



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101

JH

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

June 27, 2001

To: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: David E. Janssen
Chief Administrative Officer

STATE LEGISLATIVE UPDATE

State Budget Conference Committee Report No. 12

Last night, the Senate rejected SB 75, the 2001-02 Budget Bill, on a straight partisan vote of 26-14; however, reconsideration was unanimously granted. As expected, the Republicans primarily voted no because the current 4.75 percent sales tax will be allowed to increase to five percent under existing statutory authority on January 1, 2002. As previously reported, maintaining the current sales tax rate would cost the State an estimated \$600 million in revenue during the budget year. On a full-year basis the loss would be approximately \$1.2 billion.

Senator Peace announced that the most important factor in the budget was a higher reserve of \$2.2 billion, which will increase to between \$2.5 billion and \$3 billion once the Governor uses his "blue pencil." Minority Leader Jim Brulte argued that the budget is not balanced because budget year expenditures exceed budget year revenues by \$4 billion, and encouraged the two-house Conference Committee to meet again to make the necessary changes that would win Republican votes. It should be noted, however, that when the \$6.9 billion prior-year fund balance is considered, the Budget's spending plan for FY 2001-02 is \$3 billion less than available revenues.

Failure to pass SB 75 in either the Senate or the Assembly or both will necessitate amendment of the Budget into a new vehicle and the appointment of a new Budget Conference Committee because a Conference Report cannot be amended. A new Budget Conference Committee could include the same or different members.

Each Supervisor
June 27, 2001
Page 2

The Senate has recessed upon call of the President pro Tem, and it is not clear if the Assembly might meet today to consider the Budget.

Status of County Interest Legislation

County-supported SB 223 (Burton), which provides an appropriation from the State General Fund and the Federal Substance Abuse Prevention and Treatment Block Grant for a system of grants to counties to meet drug testing requirements of Proposition 36, passed the Assembly Public Safety Committee on June 26, 2001 and now proceeds to the Assembly Appropriations Committee.

We will continue to keep you advised.

DEJ:GK
DS:md

c: Executive Officer, Board of Supervisors
County Counsel
All Department Heads
Legislative Strategist
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants