FINAL SUMMARY OF MAJOR FINANCIAL LEGISLATION ENACTED DURING 1984

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INTRODUCTION

This report summarizes the fiscal effect of legislation enacted during the 1984 Regular Session of the California Legislature. It is intended to supplement and update our July 1984 report entitled: Summary of Legislative Action on the Budget Bill, 1984-85 Fiscal Year.

The July report shows the amounts appropriated in the Budget Act (AB 2313) for each state department and major program in 1984-85. It also summarizes the contents of three major bills--the budget "trailer" bill (SB 1379) and the local government finance bills (SB 794 and AB 1849)--that were enacted along with the Budget Act.

This report is divided into two parts. Part I discusses the condition of the General Fund, taking into account:

1. The cost of legislation enacted during the 1984 session (including those bills enacted subsequent to our July report).

2. Other changes to the estimates of revenues and expenditures for 1984-85.

Part II of the report describes the provisions and fiscal effects of some 33 major bills enacted since January 1, 1984. These bills are significant from both a fiscal and policy standpoint. Many of the other 2,000-plus bills approved by the Legislature during the 1984 session also will have important consequences for the people of California. Thus, the discussion of individual bills in Part II of this report is intended merely to be illustrative of the major actions taken by the Legislature in 1984.

PART I

CONDITION OF THE GENERAL FUND

Overview

During 1984, the state's General Fund went from deficit to surplus. On June 30, 1983, the General Fund had a deficit of $521 million. By June 30, 1984, we estimate that this deficit had been replaced by a positive balance of $769 million, of which $664 million was uncommitted. This reversal in the condition of the General Fund is shown in Table 1.

Table 1 also shows what the condition of the General Fund would be on June 30, 1985, given the revenue and expenditure programs approved by the Legislature to date. We estimate that, absent any further changes to the budget, the balance in the General Fund on June 30, 1985 would be $1,199 million, of which $1,195 million would be uncommitted and therefore available for appropriation by the Legislature. This is $245 million more than what the Governor's budget plan earmarks for the Reserve for Economic Uncertainties ($950 million).

In addition to the expenditures authorized by the Legislature and shown in Table 1, the Governor has proposed that $42 million in uncommitted funds be appropriated for two specific purposes: court-ordered desegregation ($30 million) and nursing homes ($12 million). In both cases, the Governor is proposing to restore amounts appropriated by the Legislature during the 1984 session which he vetoed either directly (AB

Table 1

Condition of the General Fund
1983-84 and 1984-85
(in millions)

	1983-84	1984-85
STARTING BALANCE (July 1):	-$521	$769
REVENUES AND TRANSFERS:		
Department of Finance's August estimate	23,699	25,836
Higher-than-anticipated June revenues	28	--
Higher-than-anticipated Tidelands oil revenues	14	--
Hughes inheritance tax settlement	--	44
Service Revolving Fund transfer	--	4
Federal fire suppression payments	--	5
Delayed payment of tax refunds	54	-54
Improved performance by the state's economy	--	250
Net impact of legislation enacted after the summer recess	--	-4
TOTALS, Revenues & Transfers (LAO estimate)	$23,795	$26,081
EXPENDITURES:		
Department of Finance's August estimate	$22,618	$25,443
Net impact of legislation enacted after the summer recess	--	103
Less uncommitted funds set aside for legislative initiatives	--	-93
Unidentified savings	-100	-12
Court decision in the STRS case	--	127
Other adjustments	-13	83
TOTALS, Expenditures (LAO estimate)	$22,505	$25,651
ENDING BALANCE (June 30):	$769	$1,199
Funds already committed	5	4
Reserve for Los Angeles County	100	--
Reserve for Economic Uncertainties	664	1,195

2961) or indirectly (AB 2909, which was signed but will not go into effect because it was double-joined with bills that were vetoed). If the Legislature appropriates these amounts, it would leave an uncommitted balance of $1,153 million available for appropriation, or $203 million more than the $950 million earmarked by the Governor for the Reserve.

The revenue and expenditure estimates shown in Table 1 are subject to further revision. The actual General Fund condition as of June 30, 1984 will not be known until later this year, when the State Controller reports revenues and expenditures for 1983-84 on an accrual basis. Similarly, the revenue and expenditure estimates for 1984-85 can be expected to change in the months ahead, in response to changing economic conditions, administrative actions taken by the executive branch in implementing the budget, and judicial rulings that affect revenues or expenditures.

The major changes in the General Fund revenue and expenditure estimates that have occurred since July are summarized below.

Changes to Revenues

Two factors have caused us to raise our estimate of General Fund revenues in 1984-85 above our July estimates:

- The Economy's Performance Has Been Stronger Than Anticipated. Since the Department of Finance issued its latest (August) estimates of General Fund revenues, there have been several indications that the department's estimates for 1984-85 are on the low side. First, the economy's performance thus far in 1984 has been much stronger than what the department predicted in preparing its estimates. This has led nearly all other forecasters to revise upward their projections of economic growth for 1984 and, in most cases, 1985.

Second, the U.S. Department of Commerce recently reported that personal income in California during 1983 was considerably higher than the level assumed by the department in preparing its revenue forecast. This suggests that the levels of personal income predicted for 1984 and 1985 are also too low. To the extent that they are, the state's tax base will be correspondingly larger than what the department's estimates assume.

Primarily for these reasons, we estimate that General Fund revenues in 1984-85 will be between \$250 million and \$300 million <u>above</u> the department's estimate. (Table 1 uses the bottom end of this range.)

- <u>Revenues in 1984-85 Will Increase as a Result of the Hughes Inheritance Tax Settlement</u>. On August 29, 1984, the State Controller announced that he had entered into an agreement with the Howard Hughes estate and the State of Texas that resolves the issue of how much in inheritance taxes the estate owes California. Under the terms of the agreement, California will receive \$44 million in cash during fiscal year 1984-85. In addition, land worth an estimated \$71 million will be held in trust for the state until 1988. At that time, the state may either take title to the land, sell it to the highest bidder, or sell it back to the Hughes estate for \$75 million. Our estimates of the General Fund condition reflect the receipt of the \$44 million, but do not reflect any additional amounts associated with the land that is being held in trust for the state.

The additional revenues resulting from these two factors are partially offset by two other developments:

- Chaptered Legislation Will Reduce Revenues by $4 million. The total revenue loss associated with legislation enacted during 1984 is approximately $215 million. Most of these changes were reflected in the Budget, and thus were included in the revenue estimate contained in our July report. The net effect of legislation enacted since the summer recess is a $4 million reduction in revenues.

