher W. Woods, Senate President pro Tempore's Office  
Jason Sisney, Assembly Speaker's Office  
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office  
Katja Townsend, Capitol Director, Assembly Republican Leader's Office  
Yana Garcia, Secretary, California Environmental Protection Agency  
Catalina Hayes-Bautista, Undersecretary, California Environmental Protection Agency  
Eric Jarvis, Deputy Secretary, California Environmental Protection Agency  
Meredith Williams, Director, Department of Toxic Substances Control  
Francesca Negri, Chief Deputy Director, Department of Toxic Substances Control  
Aaron Robertson, Deputy Director of Administration, Department of Toxic Substances Control  
Brian Brown, Chief Financial Officer, Department of Toxic Substances Control

3960-002-3301—For support of Department of Toxic Substances Control, payable from the Lead-Acid Battery Cleanup Fund..... 40,400,000

Schedule:

(1) 3645-Exide Technologies Facility Contamination Cleanup.... 40,400,000

Provisions:

1. The funds appropriated in Schedule (1) for cleanup of Parkways surrounding the former Exide Technologies facility in Vernon, California, shall be available for encumbrance or expenditure until June 30, 2025, and for two additional fiscal years for liquidation of encumbrances until June 30, 2027.

3960-011-0557—For transfer by the Controller, upon order of the Director of Finance, from the Toxic Substances Control Account to the Hazardous Waste Control Account as a loan.....(15,000,000)

Provisions:

1. The Department of Finance shall transfer by August 1, 2023, \$15,000,000 as a loan from the Toxic Substances Control Account to the Hazardous Waste Control Account. This loan shall be repaid to the Toxic Substances Control Account once sufficient revenue is available with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer.
2. The Department of Toxic Substances Control shall repay the loan to the Toxic Substances Control Account no later than June 30, 2026. The Director of Finance shall order the repayment of all or a portion of the loan sooner if it determines that either of the following circumstances exists: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan.





May 12, 2023

Honorable Nancy Skinner, Chair  
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair  
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

### **Addition of Budget Bill Items, Support, Department of Resources Recycling and Recovery**

**Various Reappropriations: CalRecycle Integrated Information System and Beverage Container Recycling Program**—It is requested that Item 3970-490 be added to reappropriate the balance of funds from Item 3970-101-0133, Budget Act of 2022 for encumbrance until June 30, 2024 (see Attachment 1). This funding supports California Department of Technology Project Approval Oversight during the implementation phase of the CalRecycle Integrated Information System project. Additionally, it is requested that Item 3970-491 be added to reappropriate the balance of funds from Item 3970-101-0133, Budget Act of 2021 for encumbrance until June 30, 2025 (see Attachment 2). This funding supports implementation of the Beverage Container Recycling Program Pilot Projects.

**Department of Resources Recycling and Recovery: Technical Adjustment to Shift Reversion of (2021 and 2022) Balances (Various Circular Economy Investments)**—It is requested that Item 3970-495 be added to revert specified balances of appropriations made in the (2021 and 2022) Budget Act associated with circular economy investments. The Governor's Budget reverted these funds in statewide Control Section 4.06. This is a technical adjustment to provide transparency at the department level by shifting the reversions from the statewide control section to an item in the department's budget (see Attachment 3).

**Beverage Container Recycling Fund: Loan to Hazardous Waste Control Account**—It is requested that Item 3970-012-0133 be added to support a \$40 million loan from the Beverage Container Recycling Fund to the Hazardous Waste Control Account to address a short-term revenue deficit stemming from lower than anticipated revenue from the Generation and Handling Fee (see Attachment 4). It is also requested that budget bill language be added to authorize the General Fund to support repayment of all or a portion of the loan under specified circumstances.

**Beverage Container Recycling Fund: Loan to General Fund**—It is requested that Item 3970-013-0133 be added to support a \$100 million loan to the General Fund. As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes this adjustment to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan (see Attachment 5). It is also requested that budget bill language be added to authorize repayment of all or a portion of the loan under specified circumstances.

