

AMENDED IN ASSEMBLY APRIL 30, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**Assembly Constitutional Amendment**

**No. 5**

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**Introduced by Assembly Member Grove**

March 11, 2015

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Assembly Constitutional Amendment No. 5—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, ~~relating to the Legislature:~~ *by amending Sections 3, 10, 11, and 12 of Article IV thereof, by amending Section 36 of Article XIII thereof, by amending Sections 1, 2, 3, 6, 8, and 10.5 of, and adding Section 14 to, Article XIII B thereof, by amending Sections 8, 8.5, 20, 21, and 22 of Article XVI thereof, by amending Section 2 of Article XIX B thereof, and by amending Section 4 of Article XXXV thereof, relating to the state budget.*

LEGISLATIVE COUNSEL'S DIGEST

ACA 5, as amended, Grove. Legislature: 2-year budget.

The California Constitution provides that the Legislature meets in a biennial regular session, commencing with the first Monday in December in each even-numbered year, when each house is required to immediately organize, and concluding at midnight on November 30 of the next even-numbered year. The California Constitution requires the Governor to submit to the Legislature a budget for the ensuing fiscal year within the first 10 days of each calendar year and requires the Legislature to pass the Budget Bill by midnight on June 15 of each year. The California Constitution authorizes the Legislature or either house, by resolution, to provide for the selection of ~~committees:~~ *committees necessary for the conduct of its business.*

~~This measure would provide that it is the intent of the Legislature to propose to the people of the State of California amendments to the Constitution that, commencing in 2019, would require the Legislature to consider or act only upon the Budget Bill and related bills, and up to 5 bills introduced by the standing committees of the Legislature in the regular session in each odd-numbered year, would require the Governor to submit to the Legislature a budget for the ensuing 2 fiscal years within the first 10 days of the first calendar year of the biennium of the legislative session, and would require the Legislature to adopt, by June 15 of the first calendar year of the biennium of the legislative session, a Budget Bill that provides a budget for the next 2-year fiscal period commencing on July 1.~~

*This measure would authorize the Legislature, in the first year of the regular session, to consider or act upon only the Budget Bill and related bills, and up to 5 bills introduced by each of the standing committees of the Legislature, as specified. The measure would require the Governor to submit to the Legislature a budget for the ensuing 2 fiscal years within the first 10 days of the first calendar year of the biennium of the legislative session, and would require the Legislature to adopt by June 15 of the first calendar year of the biennium of the legislative session a Budget Bill that provides a budget for the next 2-year fiscal period commencing on July 1. The measure, in the second year of the regular session, would authorize the Legislature to consider or act upon only legislation other than the Budget Bill and related bills. The Legislature, by a  $\frac{2}{3}$  vote of each house, would be authorized, however, to amend an enacted Budget Bill and related bills in both calendar years of the biennium.*

*This measure would establish and specify the membership requirements for the Joint Legislative Budget Committee and would authorize the Joint Legislative Budget Committee to approve proposals submitted by the Governor to amend an enacted Budget Bill. A proposed amendment approved by the committee would take immediate effect as a statute. The measure would also make numerous changes to conform to the adoption of a budget for a 2-year fiscal period.*

*The measure provides that these changes would become operative on December 3, 2018, and that the constitutional provisions amended by the measure would continue in effect as they read prior to voter approval of the measure until December 3, 2018*

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

1 *Resolved by the Assembly, the Senate concurring,* That the  
2 Legislature of the State of California at its 2015–16 Regular  
3 Session commencing on the first day of December 2014, two-thirds  
4 of the membership of each house concurring, hereby proposes to  
5 the people of the State of ~~California~~, *California* that the  
6 Constitution of the State be amended as follows:

7 *First— That Section 3 of Article IV thereof is amended to read:*

8 SEC. 3. (a) The Legislature shall convene in regular session  
9 at noon on the first Monday in December of each even-numbered  
10 year and each house shall immediately organize. Each *regular*  
11 session of the Legislature shall adjourn sine die by operation of  
12 the Constitution at midnight on November 30 of the following  
13 even-numbered year.

14 (b) (1) *In each odd-numbered year of the regular session, the*  
15 *Legislature shall consider or act upon only the budget bill, other*  
16 *bills providing for appropriations related to the budget bill, and*  
17 *bills introduced pursuant to clause (ii) of subparagraph (B) of*  
18 *paragraph (2).*

19 (2) *In each odd-numbered year of the regular session, the*  
20 *Legislature shall conduct hearings only for either of the following*  
21 *purposes:*

22 (A) *To consider, develop, and adopt the budget for the next*  
23 *two-year fiscal period.*

24 (B) (i) *Oversight of state department operations and state*  
25 *programs.*

26 (ii) *A standing committee of the Legislature may introduce up*  
27 *to five bills authored by a majority of the standing committee to*  
28 *improve state department operations or state program deficiencies*  
29 *discussed during an oversight hearing conducted pursuant to*  
30 *clause (i).*

31 (c) *In each even-numbered year of the regular session, the*  
32 *Legislature shall consider or act upon only legislation other than*  
33 *the budget bill or other bills providing for appropriations related*  
34 *to the budget bill.*

35 (d) *Notwithstanding subdivisions (b) and (c), the Legislature*  
36 *may amend an enacted budget bill or other bill providing for*  
37 *appropriations related to an enacted budget bill in either an odd-*  
38 *or even-numbered year of the regular session in which the budget*  
39 *bill or other bill providing for appropriations related to the budget*  
40 *bill was enacted.*

1     ~~(b)~~

2     (e) On extraordinary occasions the Governor by proclamation  
3 may cause the Legislature to assemble in special session. When  
4 so assembled ~~it has power to~~, *the Legislature shall* legislate only  
5 on subjects specified in the proclamation but may provide for  
6 expenses and other matters incidental to the session.

7     *Second— That Section 10 of Article IV thereof is amended to*  
8 *read:*

9     SEC. 10. (a) Each bill passed by the Legislature shall be  
10 presented to the Governor. It becomes a statute if it is signed by  
11 the Governor. The Governor may veto it by returning it with any  
12 objections to the house of origin, which shall enter the objections  
13 in the journal and proceed to reconsider it. If each house then  
14 passes the bill by rollcall vote entered in the journal, two-thirds of  
15 the membership concurring, it becomes a statute.

16     (b) (1) Any bill, other than a bill which would establish or  
17 change boundaries of any ~~legislative, congressional, or other~~  
18 election district, passed by the Legislature on or before the date  
19 the Legislature adjourns for a joint recess to reconvene in the  
20 second calendar year of the biennium of the legislative session,  
21 and in the possession of the Governor after that date, that is not  
22 returned within 30 days after that date becomes a statute.

23     (2) Any bill passed by the Legislature before September 1 of  
24 the second calendar year of the biennium of the legislative session  
25 and in the possession of the Governor on or after September 1 that  
26 is not returned on or before September 30 of that year becomes a  
27 statute.

28     (3) Any other bill presented to the Governor that is not returned  
29 within 12 days becomes a statute.

30     (4) If the Legislature by adjournment of a special session  
31 prevents the return of a bill with the veto message, the bill becomes  
32 a statute unless the Governor vetoes the bill within 12 days after  
33 it is presented by depositing it and the veto message in the office  
34 of the Secretary of State.

35     (5) If the 12th day of the period within which the Governor is  
36 required to perform an act pursuant to paragraph (3) or (4) ~~of this~~  
37 ~~subdivision~~ is a Saturday, Sunday, or holiday, the period is  
38 extended to the next day that is not a Saturday, Sunday, or holiday.

39     (c) Any bill introduced during the first year of the biennium of  
40 the legislative session that has not been passed by the house of

1 origin by January 31 of the second calendar year of the biennium  
2 may no longer be acted on by the house. No bill may be passed  
3 by either house on or after September 1 of an even-numbered year  
4 except statutes calling elections, statutes providing for tax levies  
5 or appropriations for the usual current expenses of the State, and  
6 urgency statutes, and bills passed after being vetoed by the  
7 Governor.

8 (d) The Legislature may not present any bill to the Governor  
9 after November 15 of the second calendar year of the biennium of  
10 the legislative session.

11 (e) The Governor may reduce or eliminate one or more items  
12 of appropriation while approving other portions of a bill. The  
13 Governor shall append to the bill a statement of the items reduced  
14 or eliminated with the reasons for the action. The Governor shall  
15 transmit to the house originating the bill a copy of the statement  
16 and reasons. Items reduced or eliminated shall be separately  
17 reconsidered and may be passed over the Governor's veto in the  
18 same manner as bills.

19 (f) (1) If, following the enactment of the budget bill for the  
20 ~~2004-05~~ *2018-19* fiscal year or any subsequent ~~fiscal year,~~  
21 *two-year fiscal period*, the Governor determines that, for that fiscal  
22 ~~year, year or two-year fiscal period, as applicable,~~ General Fund  
23 revenues will decline substantially below the estimate of General  
24 Fund revenues upon which the budget bill for that ~~fiscal year, year~~  
25 *or two-year fiscal period*, as enacted, was based, or General Fund  
26 expenditures will increase substantially above that estimate of  
27 General Fund revenues, or both, the Governor may issue a  
28 proclamation declaring a fiscal emergency and shall thereupon  
29 cause the Legislature to assemble in special session for this  
30 purpose. The proclamation shall identify the nature of the fiscal  
31 emergency and shall be submitted by the Governor to the  
32 Legislature, accompanied by proposed legislation to address the  
33 fiscal emergency.

34 (2) If the Legislature fails to pass and send to the Governor a  
35 bill or bills to address the fiscal emergency by the 45th day  
36 following the issuance of the proclamation, the Legislature may  
37 not act on any other bill, nor may the Legislature adjourn for a  
38 joint recess, until ~~that a bill or those bills to address the fiscal~~  
39 *emergency* have been passed and sent to the Governor.

1 (3) A bill addressing the fiscal emergency declared pursuant to  
2 this section shall contain a statement to that effect.

3 *Third— That Section 11 of Article IV thereof is amended to*  
4 *read:*

5 SEC. 11. (a) The Legislature or either house may by resolution  
6 provide for the selection of committees necessary for the conduct  
7 of its business, including committees to ascertain facts and make  
8 recommendations to the Legislature on a subject within the scope  
9 of legislative control.

10 (b) (1) *The Joint Legislative Budget Committee is established*  
11 *to ascertain facts and make recommendations to the Legislature*  
12 *and to the houses thereof concerning the state budget, the revenues*  
13 *and expenditures of the State, and the organization and functions*  
14 *of the State and its departments, subdivisions, and agencies.*

15 (2) *Each political party represented in each house shall, to the*  
16 *greatest extent possible, be proportionately represented in the*  
17 *Joint Legislative Budget Committee. The membership of the Joint*  
18 *Legislative Budget Committee shall be as follows:*

19 (A) *Eight Members of the Assembly appointed by the Speaker*  
20 *of the Assembly.*

21 (B) *Eight Members of the Senate appointed by the Senate*  
22 *Committee on Rules.*

23 (3) *In addition to the duties described in paragraph (1), the*  
24 *Joint Legislative Budget Committee may, by a resolution adopted*  
25 *by a majority of the committee members, approve, pursuant to*  
26 *subdivision (i) of Section 12, a proposal by the Governor to amend*  
27 *an enacted budget bill.*

28 *Fourth— That Section 12 of Article IV thereof is amended to*  
29 *read:*

30 SEC. 12. (a) Within the first 10 days of each ~~calendar~~  
31 ~~odd-numbered~~ year, the Governor shall submit to the Legislature,  
32 with an explanatory message, a budget for the ~~ensuing fiscal year~~  
33 ~~next two-year fiscal period commencing on July 1~~, containing  
34 itemized statements for recommended state expenditures and  
35 estimated state revenues. If recommended expenditures exceed  
36 estimated revenues, the Governor shall recommend the sources  
37 from which the additional revenues should be provided.

38 (b) The Governor and the Governor-elect may require a state  
39 agency, officer or employee to furnish whatever information is  
40 deemed necessary to prepare the budget.

1 (c) (1) The budget shall be accompanied by a budget bill  
2 itemizing recommended expenditures.

3 (2) The budget bill shall be introduced immediately in each  
4 house by the persons chairing the committees that consider the  
5 budget.

6 (3) The Legislature shall pass the budget bill by midnight on  
7 June 15 of each *odd-numbered* year.

8 (4) Until the budget bill has been enacted, the Legislature shall  
9 not send to the Governor for consideration any bill appropriating  
10 funds for expenditure during the ~~fiscal-year~~ *period* for which the  
11 budget bill is to be enacted, except emergency bills recommended  
12 by the Governor or appropriations for the salaries and expenses  
13 of the Legislature.

14 (d) No bill except the budget bill may contain more than one  
15 item of appropriation, and that for one certain, expressed purpose.  
16 Appropriations from the General Fund of the State, except  
17 appropriations for the public schools and appropriations in the  
18 budget bill and in other bills providing for appropriations related  
19 to the budget bill, are void unless passed in each house by rollcall  
20 vote entered in the journal, two-thirds of the membership  
21 concurring.

