

AMENDED IN SENATE JUNE 29, 2009

CALIFORNIA LEGISLATURE—2009—10 THIRD EXTRAORDINARY SESSION

**SENATE BILL**

**No. 30**

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**Introduced by Senator Ducheny**

April 13, 2009

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~~An act relating to the Budget Act of 2009.~~ *An act to amend Sections 11001.5 and 11003 of the Revenue and Taxation Code, and to amend Sections 17600, 17600.10, and 17600.15 of, and to add Sections 15200.01 and 17600.16 to, the Welfare and Institutions Code, relating to public social services, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 30, as amended, Ducheny. ~~Budget Act of 2009.~~ *Human service programs: CalWORKs: county share of cost.*

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2009.~~

*(1) The Vehicle License Fee (VLF) Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee upon any vehicle subject to registration in this state. The California Constitution authorizes the Legislature to deposit an amount of revenues derived from a specified portion of the vehicle license fee rate into the Local Revenue Fund, for allocation to cities, counties, and cities and counties. Existing law requires the Controller to deposit 74.9% of the revenues collected under the VLF Law in the State Treasury to the credit of the Local Revenue Fund.*

*This bill would require, on and after July 1, 2009, that 88.6% of those revenues be deposited into the Local Revenue Fund.*

*Existing law requires the amount appropriated by the Legislature for the use of the Department of Motor Vehicles and the Franchise Tax*

*Board in implementing the VLF Law to be transferred from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the Motor Vehicle Account in the State Transportation Fund.*

*This bill would require, for the 2009–10 fiscal year and each fiscal year thereafter, that this amount be equal to 1.98% of the total amount of money collected for applications accepted under the VLF Law for the fiscal year.*

*(2) Existing federal law provides for allocation of federal funds through the federal Temporary Assistance for Needy Families (TANF) block grant program to eligible states, with California’s version of this program being known as the California Work Opportunity and Responsibility to Kids (CalWORKs) program. Under the CalWORKs program each county provides cash assistance and other benefits to qualified low-income families and individuals who meet specified eligibility criteria. Existing law continually appropriates money from the General Fund to pay for a share of aid grant costs under the CalWORKs program.*

*Existing law provides for the establishment of the Sales Tax Account in the continuously appropriated Local Revenue Fund for the allocation of sales and use tax revenues to local government, which includes, among others, a Social Services Subaccount. Under existing law, cities and counties that receive funds from the Local Revenue Fund are required to establish and maintain a local health and welfare trust fund comprised of specified accounts, including a social services account.*

*Existing law requires the Controller, for the 1992–93 fiscal year and fiscal years thereafter, to make monthly deposits of the sales tax proceeds from revenues deposited to the credit of the Local Revenue Fund, to the subaccounts of the Sales Tax Account, as specified.*

*Existing law further contains requirements for monthly allocations of these funds to each county’s local health and welfare trust fund subaccounts.*

*This bill would create a new subaccount, the CalWORKs Subaccount, in the Sales Tax Account of the Local Revenue Fund, from which moneys would be allocated to counties for the purpose of funding a portion of the counties’ share of aid grant costs under the CalWORKs program. The bill would require counties to create a CalWORKs account within their local health and welfare trust funds.*

*This bill would require moneys in the CalWORKs Subaccount to be deposited into the county CalWORKs accounts, and would require the Department of Finance to annually develop a monthly allocation*

*schedule to be used by the Controller in making each county's allocation of funds from the CalWORKs Subaccount, as specified.*

*This bill, for the 2009–10 fiscal year, would require \$300,000,000 of the funds in the Sales Tax Account of the Local Revenue Fund to be allocated to the CalWORKs Subaccount in that account, before making any allocations to the other subaccounts in that fund. The bill would reduce the state's share of costs for CalWORKs aid grant costs to 89% to reflect this allocation. For subsequent fiscal years, an amount of funds from the Sales Tax Account would be required, in accordance with a prescribed formula, to be allocated to the CalWORKs Subaccount, prior to any allocations being made to other subaccounts in the Sales Tax Account, for allocation to counties to pay for an adjustment in the counties' share of aid grant costs, required to be made pursuant to the bill, that would reflect the amount of this allocation.*