- Approximately $54 million in Personal Income Tax Refunds That Were Expected to be Paid Out in June (fiscal year 1983-84) Instead Were Paid Out in July. This reduces the 1984-85 estimate by a corresponding amount.

We estimated that these and other changes will cause General Fund revenues to exceed $26 billion in 1984-85. Our current projection of General Fund revenues is $250 million above our July estimate, and $245 million above the Department of Finance's August estimate.

Changes to Expenditures

Again, two factors have caused us to raise our estimate of General Fund expenditures in 1984-85.

o <u>Chaptered Legislation Will Increase Expenditures by $103 million.</u> Legislation chaptered during the 1984 session of the Legislature, other than the Budget Act and the trailer bill, will increase expenditures by $418 million. Most of these changes were reflected in the Budget and thus were included in our July report. The increase in expenditures above the level projected in our July report that can be attributed to chaptered legislation is approximately $103 million.

Four bills account for most of the total increase in expenditures attributable to legislation:

-- <u>Local Government</u>. Senate Bill 794 (Chapter 447/84) and Assembly Bill 1849 (Chapter 448/84) established the "Long-Term Local Financing Act of 1984" which makes a number of significant changes to the laws governing local government finance. The effect of this legislation is a <u>net</u> loss to the General Fund of $145 million in 1984-85. This is the result of a General Fund expenditure savings of $65 million and a revenue loss of $210 million.

-- <u>UC Retirement</u>. Assembly Bill 507 (Chapter 1485/84) appropriates $77 million for the University of California Retirement System (UCRS) in 1984-85. The bill specifies that approximately $65 million of this amount is intended to maintain the actuarial soundness of the system, while $12 million is intended to provide increased benefits for annuitants and reduce employee contributions to the UCRS.

-- Memoranda of Understandings. Assembly Bill 2318 (Chapter 673/84) appropriated $77 million to fund seven Memoranda of Understanding (MOU's) that were negotiated by representatives of state workers and the Governor.

-- School Desegregation. Senate Bill 1992 (Chapter 418/84) provides $37 million to reimburse school districts for the cost of court-mandated school desegregation programs. (The local government claims bill, AB 2961, provided $31.8 million to reimburse school districts for additional costs of desegregation programs. This amount, however, was vetoed by the Governor. The Governor subsequently indicated that he did not intend to veto these funds, and will sponsor legislation in December to restore $30 million of the amount vetoed.)

- The Court's Decision in the STRS Case Will Increase Expenditures By At Least $127 Million. The state's appeal of the decision in the State Teacher's Retirement System (STRS) case (STRS v. Cory) has been rejected by the Court. Although the State Controller has not made a final determination of how much will be transferred from the General Fund to the STR fund, we estimate that it will cost $127 million to comply with the lower court's ruling. The STRS, however, is seeking a larger amount, and if the Controller agrees, the cost of the settlement could reach $154 million.

Together, these and other changes have caused us to raise our estimate of General Fund expenditures in 1984-85 by $327 million above the level shown in our July report.

Contingencies

The estimates of General Fund revenues and expenditures shown in Table 1 do not make allowance for various contingencies that could significantly increase or decrease the General Fund's end-of-year balance. Most prominent on this list, of course, is Proposition 36 on the November ballot (the so-called "Jarvis IV" initiative). If approved by the voters, this measure will have a dramatic impact on state and local finances. It is not clear, however, when the effect of the measure would first be felt. Because it would take time to implement Proposition 36, it is possible that the measure would not have a significant impact on General Fund revenues or expenditures prior to 1985-86.

In addition, the court's decision in the City of Sacramento and the County of Los Angeles v. the State of California case could have a significant adverse impact on the General Fund. The court ruled that the state must reimburse local governments for the costs they incur in providing unemployment insurance benefits to their employees. As a result, General Fund expenditures ultimately will increase by an estimated $100 million on a one-time basis (for reimbursement of costs incurred through the 1983-84 fiscal year) and by about $25 million per year on an ongoing basis. Although this decision is final, payment of these costs may not occur until 1985-86.

Comparison of the Department of Finance's and Legislative Analyst's Estimates of the General Fund Condition

Table 2 highlights the differences between our estimates of the General Fund condition and the most recent estimates (August) released by the Department of Finance.

As the Table shows, our estimate of the beginning balance in the General Fund is more than $200 million above the department's. Most of this difference reflects our differing views regarding the level of "unidentified savings" in 1983-84. "Unidentified savings" is the term used to refer to the shortfall in expenditures, relative to the amounts available for expenditure. The department believes that unidentified savings in 1983-84 were considerably below the historical norm. Our estimates assume that these savings were more in line with--though still below--the norm.

Table 2

Comparison of DOF and LAO
Estimates of the General Fund Condition
1984-85[a]
(in millions)

	Department of Finance (August)	Legislative Analyst's Office (October)	Difference
Starting Balance (July 1, 1984)	$560	$769	$209
Revenues and Transfers	25,836	26,081	245
Expenditures	25,443	25,651	208
Ending Balance (June 30, 1985):	954	1,199	245
Funds Already Committed	4	4	--
Reserve for Economic Uncertainties	950	1,195	245

a. Details may not add to totals due to rounding.

Most of the remaining differences between our estimates and the department's reflect developments that have taken place since the department prepared its latest estimate. Our estimate of General Fund expenditures, for example, reflects the effects of recently chaptered legislation and the court's decision in the STRS case; the department's estimates do not. Other differences--those labeled "Other Adjustments" in Table 1--are separately identified in Table 3.

Table 3

Other Differences Between
LAO and DOF Expenditure Estimates
1984-85
(in millions)

Program	LAO Compared With DOF
Federal Deficit Reduction Act:	
Medi-Cal	-$21
Welfare	19
Supplemental roll collections shortfall	18
Funding for abortions	14
Special education deficit	13
Medi-Cal (real property)	11
Tax relief subventions	10
All other	19
Total	$83

The Evolution of the 1984-85 Budget

Table 4 depicts, in summary fashion, the changes in estimated General Fund revenues and expenditures that have occurred since the budget for 1984-85 was first submitted to the Legislature in January 1984. This table shows that:

- o Our current estimate of expenditures--$25,651 million--is $575 million above the level initially proposed by the Governor.
- o Our estimate of revenues--$26,081 million--is $45 million above the level initially forecast by the Department of Finance.
- o During 1984, the Governor has vetoed $1.222 billion in legislatively-approved spending, as well as bills that would have reduced revenues by $37 million (net).