22 (e) (1) Notwithstanding any other provision of law or of this  
23 Constitution, the budget bill and other bills providing for  
24 appropriations related to the budget bill may be passed in each  
25 house by rollcall vote entered in the journal, a majority of the  
26 membership concurring, to take effect immediately upon being  
27 signed by the Governor or upon a date specified in the legislation.  
28 ~~Nothing~~ *Once enacted, a budget bill or other bill providing for*  
29 *appropriations related to an enacted budget bill may be amended*  
30 *by the Legislature pursuant to subdivision (d) of Section 3 only by*  
31 *a bill passed in each house by a rollcall vote entered in the journal,*  
32 *two-thirds of the membership concurring.*

33 (2) *Nothing* in this subdivision shall affect the vote requirement  
34 for appropriations for the public schools contained in subdivision  
35 (d) of this section and in subdivision (b) of Section 8 ~~of this article.~~

36 ~~(2)~~  
37 (3) For purposes of this section *and Section 3*, “other bills  
38 providing for appropriations related to the budget bill” shall consist  
39 only of bills *passed in the first calendar year of the biennium of*

1 *the legislative session that are identified as related to the budget*  
2 *in the budget bill passed by the Legislature.*

3 (f) The Legislature may control the submission, approval, and  
4 enforcement of budgets and the filing of claims for all state  
5 agencies.

6 ~~(g) For the 2004–05 fiscal year, or any subsequent fiscal year,~~  
7 ~~the~~ *The Legislature may shall* not send to the Governor for  
8 consideration, ~~nor may~~ *and* the Governor *shall not* sign into law,  
9 a budget bill that would appropriate from the General Fund, for  
10 ~~that fiscal year, that two-year fiscal period,~~ a total amount that,  
11 when combined with all appropriations from the General Fund for  
12 ~~that fiscal year that two-year fiscal period~~ made as of the date of  
13 the budget bill's passage, and the amount of any General Fund  
14 moneys transferred to the Budget Stabilization Account for ~~that~~  
15 ~~fiscal year that two-year fiscal period~~ pursuant to Section 20 of  
16 Article XVI, exceeds General Fund revenues for ~~that fiscal year~~  
17 ~~that two-year fiscal period~~ estimated as of the date of the budget  
18 bill's passage. That estimate of General Fund revenues shall be  
19 set forth in the budget bill passed by the Legislature.

20 (h) Notwithstanding any other provision of law or of this  
21 Constitution, including subdivision (c) of this section, Section 4  
22 of this article, and Sections 4 and 8 of Article III, in any  
23 *odd-numbered* year in which the budget bill is not passed by the  
24 Legislature by midnight on June 15, there shall be no appropriation  
25 from the current budget or future budget to pay any salary or  
26 reimbursement for travel or living expenses for Members of the  
27 Legislature during any regular or special session for the period  
28 from midnight on June 15 until the day that the budget bill is  
29 presented to the Governor. No salary or reimbursement for travel  
30 or living expenses forfeited pursuant to this subdivision shall be  
31 paid retroactively.

32 (i) *The Governor may submit proposals to amend a budget bill*  
33 *that has been enacted. A proposal to amend an enacted budget*  
34 *bill shall be submitted to both houses simultaneously, whereupon*  
35 *it shall be immediately referred to the Joint Legislative Budget*  
36 *Committee. The Joint Legislative Budget Committee may approve*  
37 *a proposal by the Governor to amend an enacted budget bill by*  
38 *an affirmative vote of not less than five of the Assembly Members*  
39 *and five of the Senators constituting the committee.*  
40 *Notwithstanding subdivision (b) of Section 8, a proposal to amend*

1 *an enacted budget bill that is approved by the committee shall take*  
2 *effect as a statute and shall go into effect immediately upon being*  
3 *approved.*

4 *Fifth— That Section 36 of Article XIII thereof is amended to*  
5 *read:*

6 SEC. 36. (a) For purposes of this section:

7 (1) “Public Safety Services” includes the following:

8 (A) Employing and training public safety officials, including  
9 law enforcement personnel, attorneys assigned to criminal  
10 proceedings, and court security staff.

11 (B) Managing local jails and providing housing, treatment, and  
12 services for, and supervision of, juvenile and adult offenders.

13 (C) Preventing child abuse, neglect, or exploitation; providing  
14 services to children and youth who are abused, neglected, or  
15 exploited, or who are at risk of abuse, neglect, or exploitation, and  
16 the families of those children; providing adoption services; and  
17 providing adult protective services.

18 (D) Providing mental health services to children and adults to  
19 reduce failure in school, harm to self or others, homelessness, and  
20 preventable incarceration or institutionalization.

21 (E) Preventing, treating, and providing recovery services for  
22 substance abuse.

23 (2) “2011 Realignment Legislation” means legislation enacted  
24 on or before September 30, 2012, to implement the state budget  
25 plan, that is entitled 2011 Realignment and provides for the  
26 assignment of Public Safety Services responsibilities to local  
27 agencies, including related reporting responsibilities. The  
28 legislation shall provide local agencies with maximum flexibility  
29 and control over the design, administration, and delivery of Public  
30 Safety Services consistent with federal law and funding  
31 requirements, as determined by the Legislature. However, 2011  
32 Realignment Legislation shall include no new programs assigned  
33 to local agencies after January 1, 2012, except for the early periodic  
34 screening, diagnosis, and treatment (EPSDT) program and mental  
35 health managed care.

36 (b) (1) Except as provided in subdivision (d), commencing in  
37 the 2011–12 fiscal year and continuing thereafter, the following  
38 amounts shall be deposited into the Local Revenue Fund 2011, as  
39 established by Section 30025 of the Government Code, as follows:

1 (A) All revenues, less refunds, derived from the taxes described  
2 in Sections 6051.15 and 6201.15 of the Revenue and Taxation  
3 Code, as those sections read on July 1, 2011.

4 (B) All revenues, less refunds, derived from the vehicle license  
5 fees described in Section 11005 of the Revenue and Taxation Code,  
6 as that section read on July 1, 2011.

7 (2) On and after July 1, 2011, the revenues deposited pursuant  
8 to paragraph (1) shall not be considered General Fund revenues  
9 or proceeds of taxes for purposes of Section 8 of Article XVI of  
10 the California Constitution.

11 (c) (1) Funds deposited in the Local Revenue Fund 2011 are  
12 continuously appropriated exclusively to fund the provision of  
13 Public Safety Services by local agencies. Pending full  
14 implementation of the 2011 Realignment Legislation, funds may  
15 also be used to reimburse the State for program costs incurred in  
16 providing Public Safety Services on behalf of local agencies. The  
17 methodology for allocating funds shall be as specified in the 2011  
18 Realignment Legislation.

19 (2) The county treasurer, city and county treasurer, or other  
20 appropriate official shall create a County Local Revenue Fund  
21 2011 within the treasury of each county or city and county. The  
22 money in each County Local Revenue Fund 2011 shall be  
23 exclusively used to fund the provision of Public Safety Services  
24 by local agencies as specified by the 2011 Realignment Legislation.

25 (3) Notwithstanding Section 6 of Article XIII B, or any other  
26 constitutional provision, a mandate of a new program or higher  
27 level of service on a local agency imposed by the 2011  
28 Realignment Legislation, or by any regulation adopted or any  
29 executive order or administrative directive issued to implement  
30 that legislation, shall not constitute a mandate requiring the State  
31 to provide a subvention of funds within the meaning of that section.  
32 Any requirement that a local agency comply with Chapter 9  
33 (commencing with Section 54950) of Part 1 of Division 2 of Title  
34 5 of the Government Code, with respect to performing its Public  
35 Safety Services responsibilities, or any other matter, shall not be  
36 a reimbursable mandate under Section 6 of Article XIII B.

37 (4) (A) Legislation enacted after September 30, 2012, that has  
38 an overall effect of increasing the costs already borne by a local  
39 agency for programs or levels of service mandated by the 2011  
40 Realignment Legislation shall apply to local agencies only to the

1 extent that the State provides annual funding for the cost increase.  
2 Local agencies shall not be obligated to provide programs or levels  
3 of service required by legislation, described in this subparagraph,  
4 above the level for which funding has been provided.

5 (B) Regulations, executive orders, or administrative directives,  
6 implemented after October 9, 2011, that are not necessary to  
7 implement the 2011 Realignment Legislation, and that have an  
8 overall effect of increasing the costs already borne by a local  
9 agency for programs or levels of service mandated by the 2011  
10 Realignment Legislation, shall apply to local agencies only to the  
11 extent that the State provides annual funding for the cost increase.  
12 Local agencies shall not be obligated to provide programs or levels  
13 of service pursuant to new regulations, executive orders, or  
14 administrative directives, described in this subparagraph, above  
15 the level for which funding has been provided.

16 (C) Any new program or higher level of service provided by  
17 local agencies, as described in subparagraphs (A) and (B), above  
18 the level for which funding has been provided, shall not require a  
19 subvention of funds by the State nor otherwise be subject to Section  
20 6 of Article XIII B. This paragraph shall not apply to legislation  
21 currently exempt from subvention under paragraph (2) of  
22 subdivision (a) of Section 6 of Article XIII B as that paragraph  
23 read on January 2, 2011.

24 (D) The State shall not submit to the federal government any  
25 plans or waivers, or amendments to those plans or waivers, that  
26 have an overall effect of increasing the cost borne by a local agency  
27 for programs or levels of service mandated by the 2011  
28 Realignment Legislation, except to the extent that the plans,  
29 waivers, or amendments are required by federal law, or the State  
30 provides annual funding for the cost increase.

31 (E) The State shall not be required to provide a subvention of  
32 funds pursuant to this paragraph for a mandate that is imposed by  
33 the State at the request of a local agency or to comply with federal  
34 law. State funds required by this paragraph shall be from a source  
35 other than those described in subdivisions (b) and (d), ad valorem  
36 property taxes, or the Social Services Subaccount of the Sales Tax  
37 Account of the Local Revenue Fund.

38 (5) (A) For programs described in subparagraphs (C) to (E),  
39 inclusive, of paragraph (1) of subdivision (a) and included in the  
40 2011 Realignment Legislation, if there are subsequent changes in

1 federal statutes or regulations that alter the conditions under which  
2 federal matching funds as described in the 2011 Realignment  
3 Legislation are obtained, and have the overall effect of increasing  
4 the costs incurred by a local agency, the State shall annually  
5 provide at least 50 percent of the nonfederal share of those costs  
6 as determined by the State.

7 (B) When the State is a party to any complaint brought in a  
8 federal judicial or administrative proceeding that involves one or  
9 more of the programs described in subparagraphs (C) to (E),  
10 inclusive, of paragraph (1) of subdivision (a) and included in the  
11 2011 Realignment Legislation, and there is a settlement or judicial  
12 or administrative order that imposes a cost in the form of a  
13 monetary penalty or has the overall effect of increasing the costs  
14 already borne by a local agency for programs or levels of service  
15 mandated by the 2011 Realignment Legislation, the State shall  
16 annually provide at least 50 percent of the nonfederal share of  
17 those costs as determined by the State. Payment by the State is not  
18 required if the State determines that the settlement or order relates  
19 to one or more local agencies failing to perform a ministerial duty,  
20 failing to perform a legal obligation in good faith, or acting in a  
21 negligent or reckless manner.

22 (C) The state funds provided in this paragraph shall be from  
23 funding sources other than those described in subdivisions (b) and  
24 (d), ad valorem property taxes, or the Social Services Subaccount  
25 of the Sales Tax Account of the Local Revenue Fund.

26 (6) If the State or a local agency fails to perform a duty or  
27 obligation under this section or under the 2011 Realignment  
28 Legislation, an appropriate party may seek judicial relief. These  
29 proceedings shall have priority over all other civil matters.

30 (7) The funds deposited into a County Local Revenue Fund  
31 2011 shall be spent in a manner designed to maintain the State's  
32 eligibility for federal matching funds, and to ensure compliance  
33 by the State with applicable federal standards governing the State's  
34 provision of Public Safety Services.

35 (8) The funds deposited into a County Local Revenue Fund  
36 2011 shall not be used by local agencies to supplant other funding  
37 for Public Safety Services.

38 (d) If the taxes described in subdivision (b) are reduced or cease  
39 to be operative, the State shall ~~annually~~ *biennially* provide moneys  
40 to the Local Revenue Fund 2011 in an amount equal to or greater

1 than the aggregate amount that otherwise would have been  
2 provided by the taxes described in subdivision (b). The method  
3 for determining that amount shall be described in the 2011  
4 Realignment Legislation, and the State shall be obligated to provide  
5 that amount for so long as the local agencies are required to  
6 perform the Public Safety Services responsibilities assigned by  
7 the 2011 Realignment Legislation. If the State fails to ~~annually~~  
8 *biennially* appropriate that amount, the Controller shall transfer  
9 that amount from the General Fund in pro rata monthly shares to  
10 the Local Revenue Fund 2011. Thereafter, the Controller shall  
11 disburse these amounts to local agencies in the manner directed  
12 by the 2011 Realignment Legislation. The state obligations under  
13 this subdivision shall have a lower priority claim to General Fund  
14 money than the first priority for money to be set apart under Section  
15 8 of Article XVI and the second priority to pay voter-approved  
16 debts and liabilities described in Section 1 of Article XVI.

17 (e) (1) To ensure that public education is not harmed in the  
18 process of providing critical protection to local Public Safety  
19 Services, the Education Protection Account is hereby created in  
20 the General Fund to receive and disburse the revenues derived  
21 from the incremental increases in taxes imposed by this section,  
22 as specified in subdivision (f).

