Senate Budget and Fiscal Review—Wesley Chesbro, Chair

SUBCOMMITTEE NO. 2 Agenda

Byron Sher, Chair
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Thursday, March 18, 2004
10:00AM, Room 112

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Resources—Environmental Protection—Public Safety—Energy

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Overview

1. LAO: Resources and Environmental Protection Budget Overview

- Overview of Resources and Environmental Protection Expenditures in Context of Overall Budget

2. Secretary for Resources – Mike Chrisman

3. Secretary for Environmental Protection – Terry Tamminen

4. California Department of Food and Agriculture, Secretary – A.G. Kawamura

Consent Calendar—AAB

3110 Special Resources Programs

Background. The Special Resources Programs include the following three programs:

- ***Tahoe Regional Planning Agency (TRPA).*** The TRPA was established by a congressionally approved compact between California and Nevada. The TRPA provides planning and enforceable regulations that preserve and enhance the environment and resources of the Lake Tahoe Basin. Fund. Funding for the agency is shared between Nevada (one-third) and California (two-thirds) according to the compact that established the agency.
- ***Yosemite Foundation Program.*** This program funds restoration and preservation projects in Yosemite National Park. Funding for this program is provided from proceeds of personalized motor vehicle license plates sold by the Department of Motor Vehicles.
- ***Sea Grant Program.*** This program encourages research and education in the fields of marine resources and technology. This state Sea Grant Program provides state assistance to the University of California and University of Southern California that is used to match funds for selected projects under the federal Sea Grant Program.

Governor's Budget. The Governor's Budget proposes a total of $4.3 million for the three special resources programs. This is the same as estimated expenditures in the current year.

Special Resources Programs
Governor's Budget Spending Totals
(Dollars in Thousands)

			Proposed for 2004-05	
	Actual 2002-03	Estimated 2003-04	Amount	Percent Change
Program:				
Tahoe Regional Planning Agency	$3,214	$3,231	$3,231	0%
Yosemite Foundation Program	912	840	840	0%
Sea Grant Program	200	200	200	0%
Total	**$4,326**	**$4,271**	**$4,271**	**0%**
Funding Source:				
General Fund	$200	$0	$0	-
Environmental License Plate Fund, Yosemite Account	912	840	840	0%
Environmental License Plate Fund	3,214	3,431	3,431	0%
Budget Act Total	**$4,326**	**$4,271**	**$4,271**	**0%**

Staff Recommendation. No issues have been raised regarding these programs. Approve as budgeted.

3560 State Lands Commission

Background. The State Lands Commission (SLC) is responsible for the management of lands that the state has received from the federal government. These lands total more than four million acres and include tide and submerged lands, swamp and overflow lands, the beds of navigable waterways, and vacant state school lands.

Governor's Budget. The Governor's budget proposes $19 million to support SLC in 2004-05. This is a $1.1 million (6 percent) increase from current year estimated expenditures. This increase is the result of a budget proposal to expend $1.8 million from the Marine Invasive Species Control Fund to implement Chapter 491, Statutes of 2003 (AB 433, Nation) to enhance the ballast water management program. (Ballast water is water taken on and released by ships during loading and unloading operations to maintain stability. Ballast water in U.S. ports may have been obtained from waters throughout the world, thereby introducing contaminants and/or nonindigenous species populations.)

State Lands Commission
Governor's Budget Spending Totals
(Dollars in Thousands)

	Actual 2002-03	Estimated 2003-04	Proposed for 2004-05 Amount	Proposed for 2004-05 Percent Change
Program:				
Mineral Research Management	$5,970	$6,031	$6,032	0%
Land Management	10,698	8,232	8,234	0%
Marine Facilities Division	6,524	7,099	8,196	15%
Executive and Administration	2,538	2,997	3,081	3%
less distributed administration	*-2,538*	*-2,997*	*-3,081*	-
Total	**$23,192**	**$21,362**	**$22,462**	**5%**
Funding Source:				
General Fund	$10,406	$9,130	$9,100	0%
Special Funds	7,000	8,749	9,846	13%
Budget Act Total	*17,406*	*17,879*	*18,946*	*6%*
Special Deposit Trust Fund	1,310	0	0	-
Land Bank Fund	1,318	375	408	9%
Reimbursements	3,157	3,108	3,108	0%
Budget Act Total	**$23,191**	**$21,362**	**$22,462**	**5%**

Budget Change Proposals. The following is a summary of the 2004-05 budget change proposals for the SLC.

State Lands Commission

Budget Change Proposals, 2004-05

(Dollars in Thousands)

Description	General Fund	Special Funds	Total	Personnel Years
Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS). Additional funding is requested to contract with technical experts to develop MOTEMS for liquefied Natural Gas terminals and to respond to technical questions regarding the MOTEMS that are outside the expertise of SLC. A total of $300,000 is requested over a two-year period starting in the budget year from the Oil Spill Prevention and Administration Fund.	-	$150	$150	0
Selby Slag Remediation. Fulfills the state's obligation to pay for a proportionate share of toxic site remediation costs at Selby, California under a federal court judgement. Funds will be used to close a sewage waste oxidation pond and provide a sewer line replacement. Funding is proposed from the Toxic Substances Control Account as a loan to the General Fund with a payback date of June 30, 2010.	970	-	970	0
Marine Invasive Species Act of 2003. This proposal requests initial funding to implement the act established by Chapter 491, Statutes of 2003 (AB 433, Nation) to enhance ballast water management. Funding for this program is from a fee levied on vessels each time they call on California ports. The SLC estimates charging $500 per call to cover total program costs, which include costs at the Department of Fish and Game and the State Water Resources Control Board.	-	1,821	1,821	12
General Fund Reduction. The proposed reduction is to the commission's land stewardship program. This program assures that tenants of state lands are in compliance as required by lease and other state laws, including environmental protection and pollution laws.	-1,000	-	-1,000	-8
Total	**-$30**	**$1,971**	**$1,941**	**4**

Staff Recommendation. No issues have been raised with the budget as proposed. Approve as budgeted.

3680 Department of Boating and Waterways

Background. The Department of Boating and Waterways (DBW) is responsible for planning and developing boating facilities on waterways throughout California. It is also responsible for protecting the public's right to safe boating by providing subventions to local law enforcement agencies. The department is also responsible for boating safety and education, licensing yachts, aquatic weed control in the Sacramento-San Joaquin Delta, and beach erosion control along California's coast.