*Because the reduction in the percentage of the state CalWORKs contribution would result in an increase in the required county contribution, this bill would impose a state-mandated local program.*

*By increasing deposits into the continuously appropriated Local Revenue Fund, the bill would make an appropriation.*

**The**

*(3) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 19, 2008.*

*This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 19, 2008, pursuant to the California Constitution.*

*(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for a specified reason.*

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~  
yes. State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 11001.5 of the Revenue and Taxation*  
2     *Code is amended to read:*

3     11001.5. (a) (1) Notwithstanding Section 11001, and except  
4     as provided in paragraph (2) and in subdivisions (b) and (d), 24.33  
5     percent, ~~and~~ on and after July 1, 2004, 74.9 percent, *and on and*  
6     *after July 1, 2009, 88.6 percent*, of the moneys collected by the  
7     department under this part shall be reported monthly to the  
8     Controller, and at the same time, deposited in the State Treasury  
9     to the credit of the Local Revenue Fund, as established pursuant  
10    to Section 17600 of the Welfare and Institutions Code. All other  
11    moneys collected by the department under this part shall continue  
12    to be deposited to the credit of the Motor Vehicle License Fee  
13    Account in the Transportation Tax Fund and first allocated to the  
14    County of Orange as provided in subdivision (a) of Section 11005  
15    and as necessary for the service of indebtedness as pledged by  
16    Sections 25350.6 and 53585.1 of the Government Code and in  
17    accordance with written instructions provided by the Controller  
18    under Sections 25350.7, 25350.9, and 53585.1 of the Government  
19    Code, and the balance shall be allocated to each city and city and  
20    county as otherwise provided by law.

21    (2) For the period beginning on and after July 1, 2003, and  
22    ending on February 29, 2004, the Controller shall deposit an  
23    amount equal to 28.07 percent of the moneys collected by the  
24    department under this part in the State Treasury to the credit of  
25    the Local Revenue Fund. All other moneys collected by the  
26    department under this part shall continue to be deposited to the  
27    credit of the Motor Vehicle License Fee Account in the  
28    Transportation Tax Fund and allocated to each city, county, and  
29    city and county as otherwise provided by law.

30    (b) (1) Notwithstanding Section 11001, net funds collected as  
31    a result of procedures developed for greater compliance with  
32    vehicle license fee laws in order to increase the amount of vehicle  
33    license fee collections shall be reported monthly to the Controller,  
34    and at the same time, deposited in the State Treasury to the credit  
35    of the Vehicle License Collection Account of the Local Revenue  
36    Fund as established pursuant to Section 17600 of the Welfare and  
37    Institutions Code. All revenues in excess of fourteen million dollars  
38    (\$14,000,000) in the 2004–05 fiscal year and in any fiscal year

1 thereafter shall be allocated to cities, counties, and cities and  
2 counties as follows:

3 (A) (i) Fifty percent shall be paid to the cities and cities and  
4 counties of this state in the proportion that the population of each  
5 city or city and county bears to the total population of all cities  
6 and cities and counties in this state, as determined by the population  
7 research unit of the Department of Finance. For purposes of this  
8 subparagraph, the population of each city or city and county is that  
9 population determined by the last federal decennial or special  
10 census, or a subsequent census validated by the population research  
11 unit or subsequent estimate prepared pursuant to Section 2107.2  
12 of the Streets and Highways Code.

13 (ii) In the case of a city incorporated subsequent to the last  
14 federal census, or a subsequent census validated by the population  
15 research unit, the population research unit shall determine the  
16 population of the city. In the case of unincorporated territory  
17 annexed to a city subsequent to the last federal census, or a  
18 subsequent census validated by the population research unit, the  
19 population research unit shall determine the population of the  
20 annexed territory by the use of any federal decennial or special  
21 census, or estimate prepared pursuant to Section 2107.2 of the  
22 Streets and Highways Code. In the case of the consolidation of  
23 one city with another subsequent to the last federal census, or a  
24 subsequent census validated by the population research unit, the  
25 population of the consolidated city, for the purpose of this  
26 subparagraph, is the aggregate population of the respective cities  
27 as determined by the last federal census, or a subsequent census  
28 or estimate validated by the population research unit.