23 (2) (A) Before June 30, 2013, and before June 30 of each year  
24 from 2014 to 2018, inclusive, the Director of Finance shall estimate  
25 the total amount of additional revenues, less refunds, that will be  
26 derived from the incremental increases in tax rates made in  
27 subdivision (f) that will be available for transfer into the Education  
28 Protection Account during the next fiscal year. The Director of  
29 Finance shall make the same estimate by January 10, 2013, for  
30 additional revenues, less refunds, that will be received by the end  
31 of the 2012–13 fiscal year.

32 (B) During the last 10 days of the quarter of each of the first  
33 three quarters of each fiscal year from 2013–14 to 2018–19,  
34 inclusive, the Controller shall transfer into the Education Protection  
35 Account one-fourth of the total amount estimated pursuant to  
36 subparagraph (A) for that fiscal year, except as this amount may  
37 be adjusted pursuant to subparagraph (D).

38 (C) In each of the fiscal years from 2012–13 to 2020–21,  
39 inclusive, the Director of Finance shall calculate an adjustment to

1 the Education Protection Account, as specified by subparagraph  
2 (D), by adding together the following amounts, as applicable:

3 (i) In the last quarter of each fiscal year from 2012–13 to  
4 2018–19, inclusive, the Director of Finance shall recalculate the  
5 estimate made for the fiscal year pursuant to subparagraph (A),  
6 and shall subtract from this updated estimate the amounts  
7 previously transferred to the Education ~~Protection~~ *Protection*  
8 Account for that fiscal year.

9 (ii) In June 2015 and in every June from 2016 to 2021, inclusive,  
10 the Director of Finance shall make a final determination of the  
11 amount of additional revenues, less refunds, derived from the  
12 incremental increases in tax rates made in subdivision (f) for the  
13 fiscal year ending two years prior. The amount of the updated  
14 estimate calculated in clause (i) for the fiscal year ending two years  
15 prior shall be subtracted from the amount of this final  
16 determination.

17 (D) If the sum determined pursuant to subparagraph (C) is  
18 positive, the Controller shall transfer an amount equal to that sum  
19 into the Education Protection Account within 10 days preceding  
20 the end of the fiscal year. If that amount is negative, the Controller  
21 shall suspend or reduce subsequent quarterly transfers, if any, to  
22 the Education Protection Account until the total reduction equals  
23 the negative amount herein described. For purposes of any  
24 calculation made pursuant to clause (i) of subparagraph (C), the  
25 amount of a quarterly transfer shall not be modified to reflect any  
26 suspension or reduction made pursuant to this subparagraph.

27 (3) All moneys in the Education Protection Account are hereby  
28 continuously appropriated for the support of school districts, county  
29 offices of education, charter schools, and community college  
30 districts as set forth in this paragraph.

31 (A) Eleven percent of the moneys appropriated pursuant to this  
32 paragraph shall be allocated quarterly by the Board of Governors  
33 of the California Community Colleges to community college  
34 districts to provide general purpose funding to community college  
35 districts in proportion to the amounts determined pursuant to  
36 Section 84750.5 of the Education Code, as that code section read  
37 upon voter approval of this section. The allocations calculated  
38 pursuant to this subparagraph shall be offset by the amounts  
39 specified in subdivisions (a), (c), and (d) of Section 84751 of the  
40 Education Code, as that section read upon voter approval of this

1 section, that are in excess of the amounts calculated pursuant to  
2 Section 84750.5 of the Education Code, as that section read upon  
3 voter approval of this section, provided that no community college  
4 district shall receive less than one hundred dollars (\$100) per full  
5 time equivalent student.

6 (B) Eighty-nine percent of the moneys appropriated pursuant  
7 to this paragraph shall be allocated quarterly by the Superintendent  
8 of Public Instruction to provide general purpose funding to school  
9 districts, county offices of education, and state general-purpose  
10 funding to charter schools in proportion to the revenue limits  
11 calculated pursuant to Sections 2558 and 42238 of the Education  
12 Code and the amounts calculated pursuant to Section 47633 of the  
13 Education Code for county offices of education, school districts,  
14 and charter schools, respectively, as those sections read upon voter  
15 approval of this section. The amounts so calculated shall be offset  
16 by the amounts specified in subdivision (c) of Section 2558 of,  
17 paragraphs (1) through (7) of subdivision (h) of Section 42238 of,  
18 and Section 47635 of, the Education Code for county offices of  
19 education, school districts, and charter schools, respectively, as  
20 those sections read upon voter approval of this section, that are in  
21 excess of the amounts calculated pursuant to Sections 2558, 42238,  
22 and 47633 of the Education Code for county offices of education,  
23 school districts, and charter schools, respectively, as those sections  
24 read upon voter approval of this section, provided that no school  
25 district, county office of education, or charter school shall receive  
26 less than two hundred dollars (\$200) per unit of average daily  
27 attendance.

28 (4) This subdivision is self-executing and requires no legislative  
29 action to take effect. Distribution of the moneys in the Education  
30 Protection Account by the Board of Governors of the California  
31 Community Colleges and the Superintendent of Public Instruction  
32 shall not be delayed or otherwise affected by failure of the  
33 Legislature and Governor to enact ~~an annual~~ a budget bill pursuant  
34 to Section 12 of Article IV, by invocation of paragraph (h) of  
35 Section 8 of Article XVI, or by any other action or failure to act  
36 by the Legislature or Governor.

37 (5) Notwithstanding any other provision of law, the moneys  
38 deposited in the Education Protection Account shall not be used  
39 to pay any costs incurred by the Legislature, the Governor, or any  
40 agency of state government.

1 (6) A community college district, county office of education,  
2 school district, or charter school shall have sole authority to  
3 determine how the moneys received from the Education Protection  
4 Account are spent in the school or schools within its jurisdiction,  
5 provided, however, that the appropriate governing board or body  
6 shall make these spending determinations in open session of a  
7 public meeting of the governing board or body and shall not use  
8 any of the funds from the Education Protection Account for salaries  
9 or benefits of administrators or any other administrative costs.

10 Each community college district, county office of education, school  
11 district, and charter school shall annually publish on its Internet  
12 Web site an accounting of how much money was received from  
13 the Education Protection Account and how that money was spent.

14 (7) The annual independent financial and compliance audit  
15 required of community college districts, county offices of  
16 education, school districts, and charter schools shall, in addition  
17 to all other requirements of law, ascertain and verify whether the  
18 funds provided from the Education Protection Account have been  
19 properly disbursed and expended as required by this section.  
20 Expenses incurred by those entities to comply with the additional  
21 audit requirement of this section may be paid with funding from  
22 the Education Protection Account, and shall not be considered  
23 administrative costs for purposes of this section.

24 (8) Revenues, less refunds, derived pursuant to subdivision (f)  
25 for deposit in the Education Protection Account pursuant to this  
26 section shall be deemed “General Fund revenues,” “General Fund  
27 proceeds of taxes,” and “moneys to be applied by the State for the  
28 support of school districts and community college districts” for  
29 purposes of Section 8 of Article XVI.

30 (f) (1) (A) In addition to the taxes imposed by Part 1  
31 (commencing with Section 6001) of Division 2 of the Revenue  
32 and Taxation Code, for the privilege of selling tangible personal  
33 property at retail, a tax is hereby imposed upon all retailers at the  
34 rate of 1/4 percent of the gross receipts of any retailer from the  
35 sale of all tangible personal property sold at retail in this State on  
36 and after January 1, 2013, and before January 1, 2017.

37 (B) In addition to the taxes imposed by Part 1 (commencing  
38 with Section 6001) of Division 2 of the Revenue and Taxation  
39 Code, an excise tax is hereby imposed on the storage, use, or other  
40 consumption in this State of tangible personal property purchased

1 from any retailer on and after January 1, 2013, and before January  
2 1, 2017, for storage, use, or other consumption in this state at the  
3 rate of 1/4 percent of the sales price of the property.

4 (C) The Sales and Use Tax Law, including any amendments  
5 enacted on or after the effective date of this section, shall apply to  
6 the taxes imposed pursuant to this paragraph.

7 (D) This paragraph shall become inoperative on January 1, 2017.

8 (2) For any taxable year beginning on or after January 1, 2012,  
9 and before January 1, 2019, with respect to the tax imposed  
10 pursuant to Section 17041 of the Revenue and Taxation Code, the  
11 income tax bracket and the rate of 9.3 percent set forth in paragraph  
12 (1) of subdivision (a) of Section 17041 of the Revenue and  
13 Taxation Code shall be modified by each of the following:

14 (A) (i) For that portion of taxable income that is over two  
15 hundred fifty thousand dollars (\$250,000) but not over three  
16 hundred thousand dollars (\$300,000), the tax rate is 10.3 percent  
17 of the excess over two hundred fifty thousand dollars (\$250,000).

18 (ii) For that portion of taxable income that is over three hundred  
19 thousand dollars (\$300,000) but not over five hundred thousand  
20 dollars (\$500,000), the tax rate is 11.3 percent of the excess over  
21 three hundred thousand dollars (\$300,000).

22 (iii) For that portion of taxable income that is over five hundred  
23 thousand dollars (\$500,000), the tax rate is 12.3 percent of the  
24 excess over five hundred thousand dollars (\$500,000).

25 (B) The income tax brackets specified in clauses (i), (ii), and  
26 (iii) of subparagraph (A) shall be recomputed, as otherwise  
27 provided in subdivision (h) of Section 17041 of the Revenue and  
28 Taxation Code, only for taxable years beginning on and after  
29 January 1, 2013.

30 (C) (i) For purposes of subdivision (g) of Section 19136 of the  
31 Revenue and Taxation Code, this paragraph shall be considered  
32 to be chaptered on the date it becomes effective.

33 (ii) For purposes of Part 10 (commencing with Section 17001)  
34 of, and Part 10.2 (commencing with Section 18401) of, Division  
35 2 of the Revenue and Taxation Code, the modified tax brackets  
36 and tax rates established and imposed by this paragraph shall be  
37 deemed to be established and imposed under Section 17041 of the  
38 Revenue and Taxation Code.

39 (D) This paragraph shall become inoperative on December 1,  
40 2019.

1 (3) For any taxable year beginning on or after January 1, 2012,  
2 and before January 1, 2019, with respect to the tax imposed  
3 pursuant to Section 17041 of the Revenue and Taxation Code, the  
4 income tax bracket and the rate of 9.3 percent set forth in paragraph  
5 (1) of subdivision (c) of Section 17041 of the Revenue and  
6 Taxation Code shall be modified by each of the following:

7 (A) (i) For that portion of taxable income that is over three  
8 hundred forty thousand dollars (\$340,000) but not over four  
9 hundred eight thousand dollars (\$408,000), the tax rate is 10.3  
10 percent of the excess over three hundred forty thousand dollars  
11 (\$340,000).

12 (ii) For that portion of taxable income that is over four hundred  
13 eight thousand dollars (\$408,000) but not over six hundred eighty  
14 thousand dollars (\$680,000), the tax rate is 11.3 percent of the  
15 excess over four hundred eight thousand dollars (\$408,000).

16 (iii) For that portion of taxable income that is over six hundred  
17 eighty thousand dollars (\$680,000), the tax rate is 12.3 percent of  
18 the excess over six hundred eighty thousand dollars (\$680,000).

19 (B) The income tax brackets specified in clauses (i), (ii), and  
20 (iii) of subparagraph (A) shall be recomputed, as otherwise  
21 provided in subdivision (h) of Section 17041 of the Revenue and  
22 Taxation Code, only for taxable years beginning on and after  
23 January 1, 2013.

24 (C) (i) For purposes of subdivision (g) of Section 19136 of the  
25 Revenue and Taxation Code, this paragraph shall be considered  
26 to be chaptered on the date it becomes effective.

27 (ii) For purposes of Part 10 (commencing with Section 17001)  
28 of, and Part 10.2 (commencing with Section 18401) of, Division  
29 2 of the Revenue and Taxation Code, the modified tax brackets  
30 and tax rates established and imposed by this paragraph shall be  
31 deemed to be established and imposed under Section 17041 of the  
32 Revenue and Taxation Code.

33 (D) This paragraph shall become inoperative on December 1,  
34 2019.

35 (g) (1) The Controller, pursuant to his or her statutory authority,  
36 may perform audits of expenditures from the Local Revenue Fund  
37 2011 and any County Local Revenue Fund 2011, and shall audit  
38 the Education Protection Account to ensure that those funds are  
39 used and accounted for in a manner consistent with this section.

1 (2) The Attorney General or local district attorney shall  
2 expeditiously investigate, and may seek civil or criminal penalties  
3 for, any misuse of moneys from the County Local Revenue Fund  
4 2011 or the Education Protection Account.

5 *Sixth— That Section 1 of Article XIII B thereof is amended to*  
6 *read:*

7 SEC. 1. (a) The total ~~annual~~ appropriations subject to  
8 limitation of the State ~~and of each local government for each~~  
9 *two-year fiscal period* shall not exceed the appropriations limit of  
10 ~~the entity of government for the prior year State for the prior~~  
11 *two-year fiscal period* adjusted for the change in the cost of living  
12 and the change in population, except as otherwise provided in this  
13 article. *For purposes of the 2019–21 fiscal period, “prior two-year*  
14 *fiscal period,” as used in this subdivision, means the 2017–18 and*  
15 *2018–19 fiscal years.*

16 (b) *The total annual appropriations subject to limitation of each*  
17 *local government for each fiscal year shall not exceed the*  
18 *appropriations limit of the local government for the prior fiscal*  
19 *year adjusted for the change in the cost of living and the change*  
20 *in population, except as otherwise provided in this article.*

21 *Seventh— That Section 2 of Article XIII B thereof is amended*  
22 *to read:*

23 SEC. 2. (a) (1) Fifty percent of all revenues received by the  
24 State in a ~~fiscal year and in the fiscal year immediately following~~  
25 *it two-year fiscal period* in excess of the amount ~~which that~~ may  
26 be appropriated by the State in compliance with this article during  
27 ~~that fiscal year and the fiscal year immediately following it~~  
28 *two-year fiscal period* shall be transferred and allocated, from a  
29 fund established for that purpose, pursuant to Section 8.5 of Article  
30 XVI.

