

California Fiscal Focus

A Monthly Report from State Controller Betty T. Yee

March 2019

February State Revenues Short of Budget Forecasts

California's total revenues of \$5.51 billion in February were lower than forecasted in the governor's proposed 2019-20 fiscal year budget by \$1.34 billion, or 19.5 percent, and in the FY 2018-19 Budget Act by \$2.01 billion, or 26.7 percent, State Controller Betty T. Yee reported.

Two-thirds of the way through FY 2018-19, total revenues of \$79.93 billion were lower than expected in the proposed and enacted budgets by \$4.20 billion and \$3.33 billion, respectively. For the fiscal year to date, state revenues are 1.4 percent lower than the same time last year.

Last month, sales and corporation taxes — two of the state's "big three" revenue sources — came in higher than assumed in the governor's proposed budget released in January.

For February, personal income tax (PIT) receipts of \$1.39 billion were \$1.82 billion, or 56.6 percent, less than the Department of Finance forecasted in January; and they were \$2.05 billion, or 59.5 percent, lower than assumed in the budget enacted last June. In the current fiscal year, PIT is 6.0 percent below the FY 2018-19 budget forecast.

Sales tax receipts of \$3.76 billion for February were \$407.7 million higher than anticipated in the proposed FY 2019-20 budget but \$58.3 million less than expected in the FY 2018-19 Budget Act.

Corporation taxes of \$258.4 million in February were 59.8 percent higher than estimates in the FY 2019-20 proposed budget and 78.5 percent higher than in the enacted FY 2018-19 budget.

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



In this newsletter...

Page 2:

**Plastics Pollution Is
Choking Our Oceans**

Page 3:

**California Working to
Clear Backlog of
Deferred Maintenance**



Plastics Pollution Is Choking Our Oceans

According to the World Economic Forum, if companies keep producing plastic at predicted rates and people continue to dispose of it improperly, the amount of plastic pollution in oceans will outweigh total fish abundance by 2050. This pervasive problem is affecting marine life, human health, and the global economy. Reliance on single-use plastics also means increased carbon dioxide.

Approximately 80 percent of plastic pollution comes from land-based sources. The bottles people drink from, the bags they use to carry groceries, and the packaging contained in retail shipments all contribute to this growing problem. Plastics are lightweight and are easily blown into streams and oceans. About 8 million metric tons of plastic hit the ocean annually.

Once introduced into the marine ecosystem, plastics degrade slowly (taking as much as 700 years) and leach toxic chemicals into the water. Marine species ingest smaller particles, which biomagnify up the food chain and eventually end up on dinner plates. A 2015 study of fish and shellfish for sale in markets found 25 percent of fish sampled in California contained anthropogenic debris in their digestive tracts.

Around the world, there are five massive patches of plastic in oceans. The one between California and Hawaii is the size of Texas. Marine debris is not just a problem for the surface of the ocean. Debris also is found on the deep ocean floor. An



extensive survey extending down 4,000 meters off the coast of Monterey found that debris was more common in the deeper parts of Monterey Canyon below 2,000 feet. Items found included plastic bags, glass bottles, and fishing equipment.

The crisis continues to escalate. Two years ago, China closed its doors to the world's recycling waste. This has resulted in more investment in landfills and higher costs to local governments. A 2012 study determined 90 west coast communities spend a total of more than \$520 million each year to combat litter alone, not including garbage taken to landfills.

What can Californians do? The Golden State has a long history of attacking waste. More than 362 billion beverage containers have been recycled in the state since the Bottle Bill was implemented in 1987 (Chapter 1290, Statutes of 1986). In recent years, the state has banned single-use plastic bags and straws in

certain circumstances. California can go further still by increasing markets for recycled materials and phasing out single-use plastics.

This year, AB 1080 (Gonzalez et al.) has been introduced to phase out single-use plastic food containers and other packaging that is not recyclable or compostable by 2030. One of the bill's authors stated, "We have to stop treating our ocean and planet as a dumpster. We have the technology and innovation to improve how we reduce and recycle plastic packaging and products in our state. Now we have to find the political will."

Dealing with this growing threat will require an improved waste-management infrastructure, increased recycling, and reduced reliance on single-use plastic products. California has a long and successful program to reduce trash. Now we must build on that success.

