



nor on September 8 (Chapter 379, Statutes of 1993).

**SB 521 (Presley).** Existing law authorizes DCA to prescribe the form of the smog certificate of compliance or non-compliance and requires the Department to annually report to the legislature on the Smog Check program. As amended August 23, this bill would state the intent of the legislature that the annual report include a discussion of the potential use of an electronic certificate of compliance or noncompliance. [S. Conference Committee]

**SB 575 (Rogers).** Existing law requires a certificate of compliance or noncompliance with motor vehicle emission standards upon, among other things, the transfer of registration of a vehicle, except in certain instances. As amended August 23, this bill exempts certain transfers from this requirement if a valid certificate of compliance or a certificate of noncompliance, as appropriate, was obtained. The bill also requires the transferor of a motor vehicle that is subject to emission certification requirements, and that is not subject to certain exceptions, to sign and deliver to the transferee, upon completion of the transaction, a statement, under penalty of perjury, that he/she has not modified the emission system and does not have any personal knowledge of anyone else modifying the emission system in a manner that causes the emission system to fail to qualify for the issuance of a certificate of compliance. This bill was signed by the Governor on October 9 (Chapter 958, Statutes of 1993).

**AB 2358 (Farr),** as amended April 12, would require vehicles, trains, and commercial or other nonresidential facilities at fixed locations, if they have air-conditioning systems containing CFC-based refrigerants, to undergo inspection, biennially or upon transfer of ownership, for leaks of the air-conditioning system. The bill would require the removal of the refrigerant from, and would prohibit the addition of any refrigerant to, an air-conditioner that is in a status of noncompliance due to refrigerant leakage, and would prohibit the Department of Motor Vehicles from registering or reregistering a vehicle that is not in compliance. [A. NatRes]

**AB 622 (Knight),** as introduced February 22, would eliminate BHFTI and continue the enforcement and administration of the Home Furnishings and Thermal Insulation Act by the DCA Director. [A. CPGE&ED]

**AB 2182 (Lee).** Under existing law, BHFTI licenses and regulates insulation manufacturers who sell insulation material in this state. As amended July 12, this

bill would specify standards for loosefill insulation unless and until BHFTI adopts a more rigorous test standard regulation. The bill would also repeal provisions requiring insulation material to be certified by the manufacturer prior to sale, as specified, and authorizing an annual license fee for an insulation manufacturing license. [S. B&P]

## OFFICE OF THE LEGISLATIVE ANALYST

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Created in 1941, the Legislative Analyst's Office (LAO) is responsible for providing analysis and nonpartisan advice on fiscal and policy issues to the California legislature.

LAO meets this duty through four primary functions. First, the office prepares a detailed, written analysis of the Governor's budget each year. This analysis, which contains recommendations for program reductions, augmentations, legislative revisions, and organizational changes, serves as an agenda for legislative review of the budget. Second, LAO produces a companion document to the annual budget analysis which paints the overall expenditure and revenue picture of the state for the coming year. This document also identifies and analyzes a number of emerging policy issues confronting the legislature, and suggests policy options for addressing those issues. Third, the Office analyzes, for the Assembly Ways and Means Committee and the Senate Appropriations and Budget and Fiscal Review Committees, all proposed legislation that would affect state and local revenues or expenditures. The Office prepares approximately 3,700 bill analyses annually. Finally, LAO provides information and conducts special studies in response to legislative requests.

LAO staff is divided into nine operating areas: business and transportation, capital outlay, criminal justice, education, health, natural resources, social services, taxation and economy, and labor, housing and energy.

### MAJOR PROJECTS

**State Passes \$52.1 Billion Budget on Time.** On June 30, Governor Wilson signed the 1993 Budget Act and various companion measures that, together, comprise the 1993-94 budget package; the budget authorizes total spending of \$52.1 billion, a \$5.5 billion decrease from 1992-93 levels. For the first time since 1986, the

budget was passed and signed before the state's new fiscal year began on July 1.

On July 6, LAO released *FOCUS Budget 1993*, highlighting major features of the 1993 California budget. For example, LAO noted that a major feature of the budget package is the adoption of the Governor's proposal to shift \$2.6 billion of property tax revenues from local governments to schools; this shift reduces the state's education funding requirement under Proposition 98 by an equivalent amount. According to LAO, the budget package partially offsets this loss to local governments by extending for six months the temporary half-cent state sales tax that was scheduled to expire on June 30, and allocating the revenue to local governments. The sales tax extension will become permanent if the voters approve a statewide ballot measure at the November 1993 special election (*see below*); local governments would receive about \$1.5 billion annually from the tax.

In May, LAO estimated that the state faced a 1993-94 budget funding gap of \$8 billion, consisting of paying off the 1992-93 carryover deficit and addressing an operating shortfall in 1993-94 between baseline spending and projected revenues. [13:2&3 CRLR 37] In its July report, LAO explained that the following actions were taken to address the budget gap:

- shifts to other levels of government reduced the budget funding gap by approximately \$3.7 billion;

- cost deferrals, loans, and revenue accelerations reduced the budget funding gap by approximately \$2.3 billion;

- program reductions, such as reductions to supplemental security income/state supplementary program grants to the disabled and elderly and in higher education, reduced the budget funding gap by approximately \$1.2 billion; and

- increasing resources, such as suspending the renter's credit, improving tax collection, and increasing higher education fees, reduced the budget funding gap by approximately \$825 million.

In September, LAO released a report entitled *State Spending Plan for 1993-94; The 1993 Budget Act and Related Legislation*, which summarizes the fiscal effect of the 1993 Budget Act and related legislation. Among other things, LAO's report indicates that the two-year budget plan adopted in June is already out of balance due to a variety of budget adjustments which increase spending over the two years by a total of \$660 million, resulting in a 1994-95 ending deficit of \$560 million in the general fund, rather than the \$100 million reserve projected by the Wilson administration when the budget was approved.