31 (2) Fifty percent of all revenues received by the State in a ~~fiscal~~  
32 ~~year and in the fiscal year immediately following it~~ *two-year fiscal*  
33 *period* in excess of the amount ~~which that~~ may be appropriated  
34 by the State in compliance with this article during ~~that fiscal year~~  
35 ~~and the fiscal year immediately following it~~ *two-year fiscal period*  
36 shall be returned by a revision of tax rates or fee schedules within  
37 the next ~~two subsequent fiscal years.~~ *two-year fiscal period.*

38 (b) All revenues received by an entity of government, other than  
39 the State, in a fiscal year and in the *subsequent* fiscal year  
40 ~~immediately following it~~ in excess of the amount ~~which that~~ may

1 be appropriated by the entity in compliance with this article during  
 2 that fiscal year and the *subsequent* fiscal year—~~immediately~~  
 3 ~~following~~ it shall be returned by a revision of tax rates or fee  
 4 schedules within the next two subsequent fiscal years.

5 *Eighth— That Section 3 of Article XIII B thereof is amended*  
 6 *to read:*

7 SEC. 3. The appropriations limit *for any two-year fiscal period,*  
 8 *in the case of the State, or for any fiscal-year year, in the case of*  
 9 *an entity of government other than the State, pursuant to—See:*  
 10 *Section 1 shall be adjusted as follows:*

11 (a) ~~In the event that~~ *If* the financial responsibility of providing  
 12 services is transferred, in whole or in part, whether by annexation,  
 13 incorporation or otherwise, from one entity of government to  
 14 another, ~~then then,~~ *for the-year fiscal year, or two-year fiscal period*  
 15 *in the case of the State, in which such transfer becomes effective*  
 16 *the appropriations limit of the transferee entity shall be increased*  
 17 *by such reasonable amount as the said entities shall mutually agree*  
 18 *to and the appropriations limit of the transferor entity shall be*  
 19 *decreased by the same amount.*

20 (b) ~~In the event that~~ *If* the financial responsibility of providing  
 21 services is transferred, in whole or in part, from an entity of  
 22 government to a private entity, or the financial source for the  
 23 provision of services is transferred, in whole or in part, from other  
 24 revenues of an entity of government, to regulatory licenses, user  
 25 charges or user fees, ~~then,~~ *for the-year fiscal year, or two-year*  
 26 *fiscal period in the case of the State, of—such that* transfer, the  
 27 appropriations limit of such entity of government shall be decreased  
 28 accordingly.

29 (c) (1) ~~In the event~~ *If* an emergency is declared by the legislative  
 30 body of an entity of government, the appropriations limit of the  
 31 affected entity of government may be exceeded provided that the  
 32 appropriations limits in the following ~~three years~~ *two fiscal periods,*  
 33 *in the case of the State, or three fiscal years, in the case of the*  
 34 *local government, are reduced accordingly to prevent an aggregate*  
 35 *increase in appropriations resulting from the emergency.*

36 (2) ~~In the event~~ *If* an emergency is declared by the Governor,  
 37 appropriations approved by a two-thirds vote of the legislative  
 38 body of an affected entity of government to an emergency account  
 39 for expenditures relating to that emergency shall not constitute  
 40 appropriations subject to limitation. As used in this paragraph,

1 “emergency” means the existence, as declared by the Governor,  
2 of conditions of disaster or of extreme peril to the safety of persons  
3 and property within the State, or parts thereof, caused by such  
4 conditions as attack or probable or imminent attack by an enemy  
5 of the United States, fire, flood, drought, storm, civil disorder,  
6 earthquake, or volcanic eruption.

7 *Ninth— That Section 6 of Article XIII B thereof is amended to*  
8 *read:*

9 SEC. 6. (a) Whenever the Legislature or any state agency  
10 mandates a new program or higher level of service on any local  
11 government, the State shall provide a subvention of funds to  
12 reimburse that local government for the costs of the program or  
13 increased level of service, except that the Legislature may, but  
14 need not, provide a subvention of funds for the following mandates:

15 (1) Legislative mandates requested by the local agency affected.

16 (2) Legislation defining a new crime or changing an existing  
17 definition of a crime.

18 (3) Legislative mandates enacted ~~prior to~~ *before* January 1,  
19 1975, or executive orders or regulations initially implementing  
20 legislation enacted ~~prior to~~ *before* January 1, 1975.

21 (4) Legislative mandates contained in statutes within the scope  
22 of paragraph (7) of subdivision (b) of Section 3 of Article I.

23 (b) (1) Except as provided in paragraph (2), for the 2005–06  
24 fiscal year and every subsequent fiscal ~~year~~, *year through the*  
25 *2018–19 fiscal year, and for the 2019–21 fiscal period and every*  
26 *subsequent two-year fiscal period*, for a mandate for which the  
27 costs of a local government claimant have been determined in a  
28 preceding fiscal year *or two-year fiscal period, as applicable to*  
29 *be payable by the State pursuant to law, the Legislature shall either*  
30 *appropriate, in the ~~annual~~ Budget Act, the full payable amount*  
31 *that has not been previously paid, or suspend the operation of the*  
32 *mandate for the ~~fiscal year~~ two-year fiscal period for which the*  
33 *annual Budget Act is ~~applicable~~ applies in a manner prescribed*  
34 *by law.*

35 (2) Payable claims for costs incurred ~~prior to~~ *before* the 2004–05  
36 fiscal year that have not been paid ~~prior to~~ *before* the 2005–06  
37 fiscal year may be paid over a term of years, as prescribed by law.

38 (3) Ad valorem property tax revenues shall not be used to  
39 reimburse a local government for the costs of a new program or  
40 higher level of service.

1 (4) This subdivision applies to a mandate only as it affects a  
2 city, county, city and county, or special district.

3 (5) This subdivision shall not apply to a requirement to provide  
4 or recognize any procedural or substantive protection, right, benefit,  
5 or employment status of any local government employee or retiree,  
6 or of any local government employee organization, that arises  
7 from, affects, or directly relates to future, current, or past local  
8 government employment and that constitutes a mandate subject  
9 to this section.

10 (c) A mandated new program or higher level of service includes  
11 a transfer by the Legislature from the State to cities, counties, cities  
12 and counties, or special districts of complete or partial financial  
13 responsibility for a required program for which the State previously  
14 had complete or partial financial responsibility.

15 *Tenth— That Section 8 of Article XIII B thereof is amended to*  
16 *read:*

17 SEC. 8. As used in this article and except as otherwise  
18 expressly provided herein:

19 (a) “Appropriations subject to limitation” of the State means  
20 any authorization to expend during a ~~fiscal year~~ *two-year fiscal*  
21 *period* the proceeds of taxes levied by or for the State, exclusive  
22 of state subventions for the use and operation of local government  
23 ~~(other other~~ than subventions made pursuant to Section ~~6) 6~~, and  
24 further exclusive of refunds of taxes, benefit payments from  
25 retirement, unemployment insurance, and disability insurance  
26 funds.

27 (b) “Appropriations subject to limitation” of an entity of local  
28 government means any authorization to expend during a fiscal  
29 year the proceeds of taxes levied by or for that entity and the  
30 proceeds of state subventions to that entity ~~(other other~~ than  
31 subventions made pursuant to Section ~~6) 6~~, exclusive of refunds  
32 of taxes.

33 (c) “Proceeds of taxes” ~~shall include~~, *includes*, but ~~not be~~ *is not*  
34 restricted to, all tax revenues and the proceeds to an entity of  
35 ~~government~~, *government* from (1) regulatory licenses, user charges,  
36 and user fees to the extent that those proceeds exceed the costs  
37 reasonably borne by that entity in providing the regulation, product,  
38 or service, and (2) the investment of tax revenues. With respect to  
39 any local government, “proceeds of taxes” ~~shall include~~ *includes*  
40 subventions received from the State, other than pursuant to Section

1 6, and, with respect to the State, ~~proceeds of taxes shall exclude~~  
2 such *“proceeds of taxes”* excludes these subventions.

3 (d) “Local government” means any city, county, city and county,  
4 school district, special district, authority, or other political  
5 subdivision of or within the State.

6 (e) (1) “Change in the cost of living” for the State, a school  
7 district, or a community college district means the percentage  
8 change in California per capita personal income from the preceding  
9 year: *two-year fiscal period, in the case of the State, or the*  
10 *preceding fiscal year, in the case of a school district or community*  
11 *college district.*

12 (2) “Change in the cost of living” for an entity of local  
13 government, other than a school district or a community college  
14 district, shall be either (A) the percentage change in California per  
15 capita personal income from the preceding year, or (B) the  
16 percentage change in the local assessment roll from the preceding  
17 year for the jurisdiction due to the addition of local nonresidential  
18 new construction. Each entity of local government shall select its  
19 change in the cost of living pursuant to this paragraph annually by  
20 a recorded vote of the entity’s governing body.

21 (f) (1) “Change in population” of any entity of government,  
22 other than the State, a school district, or a community college  
23 district, shall be determined by a method prescribed by the  
24 Legislature.

25 “Change

26 (2) “Change in population” of a school district or a community  
27 college district ~~shall be~~ means the percentage change in the average  
28 daily attendance of the school district or *the number of full-time*  
29 *equivalent students of the* community college district from the  
30 preceding fiscal year, as determined by a method prescribed by  
31 the Legislature.

32 “Change

33 (3) “Change in population” of the State shall be determined by  
34 adding (1) the percentage change in the State’s population  
35 multiplied by the percentage of the State’s budget in the ~~prior fiscal~~  
36 ~~year~~ *preceding two-year fiscal period* that is expended for other  
37 than educational purposes for kindergarten and grades one to 12,  
38 inclusive, and the community colleges, and (2) the percentage  
39 change in the total statewide average daily attendance in  
40 kindergarten and grades one to 12, inclusive, and the *number of*

1 *full-time equivalent students of the* community colleges, multiplied  
 2 by the percentage of the State’s budget in the ~~prior fiscal year~~  
 3 *preceding two-year fiscal period* that is expended for educational  
 4 purposes for kindergarten and grades one to 12, inclusive, and the  
 5 community colleges.

6 ~~Any~~

7 (4) *Any* determination of population pursuant to this subdivision,  
 8 other than that measured by average daily ~~attendance~~, *attendance*  
 9 *or the number of full-time equivalent students*, shall be revised, as  
 10 necessary, to reflect the periodic census conducted by the United  
 11 States Department of Commerce, or successor department.

12 (g) “Debt service” means appropriations required to pay the  
 13 cost of interest and redemption charges, including the funding of  
 14 any reserve or sinking fund required in connection therewith, on  
 15 indebtedness existing or legally authorized as of January 1, 1979,  
 16 or on bonded indebtedness thereafter approved according to law  
 17 by a vote of the electors of the issuing entity voting in an election  
 18 for that purpose.

19 (h) The “appropriations limit” of each entity of government for  
 20 each fiscal year *or two-year fiscal period, as applicable*, is that  
 21 amount ~~which~~ *that* total annual appropriations subject to limitation  
 22 may not exceed under Sections 1 and 3. However, the  
 23 “appropriations limit” of each entity of government for *the 1978–79*  
 24 ~~fiscal year 1978–79~~ is the total of the appropriations subject to  
 25 limitation of the entity for that fiscal year. For *the 1978–79* fiscal  
 26 ~~year 1978–79, year~~, state subventions to local governments,  
 27 exclusive of federal grants, are deemed to have been derived from  
 28 the proceeds of state taxes.

29 (i) Except as otherwise provided in Section 5, “appropriations  
 30 subject to limitation” do not include local agency loan funds or  
 31 indebtedness funds, investment (or authorizations to invest) funds  
 32 of the State, or of an entity of local government in accounts at  
 33 banks or savings and loan associations or in liquid securities.

34 (j) *For purposes of the 2019–21 fiscal period, “preceding*  
 35 *two-year fiscal period,” as used in this section, means the 2017–18*  
 36 *and 2018–19 fiscal years.*

37 *Eleventh— That Section 10.5 of Article XIII B thereof is*  
 38 *amended to read:*

39 SEC. 10.5. (a) For fiscal years beginning on or after July 1,  
 40 1990, the appropriations limit of each entity of government shall

1 be the appropriations limit for the 1986–87 fiscal-year year;  
2 adjusted for the changes made from that fiscal year pursuant to  
3 this article, as amended by the measure adding this section, adjusted  
4 for the changes required by Section 3.