Trends in General Fund Expenditures

Table 5 shows General Fund spending from 1975-76 through 1984-85 in both current and real dollars. In terms of current dollars, General Fund expenditures in 1984-85 will exceed 1983-84 expenditures by 14 percent. This increase results primarily from the large increases in funding provided for K-12 education and postsecondary education.

When expenditures are adjusted for inflation and expressed in real terms, however, the size of the increase is cut nearly in half. Table 5 shows that using 1975-76 as the base year, real expenditures in 1984-85 will increase by 7.3 percent above the 1983-84 level. This increase leaves real expenditures just above the 1978-79 level.

Table 4

Evolution of the 1984-85 Budget
(in millions)

	Revenues	Expenditures
Governor's Budget, as submitted to the Legislature (January)	$26,036	$25,076
Changes initiated by the administration	-67	-219
Governor's Budget, as Revised (May)	$25,969	$24,857
Action on the Budget Bill[a]		
Legislative changes to the Budget Bill	108	890
Budget, as Approved by the Legislature	$26,077	$25,747
Gubernatorial changes:		
Amounts vetoed	-36	-725
Other adjustments	--	49
Budget, as Chaptered (June)	$26,041	$25,071
Subsequent Changes		
Changes proposed by the administration	-205	372
Revenues and Expenditures Proposed by the Governor (August)	$25,836	$25,443
Legislative changes	-77	507
Revenues and Expenditures Approved by the Legislature	$25,759	$25,950
Amounts vetoed	73	-497
Revenues and Expenditures Approved by the Governor	$25,832	$25,453
Legislative Analyst's reestimates	249	198
Revenues and Expenditures as Estimated by Legislative Analyst (October)	$26,081	$25,651

a. Includes the effect of budget trailer bill.

Per capita spending. Another method that can be used to compare trends in General Fund expenditures is to examine spending on a per capita basis. In 1975-76, the state spent from the General Fund approximately $442 per Californian. In current dollars, the approved 1984-85 budget provides for expenditures totaling approximately $1,003 per citizen, 127 percent more than the 1975-76 level. When per capita General Fund expenditures are adjusted for inflation, however, the level drops to $520 per citizen, or 18 percent more than it was in 1975-76.

Table 5

Trends in General Fund Expenditures
1975-76 through 1984-85

	Total Expenditures (in millions)				Per Capita Expenditures			
	Current Dollars[a]		1975 Dollars[b]		Current Dollars[a]		1975 Dollars[b]	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
1975-76	$9,517	--	$9,517	--	$442	--	$442	--
1976-77	10,488	10.2%	9,840	3.4%	478	8.1%	449	1.6%
1977-78	11,708	11.6	10,226	3.9	524	9.6	458	2.0
1978-79	16,272	39.0	13,120	28.3	712	35.9	574	25.3
1979-80	18,568	14.1	13,647	4.0	798	12.1	587	2.3
1980-81	21,066	13.5	14,134	3.6	886	11.0	595	1.4
1981-82	21,695	3.0	13,503	-4.5	896	1.1	558	-6.2
1982-83	21,755	0.3	12,695	-6.0	883	-1.5	515	-7.7
1983-84[c] (est.)	22,505	3.4	12,387	-2.4	895	1.4	492	-4.5
1984-85[c] (est.)	25,651	14.0	13,293	7.3	1,003	12.1	520	5.7

a. Source: State Controller.
b. "1975 Dollars" equal current dollars deflated by the change in the Gross National Product implicit price deflator for state and local purchases of goods and services since 1975-76, as estimated by the Department of Finance in the 1984 June Revise.
c. Legislative Analyst's office estimate as of October 1984.

PART II

MAJOR BILLS ENACTED IN 1984

Local Government Finance

Senate Bill 794 (Chapter 447) and Assembly Bill 1849 (Chapter 448). These bills, urgency measures, establish the "Long-Term Local Financing Act of 1984." They make various substantial changes to the laws governing local government financing. Significant provisions are as follows:

1. Repeals the AB 8 deflator. The deflator is a statutory mechanism which automatically reduces the amount of fiscal relief provided to local agencies by the state when projected state revenues fall below an inflation-adjusted base level of state expenditures. The Commission on State Finance has determined that the deflator will not take effect during the 1984-85 fiscal year.

2. Repeals the personal property tax relief subvention for local governments. The Personal Property Tax Relief program reimburses local governments (cities, counties, special districts, and redevelopment agencies) for property tax revenue lost as a result of (a) the complete exemption of business inventories (including cotton, livestock and general aircraft) enacted by Chapter 1150, Statutes of 1979, and (b) the partial exemption of motion picture films. Subventions to local agencies in 1984-85 would total approximately $328 million.

3. Allocates the state's share of vehicle license fee (VLF) revenues (18.75 percent of total collections, or an estimated $210 million in 1984-85) to counties ($208 million) and to the so-called "no property tax" cities ($2.1 million). The portion allocated to counties will be allocated (a) as needed to replace in full any revenue loss resulting from repeal of the personal property tax subvention, and then (b) in proportion to county population.

4. Accelerates by one year (from 1985-86 back to 1984-85) the apportionment of the supplemental property tax proceeds among all local agencies. Under current law, the amount of supplemental tax proceeds remaining after a 5 percent deduction for assessors' costs and the redevelopment tax increment, are allocated only to school districts. This amount, estimated at $290 million, would be allocated to all local agencies in proportion to their share of property tax revenues.

5. Requires the Controller to establish a program to provide annual special supplemental subventions from the General Fund to specified cities, multicounty special districts, nonenterprise special districts, and redevelopment agencies. These subventions would be provided to those local agencies where the loss resulting from the repeal of the personal property tax subvention (based on what the agency received in 1983-84) exceeds the increased revenue received from the proceeds of the supplemental property tax in the year for which the subvention is to be provided. Cities will receive the subvention for a five year period beginning in 1984-85.