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

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

JOE STEPHENSHAW  
Director  
By:

/s/ Erika Li

ERIKA LI  
Chief Deputy Director

Attachment

cc: Honorable Anthony J. Portantino, Chair, Senate Appropriations Committee  
Attention: Mark McKenzie, Staff Director  
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Kirk Feely, Fiscal Director  
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee  
Attention: Jay Dickenson, Chief Consultant  
Honorable Vince Fong, Vice Chair, Assembly Budget Committee  
Attention: Joseph Shinstock, Fiscal Director  
Honorable Josh Becker, Chair, Senate Budget and Fiscal Review Subcommittee No. 2  
Honorable Steve Bennett, Chair, Assembly Budget Subcommittee No. 3  
Gabriel Petek, Legislative Analyst  
Christopher W. Woods, Senate President pro Tempore's Office  
Jason Sisney, Assembly Speaker's Office  
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office  
Katja Townsend, Capitol Director, Assembly Republican Leader's Office  
Yana Garcia, Secretary, California Environmental Protection Agency  
Catalina Hayes-Bautista, Undersecretary, California Environmental Protection Agency  
Eric Jarvis, Deputy Secretary, California Environmental Protection Agency  
Rachel Machi Wagoner, Director, Department of Resources Recycling and Recovery  
Mindy McIntyre, Chief Deputy Director, Department of Resources Recycling and Recovery  
Brandy Hunt, Deputy Director of Administration, Department of Resources Recycling and Recovery

3970-490—Reappropriation, Department of Resources Recycling and Recovery. 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, 2024:

0001—General Fund

(1) Provision 1 of Item 3970-001-0001, Budget Act of 2022 (Ch. 249, Stats. 2022)

0133—Beverage Container Recycling Fund

(1) Up to \$220,000 in Item 3970-101-0133, Budget Act of 2022 (Ch. 43, Stats. 2022)

3970-491—Reappropriation, Department of Resources Recycling and Recovery. 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, 2025:

0133—Beverage Container Recycling Fund

(1) Item 3970-101-0133, Budget Act of 2021 (Ch. 21, Stats. 2021)

3970-495—Reversion, Department of Resources Recycling and Recovery. As of June 30, 2023, the balances specified below of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0001—General Fund

- (1) \$4,750,000 in Item 3970-101-0001, Budget Act of 2021 (Chs. 21, 43, 69, 84, and 240, Stats. 2021), appropriated for the Composting Opportunities Program.
- (2) \$2,000,000 in Item 3970-101-0001, Budget Act of 2021 (Chs. 21, 43, 69, 84, and 240, Stats. 2021), appropriated for the Recycling Feasibility Grants Program.
- (3) \$13,000,000 in Item 3970-101-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022), appropriated for the Recycling Feasibility Grants Program.
- (4) \$4,500,000 in Item 3970-101-0001, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022), appropriated for the Recycling Market Development Zone Loan Program.

3970-012-0133—For transfer, upon order of the Director of Finance, to the Hazardous Waste Control Account as a loan ..... (40,000,000)

Provisions:

1. The Department of Finance shall transfer up to \$40,000,000 as a loan from the California Beverage Container Recycling Fund to the Department of Toxic Substances Control's Hazardous Waste Control Account. This loan shall be repaid to the California Beverage Container Recycling Fund once sufficient revenue is available with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer.
2. The Director of Finance shall authorize the loan in whole or in part based on an assessment of the cash and budgetary need of the Hazardous Waste Control Account. Within 10 days after approval, the Director of Finance shall notify the Joint Legislative Budget Committee of the loan approved pursuant to this item.
3. The Department of Toxic Substances Control shall repay the loan to the California Beverage Container Recycling Fund no later than June 30, 2026. The Director of Finance shall order the repayment of all or a portion of the loan sooner if it determines that either of the following circumstances exists: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan. The Department of Finance may order the General Fund to repay the loan to the extent there are not sufficient funds in the Hazardous Waste Control Account to repay the loan and there is a need in the Beverage Container and Recycling Fund.

3970-013-0133—For transfer by the Controller,  
upon order of the Director of Finance, from  
the Beverage Container Recycling Fund to  
the General Fund as a loan ..... (100,000,000)

Provisions:

The Director of Finance may transfer up to \$100,000,000 as a loan to the General Fund. It is the intent to repay the loan over a three-year period including \$25 million in 2024-25, \$25 million in 2025-26, and \$50 million in 2026-27. The Director of Finance shall order the repayment of all or a portion of the loan sooner if it determines that either of the following circumstances exists: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of transfer.