29 (B) Fifty percent shall be paid to the counties and cities and  
30 counties in the proportion that the population of each county or  
31 city and county bears to the total population of all counties and  
32 cities and counties, as determined by the population research unit.  
33 For purposes of this subparagraph, the population of each county  
34 or city and county is that determined by the last federal census, or  
35 subsequent census validated by the population research unit, or as  
36 determined by Section 11005.6 of the Revenue and Taxation Code.

37 (2) The amendments made to this section by the act that added  
38 this paragraph are operative upon the enactment of that act.  
39 However, the amendments made by the act that added this  
40 paragraph apply to revenues in the Vehicle License Collection

1 Account in excess of fourteen million dollars (\$14,000,000) in the  
 2 2004–05 fiscal year and any fiscal year thereafter.

3 (c) Notwithstanding Section 11001, 25.72 percent of the moneys  
 4 collected by the department on or after August 1, 1991, and before  
 5 August 1, 1992, under this part shall be reported monthly to the  
 6 Controller, and at the same time, deposited in the State Treasury  
 7 to the credit of the Local Revenue Fund, as established pursuant  
 8 to Section 17600 of the Welfare and Institutions Code. All other  
 9 moneys collected by the department under this part shall continue  
 10 to be deposited to the credit of the Motor Vehicle License Fee  
 11 Account in the Transportation Tax Fund and allocated to each city,  
 12 county, and city and county as otherwise provided by law.

13 (d) Notwithstanding any other provision of law, both of the  
 14 following apply:

15 (1) This section is operative for the period beginning on and  
 16 after March 1, 2004.

17 (2) It is the intent of the Legislature that the total amount  
 18 deposited by the Controller in the State Treasury to the credit of  
 19 the Local Revenue Fund for the 2003–04 fiscal year be equal to  
 20 the total amount that would have been deposited to the credit of  
 21 the Local Revenue Fund if paragraph (1) of subdivision (a) was  
 22 applied during that entire fiscal year. The department shall calculate  
 23 and notify the Controller of the adjustment amounts that are  
 24 required by this paragraph to be deposited in the State Treasury  
 25 to the credit of the Local Revenue Fund. The amounts deposited  
 26 in the State Treasury to the credit of the Local Revenue Fund  
 27 pursuant to this paragraph shall be deemed to have been deposited  
 28 during the 2003–04 fiscal year.

29 (e) This section does not amend nor is it intended to amend or  
 30 impair Section 25350 and following of, Section 53584 and  
 31 following of, the Government Code, or any other statute dealing  
 32 with the interception of funds.

33 *SEC. 2. Section 11003 of the Revenue and Taxation Code is*  
 34 *amended to read:*

35 11003. The amount appropriated by the Legislature for the use  
 36 of the Department of Motor Vehicles and the Franchise Tax Board  
 37 for the enforcement of this part shall be transferred from the Motor  
 38 Vehicle License Fee Account in the Transportation Tax Fund to  
 39 the Motor Vehicle Account in the State Transportation Fund. ~~That~~  
 40 *For the 2009–10 fiscal year and each fiscal year thereafter, that*

1 amount shall be determined so that the appropriate costs for  
2 registration and motor vehicle license fee activities are apportioned  
3 between the recipients of revenues in proportion to the revenues  
4 that would have been received by those recipients if the total fee  
5 imposed under this part was 2 percent of the market value of a  
6 vehicle equal to 1.98 percent of the total amount of money to be  
7 collected for accepted applications under this part for the fiscal  
8 year.

