

ASSEMBLY BILL

No. 1645

**Introduced by Assembly Member Nestande
(Principal coauthor: Assembly Member Arambula)**

January 12, 2010

An act to amend Section 13337 of the Government Code, relating to state fiscal affairs.

LEGISLATIVE COUNSEL'S DIGEST

AB 1645, as introduced, Nestande. State Budget: key liabilities.

Under existing law, various duties and responsibilities are imposed upon the Governor and the Department of Finance in connection with the preparation and submission of the annual State Budget to the Legislature at each regular session thereof, including, among other things, the requirement to include a complete plan of all proposed expenditures and estimated revenues for the ensuing fiscal year.

This bill additionally would require the Governor, or the Department of Finance acting on his or her behalf, at the same time as the Governor's Budget is submitted to the Legislature, to submit a report to the Legislature, setting forth a list of the state's key liabilities, in the nature of debt, deferred payments, and other liabilities that will affect the state's financial health in the future. The bill would direct that the report include a discussion of budget-related, infrastructure-related, and retirement-related liabilities, as well as recommendations for the retirement of those liabilities.

The bill also would require the Governor's Budget to include a section that specifies the percentages and amounts of General Fund revenues that must be set aside and applied toward retiring key liabilities in accordance with the recommendations contained in the report. The bill

further would restrict the Governor from including in the budget as estimated revenues those revenues estimated to be generated from laws, programs, or executive actions not in effect or effectuated at the time the budget is submitted to the Legislature.

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

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

1 SECTION 1. Section 13337 of the Government Code is
2 amended to read:

3 13337. (a) (1) The budget required by the ~~State~~ *California*
4 Constitution to be submitted by the Governor at each regular
5 session of the Legislature shall be submitted within the first 10
6 days thereof and shall contain a complete plan and itemized
7 statement of all proposed expenditures of the state provided by
8 existing law or recommended by him or her, and all of its
9 institutions, departments, boards, bureaus, commissions, officers,
10 employees, and other agencies, and of all estimated revenues, for
11 the ensuing fiscal year, together with a comparison, as to each item
12 of revenues and expenditures, with the actual revenues and
13 expenditures for the last completed fiscal year, the estimated
14 revenues, and expenditures for the existing fiscal year and the
15 budgeted revenue and expenditures for the next fiscal year.

16 (2) *Estimated revenues, for purposes of paragraph (1), shall*
17 *not include revenues estimated to be generated from laws,*
18 *programs, or executive actions not in effect or effectuated at the*
19 *time the budget is submitted to the Legislature.*

20 (b) The budget shall, ~~in accordance~~ *include the following:*

21 (1) *In accordance* with Chapter 2 (commencing with Section
22 41200) of Part 24 of Division 3 of Title 2 of the Education Code,
23 ~~include~~ a section that specifies the percentages and amounts of
24 General Fund revenues that must be set aside and applied for the
25 support of school districts, as defined in Section 41302.5 of the
26 Education Code, and community college districts, as required by
27 subdivision (b) of Section 8 of Article XVI of the California
28 Constitution.

29 (2) *A section that specifies the percentages and amounts of*
30 *General Fund revenues that must be set aside and applied toward*
31 *retiring key liabilities in accordance with the recommendations*

1 *contained in the report set forth in paragraph (2) of subdivision*
2 *(i).*

3 (c) The Governor, or the Department of Finance acting on his
4 or her behalf, shall make appropriate changes in the budget request
5 to reflect any modification in the organization or functions of state
6 government proposed under Article 7.5 (commencing with Section
7 12080) of Chapter 1 of *Part 2* prior to the passage of the budget.

8 (d) The Governor's Budget shall be prepared in accordance with
9 guidelines and instructions adopted by the Department of Finance.

10 (e) In order to provide meaningful comparisons, the Governor's
11 Budget shall be prepared in such a manner that the information
12 presented provides for such comparisons between the fiscal years.

13 (f) The Department of Finance shall submit to the committee
14 in each house which considers appropriations and to the Joint
15 Legislative Budget Committee copies of budget material submitted
16 to it by agencies pursuant to the provisions of Article 2
17 (commencing with Section 13320).

18 (g) The Governor's Budget shall also include a coding structure
19 which indicates for each budget entity the categorization of
20 expenditures and revenues.

21 (h) Prior to the submission of the Governor's Budget to the
22 Legislature, the Department of Finance may conduct public
23 hearings regarding any portion of any budget.

24 (i) The Governor, or the Department of Finance acting on his
25 or her behalf, shall, at the same time the Governor's Budget is
26 submitted to the Legislature, submit *the following* to the Legislature
27 *copies:*

28 (1) *Copies of the material for the purposes of subdivision (j).*

29 (2) *A report setting forth a list of the state's key liabilities, in*
30 *the nature of debt, deferred payments, and other liabilities that*
31 *will affect the state's financial health in the future. The report shall*
32 *include a discussion of budget-related liabilities,*
33 *infrastructure-related liabilities, and retirement-related liabilities,*
34 *as well as recommendations for the retirement of those liabilities.*

35 (j) The Department of Finance shall develop a fiscal information
36 system which will provide timely and uniform fiscal data needed
37 to formulate and monitor the budget, including, but not limited to,
38 ~~on-line~~ *online* inquiry capacity and the ability to simulate budget
39 expenditures and forecast revenues. This system may include,
40 among other things, data on encumbrances and expenditures by

1 line item, governmental unit, and fund source. The system shall
2 also include expenditures and encumbrances by program, as
3 required. This system shall also include a coding structure which
4 indicates the categorization of expenditures and revenues. This
5 system and the data shall be available to both the legislative and
6 executive branches. The system may contain separate programs
7 accessible by only one branch, designed to provide for distinct
8 application of the data, but the basic system data shall be available
9 on an equal basis to both the legislative and executive branches of
10 government.

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