Governor's Budget. The Governor's budget proposes $65.8 million to support DBW in 2004-05. (Of this total, $500,000 is included in the budget act, while the remainder of the budget is not included in budget act totals.) This is a reduction of $17.5 million (21 percent) from the current year budget due to the cancellation of several boat launching facility renovations in the current year to align future expenditures in the Harbor and Watercraft Revolving Fund with future revenues.

Department of Boating and Waterways
Governor's Budget Spending Totals
(Dollars in Thousands)

			Proposed for 2004-05	
	Actual 2002-03	Estimated 2003-04	Amount	Percent Change
Program:				
Boating Facilities	$51,026	$59,170	$46,457	-21%
Boating Operations	15,328	15,892	15,805	-1%
Beach Erosion Control	3,722	1,237	1,233	0%
Capital Outlay	4,604	7,024	2,288	-67%
Administration	1,889	2,353	2,356	0%
less distributed administration	*-1,889*	*-2,353*	*-2,356*	-
Total	**$74,680**	**$83,323**	**$65,783**	**-21%**
Funding Source:				
Abandoned Watercraft Abatement Fund	$541	$500	$500	0%
Budget Act Total	*$541*	*$500*	*$500*	0%
Harbors and Watercraft Revolving Fund	65,302	74,027	56,487	-24%
Federal Trust Fund	6,605	7,781	7,781	0%
Reimbursements	2,232	1,015	1,015	0%
Total	**$74,680**	**$83,323**	**$65,783**	**-21%**

Budget Change Proposals. The following is a summary of the 2004-05 budget change proposals for DBW.

Department of Boating and Waterways

Budget Change Proposals, 2004-05

(Dollars in Thousands)

Description	Harbors & Watercraft Revolving Fund	Abandoned Watercraft Abatement Fund	Total
Public Small Craft Harbor Planning and Construction Loans. Provides loans to develop marinas and expand or rehabilitate existing marinas. Loans are proposed for the following projects: Alamitos Bay, Long Beach Downtown Marinas, Dana Point Marina, Sacramento Marina, San Francisco Marina, Long Beach Basins, and emergency loans.	$16,500	-	$16,500
Private Recreational Marina Loan Program. Provides construction loans to private marinas statewide.	3,500	-	3,500
Launching Facility Grants. Provides grants for the construction of launching ramps and other facilities used when launching boats. Grants are proposed for 16 projects around the state.	9,996	-	9,996
Waterhyacinth Environmental Impact Report. Provides funds to contract with an environmental consulting firm to update the environmental impact report for DBW's Waterhyacinth Control Program.	500	-	500
Abandoned Watercraft Abatement Fund[a] Grant Program. Provides grants to local governments for removal of abandoned watercraft.	-	500	500
Beach Erosion Control Program. Provides grants to local governments to help mitigate coastal erosion. Grants are proposed for the following two projects: Pacific Grove/Ocean View Boulevard and Long Beach/Sediment Management Project.	1,000		1,000
Total	**$31,496**	**$500**	**$31,996**

[a] Funding for the Abandoned Watercraft Abatement Fund is from the Harbors and Watercraft Revolving Fund.

Department of Boating and Waterways
Capital Outlay Budget Change Proposals, 2004-05
(Dollars in Thousands)

Description	Harbors & Watercraft Revolving Fund	Abandoned Watercraft Abatement Fund	Total
Major Capital Outlay Project Planning. Provides funds for planning of major capital outlay projects statewide.	$80	-	$80
Minor Project Capital Outlay. Funding for minor capital outlay projects, which include: statewide emergency repairs, statewide boating trails, Lake Perris rehabilitation, Pyramid Lake improvements, Millerton Lake SRA boat launch facility and restroom replacement, and Lake Natoma boating instruction and safetv center.	2,208	-	2,208
Total	**$2,288**	**$0**	**$2,288**

Staff Recommendation. No issues have been raised with the department's budget as proposed. Approve as budgeted.

3780 Native American Heritage Commission

Background. The Native American Heritage Commission (NAHC) preserves and protects California Native American cultures. The commission's powers and duties include identifying and cataloging important geographic sites, helping Native Americans gain access to these sites, protecting burial and sacred sites, and ensuring that remains are treated appropriately. The commission is also works to mitigate the negative impacts of development on the state's Native American cultural resources.

Governor's Budget. The Governor's budget proposes $521,000 to support the NAHC in 2004-05. This is a 5 percent reduction from estimated expenditures in the current year.

Native American Heritage Commission
Governor's Budget Spending Totals
(Dollars in Thousands)

	Actual 2002-03	Estimated 2003-04	Proposed for 2004-05 Amount	Percent Change
Funding Source:				
General Fund	$330	$532	$516	-3%
Budget Act Total	*$330*	*$532*	*$516*	*-3%*
Reimbursements	5	18	5	-72%
Total	**$335**	**$550**	**$521**	**-5%**

Staff Recommendation. No issues have been raised regarding this commission. Approve as budgeted.

7300 Agriculture Labor Relations Board

Background. The Agricultural Labor Relations Board (ALRB) is responsible for conducting secret ballot elections to determine collective bargaining representation in agriculture and for investigating and resolving unfair labor practice disputes.

Governor's Budget. The Governor's budget proposes $4.8 million to support ALRB is 2004-05. This is the same as the level of expenditures estimated in the current year.

Agricultural Labor Relations Board
Governor's Budget Spending Totals
(Dollars in Thousands)

			Proposed for 2004-05	
	Actual 2002-03	Estimated 2003-04	Amount	Percent Change
Type of Expenditure:				
Board Support	$1,995	$2,105	$2,105	0%
General Counsel Support	2,667	2,736	2,736	0%
Administration	263	239	239	0%
less distributed administration	*-263*	*-239*	*-239*	
Total	**$4,662**	**$4,841**	**$4,841**	0%
Funding Source:				
General Fund	$4,662	$4,841	$4,841	0%
Budget Act Total	**$4,662**	**$4,841**	**$4,841**	**0%**

Staff Recommendation. No issues have been raised regarding this department. Approve as budgeted.

Consent Calendar—AAB Excluding Bond Funds

3125 California Tahoe Conservancy

Background. The California Tahoe Conservancy (CTC) acquires and manages land to protect the natural environment, provide public access and recreational facilities, and preserve wildlife habitat areas. It also awards grants to other agencies and nonprofit organizations for the purposes of its programs.