9 *SEC. 3. Section 15200.01 is added to the Welfare and*  
10 *Institutions Code, to read:*

11 *15200.01. (a) Notwithstanding Section 15200 or any other*  
12 *provision of law, for the 2009–10 fiscal year and each fiscal year*  
13 *thereafter, the state share of the aid grant costs specified in*  
14 *subdivision (a), and paragraphs (1) and (2) of subdivision (e), of*  
15 *Section 11450, payable to each county for the support and*  
16 *maintenance of needy children, shall equal 89 percent.*

17 *(b) Commencing with the 2010–11 fiscal year, and each fiscal*  
18 *year thereafter, the percentage provided to each county pursuant*  
19 *to subdivision (a) shall be adjusted by the Department of Finance*  
20 *to reflect the increased sales tax revenue deposited in the*  
21 *CalWORKs Subaccount pursuant to paragraph (3) of subdivision*  
22 *(b) of Section 17600.15.*

23 *SEC. 4. Section 17600 of the Welfare and Institutions Code is*  
24 *amended to read:*

25 *17600. (a) There is hereby created the Local Revenue Fund,*  
26 *which shall have all of the following accounts:*

- 27 (1) The Sales Tax Account.
- 28 (2) The Vehicle License Fee Account.
- 29 (3) The Vehicle License Collection Account.
- 30 (4) The Sales Tax Growth Account.
- 31 (5) The Vehicle License Fee Growth Account.

32 *(b) The Sales Tax Account shall have all of the following*  
33 *subaccounts:*

- 34 (1) The Mental Health Subaccount.
- 35 (2) The Social Services Subaccount.
- 36 (3) The Health Subaccount.
- 37 (4) *The CalWORKs Subaccount. Moneys in this subaccount*  
38 *shall be allocated to counties pursuant to this article for the*  
39 *purpose of funding a portion of the county share of aid grant costs*  
40 *under the CalWORKs program.*

1 (c) The Sales Tax Growth Account shall have all of the  
2 following subaccounts:

- 3 (1) The Caseload Subaccount.
- 4 (2) The Base Restoration Subaccount.
- 5 (3) The Indigent Health Equity Subaccount.
- 6 (4) The Community Health Equity Subaccount.
- 7 (5) The Mental Health Equity Subaccount.
- 8 (6) The State Hospital Mental Health Equity Subaccount.
- 9 (7) The County Medical Services Subaccount.
- 10 (8) The General Growth Subaccount.
- 11 (9) The Special Equity Subaccount.

12 (d) Notwithstanding Section 13340 of the Government Code,  
13 the Local Revenue Fund is hereby continuously appropriated,  
14 without regard to fiscal years, for the purpose of this chapter.

15 (e) The Local Revenue Fund shall be invested in the Surplus  
16 Money Investment Fund and all interest earned shall be distributed  
17 in January and July among the accounts and subaccounts in  
18 proportion to the amounts deposited into each subaccount, except  
19 as provided in subdivision (f).

20 (f) If a distribution required by subdivision (e) would cause a  
21 subaccount to exceed its limitations imposed pursuant to any of  
22 the following, the distribution shall be made among the remaining  
23 subaccounts in proportion to the amounts deposited into each  
24 subaccount in the six prior months:

- 25 (1) Subdivision (a) of Section 17605.
- 26 (2) Paragraph (1) of subdivision (a) of Section 17605.05.
- 27 (3) Subdivision (b) of Section 17605.10.
- 28 (4) Subdivision (c) of Section 17605.10.

29 *SEC. 5. Section 17600.10 of the Welfare and Institutions Code*  
30 *is amended to read:*

31 17600.10. (a) Each county and city and county receiving funds  
32 in accordance with this chapter shall establish and maintain a local  
33 health and welfare trust fund comprised of the following accounts:

- 34 (1) The mental health account.
- 35 (2) The social services account.
- 36 (3) The health account.
- 37 (4) *The CalWORKs account.*

38 (b) Each city receiving funds in accordance with this chapter  
39 shall establish and maintain a local health and welfare trust fund  
40 comprised of a health account and a mental health account.

1     *SEC. 6. Section 17600.15 of the Welfare and Institutions Code*  
2     *is amended to read:*

3     17600.15. (a) Of the sales tax proceeds from revenues collected  
4     in the 1991–92 fiscal year which are deposited to the credit of the  
5     Local Revenue Fund, 51.91 percent shall be credited to the Mental  
6     Health Subaccount, 36.17 percent shall be credited to the Social  
7     Services Subaccount, and 11.92 percent shall be credited to the  
8     Health Subaccount of the Sales Tax Account.