Fiscal Effect

Cost. The state General Fund will incur net increased costs of $182 million in 1984-85 for K-12 school apportionments. Of this amount, $172 million is to replace the supplemental property tax revenues which this act allocates to local agencies instead of schools, and $10 million is to provide additional funding for K-12 school apportionments. The act appropriates $182 million from the General Fund to cover these costs. The state General Fund will also incur a cost of at least $81 million in 1984-85 and $61 million in 1985-86, decreasing annually thereafter, to provide special supplemental subventions to cities, multicounty special districts, nonenterprise special districts, and redevelopment agencies. The act appropriates $10 million from the General Fund to cover the costs of providing these subventions to nonenterprise special districts; funding support for the other special subventions will come from an existing continuous appropriation provided through Section 16100 of the Government Code. The state General Fund will incur unknown, but potentially moderate costs to administer, through the Controller's office, the special supplemental subventions. These costs would be offset to an unknown extent from savings due to the repeal of the personal property tax subvention program.

The state General Fund will incur an estimated cost savings of $328 million in 1984-85 and annually thereafter from repeal of the personal property tax subvention program.

Revenue. The state General Fund would lose an estimated $210 million in revenues in 1984-85, $231 million in 1985-86, and increased amounts annually thereafter, due to the transfer of the state's share of vehicle license fee revenues to local agencies. Table 6 details the fiscal effects of the significant components of this act by type of local agency.

Table 6

Fiscal Effect of SB 794[a] (Ch 447/84) and AB 1849 (Ch 448/84) (in millions)

1984-85

Component	State	Counties	Cities	Special Districts	RDA's[b]
Repeal Deflator[c]	--	--	--	--	--
Repeal Personal Property Tax Subvention	$328	-$178	-$71	-$24	-$55
Reallocate VLF	-210	208	2	--	--
Reallocate Supplemental Roll	-172[d]	99	35	25	--
Special Supplemental Subventions	at least -81	--	36	at least +10[e]	at least +35
Additional K-12 Funding	-10[d]	--	--	--	--
Totals[f]	at least -$145	$129	$2	$11	up to -$20

1985-86

Component	State	Counties	Cities	Special Districts	RDA's[b]
Repeal Deflator[c]	--	--	--	--	--
Repeal Personal Property Tax Subvention	$328	-$178	-$71	-$24	-$55
Reallocate VLF	-231	228	2	--	--
Reallocate Supplemental Roll	--	--	--	--	--
Special Supplemental Subventions	at least -61	--	28	+unknown	at least +33
Additional K-12 Funding	-10	--	--	--	--
Totals[f]	at most $26	$50	-$41	-$24	up to -$22

a. Does not reflect the "Tax Equity Allocation" provision, which would provide an estimated revenue increase of $1.2 million to the City of Yorba Linda in Orange County, and an equivalent decrease primarily to Orange County but also to certain special districts within Orange County.
b. Redevelopment agencies.
c. Assumes deflator would not be "triggered."
d. To be funded out of the $182 million General Fund appropriation.
e. Reflects the $10 million appropriation for nonenterprise special districts and an additional unknown amount for multicounty special districts.
f. Detail may not add to totals due to rounding.

Revenue Measure

Assembly Bill 3230 (Chapter 1490). This bill an urgency measure, establishes a tax penalty amnesty program in 1984-85 for the personal income tax (PIT) and sales tax programs. It also substantially enhances the PIT and sales tax compliance programs administered by the Franchise Tax Board (FTB) and the Board of Equalization (BOE), through the establishment of additional taxpayer disclosure requirements, increased penalties, and the creation of new legal tools for identifying and prosecuting tax evaders. The bill provides increased funding for tax enforcement personnel in 1984-85 and in 1985-86, however, a portion of the 1984-85 appropriation and all of the 1985-86 funding was vetoed by the Governor.

The tax penalty amnesty programs to be conducted by the FTB and the BOE will be in operation from December 10, 1984 through March 15, 1985. Taxpayers who agree to pay all unreported, underreported and unpaid taxes due, and the interest due on those taxes, are eligible to participate in the amnesty program. All penalties associated with the taxes due by eligible taxpayers must be waived, and the state may not bring criminal actions against program participants. Penalty waivers will not be provided for taxpayers who have already paid the underlying tax obligation prior to commencement of the amnesty program, or for delinquent sales tax accounts already identified by the BOE.

The bill also establishes new taxpayer reporting and disclosure requirements. Sellers of real property (except homeowners) will be required to report to FTB, upon request, their social security number and other pertinent information. Promoters of tax shelters, upon request of

FTB, will be required to submit information returns detailing the type of tax shelter being promoted, listing the investors, and identifying the total amount invested. Brokers and barterers will be required to file information returns identifying their customers and other information requested by FTB.

Increased penalties are established by the bill to enhance the state's post-amnesty tax compliance effort. Existing PIT penalties for failure to submit information requested by the FTB, for failure to file a tax return, or for filing a fraudulent tax return will be increased substantially, and new penalties for certain offenses are established in addition to the existing penalties. The bill establishes new civil penalties for improper use of sales tax resale certificates, for registering vehicles outside of the state to avoid the use tax, and for selling goods without a sales tax permit. Increased penalties for failure to file a sales tax return are also provided by the bill.

The bill provides BOE and FTB with a variety of new tax collection tools, including increased legal authority to garnish monies due to a taxpayer, and authority to contract with collection agencies for collection of taxes from persons outside of the state. The bill authorizes FTB and BOE to establish reward programs for information resulting in the identification of unreported or underreported taxes due to the state.

The bill, as vetoed by the Governor, provides a total of $2,885,000 for administration of the tax penalty amnesty programs in 1984-85. Of this amount, $2,074,000 will be allocated to FTB and $811,000 to BOE. These funds would be used to fund additional staff to carry out the amnesty program and to conduct an advertising campaign for the amnesty program.

The bill also provides $829,000 to the FTB and $268,000 to BOE for expanded enforcement and compliance activity in 1984-85, following the amnesty period. These funds would be used primarily for expanded collection efforts, and for the establishment of a taxpayer cross-reference file to enhance information sharing between FTB and BOE.

Fiscal Effect

This bill appropriates a total of $3,982,000 from the General Fund in 1984-85. As a result of the amnesty program established by the bill and the post-amnesty enforcement program, the bill will also result in a major net increase in General Fund income and sales tax revenues in 1984-85 and in future years. The magnitude of these revenue increases cannot be estimated, as the likely level of participation in the program cannot be established analytically. According to the Department of Finance, this bill is expected to increase General Fund revenues by $10 to $55 million in 1984-85 and in 1985-86. The department indicates that it will base its revenue estimates on the midpoint of this range, or $35 million. The figures used in our estimates of the General Fund condition (Part I of this report) also assume that $35 million in revenue is produced during the 1984-85 fiscal year.