Governor's Budget. The Governor's Budget proposes $5.1 million to support CTC in 2004-05. This is a reduction of over $34 million (87 percent) from the current year budget due to the administration's decision to defer the majority of its bond fund proposal until later in the spring.

California Tahoe Conservancy
Governor's Budget Spending Totals
(Dollars in Thousands)

	Actual 2002-03	Estimated 2003-04	Proposed for 2004-05 Amount	Proposed for 2004-05 Percent Change
Type of Expenditure:				
State Operations	$3,984	$3,877	$4,091	6%
Local Assistance	5,051	11,977	0	-100%
Capital Outlay	12,195	23,574	1,569	-93%
Total	**$21,230**	**$39,428**	**$5,660**	**-86%**
Funding Source:				
General Fund	$2,739	$63	$0	-100%
Special Funds	5,887	4,874	4,210	-14%
Bond Funds	11,391	33,784	854	-97%
Budget Act Total	*20,017*	*38,721*	*5,064*	*-87%*
Tahoe Conservancy Fund	180	186	186	0%
Reimbursements	1,033	521	410	-21%
Total	**$21,230**	**$39,428**	**$5,660**	**-86%**

Staff Recommendation. No issues have been raised regarding this conservancy. However, the administration has indicated that it is waiting until later in the spring to submit its complete bond fund expenditure proposal. We anticipate this proposal will affect CTC. Therefore, **staff recommends approving the budget as proposed with the exclusion of bond funds.** Action on the remainder of CTC's budget should be taken after receipt and review of the administration's bond fund proposal later in the spring.

3760 State Coastal Conservancy

Background. The State Coastal Conservancy (SCC) is authorized to acquire land, undertake projects, and award grants for the purposes of (1) preserving agricultural land and significant coastal resources, (2) consolidating subdivided land, (3) restoring wetlands, marshes, and other natural resources, (4) developing a system of public accessways, and (5) improving coastal urban land uses. In general, the projects must conform to California Coastal Act policies and be approved by the conservancy governing board.

Governor's Budget. The Governor's budget proposes $16.4 million to support SCC in 2004-05. This is a reduction of over $290 million (95 percent) from the current year budget due to the administration's decision to defer the majority of its bond fund proposal until later in the spring.

State Coastal Conservancy
Governor's Budget Spending Totals
(Dollars in Thousands)

			Proposed for 2004-05	
	Actual 2002-03	Estimated 2003-04	Amount	Percent Change
Program:				
Coastal Resource Development	$4,170	$4,632	$4,324	-7%
Coastal Resource Enhancement	2,096	3,685	3,041	-17%
Capital Outlay	128,349	301,344	9,000	-97%
Administration	1,642	2,245	2,497	11%
less distributed administration	*-1,642*	*-2,245*	*-2,497*	-
Total	**$134,615**	**$309,661**	**$16,365**	**-95%**
Funding Source:				
General Fund	$652	$0	$0	-
Special Funds	2,635	10,555	3,752	-64%
Bond Funds	125,509	276,655	4,057	-99%
Budget Act Total	*$128,796*	*$287,210*	*$7,809*	*-97%*
State Coastal Conservancy Fund	$3,984	$8,326	$4,520	-46%
Federal Funds	502	4,745	2,120	-55%
Reimbursements	1,332	9,380	1,916	-80%
Total	**$134,614**	**$309,661**	**$16,365**	**-95%**

Budget Change Proposals. The following is a summary of the 2004-05 budget change proposals for SCC.

State Coastal Conservancy
Capital Outlay Budget Change Proposals, 2004-05
(Dollars in Thousands)

Description	Coastal Access Account	Coastal License Plate Fund	Violation Remediation Account	Total
Public Access Program. These funds are proposed to continue implementation of SCC's public access, education, and related programs.	$400	$700	$100	$1,200
Total	**$400**	**$700**	**$100**	**$1,200**

Staff Recommendation. No issues have been raised regarding this conservancy. However, the administration has indicated that it is waiting until later in the spring to submit its complete bond fund expenditure proposal. We anticipate this proposal will affect SCC. Therefore, **staff recommends approving the budget as proposed with the exclusion of bond funds.** Action on the remainder of SCC's budget should be taken after receipt and review of the administration's bond fund proposal later in the spring.

3810 Santa Monica Mountains Conservancy

Background. The Santa Monica Mountains Conservancy (SMMC) acquires, restores, and consolidates lands in the Santa Monica Mountains Zone for park, recreation, or conservation purposes.

Governor's Budget. The Governor's budget proposes $629,000 to support the Santa Monica Mountains Conservancy in 2004-05. This is a reduction of over 97 percent from the current year due to the administration's decision to defer the majority of its bond fund proposal until later in the spring.

Santa Monica Mountains Conservancy
Governor's Budget Spending Totals
(Dollars in Thousands)

	Actual 2002-03	Estimated 2003-04	Proposed for 2004-05 Amount	Percent Change
Program:				
State Operations	$662	$698	$629	-10%
Capital Outlay	11,964	23,602	0	-100%
Total	**$12,626**	**$24,300**	**$629**	**-97%**
Funding Source:				
General Fund	$0	$0	$0	-
Special Funds	464	269	200	-26%
Bond Funds	11,808	23,692	429	-98%
Budget Act Total	*$12,272*	*$23,961*	*$629*	*-97%*
Santa Monica Mountains Conervancy Fund	$354	$189	$0	-100%
Reimbursements	0	150	0	-100%
Total	**$12,626**	**$24,300**	**$629**	**-97%**

Staff Recommendation. No issues have been raised regarding this conservancy. However, the administration has indicated that it is waiting until later in the spring to submit its complete bond fund expenditure proposal. We anticipate this proposal will affect SMMC. Therefore, **staff recommends approving the budget as proposed with the exclusion of bond funds.** Action on the remainder of SMMC's budget should be taken after receipt and review of the administration's bond fund proposal later in the spring.

3825 San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy

Background. The San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (SGLAC) acquires and manages public lands in the San Gabriel basin, along the San Gabriel river and its tributaries, the lower Los Angeles river and its tributaries, and the San Gabriel Mountains. The conservancy acquires land to provide open space, low-impact recreational and educational uses, water conservation, watershed improvement, and wildlife and habitat restoration and protection.

Governor's Budget. The Governor's budget proposes $767,000 to support SGLAC. This is a 98 percent reduction from the current year estimated expenditures due to the administration's decision to defer the majority of its bond fund proposal until later in the spring.