9     (b) ~~For~~(1) *Except as otherwise provided in paragraphs (2) and*  
10    *(3), for the 1992–93 fiscal year and fiscal years thereafter, of the*  
11    *sales tax proceeds from revenues deposited to the credit of the*  
12    *Local Revenue Fund, the Controller shall make monthly deposits*  
13    *to the Mental Health Subaccount, the Social Services Subaccount,*  
14    *and the Health Subaccount of the Sales Tax Account until the*  
15    *deposits equal the amounts that were allocated to counties, cities,*  
16    *and cities and counties mental health accounts, social services*  
17    *accounts, and health accounts, respectively, of the local health and*  
18    *welfare trust funds in the prior fiscal year pursuant to this chapter*  
19    *from the Sales Tax Account and the Sales Tax Growth Account.*  
20    *Any excess sales tax revenues received pursuant to Sections 6051.2*  
21    *and 6201.2 of the Revenue and Taxation Code shall be deposited*  
22    *in the Sales Tax Growth Account of the Local Revenue Fund.*

23    (2) *For the 2009–10 fiscal year, before making the monthly*  
24    *deposits required by paragraph (1), the Controller shall deposit,*  
25    *prorated on a monthly basis, the total sum of three hundred million*  
26    *dollars (\$300,000,000) of the sales tax proceeds deposited to the*  
27    *credit of the Local Revenue Fund into the CalWORKs Subaccount.*

28    (3) *For the 2010–11 fiscal year and each fiscal year thereafter,*  
29    *before making the monthly deposits required by paragraph (1),*  
30    *the Controller shall make monthly deposits of the sales tax*  
31    *proceeds from revenues deposited to the credit of the Local*  
32    *Revenue Fund into the CalWORKs Subaccount, in an amount that*  
33    *equals the difference between the following:*

34    (A) *The amount determined pursuant to Section 11003 of the*  
35    *Revenue and Taxation Code for that fiscal year for the use of the*  
36    *Department of Motor Vehicles and the Franchise Tax Board for*  
37    *the enforcement of the Vehicle License Fee Law (Part 5*  
38    *(commencing with Section 10701) of Division 2 of the Revenue*  
39    *and Taxation Code).*

1 (B) *The amount for the use of the Department of Motor Vehicles*  
2 *and the Franchise Tax Board for the enforcement of the Vehicle*  
3 *License Fee Law as would have been determined for that fiscal*  
4 *year under Section 11003 of the Revenue and Taxation Code as*  
5 *it read on January 1, 2009.*

6 SEC. 7. *Section 17600.16 is added to the Welfare and*  
7 *Institutions Code, to read:*

8 *17600.16. (a) Moneys in the CalWORKs Subaccount shall be*  
9 *deposited into the county CalWORKs accounts established*  
10 *pursuant to paragraph (4) of subdivision (a) of Section 17600.10.*

11 *(b) The Department of Finance shall annually develop a monthly*  
12 *allocation schedule to be used by the Controller in making each*  
13 *county’s allocation of funds from the CalWORKs Subaccount. The*  
14 *schedule shall reflect the increased share of cost of each county*  
15 *as a result of the amendments to subdivision (a) of Section 15200*  
16 *made by the act that added this section.*

17 SEC. 8. *This act addresses the fiscal emergency declared by*  
18 *the Governor by proclamation on December 19, 2008, pursuant*  
19 *to subdivision (f) of Section 10 of Article IV of the California*  
20 *Constitution.*

21 SEC. 9. *No reimbursement is required by this act pursuant to*  
22 *Section 6 of Article XIII B of the California Constitution because*  
23 *this act provides local agencies with the revenue necessary to*  
24 *defray the additional costs resulting from the transfer by this act*  
25 *of additional financial responsibilities to local agencies.*

26 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~  
27 ~~changes relating to the Budget Act of 2009.~~

28 ~~SEC. 2. This act addresses the fiscal emergency declared by~~  
29 ~~the Governor by proclamation on December 19, 2008, pursuant~~  
30 ~~to subdivision (f) of Section 10 of Article IV of the California~~  
31 ~~Constitution.~~

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