Health and Welfare Programs

Assembly Bill 2381 (Chapter 1327). This bill, an urgency measure, makes numerous changes that affect the administration of county mental health programs. Specifically, the act:

1. Repeals maximum reimbursement rates that the state pays for various mental health services. Repeal of maximum state rates could result in major (over $1 million) state General Fund costs and equal county savings.

2. Holds counties harmless for mental health program audit exceptions that occurred before July 1, 1984. This provision will result in major one-time county savings of up to $18.7 million and equal General Fund revenue losses.

3. Requires counties to provide or obtain independent audits of their mental health program expenditures. This provision would result in savings to the General Fund of approximately $490,000 annually due to elimination of audits performed by the Department of Mental Health. The provision would also result in unknown costs for county audits.

4. Reduces and simplifies requirements for county mental health plan budget submissions to the state. This provision will result in unknown savings to county mental health departments. The savings would be available for other local mental health program activities. The provision will also result in annual General Fund savings of approximately $400,000 due to reduced plan review by the Department of Mental Health.

5. Allows counties to "roll over" unexpended General Fund allocations into the next fiscal year, at an annual General Fund cost of at least $5.7 million. Unexpended balances have been as high as $18 million in recent years.

6. Requires state allocations be advanced to counties in monthly installments. Under current procedures, payments are made after the service has been delivered and county claims or county estimates of expenditures have been submitted. Accelerated cash flow to counties will result in annual General Fund interest losses of approximately $6 million and equal county interest earnings.

7. Removes restriction on the number of counties that may negotiate mental health contracts with the state in lieu of submitting county plans and budgets.

8. Transfers from the counties to the state, effective July 1, 1985, responsibility for aftercare programs for penal code patients who have been released from state mental hospitals.

9. Suspends for 1984-85 a requirement that 50 percent of new funds for expansion of local mental health programs be spent on children's programs.

10. Makes various other technical changes in administrative procedures that affect the Short-Doyle program.

Assembly Bill 1557 (Chapter 1447). This bill, an urgency measure, implements in California the provisions of new federal legislation (PL 98-369) governing the Aid to Families with Dependent Children (AFDC) and Medi-Cal programs. The measure's provisions sunset on January 1, 1987. The act appropriates $24,416,700 from the General Fund and $25,845,600 in federal funds for the identifiable costs in 1984-85 resulting from PL 98-369. In addition, the counties will incur costs of $2,468,000 in 1984-85. These identifiable costs are summarized in Table 7. In addition, the measure will result in other unknown costs that we are unable to estimate.

Table 7

Costs of Assembly Bill 1557 (Ch 1447/84)
1984-85
(in thousands)

	Total	General Fund	Federal	County
Statutory Provisions of the Bill				
1. Increase gross income limit to 185 percent of the state's need level:				
AFDC	$4,949	$1,894	$2,495	$560
Medi-Cal	1,293	647	646	--
2. Medi-Cal work transition allowance	5,736	2,868[a]	2,868	--
Regulatory Changes Authorized by Bill				
1. Various changes in earned income disregards	401	269	244	-112
2. $50 child support disregard	37,500	17,200	18,280	2,020
3. Medi-Cal costs of AFDC eligibility determination changes	2,623	1,311	1,312	--
Totals	$52,502	$24,189[a]	$25,845	$2,468

a. This amount is $227,100 less than the amount appropriated by the act. The funds were appropriated for an additional six-month extension of Medi-Cal eligibility, which is not required by the measure.

Senate Bill 1293 (Chapter 1608). This bill, an urgency measure, appropriates $20.5 million from the General Fund in augmentation of the 1984-85 budget, as follows:

- $12,000,000 to the Department of Social Services (DSS) for child welfare services. These funds will be allocated to counties for programs that provide services to abused and neglected children living with their parents and to children in foster care.
- $5,865,000 to the DSS for county administration of the AFDC and Food Stamp programs.
- $2,635,000 to the Department of Health Services (DHS) for county administration of the Medi-Cal program.

The Department of Finance (DOF) advises that the DSS and DHS will allocate the funds provided by the measure, effective January 1, 1985. Thus, the funds will be available for use during the last half of fiscal year 1984-85. The DOF also advises that counties will use these funds to pay for the 1984-85 costs of social worker and eligibility worker cost-of-living adjustments (COLAs) granted by counties since 1981-82 in excess of the COLA limits imposed by the Legislature in the Budget Acts of 1981, 1982, and 1983. In those Budget Acts, the Legislature limited the state's share of COLAs granted by county welfare departments to their employees.

This measure will potentially result in ongoing annual General Fund costs of $41 million beginning in 1985-86, depending on the Legislature's action on future Budget Acts with respect to providing funds to pay for the ongoing costs of "excess" county COLAs granted during the period 1981-82 through 1983-84.

<u>Assembly Bill 2443 (Chapter 1638)</u>. This bill, an urgency measure, establishes a statewide child abuse prevention training program. The

measure requires the Office of Child Abuse Prevention (OCAP) in the DSS to administer the program through contracts with (1) at least 58 primary prevention programs (PPPs)--each of the 58 counties would have at least one PPP and (2) two prevention training centers (PTCs)--one to be located in southern California and one to be located in northern California.

The measure specifies that the PPPs shall conduct workshops in elementary and secondary schools and in state-funded child care programs. The workshops will deal with a variety of child abuse prevention issues (for example, child abuse reporting and child safety and self-defense training). The bill requires the PPP, prior to presenting a workshop for children in a school or day care facility, to conduct a separate workshop for the parents and teachers of the children involved. The measure specifies that parents may refuse to allow their children to participate in the workshops.

The measure requires the two PTCs to act as clearinghouses for information regarding child abuse prevention and to train PPP staff. The bill also requires the PTCs to provide training and technical assistance to PPP administrators.

The measure appropriates $11,250,000 from the General Fund to the OCAP to be allocated as follows:

- $487,500 for start-up and administrative costs of the two PTCs during the period January 1, 1985, through June 30, 1985.
- $362,500 for OCAP's administrative costs during the same period.
- $9,500,000 for the operating costs of the 58 PPPs during 1985-86. (This amount should be sufficient to pay for workshops for

one-fourth of California's elementary, secondary, and preschool students in 1985-86. Ultimately, every child in the state will receive training once every four school years.)

- $700,000 for the operating costs of the two PTCs in 1985-86.
- $200,000 for OCAP's administrative costs during 1985-86.

