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# Governor's Resources-Related Special Session Proposals

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LEGISLATIVE ANALYST'S OFFICE

Presented to:

Senate Budget and Fiscal Review Committee

Hon. Denise Moreno Ducheny, Chair





## Summary of General Fund-Related Special Session Proposals

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- In the Resources area, the Governor's 2010-11 budget makes three major proposals that have substantial General Fund implications. Two of these involve General Fund savings, while the third reflects an increase in General Fund expenditures. The three major proposals are:

  - **Approval of Tranquillon Ridge Oil and Gas Lease Agreement.** The Governor proposes to use revenues generated from the state's approval of the Tranquillon Ridge oil and gas lease agreement to fund state parks. For the budget year, the budget assumes **\$140 million** of General Fund support for state parks would be replaced with the lease revenues. (For the current year, the budget provides that **\$79 million** of advanced royalty revenues go directly to the benefit of the General Fund.)
  - **Governor's Emergency Response Initiative (ERI).** The Governor proposes to use revenues from a proposed new surcharge on property insurance policies statewide to (1) replace **\$200 million** of General Fund support in the budget year for the Department of Forestry and Fire Protection (CalFire) and (2) create General Fund savings of **\$219 million** and expand emergency response programs in future years.
  - **Beverage Container Recycling Program—Budgetary Changes and Program Reform.** In addition to proposing long-term policy reforms to this program, the Governor proposes to make early, partial repayments from the General Fund—totaling **\$153 million** in the current and budget years—in respect of a prior loan from the Beverage Container Recycling Fund. The Governor has proposed statutory language that would dedicate the repaid monies to particular purposes.
  
- Each of these three proposals involves significant policy choices for the Legislature. In addition, many of these policy choices need not be made now, and in fact, it would be premature for the Legislature to do so. (For example, the evaluation of the Governor's proposed program expansions scheduled to begin in 2011-12, using new ERI revenues, need not be done now.)
  
- In our presentations that will follow on each of these proposals (each with a separate handout), we will set out these policy choices faced by the Legislature, as well as the decisions that are appropriately deferred to a later time.



## Other Special Session Proposals

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- CEQA—Related Jobs Package Proposal.*** As part of his “Jobs Package,” the Governor has proposed statutory changes related to the California Environmental Quality Act (CEQA) process, with the intent that this would jumpstart a select group of construction projects. The Governor’s proposal would exempt these selected projects’ environmental documentation from legal challenge under CEQA. This proposal has significant policy implications for the Legislature to consider. For example, if there truly is a litigation-related problem connected with the CEQA process, should not this be addressed as a policy matter to the benefit of all, as opposed to a select group of projects?