**Voters to Decide Budget Issues at Special Election.** Proposition 169 on the ballot of the November 1993 special election proposes to amend the California Constitution to allow all the trailer bills<sup>7</sup> that follow the state budget—bills that change substantive statutory provisions needed to implement the budget—to be put into one bill. Under existing law, each trailer bill—there were about twenty this year—must be voted on separately by the legislature. Under the proposal, the Governor would be able to veto individual provisions of the bill; similarly, the legislature could override the vetoes separately. Proponents, including former Democratic Senator Barry Keene, former Legislative Analyst A. Alan Post, and Kirk West, president of the California Chamber of Commerce, contend that the proposal would keep special interest groups from jeopardizing the entire budget by killing one trailer bill and would facilitate timely passage of the budget. Opponents, including Assemblymember Dean Andal and former Assemblymember Tom McClintock, now director of the Center for the California Taxpayer, contend that with all the trailer bills in one package, it would be easier for tax increases to slip through without the public knowledge and debate; opponents also contend that politicians would be able to vote for a package instead of individual bills and would be less accountable for the taxes they raise.

Also on the November ballot is Proposition 172, a constitutional amendment which would permanently extend the temporary half-cent sales tax that Californians have been paying since 1991; revenues would be dedicated to public safety. If the voters reject Proposition 172, the tax will expire on December 31; if passed, it would raise \$1.5 billion per year. Supporters, including Los Angeles Police Chief Willie Williams, the California State Sheriff's Association, and California Professional Firefighters, argue that continuation of the sales tax is necessary to maintain funding levels for public safety. Opponents, including Assemblymembers Richard Mountjoy and Gil Ferguson, claim that although proceeds are supposed to fund public safety programs, the measure does not guarantee that the money will be so directed.

## ■ LEGISLATION

**ACA 2 (Hannigan)**, as introduced in December 1992, would provide that statutes enacting budget bills shall go into effect immediately upon their enactment and eliminate the two-thirds vote requirement for the passage of appropriations from the general fund. [*A. Inactive File*]

**ACA 3 (Richter)**. Under the California Constitution, appropriations from the general fund, except appropriations for the public schools, require the approval of two-thirds of the membership of each house of the legislature. As amended August 16, this measure would additionally exempt appropriations in the budget bill from that two-thirds vote requirement, and specify that statutes enacting a budget bill go into effect immediately upon their enactment. This measure would amend the California Constitution to require, in any year in which a budget bill is not passed by the legislature before midnight on June 30, that each member of the legislature forfeit all salary and reimbursement for living expenses from July 1 until the date that the budget bill is passed by the legislature. This measure would also require that the total of all expenditures, as defined, that are authorized to be made under the Budget Act enacted for any fiscal year, combined with the total of all reserves that are authorized to be established by the state for that fiscal year, shall not exceed the total of all revenues and other resources, as defined, that are available to the state for that fiscal year. [*A. ER&CA*]

**ACA 21 (Areias)**, as introduced March 5, would provide that if the Governor fails to sign a budget bill on or before June 30, then on July 1 an annual budget that is the same amount as that which was enacted for the immediately preceding fiscal year shall become the state's interim budget for the new fiscal year and the balance of each item of that interim budget shall be reduced 10% each month, commencing August 1, until a new budget bill has been signed by the Governor. [*A. Rls*]

**SB 1171 (Alquist)**, as introduced March 5, would eliminate the requirement that the Legislative Analyst prepare a judicial impact analysis on selected measures referred to specified legislative committees, and require LAO to conduct its work in a strictly non-partisan manner. [*S. Rls*]

**SB 1172 (Alquist)**, as introduced March 5, would eliminate the requirement that the Legislative Analyst evaluate the workload of the State Bar Court and submit a final written report of his/her findings and conclusions to specified committees. [*S. Rls*]

## ASSEMBLY OFFICE OF RESEARCH

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Established in 1966, the Assembly Office of Research (AOR) brings together legislators, scholars, research ex-

perts and interested parties from within and outside the legislature to conduct extensive studies regarding problems facing the state.

Under the director of the Assembly's bipartisan Committee on Policy Research, AOR investigates current state issues and publishes reports which include long-term policy recommendations. Such investigative projects often result in legislative action, usually in the form of bills.

AOR also processes research requests from Assemblymembers. Results of these short-term research projects are confidential unless the requesting legislators authorize their release.

## ■ MAJOR PROJECTS

AOR released no reports between May 19–September 24, 1993.

## SENATE OFFICE OF RESEARCH

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Established and directed by the Senate Committee on Rules, the Senate Office of Research (SOR) serves as the bipartisan, strategic research and planning unit for the Senate. SOR produces major policy reports, issue briefs, background information on legislation and, occasionally, sponsors symposia and conferences.

Any Senator or Senate committee may request SOR's research, briefing, and consulting services. Resulting reports are not always released to the public.

## ■ MAJOR PROJECTS

**Politics in California: How Can We Make the System Work?** (July 1993) is the product of a collaboration among the California State Senate, through SOR, the University of California at Davis, and the Kettering Foundation. The report is intended to promote public deliberation about the political system in California. Specifically, the report is designed to help Californians match their political values with a corresponding approach to decisionmaking. The choices set forth in the paper are not recommendations for government policies, but rather reflect the various viewpoints that Californians seem to be expressing today.

The report indicates that many Californians believe the current political system is not working, noting that a proposal currently being readied for the November 1994 ballot would split California into two or more separate states. Moreover, in the last several years, a significant number of