

Both Houses Adopted Most of Governor's Major Budget Proposals

- Proposition 68.** Approved over \$1 billion authorized by Proposition 68—about one-quarter of the total authorized—to implement parks, habitat restoration, and water-related projects. (If approved by voters on June 5th, this funding would be administered by 18 state departments and conservancies.) Adopted Governor's entire implementation plan with some minor budget bill amendments. Approved various other appropriations from Proposition 68.
- Funding for Highway Rehabilitation and Maintenance.** Approved funding increases of \$570 million for highway rehabilitation projects, \$167 million for related project delivery workload, and \$154 million for highway maintenance, resulting from the fuel taxes and vehicle charges established in Chapter 45 of 2017 (SB 1, Beall).
- Parks Funding.** Approved Governor's proposal for \$62 million from the State Parks and Recreation Fund to (1) permanently address the fund's structural deficit and (2) increase service levels at state parks. Approved a proposal for \$200 million—\$100 million General Fund and up to \$100 million in donations—for the planning and construction of a California Indian Heritage Center.
- Flood Protection.** Approved Governor's proposed \$195 million General Fund for flood protection activities in the Central Valley, including \$170 million one time for major infrastructure projects and \$25 million ongoing to maintain levees for which the state holds special responsibility. Assembly set aside \$10 million of the maintenance funding to conduct repairs in one specified region in 2018-19.

Overview for Resources and Transportation

- ☑ **Fire Protection.** Approved \$98 million General Fund to procure four new helicopters as part of CalFire's helicopter fleet replacement plan. Approved a total of about \$50 million General Fund to support CalFire's firefighting capabilities, including for additional California Conservation Corps fire crews and to lengthen the season that McClellan Reload Air Base is staffed.

- ☑ **Forest Carbon Plan Implementation.** Approved \$96 million in 2018-19—mostly from the Greenhouse Gas Reduction Fund (GGRF) and Proposition 68—proposed for forest health activities. This includes (1) \$30 million for restoration and management activities coordinated through the Sierra Nevada Conservancy's Watershed Improvement Program, (2) \$27 million and 79 positions for CalFire for prescribed fire and other fuel reduction projects, and (3) \$20 million for the Natural Resources Agency to fund block grants to support regional forestry collaboratives. Assembly also adopted placeholder trailer bill language to require coordination among different programs and departments in order to maximize environmental co-benefits.

Key Differences Between Senate and Assembly Budget Plans



Funding Priorities. For some programs, the two houses identified somewhat different funding priorities from each other, as well as the Governor. These include the following:

- **Cap-and-Trade.** The Governor proposed a \$1.3 billion cap-and-trade expenditure plan. The Senate adopted a \$1.45 billion plan that reallocated and increased funding for several programs, including for local air district programs to reduce air pollution (\$60 million), Transformative Climate Communities program (\$55 million), forest health (\$43 million), and low-income weatherization (\$30 million). The Assembly adopted a \$1.55 billion plan that reallocated and increased funding for somewhat different programs, including heavy duty vehicles and port equipment (\$120 million), urban greening and forestry (\$80 million), and other natural resource and climate adaptation programs (\$46 million).
- **Department of Fish and Wildlife.** The Governor proposed a \$51 million ongoing augmentation—primarily from two special funds—to address a structural budget deficit and expand core activities. Both houses provided a lower funding amount, exclusively from the General Fund and not on an ongoing basis. Both houses also adopted requirements that the department contract with an independent entity to conduct a review of its budget.
- **Various Legislative Augmentations.** Each house approved a number of budget augmentations reflecting legislative priorities in the areas of natural resources, environmental protection, and transportation. These augmentations total a few hundred million dollars in each house and support a range of programs and projects, including for air pollution reduction, safe drinking water, and habitat restoration.

Overview for Resources and Transportation



Policy Considerations. Important policy issues underlie some of the Governor's budget proposals, and the two houses took different approaches on some of these, including the following:

- **Zero-Emission Vehicle (ZEV) Infrastructure.** The Governor proposed \$147 million from various funding sources for ZEV infrastructure (and \$200 million annually for ZEV rebates from GGRF). The Senate rejected the proposal to send it to Conference Committee. The Assembly adopted \$134 million and placeholder trailer bill language that would make a variety of policy changes, including codifying a goal of 5 million ZEVs by 2030 and requiring the California Energy Commission and California Air Resources Board to evaluate various ZEV rebate and infrastructure issues.
- **Safe and Affordable Drinking Water Fund (SADWF).** The administration proposes budget trailer legislation (as well as \$5 million) to impose new charges on water system customers and certain agricultural entities to fund the SADWF, which would be used to increase access to safe drinking water, primarily to support operating, maintenance, and capital costs in small, disadvantaged communities. The Assembly approved the Governor's proposal. The Senate did not act on the budget trailer legislation but approved (1) \$2 million General Fund on a two-year basis for mapping and needs assessment studies, (2) \$69 million General Fund (one time) for emergency relief and infrastructure improvements, and (3) \$45 million from Proposition 2 beginning in 2019-20 to fund drinking water infrastructure projects.