



TO: AGENCY SECRETARIES
DEPARTMENT HEADS
BOARDS AND COMMISSIONS

The *Supplemental Report of the 2026-27 Budget Act* contains statements of legislative intent that were adopted during deliberations on the 2026-27 budget package.

Please distribute your responses to the supplemental report, and any other report or document you are required to submit, to the Joint Legislative Budget Committee (JLBC), as follows:

An Electronic Copy of the Report and Transmittal Letter to *Each* of the Following:

- Joint Legislative Budget Committee: Hans.Hemann@sen.ca.gov
for distribution to the JLBC Members.
Hon. John Laird, Chair, Joint Legislative Budget Committee
1020 N Street, Room 553, Sacramento, CA 95814
- Legislative Analyst's Office: LAO.Secretary@lao.ca.gov
925 L Street, Suite 1000, Sacramento, CA 95814
- Office of the Chief Clerk of the Assembly: Agency.Reports@asm.ca.gov
Ms. Sue Parker, Chief Clerk of the Assembly
Room 3196, State Capitol, Sacramento, CA 95814
- Secretary of the Senate: Senate.AgencyReports@sen.ca.gov
Ms. Erika Contreras, Secretary of the Senate
State Capitol, Room 307
Sacramento, CA 95814
- Legislative Counsel Bureau: Agency.Reports@lc.ca.gov
Office of Legislative Counsel
Indexing Division
925 L Street, Suite 1105, Sacramento, CA 95814-3703

In the report, as well as in your transmittal letter to Senator Laird, please *cite the 11-digit budget item number(s) and the budget year or other statutory reference* to which the response relates.

If you have any questions, you may contact the Legislative Analyst's Office at (916) 445-4656.

Supplemental Report of the 2026-27 Budget Act

Containing Statements of Intent
And Requests for Studies
Adopted by the Legislature



Compiled by the
LEGISLATIVE ANALYST'S OFFICE
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LEGISLATIVE, JUDICIAL, AND EXECUTIVE

Item 0820-001-0001—Department of Justice

1. ***Improving Specified Gun Safety Provisions.*** On or before April 1, 2027, the Department of Justice shall submit to the chairs and vice chairs, if applicable, of legislative budget subcommittees and public safety policy committees proposals to improve the processes for protecting public safety in the permanent statutory provisions (codified as of August 2026) of paragraph (3) of subdivision (d) of Section 30515 of the Penal Code and Section 32105 of the Penal Code. The department also is requested to publish that submission on its website.

HEALTH AND HUMAN SERVICES

Items 5180-101-0001 and 5180-101-0890—Department of Social Services

1. ***Child Care and Development Program Fiscal Reporting.*** On or before March 1, 2027, and every year thereafter, the Department of Social Services shall provide the fiscal committees of the Legislature, the Legislative Analyst's Office, and the Department of Finance with estimates of the amount of child care and development funding appropriated in the prior fiscal year that may go unspent by the end of the current fiscal year, absent adjustments to expenditures.

The department shall also provide estimates of the amount of funding appropriated for the California Alternative Payment Program (CAPP) and General Child Care and Development Program (CCTR) in the current fiscal year that may go unspent by the end of the current fiscal year, absent adjustments to expenditures. These estimates shall include funding not awarded or contractually obligated with a child care and development contractor by March 1. For each respective year included in the report, reporting on CAPP shall be limited to contracts with an end-date in that year. The department shall provide these estimates disaggregated by fiscal year; program; and fund source, including, but not limited to, General Fund, federal Child Care and Development Fund, and Proposition 64 funds.

GOVERNMENT OPERATIONS

Item 7600-001-0001—California Department of Tax and Fee Administration

1. ***Effects of 2026 Tax Credit and Software Sales Tax Actions.*** On or before March 1, 2028, the Legislative Analyst's Office (LAO) shall transmit to the Joint Legislative Budget Committee and post on the LAO website an evaluation of the economic effects of Chapter 23 of 2026 (SB 122, Committee on Budget and Fiscal Review), including, but not limited to, information available resulting from enactment of the law and relevant literature on the significance and effectiveness of tax credits meaningfully affected by this legislation. If SB 1349 (Gonzalez) of the 2025-26 Regular Session or similar legislation is enacted to require LAO to provide additional reports on tax expenditures, the LAO has discretion to prioritize that statutory workload, consistent with the statutes' provisions, in the manner it determines allows for the most efficient response possible to this supplemental report requirement.

Item 7600-001-3067—California Department of Tax and Fee Administration

1. ***California Department of Tax and Fee Administration (CDTFA) Cannabis and Tobacco Enforcement Staffing.*** On or before January 10, 2027, CDTFA shall submit to the relevant budget subcommittees of each house and to the Legislative Analyst's Office a report on the department's enforcement staffing in the Cannabis Taxes Program, the Cigarette and Tobacco Products Tax Program, the Cigarette and Tobacco Products Licensing Program, and the California Electronic Cigarette Excise Tax Program. The report shall include, but not be limited to:
 - (a) The total number of authorized, filled, and vacant positions in each of these programs in 2025-26 (actual) and in 2026-27 (most recent estimate available).
 - (b) The number of authorized, filled, and vacant field enforcement positions in each of these programs in 2025-26 (actual) and in 2026-27 (most recent estimate available).
 - (c) The number of inspections conducted and the total value of product seized (most recent estimate available).

Item 7730-001-0001—Franchise Tax Board

1. ***Effects of 2026 Tax Credit and Software Sales Tax Actions.*** On or before March 1, 2028, the Legislative Analyst's Office (LAO) shall transmit to the Joint Legislative Budget Committee and post on the LAO website an evaluation of the economic effects of Chapter 23 of 2026 (SB 122, Committee on Budget and Fiscal Review), including, but not limited to, information available resulting from enactment of the law and relevant literature on the significance and effectiveness of tax credits meaningfully affected by this legislation. If SB 1349 (Gonzalez) of the 2025-26 Regular Session or similar legislation is enacted to require LAO to provide additional reports on tax expenditures, the LAO has discretion to prioritize that statutory workload, consistent with the statutes' provisions, in the manner it determines allows for the most efficient response possible to this supplemental report requirement.

2. ***Political Reform Audit Program Staffing.*** For each of 2025-26, 2026-27, and 2027-28, on or before January 1 following the end of the fiscal year, the Franchise Tax Board shall submit to the relevant budget subcommittees of each house and to the Legislative Analyst's Office a report on the department's staffing in the Political Reform Audit Program. The report shall include, but not be limited to, the total number of authorized, filled, and vacant permanent positions in this program; the total number of staff temporarily re-assigned to positions in this program; the percentage of required audits completed in each of the 17 mandated workloads; and a brief description of any material impacts to the workloads from which staff were reassigned, including effects on backlogs, service levels, or statutory time lines.

GENERAL GOVERNMENT

Item 8860-001-0001—Department of Finance

1. ***Employer Responsibility for Medi-Cal.*** On or before March 1, 2027, the Department of Finance shall present to the Joint Legislative Budget Committee one or more draft options for legislation to hold the state's largest corporations accountable for their employees enrolled in the Medi-Cal Program. Other state departments shall cooperate with the Department of Finance, as needed, to prepare these options. In the event that the Medicaid provisions of Public Law 119-21, enacted on July 4, 2025, are repealed, this reporting requirement shall be null and void.