San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy
Governor's Budget Spending Totals
(Dollars in Thousands)

			Proposed for 2004-05	
	Actual 2002-03	Estimated 2003-04	Amount	Percent Change
Program:				
State Operations	$625	$804	$767	-5%
Capital Outlay	575	34,325	0	-100%
Total	**$1,200**	**$35,129**	**$767**	**-98%**
Funding Source:				
General Fund	$0	$0	$0	-
Environmental License Plate Fund	265	263	33	-87%
Bond Funds	934	34,866	734	-98%
Total	**$1,199**	**$35,129**	**$767**	**-98%**

Staff Recommendation. No issues have been raised regarding this conservancy. However, the administration has indicated that it is waiting until later in the spring to submit its complete bond fund expenditure proposal. We anticipate this proposal will affect SGLAC. Therefore, **staff recommends approving the budget as proposed with the exclusion of bond funds.** Action on the remainder of SGLAC's budget should be taken after receipt and review of the administration's bond fund proposal later in the spring.

3830 San Joaquin River Conservancy

Background. The San Joaquin River Conservancy (SJRC) acquires and manages public lands within the San Joaquin river parkway, which consists of approximately 5,900 acres on both sides of the San Joaquin River between Friant Dam and the Highway 99 crossing.

Governor's Budget. The Governor's budget proposes $347,000 to support SJRC in 2004-05. This is a 75 percent reduction from the current year due to a reduction in reimbursement funds available for capital outlay projects.

San Joaquin River Conservancy
Governor's Budget Spending Totals
(Dollars in Thousands)

	Actual 2002-03	Estimated 2003-04	Proposed for 2004-05 Amount	Percent Change
Program:				
State Operations	$201	$365	$347	-5%
Capital Outlay	0	1,000	0	-100%
Total	**$201**	**$1,365**	**$347**	**-75%**
Funding Source:				
General Fund	$0	$0	$0	-
Environmental License Plate Fund	201	248	241	-3%
Bond Funds	0	117	106	-9%
Budget Act Total	*201*	*365*	*347*	*-5%*
Reimbursements	0	1,000	0	-100%
Total	**$201**	**$1,365**	**$347**	**-75%**

Staff Recommendation. No issues have been raised regarding this conservancy. However, the administration has indicated that it is waiting until later in the spring to submit its complete bond fund expenditure proposal. We anticipate this proposal might affect SJRC. Therefore, **staff recommends approving the budget as proposed with the exclusion of bond funds.** Action on the remainder of SJRC's budget should be taken after receipt and review of the administration's bond fund proposal later in the spring.

3835 Baldwin Hills Conservancy

Background. The Baldwin Hills Conservancy (BHC) acquires and manages public lands within the Baldwin Hills area to provide recreational facilities, open space, wildlife habitat restoration, and educational services.

Governor's Budget. The Governor's budget proposes $393,000 to support BHC in 2004-05. This is a 99 percent reduction for the estimated expenditures in the current year due to the administration's decision to defer the majority of its bond fund proposal until later in the spring.

Baldwin Hills Conservancy
Governor's Budget Spending Totals
(Dollars in Thousands)

	Actual 2002-03	Estimated 2003-04	Proposed for 2004-05 Amount	Percent Change
Program:				
State Operations	$266	$377	$393	4%
Capital Outlay	465	37,735	0	-100%
Total	**$731**	**$38,112**	**$393**	**-99%**
Funding Source:				
General Fund	$0	$0	$0	-
Environmental License Plate Fund	266	266	292	10%
Bond Funds	220	22,092	101	-100%
Budget Act Total	*486*	*22,358*	*393*	*-98%*
Reimbursements	245	15,755	0	-100%
Total	**$731**	**$38,113**	**$393**	**-99%**

Staff Recommendation. No issues have been raised regarding this conservancy. However, the administration has indicated that it is waiting until later in the spring to submit its complete bond fund expenditure proposal. We anticipate this proposal will affect BHC. Therefore, **staff recommends approving the budget as proposed with the exclusion of bond funds.** Action on the remainder of BHC's budget should be taken after receipt and review of the administration's bond fund proposal later in the spring.

3845 San Diego River Conservancy

Background. The San Diego River Conservancy (SDRC) acquires and manages public lands within the San Diego River Area. It acquires lands to provide recreational opportunities, open space, wildlife habitat, species protection, wetland protection and restoration, and protection and maintenance of the quality of the San Diego River.

Governor's Budget. The Governor's budget proposes $265,000 to support SDRC in 2004-05. This is the same level of expenditures as estimated in the current year.

San Diego River Conservancy
Governor's Budget Spending Totals
(Dollars in Thousands)

	Actual 2002-03	Estimated 2003-04	Proposed for 2004-05 Amount	Percent Change
Funding Source:				
Environmental License Plate Fund	$0	$265	$265	0%
Budget Act Total	**$0**	**$265**	**$265**	**0%**

Staff Recommendation. No issues have been raised regarding this conservancy. However, the administration has indicated that it is waiting until later in the spring to submit its complete bond fund expenditure proposal. We anticipate this proposal will affect SDRC. Therefore, **staff recommends approving the budget as proposed with the exclusion of bond funds.** Action on the remainder of SDRC's budget should be taken after receipt and review of the administration's bond fund proposal later in the spring.

3850 Coachella Valley Mountains Conservancy

Background. The Coachella Valley Mountains Conservancy (CVMC) acquires and holds, in perpetual open space, mountainous lands surrounding the Coachella Valley and natural community conservation lands within the Coachella Valley.

Governor's Budget. The Governor's budget proposes $407,000 to support CVMC in 2004-05. This is a 98 percent reduction from current year estimated expenditures due to the administration's decision to defer the majority of its bond fund proposal until later in the spring.

Coachella Valley Mountains Conservancy
Governor's Budget Spending Totals
(Dollars in Thousands)

	Actual 2002-03	Estimated 2003-04	Proposed for 2004-05 Amount	Percent Change
Program:				
State Operations	$232	$391	$407	4%
Capital Outlay	3,869	20,592	0	-100%
Total	**$4,101**	**$20,983**	**$407**	**-98%**
Funding Source:				
General Fund	$0	$0	$0	-
Special Funds	128	261	288	10%
Bond Funds	3,844	14,728	100	-99%
Budget Act Total	*3,972*	*14,989*	*388*	*-97%*
Reimbursements	129	5,994	19	-100%
Total	**$4,101**	**$20,983**	**$407**	**-98%**

Staff Recommendation. No issues have been raised regarding this conservancy. However, the administration has indicated that it is waiting until later in the spring to submit its complete bond fund expenditure proposal. We anticipate this proposal will affect CVMC. Therefore, **staff recommends approving the budget as proposed with the exclusion of bond funds.** Action on the remainder of CVMC's budget should be taken after receipt and review of the administration's bond fund proposal later in the spring.