California Working to Clear Backlog of Deferred Maintenance



“Before” and “after” pictures from the resurfacing of State Route 113 in the Solano County community of Dixon.

To say that California’s roads are in a severe state of disrepair is an understatement.

Two years ago, then-Governor Jerry Brown estimated the deferred maintenance backlog at \$137 billion over the next ten years. It was that compelling estimate, combined with the advocacy by a coalition of businesses, transportation groups, local governments, and organized labor that led to the enactment of Senate Bill 1 in April 2017.

The new law will raise \$5.4 billion a year for transportation projects throughout the state by:

- increasing the tax on gasoline by 12 cents;
- increasing the diesel gasoline sales tax by 4 percent.; and
- imposing a \$25 to \$175 increase to the annual vehicle license fee.

The measure had to clear a second hurdle when a

referendum on the November 2018 ballot aimed to repeal the funding increases. Proposition 6 was soundly defeated by the voters.

California drivers have been paying these higher taxes and fees for more than a year and a half, so the natural question for everyone still stuck in traffic and bouncing through potholes is, “Where has that money gone?”

The answer is, in many parts of the state, you already are driving on it.

Caltrans has completed 90 projects that rehabilitated more than 1,300 lane miles of pavement, fixed 71 bridges, and increased visibility for drivers with highly reflective six-inch lane striping on more than 7,000 lane miles throughout California.

Among those projects completed or under construction are:

- repairing and upgrading more than 46 lane miles on Orange County’s Route 57;
- revamping two bridges on Highway 101 in Santa Barbara County;
- repairing and improving 144 lane miles of Highway 99 in Stanislaus County;
- repaving 9.4 lane miles of State Route 299 in Lassen County;
- widening striping and increasing visibility on 281 lane miles on Highway 101 in Monterey and San Luis Obispo counties;
- replacing 104 lane miles of pavement on Interstate 880 in Alameda County; and
- repairing or replacing 149 lane miles of Interstate 10 and State Routes 86 and 111 in Riverside County.

Caltrans has another 400 projects in planning stages.

(See TRANSPORTATION, page 4)

(TRANSPORTATION, continued from page 3)

By this time next year, Caltrans expects to complete an additional:

- 2,800 lane miles of pavement;
- 550 bridge upgrades;
- 10,000 miles of new lane striping; and
- 1,200 congestion-reducing traffic management elements.

SB 1 of 2017 set aside \$300 million a year for projects designed to improve the transportation infrastructure vital to California's trade and freight economy. The California Transportation Commission has adopted 42 projects, and many are underway including:

- \$128.6 million to improve efficiency, safety, and reliability while reducing truck trips and emissions through rail improvements at the San Pedro Bay Ports and eliminate railroad crossings along the Los Angeles-San Diego-San Luis Obispo rail corridor;
- \$25 million for the Bakersfield Freeway Connector Project to improve the transition of freight traffic between State Routes 58 and 99 and cut the need for these vehicles to travel on local surface streets;
- \$233.2 million for San Mateo and Santa Clara counties to build 22 miles of new road and convert nine miles of carpool lanes to express lanes, with the goal of reducing congestion, increasing reliability, and improving safety and air quality; and
- \$110 million for Sacramento County to build seven miles of carpool lanes on Highway 50 and expand light rail service.

Further, SB 1 provides more than \$45 million a year to build and expand intercity and commuter rail services. Project awards for 2019 will be announced later this month, but those already underway include:

- funding for Saturday service for the Altamont Corridor Express, connecting the Central Valley to the South Bay;
- increased weekday and weekend service for the Sonoma-Marín Area Rail Transit system; and
- new clean locomotives to provide a faster and more reliable trip for passengers on the Coastal Rail Corridor in San Diego.

California Fiscal Focus

A Monthly Report from
State Controller Betty T. Yee

www.sco.ca.gov

EOinquiry@sco.ca.gov

(916) 445-2636

P.O. Box 942850
Sacramento, California
94250-5872



[Click here and sign up](#)
to have Controller Yee's
monthly newsletter
delivered to your inbox.

Is the State
Controller's Office
safeguarding your
unclaimed property?

Search your name at
claimit.ca.gov