5 (b) *In the case of the State, for the two-year fiscal period*  
6 *commencing on July 1, 2019, the appropriations limit shall be the*  
7 *aggregate of the appropriations limits for the 2017–18 and*  
8 *2018–19 fiscal years, adjusted for the changes made pursuant to*  
9 *this article and adjusted for the changes required by Section 3.*

10 *Twelfth— That Section 14 is added to Article XIII B thereof,*  
11 *to read:*

12 *SEC. 14. State subventions provided during a two-year fiscal*  
13 *period commencing on or after July 1, 2019, to an entity of local*  
14 *government shall be applied to an appropriate fiscal year as*  
15 *specified by statute, for purposes of determining appropriations*  
16 *subject to limitation for that entity.*

17 *Thirteenth— That Section 8 of Article XVI thereof is amended*  
18 *to read:*

19 SEC. 8. (a) From all state revenues there shall first be set apart  
20 the moneys to be applied by the State for support of the public  
21 school system and public institutions of higher education.

22 (b) ~~Commencing with the 1990–91 fiscal year, For the 2019–21~~  
23 *fiscal period and each subsequent two-year fiscal period, the*  
24 *moneys to be applied by the State for the support of school districts*  
25 *and community college districts shall be not less than the greater*  
26 *of the following amounts:*

27 (1) ~~The amount which, that, as a percentage of General Fund~~  
28 *revenues which that may be appropriated pursuant to Article XIII B,*  
29 *equals the percentage of General Fund revenues appropriated for*  
30 *school districts and community college districts, respectively, in*  
31 ~~fiscal year 1986–87. the 1986–87 fiscal year.~~

32 (2) The amount required to ensure that the total allocations to  
33 school districts and community college districts from General Fund  
34 proceeds of taxes appropriated pursuant to Article XIII B and  
35 allocated local proceeds of taxes shall not be less than the total  
36 amount from these sources in the prior ~~fiscal year, two-year fiscal~~  
37 *period, excluding any revenues allocated pursuant to subdivision*  
38 *(a) of Section 8.5, adjusted for changes in enrollment and adjusted*  
39 *for the change in the cost of living pursuant to paragraph (1) of*  
40 *subdivision (e) of Section 8 of Article XIII B. This paragraph shall*

1 be operative only in a ~~fiscal year~~ *two-year fiscal period* in which  
 2 the percentage growth in California per capita personal income is  
 3 less than or equal to the percentage growth in per capita General  
 4 Fund revenues plus ~~one half of one~~ *one-half of 1* percent. For  
 5 purposes of the 2019–21 fiscal period, “prior two-year fiscal  
 6 period,” as used in this paragraph and paragraph (3), means the  
 7 2017–18 and 2018–19 fiscal years.

8 (3) (A) The amount required to ensure that the total allocations  
 9 to school districts and community college districts from General  
 10 Fund proceeds of taxes appropriated pursuant to Article XIII B  
 11 and allocated local proceeds of taxes shall equal the total amount  
 12 from these sources in the prior ~~fiscal year~~, *two-year fiscal period*,  
 13 excluding any revenues allocated pursuant to subdivision (a) of  
 14 Section 8.5, adjusted for changes in enrollment and adjusted for  
 15 the change in per capita General Fund revenues.

16 (B) In addition, an amount equal to one-half of ~~one~~ 1 percent  
 17 times the prior ~~year~~ *two-year fiscal period* total allocations to  
 18 school districts and community ~~colleges~~ *college districts* from  
 19 General Fund proceeds of taxes appropriated pursuant to Article  
 20 XIII B and allocated local proceeds of taxes, excluding any  
 21 revenues allocated pursuant to subdivision (a) of Section 8.5,  
 22 adjusted for changes in enrollment.

23 (C) This paragraph ~~(3)~~ shall be operative only in a ~~fiscal year~~  
 24 *two-year fiscal period* in which the percentage growth in California  
 25 per capita personal income in a ~~fiscal year~~ *two-year fiscal period*  
 26 is greater than the percentage growth in per capita General Fund  
 27 revenues plus ~~one half of one~~ *one-half of 1* percent.

28 (c) In any ~~fiscal year~~, *two-year fiscal period*, if the amount  
 29 computed pursuant to paragraph (1) of subdivision (b) exceeds the  
 30 amount computed pursuant to paragraph (2) of subdivision (b) by  
 31 a difference that exceeds ~~one and one-half~~ *1 1/2* percent of General  
 32 Fund revenues, the amount in excess of ~~one and one-half~~ *1 1/2*  
 33 percent of General Fund revenues shall not be considered  
 34 allocations to school districts and community ~~colleges~~ *college*  
 35 *districts* for purposes of computing the amount of state aid pursuant  
 36 to paragraph (2) or ~~3~~ *(3)* of subdivision (b) in the subsequent ~~fiscal~~  
 37 *year*. *two-year fiscal period*.

38 (d) In any ~~fiscal year~~ *two-year fiscal period* in which school  
 39 districts and community college districts are allocated funding  
 40 pursuant to paragraph (3) of subdivision (b) or pursuant to

1 subdivision ~~(h)~~, (g), they shall be entitled to a maintenance factor,  
2 equal to the difference between (1) the amount of General Fund  
3 moneys ~~which~~ *that* would have been appropriated pursuant to  
4 paragraph (2) of subdivision (b) if that paragraph had been  
5 operative or the amount of General Fund moneys ~~which~~ *that* would  
6 have been appropriated pursuant to subdivision (b) had subdivision  
7 (b) not been suspended, and (2) the amount of General Fund  
8 moneys actually appropriated to school districts and community  
9 college districts in that ~~fiscal year~~. *two-year fiscal period*.

10 (e) The maintenance factor for school districts and community  
11 college districts determined pursuant to subdivision (d) shall be  
12 adjusted ~~annually~~ *each two-year fiscal period* for changes in  
13 enrollment, and adjusted for the change in the cost of living  
14 pursuant to paragraph (1) of subdivision (e) of Section 8 of Article  
15 XIII B, until it has been allocated in full. The maintenance factor  
16 shall be allocated in a manner determined by the Legislature in  
17 each ~~fiscal year~~ *two-year fiscal period* in which the percentage  
18 growth in per capita General Fund revenues exceeds the percentage  
19 growth in California per capita personal income. The maintenance  
20 factor shall be reduced each ~~year~~ *two-year fiscal period* by the  
21 amount allocated by the Legislature in that ~~fiscal year~~. *two-year*  
22 *fiscal period*. The minimum maintenance factor amount to be  
23 allocated in a ~~fiscal year~~ *two-year fiscal period* shall be equal to  
24 the product of General Fund revenues from proceeds of taxes and  
25 one-half of the difference between the percentage growth in per  
26 capita General Fund revenues from proceeds of taxes and in  
27 California per capita personal income, not to exceed the total dollar  
28 amount of the maintenance factor. *The adjustments and repayment*  
29 *shall also include the maintenance factors, if any, determined*  
30 *pursuant to subdivision (d) before December 3, 2018.*

31 (f) For purposes of this section, “changes in enrollment” shall  
32 be measured by the percentage change in average daily attendance.  
33 However, in any ~~fiscal year~~, *two-year fiscal period*, there shall be  
34 no adjustment for decreases in enrollment between the prior ~~fiscal~~  
35 ~~year~~ *two-year fiscal period* and the current ~~fiscal year~~ *two-year*  
36 *fiscal period* unless there have been decreases in enrollment  
37 between the second prior ~~fiscal year~~ *two-year fiscal period* and  
38 the prior ~~fiscal year~~ and between the third prior ~~fiscal year~~ and the  
39 second prior ~~fiscal year~~. *two-year fiscal period*. *For purposes of*  
40 *this subdivision, “prior two-year fiscal period,” as applied before*

1 July 1, 2019, is deemed to refer to the average of the enrollments  
2 for two fiscal years, as appropriate.

3 ~~(h)~~

4 (g) Subparagraph (B) of paragraph (3) of subdivision (b) may  
5 be suspended for one-year *two-year fiscal period* only when made  
6 part of or included within any bill enacted pursuant to Section 12  
7 of Article IV. All other provisions of subdivision (b) may be  
8 suspended for one-year *two-year fiscal period* by the enactment  
9 of an urgency statute pursuant to Section 8 of Article IV, provided  
10 that the urgency statute may not be made part of or included within  
11 any bill enacted pursuant to Section 12 of Article IV.

12 *Fourteenth— That Section 8.5 of Article XVI thereof is amended*  
13 *to read:*

14 SEC. 8.5. (a) In addition to the amount required to be applied  
15 for the support of school districts and community college districts  
16 pursuant to Section 8, ~~the Controller shall during each fiscal year~~  
17 *during each two-year fiscal period the Controller shall* transfer  
18 and allocate all revenues available pursuant to paragraph ~~(1)~~ (1) of  
19 subdivision (a) of Section 2 of Article XIII B to that portion of the  
20 State School Fund restricted for elementary and high school  
21 purposes, and to that portion of the State School Fund restricted  
22 for community college purposes, respectively, in proportion to the  
23 enrollment in school districts and community college districts  
24 respectively.

25 (1) With respect to funds allocated to that portion of the State  
26 School Fund restricted for elementary and high school purposes,  
27 no transfer or allocation of funds pursuant to this section shall be  
28 required at any time that the Director of Finance and the  
29 Superintendent of Public Instruction mutually determine that  
30 current annual expenditures per student equal or exceed the average  
31 annual expenditure per student of the 10 states with the highest  
32 annual expenditures per student for elementary and high schools,  
33 and that average class size equals or is less than the average class  
34 size of the 10 states with the lowest class size for elementary and  
35 high schools.

36 (2) With respect to funds allocated to that portion of the State  
37 School Fund restricted for community college purposes, no transfer  
38 or allocation of funds pursuant to this section shall be required at  
39 any time that the Director of Finance and the Chancellor of the  
40 California Community Colleges mutually determine that current

1 annual expenditures per student for community colleges in this  
2 State equal or exceed the average annual expenditure per student  
3 of the 10 states with the highest annual expenditures per student  
4 for community colleges.

5 (b) Notwithstanding ~~the provisions of~~ Article XIII B, funds  
6 allocated pursuant to this section ~~shall~~ do not constitute  
7 appropriations subject to limitation.

8 (c) From any funds transferred to the State School Fund pursuant  
9 to subdivision (a), the Controller ~~shall each year~~ shall, each  
10 two-year fiscal period, allocate to each school district and  
11 community college district an equal amount per enrollment in  
12 school districts from the amount in that portion of the State School  
13 Fund restricted for elementary and high school purposes and an  
14 equal amount per enrollment in community college districts from  
15 that portion of the State School Fund restricted for community  
16 college purposes.

17 (d) All revenues allocated pursuant to subdivision (a) shall be  
18 expended solely for the purposes of instructional improvement  
19 and accountability as required by law.

20 (e) Any school district maintaining an elementary or secondary  
21 school shall develop and cause to be prepared an annual audit  
22 accounting for such funds and shall adopt a School Accountability  
23 Report Card for each school.

24 *Fifteenth— That Section 20 of Article XVI thereof is amended*  
25 *to read:*

26 SEC. 20. (a) (1) The Budget Stabilization Account is hereby  
27 created in the General Fund.

28 (2) For the ~~2015–16 fiscal year and each fiscal year 2019–21~~  
29 *fiscal period and each two-year fiscal period* thereafter, based on  
30 the Budget Act for the ~~fiscal year~~, *two-year fiscal period*, the  
31 Controller shall transfer from the General Fund to the Budget  
32 Stabilization Account, no later than October ~~1~~, *1 of the second*  
33 *year of the two-year fiscal period*, a sum equal to 1.5 percent of  
34 the estimated amount of General Fund revenues for that ~~fiscal year~~.  
35 *two-year fiscal period*.

36 (b) (1) For the ~~2015–16 fiscal year and each fiscal year 2019–21~~  
37 *fiscal period and each two-year fiscal period* thereafter, based on  
38 the Budget Act for the ~~fiscal year~~, *two-year fiscal period*, the  
39 Department of Finance shall provide to the Legislature all of the  
40 following information:

1 (A) An estimate of the amount of General Fund proceeds of  
 2 taxes that may be appropriated pursuant to Article XIII B for that  
 3 ~~fiscal year; two-year fiscal period.~~

4 (B) (i) An estimate of that portion of the General Fund proceeds  
 5 of taxes identified in subparagraph (A) that is derived from personal  
 6 income taxes paid on net capital gains.

7 (ii) The portion of the estimate in clause (i) that exceeds 8  
 8 percent of the estimate made under subparagraph (A).

9 (C) That portion of the state's funding obligation under Section  
 10 8 that results from including the amount calculated under clause  
 11 (ii) of subparagraph (B), if any, as General Fund proceeds of taxes.

12 (D) The amount of any appropriations described in clause (ii)  
 13 of subparagraph (B) of paragraph (1) of, or subparagraph (C) of  
 14 paragraph (2) of, subdivision (c), that are made from the revenues  
 15 described in clause (ii) of subparagraph (B) of this paragraph.

16 (E) The amount resulting from subtracting the combined values  
 17 calculated under subparagraphs (C) and (D) from the value  
 18 calculated under clause (ii) of subparagraph (B). If less than zero,  
 19 the amount shall be considered zero for this purpose.

20 (F) The lesser of the amount calculated under subparagraph (E)  
 21 or the amount of transfer resulting in the balance in the Budget  
 22 Stabilization Account reaching the limit specified in subdivision  
 23 (e).