The bill specifies that any unspent portion of the funds appropriated for 1984-85 shall remain available for use in 1985-86. Funding for the program after 1985-86 would be subject to the Legislature's action on the annual Budget Act.

Judicial

New Judgeships. The following measures established additional superior and municipal court judgeships:

	County	Number
Superior		
SB 365 (Ch 1311/84)	Fresno	1[a]
	Los Angeles	18[a]
	Napa	1[a]
	Riverside	2
	San Diego	6[a]
	Sonoma	1
	Tehama	1
Total		30
Municipal		
SB 365 (Ch 1311/84)	Alameda	2
	Los Angeles	3[a]
	Napa	1
	Riverside	1[a]
	Sacramento	1[a]
	San Bernardino	1[a]
	Solano	1
	Sonoma	1
SB 1567 (Ch 1208/84)	Shasta	3[b]
AB 2464 (Ch 237/84)	Sacramento	1[c]
Total		15

a. Position(s) dependent upon adoption of resolution by board of supervisors declaring that the county has sufficient funds to pay for increased costs.
b. Positions dependent upon consolidation of justice courts into municipal court.
c. Position created November 1, 1983, by court order converting justice court into municipal court. AB 2464 codified this action.

Authorization of 30 new superior court judgeships will increase General Fund costs by up to $3.2 million in 1984-85, and up to $4.5 million annually thereafter, for (1) the state's share of each new judge's salary, (2) the new judges' retirement and health benefits, and (3) a block grant of $60,000 to compensate counties for a portion of the support costs for each new judgeship.

The addition of up to 15 new municipal court judgeships will increase General Fund costs by up to $130,000 in 1984-85, and up to $260,000 annually thereafter, to cover retirement costs for the new judges.

In addition, counties will incur unknown, but probably major, annual costs for judges' salaries, support staff, and related operating expenses for the new judgeships. These costs are not state-reimbursable.

Department of Corrections--Capital Outlay

SB 450 (Chapter 1743) establishes a debt financing method for acquisition and construction of two new prison facilities. This measure also continuously appropriates, from the General Fund, the amounts necessary to pay semi-annual rent for facilities constructed through the debt instruments. Finally, it appropriates $18.5 million to the Department of Corrections (CDC) for additional planning and construction of new prison facilities and improvements to an existing prison.

The Legislature has appropriated most of the $495 million authorized by the New Prison Construction Bond Act of 1981 and the $300 million authorized by the New Prison Construction Bond Act of 1984 for a five-year plan for construction of new prison facilities for 19,400 additional inmates. This measure (Chapter 1743) further implements the CDC plan by authorizing the issuance of up to $300 million in debt instruments to "lease-purchase" two prisons. This authorization is limited to the California State Prison, Kings County, (3,000 inmates) and one of the following three prisons:

California State Prison, Los Angeles County (1,700 inmates)

California State Prison, Riverside County (1,700 inmates)

California State Prison, San Bernardino County (11,50 inmates).

The "lease-purchase" financing authorized by this measure is similar to other financing arrangements entered into by the State Public Works Board for construction of public buildings. The board would issue debt instruments (revenue bonds, certificates of participation, or bond anticipation notes) to finance construction, and in turn charge rent to the occupying agency for retirement of the debt. The measure specifies that interest for this financing cannot exceed the net interest cost of general obligation bonds by more than three-quarters of one percent as adjusted to reflect anticipated interest earnings on reserve funds. The interest rate is unknown but based on an actual rate of 10 percent, the average annual cost to the General Fund for rental payments would total $30.8 million including $15 million for principal payments and $15.8 million for interest.

Finally, this measure also appropriates $18.5 million for various capital outlay projects for the CDC. This includes $15.8 million from bond funds to augment previously appropriated funds for planning and construction of new prisons at Vacaville, San Diego, and Riverside and $1.6 million for statewide program management and planning activities plus $2.7 million from the Special Account for Capital Outlay to fund acquisition of additional sewage treatment plant capacity for the California Rehabilitation Center, Norco.

Board of Corrections--County Jail Construction

AB 3805 (Chapter 444) appropriates the money in the County Jail Capital Expenditure Fund for county jail construction projects. The Board of Corrections estimates that the amount that will be available from the fund for these projects and program administration totals about $573.5 million.

The money in the fund is available primarily from two bond measures approved by the voters--the County Jail Capital Expenditure Bond Act of 1981 which authorized $280 million of bonds, and the County Jail Capital Expenditure Bond Act of 1984 [Proposition 16 in the June 1984 election, placed on the ballot by SB 310 (Chapter 4)], which authorized $250 million of bonds. The Board of Corrections advises that additional revenues will be available from interest earned on a $40 million General Fund appropriation made to the fund in 1981-82, and interest earned on the bond monies.

The measure also modifies criteria for allocating the money in the fund to counties and establishes priority funding schedules. It generally requires counties to pay 25 percent of the project costs. Two subsequent bills, SB 1679 (Chapter 500) and SB 50 (Chapter 1133), also modify the allocation formula and establish certain funding procedures.

Office of Criminal Justice Planning

SB 1982 (Chapter 1424), an urgency measure, establishes a new California Major Narcotic Vendors Prosecution Program. The Office of Criminal Justice Planning will administer the program, which provides financial and technical assistance to district attorneys' offices to prosecute major producers and sellers of illegal drugs. The Office of Criminal Justice Planning will issue guidelines and procedures for the program by January 1, 1985, and these will be submitted to specified policy committees of the Legislature.

The measure appropriates $1,500,000 from the General Fund for expenditure under the program without regard to fiscal year. Administrative costs are limited to 5 percent of the total appropriation.

Resources

AB 3566 (Chapter 1543), the Toxic Pits Cleanup Act of 1984, establishes a program to prevent contamination from, and improper storage, treatment and disposal of, liquid hazardous wastes in surface impoundments.

The measure restricts the discharge of hazardous waste into surface impoundments. After July 1, 1985, the discharge of certain hazardous waste into a surface impoundment is prohibited unless the discharge has been specifically exempted by the Department of Health Services. After June 30, 1988, the discharge of liquid hazardous wastes into any surface impoundment within one half-mile of a potential source of drinking water is prohibited if leakage from the impoundment would tend to flow to the drinking water source. The owner of such a surface impoundment is required to close the impoundment unless exempted by a regional water quality control board. Finally, the act prohibits, after January 1, 1989, the discharge of any liquid hazardous waste into a surface impoundment unless the impoundment meets standards to reduce the possibility of leakage or an exemption is granted by a regional water quality control board.

