

California Fiscal Focus

A Monthly Report from State Controller Betty T. Yee

September 2018

CA Controller Reports State Revenues Surpass Projections for August

For the month of August, California took in more revenue than estimated in the budget enacted at the end of June, State Controller Betty T. Yee reported.

Total revenues of \$9.98 billion for August were higher than anticipated in the budget by \$1.14 billion, or 12.9 percent. For the first two months of the 2018-19 fiscal year, revenues are \$846.0 million, or 5.4 percent, higher than projected in the enacted budget.

While corporation tax missed the mark for the month of August, personal income tax (PIT) and sales tax – the other two of the “big three” revenue sources – came in higher than assumed in the enacted budget.

For August, PIT receipts of \$5.94 billion were \$440.3 million, or 8.0 percent, more than expected.

August corporation taxes of \$92.3 million were \$74.9 million, or 44.8 percent, below 2018-19 Budget Act estimates.

Sales tax receipts of \$3.50 billion for August were \$766.4 million, or 28.0 percent, more than anticipated in the FY 2018-19 budget. Most of the variance was due to when the money was recorded.

For more details, read the [monthly cash report](#).



In this newsletter...

**Controller Yee's
Wrap-Up of Key
Legislation in 2018**



Applications for the **Property Tax Postponement Program** (PTP) are now available for the 2018-19 tax year. If you or a loved one are a California homeowner who is a senior, is blind, or has a disability, learn if PTP is right for you. Read more about [PTP eligibility requirements](#), or call (800) 952-5661 to receive an application by mail.

Controller Yee's Wrap-Up of Key Legislation in 2018

The California State Legislature wrapped up its two-year session on August 31, sending dozens of bills to Governor Jerry Brown's desk. The governor has until September 30 to decide whether to sign, veto, or allow a measure to become law without his signature.



When the Legislature gaveled down, it had approved about 900 bills this year. Of those, 228 were considered in the last two weeks of the legislative session.

Following is a brief synopsis of several bills State Controller Yee considers to be among the most important approved by the Legislature this year.

Sexual harassment prevention

More than a dozen bills aimed at improving sexual harassment prevention training or giving victims more rights and time to file claims were approved by policymakers, many of them on a bipartisan basis. One such bill is Senate Bill 1343 (Mitchell), which Controller Yee sponsored. The measure requires every employee in a company of five or more to receive sexual harassment prevention training once every two years. The training would help employees understand what constitutes sexual harassment, how to report it, and what resources are available for victims.

Wildfire prevention and response

Devastating wildfires have taken dozens of lives, blackened hundreds of thousands of acres, and caused millions of dollars in property damage in 2018. In the first two months of Fiscal Year 2018-19 alone, California's Department of Forestry and Fire Protection (CAL FIRE) has spent \$432 million on firefighting efforts. Furthermore, the fires have exacerbated the effects of climate change and homelessness. The Legislature approved SB 901 (Dodd) with a goal of preventing future damage by allocating some \$600 million over the next three years to remove the dead and dying trees and brush that serve as fuel for these blazes.

The more controversial provisions of the measure direct the California Public Utilities Commission to determine the extent to which the state's utility companies are liable for blazes and how much utility ratepayers should be assessed to help cover those costs. Proponents argue residents are better served by a small fee increase than by the potential bankruptcy of a major utility.

Net neutrality

President Donald Trump's administration recently rolled back protections the Federal Communications Commission (FCC) had provided to Internet users under the prior administration. SB 822 (Wiener) – known as the “net neutrality bill” – now sits on the governor's desk. If signed into law, it would restore many of those FCC provisions for California. The bill would, among other things, prevent Internet providers from favoring certain content, either by blocking or slowing certain programs or channels. Proponents cite SB 822 as a small step toward ensuring all Californians have fair and equal access to broadband.

(See [LEGISLATION](#), page 3)

(LEGISLATION, continued from page 2)

Oil drilling off California's coast

In January, President Trump announced plans to permit oil drilling in federal waters off the coast of California. While California cannot stop drilling in federal waters, the state does have jurisdiction over what happens in state waters, which extend three miles offshore. SB 834 (Jackson) and Assembly Bill 1775 (Muratsuchi) combine to prevent the State Lands Commission from authorizing any new construction of oil- and gas-related infrastructure in California waters that would be used to bring oil onshore from new or any existing oil wells in federal waters.

Renewable energy

Under current law, utility companies have to ensure that, by 2030, 50 percent of the power they provide will come from renewable energy sources such as wind, solar, and biomass. The governor signed SB 100 (de León), which revises that mandate to 60 percent and, more significantly, sets a 100 percent renewable energy mandate by 2045.

Starting school later

In response to study after study that shows early school start times make it more difficult for children to learn and increase the risk of depression in teenagers, SB 328 (Portantino) would prevent middle and high schools from starting class before 8:30 in the morning beginning in 2021.

Bail system

SB 10 (Hertzberg), signed into law in August, promises to have one of the largest effects on California's criminal justice system in a generation. When it takes effect in October 2019, the new law will eliminate California's cash bail system that often keeps people in jail not based on the severity of the crime they allegedly committed, but based solely on their inability to pay to get out of jail. Instead of bail, judges would have the authority to determine if someone posed a threat to commit another crime or was unlikely to return to court before agreeing to release them. People accused of certain capital crimes and felonies would not be eligible for release at all. SB 10 was modeled in part on a system that Washington, D.C. has used successfully since 1992.

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