24 (2) ~~In the 2016–17 fiscal year, with respect to the 2015–16 fiscal~~  
 25 ~~year only, and in the 2017–18 fiscal year and each fiscal year~~  
 26 ~~thereafter, separately with respect to each of the two next preceding~~  
 27 ~~fiscal years, 2019–21 fiscal period and each two-year fiscal period~~  
 28 ~~thereafter, separately with respect to each of the two next preceding~~  
 29 ~~two-year fiscal periods, the Department of Finance shall calculate~~  
 30 ~~all of the following, using the same methodology used for the~~  
 31 ~~relevant fiscal year, two-year fiscal period and provide those~~  
 32 ~~calculations to the Legislature:~~

33 (A) An updated estimate of the amount of General Fund  
 34 proceeds of taxes that may be appropriated pursuant to Article  
 35 XIII B.

36 (B) (i) An updated estimate of that portion of the General Fund  
 37 proceeds of taxes identified in subparagraph (A) that is derived  
 38 from personal income taxes paid on net capital gains.

39 (ii) That portion of the updated estimate in clause (i) that exceeds  
 40 8 percent of the updated estimate made under subparagraph (A).

1 (C) The updated calculation of that portion of the state’s funding  
2 obligation under Section 8 that results from including the updated  
3 amount calculated under clause (ii) of subparagraph (B), if any,  
4 as General Fund proceeds of taxes.

5 (D) The amount of any appropriations described in clause (ii)  
6 of subparagraph (B) of paragraph (1) of, or subparagraph (C) of  
7 paragraph (2) of, subdivision (c), that are made from the revenues  
8 described in clause (ii) of subparagraph (B) of paragraph (1).

9 (E) The amount resulting from subtracting the combined values  
10 calculated under subparagraphs (C) and (D) from the value  
11 calculated under clause (ii) of subparagraph (B). If less than zero,  
12 the amount shall be considered zero for this purpose.

13 (F) The amount previously transferred for the ~~fiscal year~~  
14 *two-year fiscal period* by the Controller from the General Fund to  
15 the Budget Stabilization Account pursuant to subdivisions (c) and  
16 (d).

17 (G) The lesser of (i) the amount, not less than zero, resulting  
18 from subtracting, from the amount calculated under subparagraph  
19 (E), the value of any suspension or reduction of transfer pursuant  
20 to paragraph (1) of subdivision (a) of Section 22 previously  
21 approved by the Legislature for the relevant ~~fiscal year~~, *two-year*  
22 *fiscal period*, and the amount previously transferred for that ~~fiscal~~  
23 ~~year~~ *two-year fiscal period* by the Controller as described in  
24 subparagraph (F), or (ii) the amount of transfer resulting in the  
25 balance in the Budget Stabilization Account reaching the limit as  
26 specified in subdivision (e).

27 (c) (1) (A) By October 1 of the ~~2015–16 fiscal year~~ and each  
28 ~~fiscal year~~ *second year of the 2019–21 fiscal period* and each  
29 *two-year fiscal period* thereafter to the ~~2029–30 fiscal year~~,  
30 *2029–31 fiscal period*, inclusive, based on the estimates set forth  
31 in the ~~annual~~ Budget Act pursuant to paragraphs (2) and (3) of  
32 subdivision (h), and the sum identified in paragraph (2) of  
33 subdivision (a), the Controller shall transfer amounts from the  
34 General Fund and the Budget Stabilization Account, pursuant to  
35 a schedule provided by the Director of Finance, as provided in  
36 subparagraph (B).

37 (B) Notwithstanding any other provision of this section, in the  
38 ~~fiscal year~~ *two-year fiscal period* to which the Budget Act  
39 identified in subparagraph (A) applies:

1 (i) Fifty percent of both the amount identified in paragraph (2)  
 2 of subdivision (a), and the amount resulting from subtracting the  
 3 value calculated under subparagraph (C) of paragraph (1) of  
 4 subdivision (b) from the value calculated under clause (ii) of  
 5 subparagraph (B) of paragraph (1) of subdivision (b), shall be  
 6 transferred from the General Fund to the Budget Stabilization  
 7 Account.

8 (ii) The remaining 50 percent shall be appropriated by the  
 9 Legislature for one or more of the following obligations and  
 10 purposes:

11 (I) Unfunded prior fiscal year General Fund obligations pursuant  
 12 to Section 8 that existed on July 1, 2014.

13 (II) Budgetary loans to the General Fund, from funds outside  
 14 the General Fund, that had outstanding balances on January 1,  
 15 2014.

16 (III) Payable claims for mandated costs incurred ~~prior to~~ *before*  
 17 the 2004–05 fiscal year that have not yet been paid, and that  
 18 pursuant to paragraph (2) of subdivision (b) of Section 6 of Article  
 19 XIII B are permitted to be paid over a term of years, as prescribed  
 20 by law.

21 (IV) Unfunded liabilities for state-level pension plans and  
 22 prefunding other postemployment benefits, in excess of current  
 23 base amounts as established for the ~~fiscal year~~ *two-year fiscal*  
 24 *period* in which the funds would otherwise be transferred to the  
 25 Budget Stabilization Account. For the purpose of this subclause,  
 26 current base amounts are those required to be paid pursuant to law,  
 27 an approved memorandum of understanding, benefit schedules  
 28 established by the employer or entity authorized to establish those  
 29 contributions for employees excluded or exempted from collective  
 30 bargaining, or any combination of these. To qualify under this  
 31 subclause, the appropriation shall supplement and not supplant  
 32 funding that would otherwise be made available to pay for the  
 33 obligations described in this subclause for the ~~fiscal year~~ *two-year*  
 34 *fiscal period* or the subsequent ~~fiscal year~~ *two-year fiscal period*.

35 (2) (A) By October 1 of the ~~2030–31 fiscal year~~ and each ~~fiscal~~  
 36 ~~year~~ *second year of the 2031–33 fiscal period* and each *two-year*  
 37 *fiscal period* thereafter, based on the estimates set forth in the  
 38 ~~annual~~ Budget Act pursuant to paragraphs (2) and (3) of  
 39 subdivision (h), the Controller shall transfer amounts from the  
 40 General Fund to the Budget Stabilization Account, pursuant to a

1 schedule provided by the Director of Finance, as provided in  
2 subparagraph (B).

3 (B) In the ~~fiscal year~~ *two-year fiscal period* to which the Budget  
4 Act identified in subparagraph (A) applies, both the amount  
5 identified in paragraph (2) of subdivision (a), and the amount  
6 resulting from subtracting the value calculated under subparagraph  
7 (C) of paragraph (1) of subdivision (b) from the value calculated  
8 under clause (ii) of subparagraph (B) of paragraph (1) of  
9 subdivision (b), shall be transferred from the General Fund to the  
10 Budget Stabilization Account.

11 (C) Notwithstanding any other provision of this section, the  
12 Legislature may appropriate up to 50 percent of both the amount  
13 identified in paragraph (2) of subdivision (a), and of the amount  
14 resulting from subtracting the value calculated under subparagraph  
15 (C) of paragraph (1) of subdivision (b) from the value calculated  
16 under clause (ii) of subparagraph (B) of paragraph (1) of  
17 subdivision (b), for one or more of the obligations and purposes  
18 described in clause (ii) of subparagraph (B) of paragraph (1).

19 (3) The transfers described in this subdivision are subject to  
20 suspension or reduction pursuant to paragraph (1) of subdivision  
21 (a) of Section 22.

22 (d) By October 1 of the ~~2016–17 fiscal year and each fiscal year~~  
23 *second year of the 2019–21 fiscal period and each two-year fiscal*  
24 *period* thereafter, based on the estimates set forth in the ~~annual~~  
25 *biennial* Budget Act pursuant to paragraphs (4) and (5) of  
26 subdivision (h), the Controller shall transfer amounts between the  
27 General Fund and the Budget Stabilization Account pursuant to a  
28 schedule provided by the Director of Finance, as follows:

29 (1) If the amount in subparagraph (G) of paragraph (2) of  
30 subdivision (b) is greater than zero, transfer that amount from the  
31 General Fund to the Budget Stabilization Account, subject to any  
32 suspension or reduction of this transfer pursuant to paragraph (1)  
33 of subdivision (a) of Section 22.

34 (2) If the amount described in subparagraph (F) of paragraph  
35 (2) of subdivision (b) is greater than the amount calculated under  
36 subparagraph (E) of paragraph (2) of subdivision (b), transfer that  
37 excess amount from the Budget Stabilization Account back to the  
38 General Fund.

39 (e) Notwithstanding any other provision of this section, the  
40 amount of a transfer to the Budget Stabilization Account pursuant

1 to paragraph (2) of subdivision (a) and subdivisions (c) and (d) for  
 2 any ~~fiscal year~~ *two-year fiscal period* shall not exceed an amount  
 3 that would result in a balance in the account that, when the transfer  
 4 is made, exceeds 10 percent of the amount of General Fund  
 5 proceeds of taxes for the ~~fiscal year~~ *two-year fiscal period*  
 6 estimated pursuant to subdivision (b). For any ~~fiscal year~~, *two-year*  
 7 *fiscal period*, General Fund proceeds of taxes that, but for this  
 8 paragraph, would have been transferred to the Budget Stabilization  
 9 Account may be expended only for infrastructure, as defined by  
 10 Section 13101 of the Government Code, as that section read on  
 11 January 1, 2014, including deferred maintenance ~~thereon~~. *on*  
 12 *infrastructure*.

13 (f) The funds described in subdivision (b) as General Fund  
 14 proceeds of taxes are General Fund proceeds of taxes for purposes  
 15 of Section 8 for the ~~fiscal year~~ *two-year fiscal period* to which  
 16 those proceeds are attributed, but are not deemed to be additional  
 17 General Fund proceeds of taxes on the basis that the funds are  
 18 thereafter transferred from the Budget Stabilization Account to  
 19 the General Fund.

20 (g) The Controller may ~~utilize~~ *use* funds in the Budget  
 21 Stabilization Account, that he or she determines to currently be  
 22 unnecessary for ~~the~~ purposes of this section, to help manage  
 23 General Fund daily cashflow needs. Any use pursuant to this  
 24 subdivision shall not interfere with the purposes of the Budget  
 25 Stabilization Account.

26 (h) The ~~annual~~ Budget Act shall include the estimates described  
 27 in all of the following:

- 28 (1) Paragraph (2) of subdivision (a).
- 29 (2) Clause (ii) of subparagraph (B) of paragraph (1) of  
 30 subdivision (b).
- 31 (3) Subparagraph (F) of paragraph (1) of subdivision (b).
- 32 (4) Clause (ii) of subparagraph (B) of paragraph (2) of  
 33 subdivision (b).
- 34 (5) Subparagraph (G) of paragraph (2) of subdivision (b).

35 *Sixteenth— That Section 21 of Article XVI thereof is amended*  
 36 *to read:*

37 SEC. 21. (a) The Public School System Stabilization Account  
 38 is hereby created in the General Fund.

39 (b) On or before October 1 of ~~each fiscal year~~, *the second year*  
 40 *of each two-year fiscal period*, commencing with the ~~2015-16~~

1 ~~fiscal year, 2019–21 fiscal period~~, based on the amounts identified  
2 in the ~~annual~~ Budget Act pursuant to subdivision (b) of Section  
3 20, the Controller shall transfer, pursuant to a schedule provided  
4 by the Director of Finance, amounts from the General Fund to the  
5 Public School System Stabilization Account as follows:

6 (1) (A) For the ~~2015–16 fiscal year, and for each fiscal year~~  
7 ~~2019–21 fiscal period, and for each two-year fiscal period~~  
8 thereafter, any positive amount identified in subparagraph (C) of  
9 paragraph (1) of subdivision (b) of Section 20 shall be transferred  
10 from the General Fund to the Public School System Stabilization  
11 Account in the amount calculated under subparagraph (B), subject  
12 to any reduction or suspension of this transfer pursuant to any other  
13 provision of this section or paragraph (3) of subdivision (a) of  
14 Section 22.

15 (B) The Director of Finance shall calculate the amount by which  
16 the positive amount identified in subparagraph (C) of paragraph  
17 (1) of subdivision (b) of Section 20, in combination with all other  
18 moneys required to be applied by the State for the support of school  
19 districts and community college districts for that ~~fiscal year~~  
20 ~~two-year fiscal period~~ pursuant to Section 8, exceeds the sum of  
21 the total allocations to school districts and community college  
22 districts from General Fund proceeds of taxes appropriated pursuant  
23 to Article XIII B and allocated local proceeds of taxes in the prior  
24 ~~fiscal year, two-year fiscal period~~, plus any allocations from the  
25 Public School System Stabilization Account in the prior ~~fiscal~~  
26 ~~year, two-year fiscal period~~, less any transfers to the Public School  
27 System Stabilization Account pursuant to this section in the prior  
28 ~~fiscal year two-year fiscal period~~, and any revenues allocated  
29 pursuant to subdivision (a) of Section 8.5, adjusted for the  
30 percentage change in average daily attendance and adjusted for  
31 the higher of the change in the cost of living pursuant to paragraph  
32 (1) of subdivision (e) of Section 8 of Article XIII B or the cost of  
33 living adjustment applied to school district and community college  
34 district general purpose apportionments.