3640 Wildlife Conservation Board

Background. The Wildlife Conservation Board (WCB) acquires property in order to protect and preserve wildlife and provide fishing, hunting, and recreational access facilities. The WCB is an independent board in the Department of Fish and Game and is composed of the Director of the Department of Fish and Game, the Director of the Department of Finance, and the Chairman of the Fish and Game Commission. In addition, three members of the Senate and three members of the Assembly serve an advisory capacity to the board.

Governor's Budget. The budget proposes total expenditures of about $33.2 million in 2004-05, a reduction of about $1.2 billion, or 97 percent, below estimated expenditures in the current year. This reduction is mainly a result of the administration's decision to defer its submittal of most of its resources bond proposal to later in the spring. Below is a summary of expenditures by type of expenditure and funding source.

Wildlife Conservation Board
Governor's Budget Spending Totals
(Dollars in Thousands)

			Proposed for 2004-05	
	Actual 2002-03	Estimated 2003-04	Amount	Percent Change
Type of Expenditure:				
State Operations	$2,242	$6,552	$5,888	-10%
Capital Outlay	276,855	1,165,384	21,377	-98%
Total	**$279,097**	**$1,171,936**	**$27,265**	**-98%**
Funding Source:				
General Fund	$21,620	$8,192	$193	-98%
Special Funds	-2,184	13,932	1,939	-86%
Bond Funds	259,163	1,130,355	25,133	-98%
Budget Act Total	*278,599*	*1,152,479*	*27,265*	*-98%*
Reimbursements	497	14,457	0	-100%
Oak Woodlands Conservation Fund	0	5,000	0	-100%
Total	**$279,096**	**$1,171,936**	**$27,265**	**-98%**

Budget Change Proposals. The following is a summary of the 2004-05 budget change proposals for WCB.

Wildlife Conservation Board
Capital Outlay Budget Change Proposals, 2004-05
(Dollars in Thousands)

Description	Wildlife Restoration Fund	Habitat Conservation Fund	Total
Public Access Acquisition and Development Projects.	$500	-	$500
Habitat Conservation Fund Acquisitions. This level of funding is allocated by law to WCB for acquiring, restoring, and enhancing habitat necessary to protect wildlife and plant populations.	-	21,000	21,000
Total	**$500**	**$21,000**	**$21,500**

1. Forthcoming Land Acquisitions – Informational Issue

Hearst Ranch. The board is currently in negotiations to acquire the Hearst Ranch**,** which is comprised of approximately 80,000 acres in San Luis Obispo County including 18 miles along the coast. The state has ***not*** yet entered into a contract to acquire the property. Nevertheless, the subcommittee may wish to ask the following questions regarding this potential acquisition:

- Please provide a general description of the property being considered for state acquisition.
- What is the potential funding source for this acquisition?
- Has this or a portion of this property been approved for development by local jurisdictions and/or the California Coastal Commission?

Bolsa-Chica. The board is currently in negotiations to acquire approximately 200 acres of mesa adjacent to the Bolsa-Chica wetlands along the coast in Huntington Beach, Orange County. Proposition 50 allocated a portion of the funds allocated to WCB in the bond for land acquisitions to acquire 100 acres in Bolsa-Chica. The state has ***not*** yet entered into a contract to acquire the property. Nevertheless, the subcommittee may wish to ask the following questions regarding this potential acquisition:

- Please provide a general description of the property being considered for state acquisition.
- What is the potential funding source for this acquisition?
- Has this or a portion of this property been approved for development by local jurisdictions and/or the California Coastal Commission?

2. Suspend Natural Heritage Preservation Tax Credit Program

Background. The Natural Heritage Preservation Tax Credit Program (Chapter 113, Statutes of 2000 [SB 1647, O'Connell]) provides tax credits to landowners who make qualified land

donations to state agencies, local government entities, or qualified nonprofit organizations. In exchange for a qualified donation, landowners receive a tax credit of 55 percent of the appraised fair market value of the donated property.

Tax credits were awarded under this program in 2000-01 and 2001-02 and the program was suspended during the 2002-03 budget year. During the first two years of program operation, approximately $33 million in tax credits were awarded. In exchange the state, local governments, and nonprofit organizations received donations of over 7,000 acres of land valued at over $60 million. Approximately $67 million remains of the $100 million in tax credits originally proposed for allocation for this program.

Governor's Proposed Mid-Year Adjustment and Budget—Suspend Tax Credit. The Governor has proposed suspension of the tax credit in the current and budget years, with estimated savings of $8.7 million and $10.3 million, respectively. The savings would be in the form of increased General Fund tax revenues due to a reduction in tax credits that would otherwise be claimed if the suspension was not in place. The administration is seeking approval of trailer bill legislation to implement this suspension (SB 1052, Committee on Budget and Fiscal Review). The Governor is currently administratively suspending the tax credit program in the current year pending enactment of legislation.

Tax Credit Set To Expire Soon. Under current law, the Natural Heritage Preservation Tax Credit program is set to expire on December 31, 2005. Therefore, if the tax credit is suspended in the current and budget years as proposed by the Governor the program will expire and over $60 million in tax credits will be unallocated.

Substantial Bond Funds Available for Land Acquisitions. The approval of two resources bonds in recent years has provided significant funds for land acquisition activities and a large portion of these funds have not been expended. While the expenditure of general obligation bond funds does incur General Fund costs, these costs are spread out over a long period of time (typically 30 years). On the other hand, the tax credit program does allow the state to acquire land at a substantial discount. However, the reduction in General Fund tax revenues occurs over a significantly shorter time horizon and is not under the control of the state (current law allows the tax credits to be claimed over a period of seven years).

Backfilling Tax Credit Program with Bond Funds. Legislation (AB 1502, Laird) has been proposed to backfill the reduction in General Fund tax revenues with proceeds from recently approved resources bond funds. It is our understanding that the use of bond funds for this purpose would jeopardize the double tax-exempt status of the bonds.