The regional boards must notify each person discharging liquid hazardous waste into a surface impoundment to submit by January 1, 1988, a detailed hydrogeological assessment report to the regional boards for evaluation. The regional boards must also evaluate applications for exemptions. In addition, the act requires regional boards to inspect all facilities with surface impoundments at least once a year and to regularly review monitoring data.

The State Water Resources Control Board estimates that the measure will have a total cost of approximately $12 million over five years (1984-85 through 1988-89) primarily for state and regional board costs associated with the evaluation of reports, exemption requests, and closures. Costs for 1984-85 are estimated at $150,000. The board also estimates ongoing inspection costs of approximately $650,000 annually. Actual costs will vary depending on a number of critical factors including the number of surface impoundments subject to provisions of the act, the number of requests for exemption, and the staff time require to evaluate exemption requests and closures.

The measure authorizes a new fee to offset these costs, which will be paid by persons discharging liquid hazardous waste into a surface impoundment. The amount of the fee will be established by the state board by July 1, 1985.

Finally, the act also results in unknown but potentially significant costs to affected local agencies with surface impoundments containing liquid hazardous wastes. These agencies must develop and file hydrogeological assessment reports and must pay the new state fee. These costs to local agencies are potentially state reimbursable.

AB 737 (Chapter 1748) provides a future permanent funding source for the Roberti-Z'berg-Harris Urban Open-Space and Recreation Program, which has provided grants to local agencies for park and recreation purposes since 1976-77. Beginning in 1986-87, the measure makes available annually $1.50 per capita of the state population from the tidelands oil revenue in Special Account for Capital Outlay (SAFCO) to the program to fund appropriations for these grants. Based on population projections by the Department of Finance, the amount available will be $39.4 million in 1986-87 and will increase annually thereafter with increases in population.

Through 1983-84, program expenditures from various funds totaled approximately $126 million. The California Park and Recreational Facilities Act of 1984 authorizes $45 million of bond funds for the program, of which the Legislature appropriated $22.5 million in the 1984 Budget Act.

The measure also makes the following changes in program criteria and funding allocations with respect to expenditures that are not funded by 1984 park bond funds:

- Reduces the state's share of individual project costs from 75 percent to 70 percent.
- Requires that at least one-third of the 30 percent local match (in cash or in-kind) be from private or nonstate sources other than the grant recipient. The Director of Parks and Recreation may waive this requirement.
- Makes up to 30 percent of all grant monies available for "innovative recreation programs" and "special major maintenance projects," as defined.
- Eliminates funding for operation and maintenance costs except "special major maintenance projects." Under existing law, 31 percent of grant monies are available for operation and maintenance costs.

AB 3279 (Chapter 1239) and SB 1806 (Chapter 1222), both urgency measures, establish the California Tahoe Conservancy to acquire environmentally sensitive and other undeveloped lands in the Lake Tahoe Basin with proceeds from the $85 million Tahoe Bond Act, approved by the voters in November 1982. The measures (which are essentially identical) enact most of the recommendations of the Tahoe Area Land Acquisition

Commission, which was created by Ch 833/80 for implementation of the Bond Act. The 1984 Budget Act appropriates (1) $20 million in bond funds for land acquisition and (2) $433,000 from the General Fund and $300,000 from bond funds for conservancy support. Ongoing support costs for the agency are estimated at $658,000 per year.

The provisions of the two measures authorize the conservancy to:

1. Establish its own acquisition policies, consistent with the Bond Act, and make grants to nonprofit organizations to buy land.

2. Manage acquired lands and lease or sell property, retaining the proceeds, except that 25 percent of lease income would be paid to the county in which the lands are located. Any development on conservancy lands will have to conform with a basinwide management plan.

3. Be exempt from State Public Works Board approval for acquisition of individual properties costing less than $250,000.

4. Use an unlimited amount of bond funds (upon appropriation) for support costs. Prior statutes had limited the use of bond funds for support to $100,000 per year.

The conservancy governing board will consist of representatives appointed by the City of South Lake Tahoe, Placer and El Dorado Counties, the Senate Rules Committee, the Speaker of the Assembly, the Secretary of the State Resources Agency, and the Director of the State Department of Finance.

State Civil Service Employee Compensation

Legislative approval and implementation of 1984-85 collective bargaining agreements for civil service employees was accomplished through the passage of four urgency measures--SB 1139, AB 2318, AB 2981, and AB 529.

- SB 1139 (Chapter 676) approves the cost provisions for 10 of 20 civil service memoranda of understanding (MOUs) for 1984-85. The measure also (1) establishes a Child Care Fund to provide grants and loans to nonprofit corporations in order to finance state employee child day-care services, (2) changes health benefit eligibility requirements for state employees and annuitants (retirees) and (3) eliminates uniform allowance from the definition of "compensation" for retirement purposes.
- AB 2318 (Chapter 673) approves the cost provisions of MOUs for seven bargaining units. The measure also makes minor changes in state holiday provisions.
- AB 2981 (Chapter 1190) approves the cost provisions of three MOUs and an addendum to one MOU for 1984-85. The measure also (1) provides enhanced disability leave payments for qualified nonrepresented employees, and (2) lowers the state's retirement contribution rate for miscellaneous members from 18.262 percent to 17.604 percent, to account for the savings resulting from a newly established "Two-Tier" plan.
- AB 529 (Chapter 674) authorizes an optional lower-tier retirement plan, called "Two-Tier," for state miscellaneous members of the Public Employees' Retirement System (PERS), effective January 1, 1985. The "Two-Tier" plan (1) increases the vesting period from

5 to 10 years, (2) raises the minimum retirement age from age 50 to age 55, (3) provides reduced service retirement benefits, (4) finances benefits entirely from employers' contributions, and (5) returns accumulated employees' contributions to those existing employees who elect the plan.

The major provisions of these MOUs include:

- An 8 percent salary increase,
- Additional "special adjustments" to the salaries of workers in some classifications (for example, clerical employees received an initial 10 percent increase, with another 3 percent increase in January 1985), and
- Increased state contribution rates for health and dental care costs.

We estimate the 1984-85 cost of the four measures at approximately $345 million (various funds). When the costs of nonrepresented employee compensation increases are included, the total cost is approximately $463 million. These costs are to be funded by:

- $445 million from appropriations in Item 9800 of the 1984 Budget Act, and
- Cost-savings from the reduced state retirement contribution for those employees electing the "Two-Tier" provision. These cost-savings have been estimated at $23 million by PERS and the Department of Finance, which would more than cover the shortfall between costs and appropriations. Actual cost-savings will not be known until after January 1, 1985, the employee election date for "Two-Tier."