35 (2) (A) Commencing with the ~~2016–17 fiscal year, and for each~~  
36 ~~fiscal year 2019–21 fiscal period, and for each two-year fiscal~~  
37 ~~period~~ thereafter, to the extent the amount calculated under this  
38 paragraph exceeds the amounts previously transferred by the  
39 Controller from the General Fund to the Public School System  
40 Stabilization Account for a ~~preceding fiscal year, prior two-year~~

1 *fiscal period*, any positive amount calculated pursuant to  
2 subparagraph (C) of paragraph (2) of subdivision (b) of Section  
3 20 for that ~~fiscal year~~ *two-year fiscal period* shall be transferred  
4 from the General Fund to the Public School System Stabilization  
5 Account in the amount calculated under subparagraph (B), subject  
6 to any reduction or suspension of this transfer pursuant to any other  
7 provision of this section or paragraph (3) of subdivision (a) of  
8 Section 22.

9 (B) The Director of Finance shall calculate the amount by which  
10 the positive amount identified in subparagraph (C) of paragraph  
11 (2) of subdivision (b) of Section 20, in combination with all other  
12 moneys required to be applied by the State for the support of school  
13 districts and community college districts for that ~~fiscal year~~  
14 *two-year fiscal period* pursuant to Section 8, exceeds the sum of  
15 the total allocations to school districts and community college  
16 districts from General Fund proceeds of taxes appropriated pursuant  
17 to Article XIII B and allocated local proceeds of taxes in the prior  
18 ~~fiscal year~~, *two-year fiscal period*, plus any allocations from the  
19 Public School System Stabilization Account in the prior ~~fiscal~~  
20 ~~year~~, *two-year fiscal period*, less any transfers to the Public School  
21 System Stabilization Account pursuant to this section in the prior  
22 ~~fiscal year~~ *two-year fiscal period*, and any revenues allocated  
23 pursuant to subdivision (a) of Section 8.5, adjusted for the  
24 percentage change in average daily attendance and adjusted for  
25 the higher of the change in the cost of living pursuant to the  
26 paragraph (1) of subdivision (e) of Section 8 of Article XIII B or  
27 the cost of living adjustment applied to school district and  
28 community college district general purpose apportionments.

29 (c) Commencing with the ~~2016-17 fiscal year~~, and for each  
30 ~~fiscal year~~ *2019-21 fiscal period*, and for each *two-year fiscal*  
31 *period* thereafter, if the amount calculated pursuant to subparagraph  
32 (C) of paragraph (2) of subdivision (b) of Section 20 for a ~~fiscal~~  
33 ~~year~~ *two-year fiscal period* is less than the amounts previously  
34 transferred by the Controller from the General Fund to the Public  
35 School System Stabilization Account for that ~~fiscal year~~, *two-year*  
36 *fiscal period*, the amount of this difference shall be appropriated  
37 and allocated by the State from the Public School System  
38 Stabilization Account for the support of school districts and  
39 community college districts.

1 (d) Notwithstanding any other provision of this section, the  
2 amount transferred to the Public School System Stabilization  
3 Account pursuant to subdivision (b) for a ~~fiscal year~~ *two-year*  
4 *fiscal period* shall not exceed the amount by which the amount of  
5 state support calculated pursuant to paragraph (1) of subdivision  
6 (b) of Section 8 exceeds the amount of state support calculated  
7 pursuant to paragraph (2) of subdivision (b) of Section 8 for that  
8 ~~fiscal year~~ *two-year fiscal period*. If the amount of state support  
9 calculated pursuant to paragraph (1) of subdivision (b) of Section  
10 8 does not exceed the amount of state support calculated pursuant  
11 to paragraph (2) of subdivision (b) of Section 8 for a ~~fiscal year~~;  
12 *two-year fiscal period*, no amount shall be transferred to the Public  
13 School System Stabilization Account pursuant to subdivision (b)  
14 for that ~~fiscal year~~ *two-year fiscal period*.

15 (e) Notwithstanding any other provision of this section, no  
16 amount shall be transferred to the Public School System  
17 Stabilization Account pursuant to subdivision (b) for a ~~fiscal year~~  
18 *two-year fiscal period* for which a maintenance factor is determined  
19 pursuant to subdivision (d) of Section 8.

20 (f) Notwithstanding any other provision of this section, no  
21 amount shall be transferred to the Public School System  
22 Stabilization Account pursuant to subdivision (b) until the  
23 maintenance factor determined pursuant to subdivisions (d) and  
24 (e) of Section 8 for fiscal years ~~prior to~~ *before* the 2014–15 fiscal  
25 year has been fully allocated. Transfers may be made beginning  
26 in the ~~fiscal year~~ *two-year fiscal period* following the ~~fiscal year~~  
27 *two-year fiscal period* in which it is determined, based on the  
28 Budget Act for that ~~fiscal year~~ *two-year fiscal period*, that this  
29 condition will be met. If a transfer is made for a ~~fiscal year~~  
30 *two-year fiscal period* for which it is later determined that this  
31 condition has not been met, the amount of the transfer shall be  
32 appropriated and allocated from the Public School System  
33 Stabilization Account for the support of school districts and  
34 community college districts. No transfer shall be made for a ~~year~~  
35 *two-year fiscal period* for which it was determined, based on the  
36 Budget Act for that ~~fiscal year~~ *two-year fiscal period*, that this  
37 condition would not be met but was subsequently determined to  
38 have been met in that ~~year or a prior fiscal year~~ *two-year fiscal*  
39 *period or a prior two-year fiscal period*.

1 (g) Notwithstanding any other provision of this section, no  
2 amount shall be transferred to the Public School System  
3 Stabilization Account for any ~~fiscal year~~ *two-year fiscal period*  
4 for which any of the provisions of subdivision (b) of Section 8 are  
5 suspended pursuant to subdivision ~~(h)~~ (g) of Section 8.

6 (h) Notwithstanding any other provision of this section, for any  
7 ~~fiscal year~~, *two-year fiscal period* the amount of a transfer to the  
8 Public School System Stabilization Account pursuant to  
9 subdivision (b) shall not exceed an amount that would result in a  
10 balance in the account that is in excess of 10 percent of the total  
11 allocations to school districts and community college districts from  
12 General Fund proceeds of taxes appropriated pursuant to Article  
13 XIII B and allocated local proceeds of taxes for that ~~fiscal year~~  
14 *two-year fiscal period* pursuant to Section 8. For any ~~fiscal year~~,  
15 *two-year fiscal period*, General Fund proceeds of taxes that, but  
16 for this subdivision, would have been transferred to the Public  
17 School System Stabilization Account shall be applied by the State  
18 for the support of school districts and community colleges.

19 (i) In any ~~fiscal year~~ *two-year fiscal period* in which the amount  
20 required to be applied by the State for the support of school districts  
21 and community college districts for that ~~fiscal year~~ *two-year fiscal*  
22 *period* pursuant to Section 8 is less than the total allocations to  
23 school districts and community college districts from General Fund  
24 proceeds of taxes appropriated pursuant to Article XIII B and  
25 allocated local proceeds of taxes in the prior ~~fiscal year~~, *two-year*  
26 *fiscal period* plus any allocations from the Public School System  
27 Stabilization Account in the prior ~~fiscal year~~, *two-year fiscal*  
28 *period*, less any transfers to the Public School System Stabilization  
29 Account in the prior ~~fiscal year~~ *two-year fiscal period* and any  
30 revenues allocated pursuant to subdivision (a) of Section 8.5,  
31 adjusted for the percentage change in average daily attendance  
32 and adjusted for the higher of the change in the cost of living  
33 pursuant to paragraph (1) of subdivision (e) of Section 8 of Article  
34 XIII B or the cost of living adjustment applied to school district  
35 and community college district general purpose apportionments,  
36 the amount of the deficiency shall be appropriated and allocated  
37 by the State from the Public School System Stabilization Account  
38 for the support of school districts and community college districts.

39 (j) Funds transferred to the Public School System Stabilization  
40 Account shall be deemed, for purposes of Section 8, to be moneys

1 applied by the State for the support of school districts and  
2 community college districts in the ~~fiscal year~~ *two-year fiscal period*  
3 for which the transfer is made, and not in the ~~fiscal year~~ *two-year*  
4 *fiscal period* in which moneys are appropriated from the account.

5 (k) ~~Nothing in this~~ *This* section shall *not* be construed to reduce  
6 the amount of the moneys required to be applied by the State for  
7 the support of school districts and community college districts  
8 pursuant to Sections 8 and 8.5.

9 (l) The Controller may ~~utilize~~ *use* funds in the Public School  
10 System Stabilization ~~Account~~, *Account* that he or she determines  
11 to currently be unnecessary for the purposes of this section, to help  
12 manage General Fund daily cashflow needs. Any use of funds by  
13 the Controller pursuant to this subdivision shall not interfere with  
14 the purposes of the Public School System Stabilization Account.

15 (m) *For purposes of the 2019–21 fiscal period, “prior two-year*  
16 *fiscal period,” as used in this section, means the 2017–18 and*  
17 *2018–19 fiscal years.*

18 *Seventeenth— That Section 22 of Article XVI thereof is*  
19 *amended to read:*

20 SEC. 22. (a) Upon the Governor’s proclamation declaring a  
21 budget emergency and identifying the conditions constituting the  
22 emergency, the Legislature may pass a bill that does any of the  
23 following:

24 (1) Suspends or reduces by a specified dollar amount for one  
25 ~~fiscal year~~ *two-year fiscal period* the transfer of moneys from the  
26 General Fund to the Budget Stabilization Account required by  
27 Section 20.

28 (2) (A) Returns funds that have been transferred to the Budget  
29 Stabilization Account pursuant to Section 20 to the General Fund  
30 for appropriation to address the budget emergency.

31 (B) Not more than 50 percent of the balance in the Budget  
32 Stabilization Account may be returned to the General Fund for  
33 appropriation pursuant to subparagraph (A) in any ~~fiscal year~~,  
34 *two-year fiscal period*, unless funds in the Budget Stabilization  
35 Account have been returned to the General Fund for appropriation  
36 in the immediately preceding ~~fiscal year~~ *two-year fiscal period*.  
37 *For purposes of the 2019–21 fiscal period, “immediately preceding*  
38 *two-year fiscal period,” as used in this subparagraph, means the*  
39 *2017–18 and 2018–19 fiscal years.*

1 (3) Suspends or reduces by a specified dollar amount for one  
 2 ~~fiscal year~~ *two-year fiscal period* the transfer of moneys from the  
 3 General Fund to the Public School System Stabilization Account  
 4 required by Section 21.

5 (4) Appropriates funds transferred to the Public School System  
 6 Stabilization Account pursuant to Section 21 and allocates those  
 7 funds for the support of school districts and community college  
 8 districts.

9 (b) For purposes of this section, “budget emergency” means  
 10 any of the following:

11 (1) An emergency declared by the Governor, within the meaning  
 12 of paragraph (2) of subdivision (c) of Section 3 of Article XIII B.

13 (2) (A) A determination by the Governor that estimated  
 14 resources are inadequate to fund General Fund expenditures for  
 15 the current or ensuing ~~fiscal year~~, *two-year fiscal period*, after  
 16 setting aside funds for the reserve for liquidation of encumbrances,  
 17 at a level equal to the highest amount of total General Fund  
 18 expenditures estimated at the time of enactment of any of the three  
 19 most recent Budget Acts, adjusted for both of the following:

20 (i) The annual percentage change in the cost of living for the  
 21 State, as measured by the California Consumer Price Index.

22 (ii) The annual percentage growth in the civilian population of  
 23 the State pursuant to subdivision (b) of Section 7901 of the  
 24 Government Code.

25 (B) The maximum amount that may be withdrawn for a budget  
 26 emergency determined under this paragraph shall not exceed either  
 27 an amount that would result in a total General Fund expenditure  
 28 level for a ~~fiscal year~~ *two-year fiscal period* that is greater than  
 29 the highest amount of total General Fund expenditures estimated  
 30 at the time of enactment of any of the three most recent Budget  
 31 Acts, as calculated pursuant to subparagraph (A), or any limit  
 32 imposed by subparagraph (B) of paragraph (2) of subdivision (a).

33 *Eighteenth— That Section 2 of Article XIX B thereof is amended*  
 34 *to read:*

35 SEC. 2. (a) For the ~~2003–04 fiscal year and each fiscal year~~  
 36 *2019–21 fiscal period and each two-year fiscal period* thereafter,  
 37 all revenues that are collected during the ~~fiscal year~~ *two-year fiscal*  
 38 *period* from taxes under the Sales and Use Tax Law (Part 1  
 39 (commencing with Section 6001) of Division 2 of the Revenue  
 40 and Taxation Code), or any successor to that law, upon the sale,

1 storage, use, or other consumption in this State of motor vehicle  
2 fuel, as defined for purposes of the Motor Vehicle Fuel License  
3 Tax Law (Part 2 (commencing with Section 7301) of Division 2  
4 of the Revenue and Taxation Code), shall be deposited into the  
5 Transportation Investment Fund or its successor, which is hereby  
6 created in the State Treasury and which is hereby declared to be  
7 a trust fund. The Legislature may not change the status of the  
8 Transportation Investment Fund as a trust fund.