Staff Recommendation. Given the size of the state's projected General Fund deficit in the budget year and the size of the projected structural deficit, ***staff recommends suspending the tax credit program in the current and budget years.*** Suspending the tax credit program would result in the expiration of the program leaving approximately $60 million in tax credits unallocated. Given the need to minimize the structural deficit we think the tax credit should expire given the significant bond funds available for land acquisitions. The expiration of this program does not

preclude the Legislature's ability to reinstate a similar program when General Fund tax revenues are available for this purpose.

Issues for the Subcommittee to Consider.

- Should the subcommittee suspend the tax credit in the budget year?
- Does the subcommittee wish to extend the sunset of the tax credit program?

3720 California Coastal Commission

Background. The California Coastal Commission, following its initial creation in 1972 by a voter initiative, was permanently established by the State Coastal Act of 1976. In general, the act seeks to protect the state's natural and scenic resources along California's coast. It also delineates a "coastal zone" running the length of California's coast, extending seaward to the state's territorial limit of three miles, and extending inland a varying width from 1,000 yards to several miles. The commission's primary responsibility is to implement the act's provisions. It is also the state's planning and management agency for the coastal zone. The commission's jurisdiction does not include the San Francisco Bay Area, where development is regulated by the San Francisco Bay Conservation and Development Commission.

Governor's Budget. The Governor's budget proposes a total of $14.5 million to support the Coastal Commission in 2004-05. This is a decrease of 3 percent over estimated expenditures in the current year.

California Coastal Commission
Governor's Budget Spending Totals
(Dollars in Thousands)

			Proposed for 2004-05	
	Actual 2002-03	Estimated 2003-04	Amount	Percent Change
Program				
Coastal Management Program	$15,174	$14,032	$13,648	-3%
Coastal Energy Program	728	770	770	0%
Undistributed Administration	119	81	81	0%
Total	**$16,021**	**$14,883**	**$14,499**	**-3%**
Funding Source:				
General Fund	$10,716	$9,552	$9,549	0%
Special Funds	947	1,134	753	-34%
Budget Act Total	*11,663*	*10,686*	*10,302*	*-4%*
Federal Trust Fund	3,110	2,983	2,983	0%
Reimbursements	1,249	1,214	1,214	0%
Total	**$16,022**	**$14,883**	**$14,499**	**-3%**

1. Alternative Funding Source for Coastal Commission's Permitting Functions

Background. The commission's core program activities include issuing and enforcing permits for coastal development. The budget proposes about $7.5 million for the commission's permitting and enforcement activities in 2004-05. Of this total amount, approximately 77 percent is from the General Fund, while the remainder is from federal funds and reimbursements. The budget projects that the commission will have permit fee revenues of $500,000 and penalty revenues of $150,000 in the budget year. However, these revenues are transferred to the State Coastal Conservancy (SCC) for support of its programs.

LAO Recommendation. The Analyst recommends that *fees levied on permittees/developers be increased so that they fully cover the commission's costs to issue and enforce permits*. This would result in *General Fund savings of $5.8 million* in the budget year. The analyst also recommends eliminating the transfer of the commission's fee and penalty revenues ($650,000 annually) to SCC. The analyst cites the following rationale for shifting the funding of this program from the General Fund to fees on permittees/developers:

- ***Commission's Fees are Low Compared to Local Fees.*** Currently, the commission's highest permit fee is $20,000, which applies to large projects. The Analyst finds that local jurisdictions charge as much as 100 times more to permit comparable projects.
- ***Fees Are a More Appropriate Funding Source for Program.*** The Analyst cites that fees rather than the General Fund is a more appropriate funding source since permittees/developers are direct beneficiaries of the commission's permitting activities.

Coastal Commission's Response. The Coastal Commission is *opposed to full cost recovery from fees* for the commission's regulatory and enforcement program. It also opposes eliminating the transfer of fee and penalty revenue to SCC. Nevertheless, they *do not oppose increasing fees* charged permittees/developers for work related to permitting and enforcement.

The commission has raised several valid concerns in response to the Analyst's proposal. These include the following:

- ***Considerable Fee Increases Would Be Needed.*** The commission estimates that fees would need to be increased over 10 fold to fully cover program costs.
- ***Permits Are Variable and Declining by Design.*** The commission notes that there is significant variability in the number and size of the permits granted annually, which makes projecting revenues somewhat difficult. In addition, as local coastal programs (LCPs) are adopted permit and enforcement activities are shifted to the local jurisdictions. Therefore, as additional jurisdictions adopt LCPs permit and enforcement workload is reduced. These factors indicate that full cost recovery of the program would result in a less reliable source of funding.
- ***Eliminating SCC Funding Impacts Public Access.*** The SCC utilizes the fees and penalties to provide grants to locals for operations and maintenance of public accessways to the beach and shoreline. There are significant bond funds available to SCC to improve coastal access, but bond funds are not appropriate to fund operations and maintenance activities.

Staff Recommendation. Staff agrees with the LAO and the commission that permit fees should be increased. However, the commission does identify valid concerns regarding shifting to full fee recovery of its permitting and enforcement program. Nevertheless, the magnitude of the projected General Fund deficit requires careful evaluation of increasing fee revenues that can be used to offset General Fund support, as is the case with the Coastal Commission's permitting fees. Given these factors ***staff recommends that the subcommittee hold this issue open and direct staff, the LAO, and the department to develop trailer bill language to increase the commission's fee revenues and amend current law that requires all fees collected by the commission be transferred to SCC.*** Different scenarios should be developed for the subcommittee's consideration based on different levels of fee increases.

Issues for the Subcommittee to Consider.

- Should the subcommittee adopt trailer bill language to direct the Coastal Commission to increase its permit fees?
- If so, what level of fee increase should the subcommittee direct?

8570 California Department of Food and Agriculture

Background. The California Department of Food and Agriculture (CDFA) provides services to both producers and consumers of California's agricultural products in the areas of agricultural protection, agricultural marketing, and support to local fairs. The purpose of the agricultural protection program is to prevent the introduction and establishment of serious plant and animal pests and diseases. The agricultural marketing program markets California's agricultural products and protects consumer and producers through the enforcement of measurements, standards, and fair pricing practices. Finally, the department provides financial and administrative assistance to county and district fairs.

Governor's Budget. The budget proposes $311 million to support CDFA in 2004-05. This is a slight increase (6 percent) from the current year budget due to various capital outlay projects relating to the agricultural inspection stations and the Medfly rearing facility in Hawaii.