AB 3361 (Chapter 280). This bill, an urgency measure, establishes a new retirement membership category, entitled "state peace officer/firefighter member" (POF), for safety members in state bargaining units 6, 7, and 8. The POF formula provides a retirement benefit of 2 percent of final average salary per year of service at the age of 50, with a maximum of 2.5 percent at age 55. The measure also sets the state's contribution rate for the POF category at 24.31 percent, and the employee's rate at 8 percent of earnings over $238 per month.

The act will result in total state costs of up to $282 million (various funds). The first year cost in 1984-85 is $15.6 million ($12.8 million General Fund), with costs increasing annually thereafter. The measure did not appropriate any funds for 1984-85 expenses, so agencies either will have to absorb these costs or request a deficiency appropriation later in the year. Future-year costs will be accommodated through "baseline" adjustments to the departments' budgets.

K-12 Education

AB 2377 (Chapter 1751), an urgency measure, establishes a program to fund the containment or removal of hazardous asbestos materials in school buildings. The act creates an Asbestos Abatement Fund for the purpose of making matching grants to school districts and county offices of education for the elimination of asbestos hazards. The State Allocation Board (SAB) is authorized to develop policies and establish priorities for the apportionment of asbestos abatement funds. Senate Bill 1297 (Chapter 1749) provides $10 million in tidelands oil revenues, from the Special Account for Capital Outlay, to the Asbestos Abatement Fund in 1984-85.

Under current law, school districts may receive apportionments, from the State School Deferred Maintenance Fund, for major repair and maintenance expenditures, including encapsulation and replacement of asbestos materials. The SAB apportions to each participating district $1 for each $1 of local funds budgeted for deferred maintenance, up to a maximum of one-half of 1 percent of the district's annual general fund budget. For school districts which made specified asbestos abatement expenditures between 1979-80 and 1983-84, the act also (1) allows districts to reduce contributions of local funds to match state deferred maintenance apportionments and (2) authorizes the SAB to provide additional apportionments from the State School Deferred Maintenance Fund on a matching basis, during the 1984-85 and 1985-86 fiscal years.

The act also provides that the Brea-Olinda Unified School District shall be eligible to receive an apportionment of up to $175,000 for asbestos abatement, and may use those funds to repay the loan provided by AB 3141 (Chapter 556).

Higher Education

AB 507 (Chapter 1485), an urgency measure, appropriates $77.1 million from the General Fund in 1984-85 for the University of California Retirement System (UCRS) and also requests the Regents of the University of California (UC) to adopt policies and procedures to ensure that a fair proportion of university contracts are placed with small business concerns, particularly small disadvantaged and women's business concerns in areas of commodity purchases, services, and construction contracts.

Of the $77.1 million for the UCRS, $64.8 million is to provide baseline funding for the system that was not provided in the 1984 Budget Act. The remaining $12.3 million is to provide cost-of-living adjustment increases for annuitants and to reduce employee contributions by 1 percent to UCRS as authorized by the Regents in January 1984.

The chapter expresses the intent of the Legislature that the Regents adopt by January 1, 1985, the fair proportion policies and procedures. The chapter also requests the Regents to submit an annual report to the Legislature starting on July 1, 1985, on the participation of small disadvantaged and women's business enterprises.

Bond Measures Enacted By the Legislature During 1984

Senate Bill 310 (Chapter 4). This bill established two general obligation bond programs.

First, it established the County Jail Capital Expenditure Bond Act of 1984, which authorizes the state to issue $250 million of state general obligation bonds for the construction, reconstruction, remodeling, replacement, and maintenance of county jails. This act was approved by the voters as Proposition 16 in June 1984.

Second, SB 310 established the New Prison Construction Bond Act of 1984, which authorizes the state to issue $300 million of state general obligation bonds for the construction, renovation, remodeling, and deferred maintenance of state correctional facilities. This act was approved by the voters as Proposition 17 in June 1984.

Assembly Bill 2099 (Chapter 5). This bill established the California Park and Recreational Facilities Act of 1984, which authorizes the state to issue $370 million of state general obligation bonds for financing the acquisition, development, rehabilitation, and restoration of parks, coastal lands, and wildlife management areas. This act was approved by the voters as Proposition 18 in June 1984.

Senate Bill 512 (Chapter 6). This bill established the Fish and Wildlife Habitat Enhancement Act of 1984, which authorizes the state to issue $85 million of state general obligation bonds for the acquisition, enhancement and development of fish and wildlife habitat areas. This act was approved by the voters as Proposition 19 in June 1984.

Assembly Bill 1732 (Chapter 377). This bill established the Clean Water Bond Law of 1984, which authorizes the state to issue $325 million of state general obligation bonds to finance various water pollution control, water conservation, and water reclamation projects and activities. This law will be submitted for voter approval as Proposition 25 on the November 1984 ballot.

Senate Bill 125 (Chapter 375). This bill established the State School Building Lease-Purchase Bond Law of 1984, which authorizes the state to issue $450 million of state general obligation bonds for the construction, reconstruction, or rehabilitation of elementary and secondary school facilities. This law will be submitted for voter approval as Proposition 26 on the November 1984 ballot.

Senate Bill 1465 (Chapter 376). This bill established the Hazardous Substance Cleanup Bond Act, which authorizes the state to issue $100 million in potentially self-liquidating general obligation bonds to finance cleanup of contaminated sites. This act will be submitted for voter approval as Proposition 27 on the November 1984 ballot.

Assembly Bill 2183 (Chapter 378). This bill established the California Safe Drinking Water Bond Law of 1984, which authorizes the state to issue $75 million of state general obligation bonds for improving domestic water systems so that they meet minimum drinking water standards. This law will be submitted for voter approval as Proposition 28 on the November 1984 ballot.

Assembly Bill 2354 (Chapter 391). This bill established the Veterans Bond Act of 1984, which authorizes the state to issue $650 million in general obligation bonds to continue providing farm and home loans to California military veterans. This act will be submitted for voter approval as Proposition 29 on the November 1984 ballot.

Senate Bill 1359 (Chapter 575). This bill established the Senior Center Bond Act of 1984, which authorizes the state to issue $50 million in state general obligation bonds to finance the purchase, construction, renovation, and expansion of senior centers. This act will be submitted for voter approval as Proposition 30 on the November 1984 ballot.