9 ~~(b) (1) For the 2003–04 to 2007–08 fiscal years, inclusive,~~  
10 ~~moneys in the Transportation Investment Fund shall be allocated,~~  
11 ~~upon appropriation by the Legislature, in accordance with Section~~  
12 ~~7104 of the Revenue and Taxation Code as that section read on~~  
13 ~~March 6, 2002.~~

14 ~~(2)~~

15 ~~(b) For the 2008–09 fiscal year and each fiscal year 2019–21~~  
16 ~~fiscal period and each two-year fiscal period thereafter, moneys~~  
17 ~~in the Transportation Investment Fund shall be allocated solely~~  
18 ~~for the following purposes:~~

19 ~~(A)~~

20 ~~(1) Public transit and mass transportation. Moneys appropriated~~  
21 ~~for public transit and mass transportation shall be allocated as~~  
22 ~~follows: (i) Twenty-five percent pursuant to subdivision (b) of~~  
23 ~~Section 99312 of the Public Utilities Code, as that section read on~~  
24 ~~July 30, 2009; (ii) Twenty-five percent pursuant to subdivision (c)~~  
25 ~~of Section 99312 of the Public Utilities Code, as that section read~~  
26 ~~on July 30, 2009; and (iii) Fifty percent for the purposes of~~  
27 ~~subdivisions (a) and (b) of Section 99315 of the Public Utilities~~  
28 ~~Code, as that section read on July 30, 2009.~~

29 ~~(B)~~

30 ~~(2) Transportation capital improvement projects, subject to the~~  
31 ~~laws governing the State Transportation Improvement Program,~~  
32 ~~or any successor to that program.~~

33 ~~(C)~~

34 ~~(3) Street and highway maintenance, rehabilitation,~~  
35 ~~reconstruction, or storm damage repair conducted by cities,~~  
36 ~~including a city and county.~~

37 ~~(D)~~

38 ~~(4) Street and highway maintenance, rehabilitation,~~  
39 ~~reconstruction, or storm damage repair conducted by counties,~~  
40 ~~including a city and county.~~

1 (c) For the ~~2008–09 fiscal year and each fiscal year 2019–21~~  
2 *fiscal period and each two-year fiscal period* thereafter, moneys  
3 in the Transportation Investment Fund are hereby continuously  
4 appropriated to the Controller without regard to ~~fiscal years,~~  
5 *two-year fiscal periods*, which shall be allocated as follows:

6 ~~(A)~~

7 (1) Twenty percent of the moneys for the purposes set forth in  
8 ~~subparagraph (A) of paragraph (2) (1) of subdivision (b).~~

9 ~~(B)~~

10 (2) Forty percent of the moneys for the purposes set forth in  
11 ~~subparagraph (B) of paragraph (2) of subdivision (b).~~

12 ~~(C)~~

13 (3) Twenty percent of the moneys for the purposes set forth in  
14 ~~subparagraph (C) of paragraph (2) (3) of subdivision (b).~~

15 ~~(D)~~

16 (4) Twenty percent of the moneys for the purposes set forth in  
17 ~~subparagraph (D) of paragraph (2) (4) of subdivision (b).~~

18 (d) The Legislature may not enact a statute that modifies the  
19 percentage shares set forth in subdivision (c) until all of the  
20 following have occurred:

21 (1) The California Transportation Commission has held no less  
22 than four public hearings in different parts of the State to receive  
23 public input about the need for public transit, mass transportation,  
24 transportation capital improvement projects, and street and highway  
25 maintenance;

26 (2) The California Transportation Commission has published a  
27 report describing the input received at the public hearings and how  
28 the modification to the statutory allocation is consistent with the  
29 orderly achievement of local, regional and statewide goals for  
30 public transit, mass transportation, transportation capital  
31 improvements, and street and highway maintenance in a manner  
32 that is consistent with local general plans, regional transportation  
33 plans, and the California Transportation Plan;

34 (3) Ninety days have passed since the publication of the report  
35 by the California Transportation Commission.

36 (4) The statute enacted by the Legislature pursuant to this  
37 subdivision must be by a bill passed in each house of the  
38 Legislature by rollcall vote entered in the journal, two-thirds of  
39 the membership concurring, ~~provided that~~ *if* the bill does not  
40 contain any other unrelated provision and ~~that~~ *if* the revenues

1 described in subdivision (a) are expended solely for the purposes  
2 set forth in ~~paragraph (2)~~ of subdivision (b).

3 (e) (1) An amount equivalent to the total amount of revenues  
4 that were not transferred from the General Fund of the State to the  
5 Transportation Investment Fund, as of July 1, 2007, because of a  
6 suspension of transfer of revenues pursuant to this section as it  
7 read on January 1, 2006, but excluding the amount to be paid to  
8 the Transportation Deferred Investment Fund pursuant to Section  
9 63048.65 of the Government Code, shall be transferred from the  
10 General Fund to the Transportation Investment Fund no later than  
11 June 30, 2016. Until this total amount has been transferred, the  
12 amount of transfer payments to be made in each fiscal year shall  
13 not be less than one-tenth of the total amount required to be  
14 transferred by June 30, 2016. The transferred revenues shall be  
15 allocated solely for the purposes set forth in this section as if they  
16 had been received in the absence of a suspension of transfer of  
17 revenues.

18 (2) The Legislature may provide by statute for the issuance of  
19 bonds by the state or local agencies, as applicable, that are secured  
20 by the minimum transfer payments required by paragraph (1).  
21 Proceeds from the sale of those bonds shall be allocated solely for  
22 the purposes set forth in this section as if they were revenues  
23 subject to allocation pursuant to paragraph (2) of subdivision (b).

24 (f) This section constitutes the sole method of allocating,  
25 distributing, and using the revenues described in subdivision (a).  
26 The purposes described in ~~paragraph (2)~~ of subdivision (b) are the  
27 sole purposes for which the revenues described in subdivision (a)  
28 may be used. The Legislature ~~may~~ *shall* not enact a statute or take  
29 any other action which, permanently or temporarily, does any of  
30 the following:

31 (1) Transfers, diverts, or appropriates the revenues described  
32 in subdivision (a) for any other purposes than those described in  
33 ~~paragraph (2)~~ of subdivision (b);

34 (2) Authorizes the expenditures of the revenues described in  
35 subdivision (a) for any other purposes than those described in  
36 ~~paragraph (2)~~ of subdivision (b) or;

37 (3) Borrows or loans the revenues described in subdivision (a),  
38 regardless of whether these revenues remain in the Transportation  
39 Investment Fund or are transferred to another fund or account such

1 as the Public Transportation Account, a trust fund in the State  
2 Transportation Fund.

3 (g) For purposes of this article, “mass transportation,” “public  
4 transit” and “mass transit” have the same meanings as “public  
5 transportation.” “Public transportation” means:

6 (1) (A) Surface transportation service provided to the general  
7 public, complementary paratransit service provided to persons  
8 with disabilities as required by 42 U.S.C. 12143, or similar  
9 transportation provided to people with disabilities or the elderly;  
10 (B) operated by bus, rail, ferry, or other conveyance on a fixed  
11 route, demand response, or otherwise regularly available basis;  
12 (C) generally for which a fare is charged; and (D) provided by any  
13 transit district, included transit district, municipal operator, included  
14 municipal operator, eligible municipal operator, or transit  
15 development board, as those terms were defined in Article 1  
16 (*commencing with Section 99200*) of Chapter 4 of Part 11 of  
17 Division 10 of the Public Utilities Code on January 1, 2009, a joint  
18 powers authority formed to provide mass transportation services,  
19 an agency described in subdivision (f) of Section 15975 of the  
20 Government Code, as that section read on January 1, 2009, any  
21 recipient of funds under Sections 99260, 99260.7, 99275, or  
22 subdivision (c) of Section 99400 of the Public Utilities Code, as  
23 those sections read on January 1, 2009, or a consolidated agency  
24 as defined in Section 132353.1 of the Public Utilities Code, as that  
25 section read on January 1, 2009.

26 (2) Surface transportation service provided by the Department  
27 of Transportation pursuant to subdivision (a) of Section 99315 of  
28 the Public Utilities Code, as that section read on July 30, 2009.

29 (3) Public transit capital improvement projects, including those  
30 identified in subdivision (b) of Section 99315 of the Public Utilities  
31 Code, as that section read on July 30, 2009.

32 (h) If the Legislature reduces or repeals the taxes described in  
33 subdivision (a) and adopts an alternative source of revenue to  
34 replace the moneys derived from those taxes, the replacement  
35 revenue shall be deposited into the Transportation Investment  
36 Fund, dedicated to the purposes listed in ~~paragraph (2) of~~  
37 subdivision (b), and allocated pursuant to subdivision (c). All other  
38 provisions of this article shall apply to any revenues adopted by  
39 the Legislature to replace the moneys derived from the taxes  
40 described in subdivision (a).

1 *Nineteenth— That Section 4 of Article XXXV thereof is*  
2 *amended to read:*

3 SEC. 4. Funds authorized for, or made available to, the institute  
4 shall be continuously appropriated without regard to ~~fiscal year,~~  
5 *two-year fiscal period*, be available and used only for the purposes  
6 provided in this article, and shall not be subject to appropriation  
7 or transfer by the Legislature or the Governor for any other  
8 purpose.

9 *Twentieth— That the amendments set forth in this measure*  
10 *shall become operative on December 3, 2018. The sections of the*  
11 *Constitution amended by this measure shall continue in effect as*  
12 *they read before voter approval of this measure until December*  
13 *3, 2018.*

14 *Twenty-First— The provisions of this measure are severable.*  
15 *If any provision of this measure or its application is held invalid,*  
16 *that invalidity shall not affect other provisions or applications that*  
17 *can be given effect without the invalid provision or application.*

18 ~~First— That it is the intent of the Legislature to propose to the~~  
19 ~~people of the State of California amendments to the California~~  
20 ~~Constitution that, commencing in 2019, would provide for all of~~  
21 ~~the following:~~

22 ~~(a) The Governor would submit a budget proposal for the next~~  
23 ~~two-year fiscal period during the first 10 days of the first calendar~~  
24 ~~year of the biennium of a legislative session.~~

25 ~~(b) In the regular session in each odd-numbered year, the~~  
26 ~~Legislature would do both of the following:~~

27 ~~(1) Only consider or act upon the budget bill, other bills~~  
28 ~~providing for appropriations related to the budget bill, and bills~~  
29 ~~introduced by a standing committee.~~

30 ~~(2) Only conduct hearings for either of the following purposes:~~

31 ~~(A) To consider, develop, and adopt the budget for the next~~  
32 ~~two-year fiscal period.~~

33 ~~(B) (i) Oversight of state department operations and state~~  
34 ~~programs.~~

35 ~~(ii) A standing committee of the Legislature would be able to~~  
36 ~~introduce up to five bills authored by a majority of the standing~~  
37 ~~committee if the bill would improve state department operations~~  
38 ~~or state programs deficiencies discussed during an oversight~~  
39 ~~hearing.~~

1 ~~(e) In the regular session of each even-numbered year, the~~  
2 ~~Legislature would only consider or act upon legislation other than~~  
3 ~~the budget bill or other bills providing for appropriations related~~  
4 ~~to the budget bill.~~

5 ~~(d) (1) After the budget for the next two-year fiscal period has~~  
6 ~~been enacted, the Governor would be able to submit budget updates~~  
7 ~~to the Joint Legislative Budget Committee for its approval.~~

8 ~~(2) (A) The Joint Legislative Budget Committee would be able~~  
9 ~~to approve any budget updates proposed by the Governor to the~~  
10 ~~enacted budget by a resolution adopted by a majority of the~~  
11 ~~committee members. A budget update so approved would take~~  
12 ~~immediate effect as a statute.~~

13 ~~(B) The Legislature would be able to pass a bill, approved by~~  
14 ~~two-thirds of the membership, that makes a change to the enacted~~  
15 ~~budget without the Governor proposing the change or changes.~~

16 ~~(e) (1) The Joint Legislative Budget Committee would be~~  
17 ~~established to ascertain facts and make recommendations to the~~  
18 ~~Legislature and to the houses thereof concerning the State Budget,~~  
19 ~~the revenues and expenditures of the state, and the organization~~  
20 ~~and functions of the state and its departments, subdivisions, and~~  
21 ~~agencies.~~

22 ~~(2) Each political party represented in each house would, to the~~  
23 ~~greatest extent possible, be proportionately represented in the Joint~~  
24 ~~Legislative Budget Committee and the membership of the~~  
25 ~~committee would be as follows:~~

26 ~~(A) Eight members of the Assembly appointed by the Speaker~~  
27 ~~of the Assembly.~~

28 ~~(B) Eight members of the Senate appointed by the Senate~~  
29 ~~Committee on Rules.~~

30 ~~Second—That it is the intent of the Legislature that the~~  
31 ~~amendments to the California Constitution proposed to the people~~  
32 ~~of the State of California by this measure would not affect any of~~  
33 ~~the following:~~

34 ~~(a) The Legislature's requirements and deadlines related to~~  
35 ~~passing a Budget Bill, including, but not limited to, passing a~~  
36 ~~Budget Bill by June 15.~~

37 ~~(b) The Governor's authority to issue a proclamation declaring~~  
38 ~~a fiscal emergency and the provisions related thereto.~~

39 ~~(c) The requirements to set apart the moneys to be applied for~~  
40 ~~support of the public school system and public institutions of higher~~

1 education, as required by Sections 8 and 8.5 of Article XVI of the  
2 California Constitution.

3 (d) The requirement to deposit moneys into the Budget  
4 Stabilization Account or the Public School System Stabilization  
5 Account, as required by Sections 20 and 21 of Article XVI of the  
6 California Constitution.

7 (e) The Legislature's authority to introduce and adopt urgency  
8 legislation.

9 (f) The Governor's authority to call a special session, as  
10 described in subdivision (b) of Section 3 of Article IV of the  
11 California Constitution.

O