California Department of Food and Agriculture
Governor's Budget Spending Totals
(Dollars in Thousands)

			Proposed for 2004-05	
	Actual 2002-03	Estimated 2003-04	Amount	Percent Change
Type of Expenditure:				
Agricultural Prevention	$179,430	$145,365	$176,681	22%
Agricultural Marketing	76,825	85,038	70,923	-17%
Local Fairs	49,625	63,636	62,746	-1%
Administration	11,588	12,580	12,579	0%
less distributed administration	*-10,556*	*-11,562*	*-11,562*	*0%*
Total	**$306,912**	**$295,057**	**$311,367**	**6%**
Funding Source:				
General Fund	$101,486	$83,913	$73,005	-13%
Special Funds	$122,751	$145,068	$157,637	9%
Bond Funds	414	1,000	1,000	0%
Budget Act Total	*224,651*	*229,981*	*231,642*	*1%*
Public Building Construction Fund	0	583	34,405	5801%
Harbors and Watercraft Revolving Fund	989	1,148	1,175	2%
Federal Trust Fund	73,123	53,066	35,090	-34%
Reimbursements	8,147	10,276	9,055	-12%
Total	**$306,910**	**$295,054**	**$311,367**	**6%**

Budget Change Proposals. The following is a summary of the 2004-05 budget change proposals for CDFA.

California Department of Food and Agriculture

Budget Change Proposals, 2004-05

(Dollars in Thousands)

Description	General Fund	Special Funds	Federal Trust Fund	Other Funds	Total	Personnel Years
Agriculture Inspection Stations. Restoration of funding for the agricultural inspection stations that was reduced in the current year as part of the Control Section 4.10 reductions.	$4,523	-	-	-	$4,523	
Sudden Oak Death. Provided by USDA for management, surveys, and diagnostics of the pathogen responsible for sudden oak death.	-	-	300	-	300	
Pierce's Disease. General Fund reduction for the Pierce's disease control program. To mitigate the affects of this reduction CDFA will seek additional funding from the Pierce's Disease Board.	-2,000	-	-	-	-2,000	
Integrated Food Safety. Proposed additional funding and positions for the Milk and Dairy Foods Control Branch to meet new inspection and enforcement requirements.	-	831	-	-	831	4
Relocation to Renovated N Street Building. One-time costs related to moving staff back into the building ($1.7 million) and ongoing costs associated with increased rental rates ($735,000 for 2004-05 and $1.8 million starting in 2005-06).	912	1,082	287	118	2,399	
Fund Shift. Proposes redirecting funding from the General Fund to other fund sources for activities related to the Office of Agriculture and Environmental Stewardship, the Agricultural Export Program, and the Office of Public Affairs.	-831	-	-	-	-831	
Total	**$2,604**	**$1,913**	**$587**	**$118**	**$5,222**	**4**

1. Capital Outlay

Background. The Governor's budget proposes $19.7 million for two capital outlay projects. The amount includes $12.8 million from lease revenue bonds, $6.4 million from the State Highway Account, and $416,000 from the Department of Agriculture Fund.

LAO Finds Repairs to Medfly Rearing Facility Misclassified. The Governor's budget proposes $416,000 from the Department of Agriculture Fund for preliminary plans, working drawings, and construction to repair an existing Medfly rearing facility in Waimanalo, Hawaii. The LAO notes that repairs to existing facilities are not typically funded through capital outlay projects, but rather, are funded from a department's operating expenses. Furthermore, the LAO notes that the repairs to the Medfly facility were not identified as a capital outlay need in the 2003 infrastructure plan.

DOF Plans to Amend Current Proposal. The DOF has indicated to staff that it plans on submitting a revised budget change proposal that addresses the LAO's issues. The department indicates that the projects to be funded with the $416,000 are actually upgrades to the facility and do qualify as capital outlay projects.

Staff Recommendation. Staff recommends the subcommittee hold this issue open pending receipt of a revised budget change proposal.

2. Position Management—Legislative Oversight

Background. The state has prescribed procedures for *authorizing* and *establishing* new positions. Typically if a department needs to *authorize* a new position and the Department of Finance (DOF) approves the request, it is then incorporated into the Governor's budget and submitted to the Legislature. If the Legislature authorizes the position the department then begins the administrative steps necessary to establish the positions. Departments are required to follow a prescribed administrative process to *establish* the newly authorized position, including providing basic information to the State Controller's Office (SCO). The SCO then maintains a database that tracks all of these positions, including information on salary, classification, and whether the position is vacant.

In order to provide departments some flexibility to temporarily adjust staffing levels to meet the needs of its programs departments have a "blanket", which they can use to fund overtime for existing staff and hire temporary or seasonal help to address shirt-term workload. Statewide administrative procedures prohibit the use of the blanket to fund permanent positions on an ongoing basis. Positions funded through a department's blanket are not established with SCO and *not* subject to statewide vacancy reductions and hiring freeze restrictions.

LAO Finds CDFA's Position Management Compromises Legislative Oversight. The Analyst has found that about half of CDFA's positions have been created at the discretion of the department—without approval of either the Legislature or DOF. The Analyst has identified approximately 500 permanent positions in CDFA's blanket, which is a direct violation of

statewide administrative procedures that prohibit the use of the blanket to fund permanent positions. The LAO finds that CDFA's unique position management practice of establishing positions outside of SCO's position database fails to provide appropriate legislative oversight. This is especially important given the recent use of SCO's position database to implement vacancy reductions and the hiring freeze to limit growth of state employment.

LAO Finds CDFA's Rationale for Unique Process Flawed. The CDFA has the following rationale for its unique process:

- ***Continuously Appropriated Funding Source.*** The department asserts that its continuous appropriation authority, which allows the department to expend funds without a legislative appropriation through the budget act, extends to its ability to establish positions. The department has not been able to identify specific authority that allows CDFA to establish positions outside of standard administrative procedures.
- ***Quick Staffing Response Needed.*** The department has expressed concerns regarding the need to increase staffing quickly to respond to emergencies that may be threatening the state's food supply. Current standard administrative procedures allow departments to establish temporary positions administratively within its position blanket. The Office of Emergency Services and other state agencies establish temporary positions quickly utilizing this standard practice. If the positions are needed on a permanent basis a request is sent to DOF and the Legislature for approval.
- ***Industry Funded Programs.*** The department also asserts that since these positions are to support activities funded by industry assessments they should be treated differently since the industry has ultimate control over how the funds will be expended. The Analyst notes that there are many industry funded programs across state government that are required to comply with standard state administrative procedures for establishing positions.

Staff Recommendation. Staff agrees with the LAO that CDFA's current position management practice inhibits legislative oversight. ***Staff recommends that the subcommittee hold this issue open and direct staff, LAO, and the department to develop trailer bill language that requires the department to comply with standard administrative procedures related to establishing new positions. The language should also direct the department to establish all permanent positions currently in its blanket with the SCO.***

Issue for the subcommittee to consider.

- Should CDFA be given a special exemption to standard administrative practice for establishing positions?

3. General Fund Reduction

Background. The Governor's budget reports that CDFA reduced its General Fund budget in the current year by $4.6 million pursuant to Control Section 4.10 reductions. When these reductions were initially proposed by the prior administration they mainly targeted the agricultural inspection stations. This reduction would have resulted in 11 of the 16 inspection stations being closed and the firing of 52 permanent employees. The Governor's budget is proposing to *restore* $4.5 million of this reduction in the budget year, which results in CDFA making relatively few

ongoing reductions pursuant to Control Section 4.10. The only other General Fund reduction proposed to CDFA's budget is a $2 million reduction to the Pierce's disease program in 2004-05.

The CDFA indicates that it does not anticipate closing any of the inspection stations in the current year despite its General Fund reductions in the current year. The department indicates that instead they have had to reduce contract funding to combat the Red Imported Fire Ant.

Staff Recommendation. Given the magnitude of the projected General Fund deficit, ***staff recommends that the subcommittee hold the department's General Fund budget open and direct the department and DOF to develop options for reducing CDFA's General Fund budget by 5 percent and 10 percent.***

Issue for the Subcommittee to Consider.

- Given the size of the budget deficit and the relatively small General Fund reduction proposed by the Governor's budget to CDFA's budget, does the subcommittee want to consider further reductions to CDFA's General Fund appropriation?
- If so, what activities/programs should be reduced?

4. Department of Food and Agriculture Should Monitor and Report on Use of Antibiotics In Farm Animals

Background. It is widely accepted in the medical and scientific community that excessive antibiotic usage speeds the development of antibiotic-resistant infections. While there are efforts to monitor antibiotic usage on the human medical side, these efforts are noticeably absent or incomplete when it comes to agricultural and veterinary usage. According to the federal FDA's Center for Veterinary Medicine, there is a strong need for "drug-use information that enables correction of drug use with the emergence of resistance."

Many antibiotics used in animal agriculture are identical to drugs used in human medicine. While the overwhelming majority of antibiotics for human medical use are available only under the supervision of a medical professional, most antibiotics used for agricultural/veterinary purposes are not. There are concerns that overuse in animal settings may be compromising the effectiveness of those drugs when used in people. Many public health officials agree that surveillance information of such usage will help to fill a crucial information gap and help them deal with the problem of antibiotic resistance in an objective and fair manner.

In response to this problem, the Senate passed SB 506 to help to fill this data gap by requiring wholesalers and manufacturers to report to the Board of Pharmacy all sales of prescription antibiotics for use in agriculture, and to report sales of over-the-counter antibiotics and antibiotic feed additives to the CDFA. The bill was made a two year bill in the Assembly Agriculture Committee.

Staff Recommendation. There is general medical and scientific consensus is that the collection of antibiotic sales information represents an important first step in combating the growing public health problem of antibiotic resistance. Given that there is no public data currently collected on

antibiotic use data in farm animals, the committee may wish to adopt the following language as budget or trailer bill language:

(a) On or before June 1, 2005, the department shall do all of the following:

(1) collect information from manufacturers of animal feed and of oral and injectable antibiotics used in farm animals to determine the amounts of those antibiotics used in the agricultural and veterinary setting.

(2) in consultation and cooperation with the Department of Health Services, evaluate and report to the appropriate policy and fiscal committees of the Legislature on the use of antibiotics in the agricultural and veterinary setting and its impacts on human antibiotic resistance.

5. Repeal of Animal Control Mandate

Background. Local government animal control agencies care for stray and surrendered animals in California communities. Such care includes housing, medical care, and vaccinations. These agencies also pursue the successful adoptions of the animals in their care and euthanize those animals that are not placed.

Seeking to reduce the euthanization of adoptable stray animals, the Legislature enacted Chapter 752, Statutes of 1998 (SB 1785, Hayden). Prior law provided that no dog or cat impounded by a public pound or specified shelter could be euthanized before three days after the time of impounding. Chapter 752 requires the following:

- An increase from three days to four to six business days, as specified, in the holding period for stray and abandoned dogs and cats.
- A holding period of four to six business days for other specified animals.
- The verification of the temperament of feral cats.
- The posting of lost and found lists.
- The maintenance of records for impounded animals.
- The release of animals to nonprofit rescue or adoption organizations.
- "Necessary prompt veterinary care" for impounded animals.

In 2001, the Commission on State Mandates (CSM) determined that Chapter 752 imposed a reimbursable mandate by requiring, among other activities, that certain animals be cared for longer than the three days previously required by law.

Governor's Budget. The Governor's budget had proposed repealing the animal control mandate, thereby eliminating the state requirements for local governments to perform the mandated activities.

LAO Recommendation. The Analyst had recommended that the Legislature make modifications to Chapter 752 given the significant state-reimbursable mandate costs associated with the requirements of this statute. Local agency claims for mandate reimbursements will likely total $10 million annually.

BSA Recommendation. The animal control mandate was the subject of a 2003 Bureau of State Audits report. In this report, the Auditor recommends that the Legislature direct the CSM to better clarify the costs eligible for reimbursement from the state under current law. The LAO concurs with the need for clarification of eligible reimbursements from the state and suggests the following budget bill language as an alternative to amending Chapter 752:

> *The Commission on State Mandates shall review the parameters and guidelines for the Animal Control mandate and make revisions consistent with the findings of the Bureau of State Audits and the 2003-04 Analysis by the Legislative Analyst's Office.*

Staff Recommendation. Staff recommends suspending the animal control mandate in the budget year, which would provide $0 appropriation in the budget bill. Furthermore, staff recommends referring the administration's proposed legislation to repeal the animal control mandate to the appropriate policy committee for consideration.

Issues for the Subcommittee to Consider.

- Does the subcommittee wish to fund the animal control mandate in the budget year?
- Does the subcommittee wish to amend or repeal the animal control mandate?