



Governor's 2024-25 May Revision Highlights

May 14, 2024

Today, finance letter proposals were submitted by the Administration to the chairpersons of the budget committees in each house. These proposals provide additional insight and detail into Governor Newsom's 2024 May Revision that was released on Friday, May 10, 2024. Below please find some key highlights by topic area from these finance letters that may be of interest to rural counties:

Cannabis

- Strengthens enforcement efforts (e.g. undercover surveillance and investigations) by \$588,000 in FY 24-25 and \$42,000 in FY 25-26 and ongoing to the Department of Cannabis Control; reverts \$16,470,000 in FY 23-24 for the Cannabis Local Jurisdiction Retail Access Grant available for expenditure until June 30, 2026; and requests 2.0 positions ongoing to provide case management and technical assistance to transition provisional licenses to annual licensure.
- A request for 29 permanent positions from the Allocation 3 Cannabis Tax Fund Account to the Department of Fish and Wildlife to increase capacity for cannabis environmental restoration, protection, and law enforcement.
- A \$75 million budgetary loan request from the Cannabis Tax Fund to the General Fund to address the budget problem.

Energy

- A \$1.5 million increase in funding for the California Energy Commission to address additional workload under the AB 205 opt-in permitting process.
- A \$270 million reduction to the Residential Solar and Storage Program funding for Fiscal Year 2023-24, limitation of funding to low-income residents, and elimination of the remaining \$50 million in funding for the program allocated in Fiscal Year 2024-25.

Forest and Public Lands Stewardship

- Restores \$25 million (of \$41 million proposed to be cut in the Governor's January Proposed Budget) for Forest Resilience Projects funded by the Climate Catalyst Fund.
- A \$117 million increase in funding to provide 432 additional seasonal firefighters, 6 additional fire fighter hand crews, sawyers, and contract county proportional funding for CAL FIRE.

- A shift of \$120 million from the Assembly Bill 1492 Timber Regulation and Forest Restoration Program, which is funded by a surcharge on lumber and engineered wood products, to the Greenhouse Gas Reduction Fund to replace funds shifted from the \$200 million allocated annually for forest resilience programs that is being shifted to other programs.
- A \$5 million decrease in the current 2023-24 budget year for the state's defensible space inspection program.

Healthcare & Social Services

- Proposition 1 Bond Update: Applications for the first round of the \$6.38 billion bond will be issued this summer for behavioral health construction. Eligible entities include counties, cities, tribal entities, non-profits, and for profits. The Department of Health Care Services (DHCS) has issued its bond guidance for behavioral health treatment beds and sites (for \$3.3 billion, or 75%, of the \$4.4 billion overall, for Launch Ready projects), with the request for application to be posted this summer. HCD, with CalVet, will issue its bond guidance for supportive housing (\$2 billion overall, with \$1 billion for veterans) by end of 2024.

Housing

- Reverts \$25 million appropriated in the 2023 Budget Act and \$10 million appropriated in the 2022 Budget Act for the Infill Infrastructure Grant Program
- Elimination of \$26.3 million appropriated in the 2022 Budget Act for the Veterans Housing and Homeless Prevention Program.

Public Safety

- A \$24 million increase in funding to upgrade public safety radio equipment to support state and local 9-1-1 public safety agencies.

Telecommunications

- An elimination of the Broadband Loan Loss Reserve Program (BLLR) entirely. The Administration has committed to funding the BLLR program as a \$50 million pilot program, with details to follow.

Water & Natural Resources

- Reduction of \$1 million to the Multi-Benefit Land Repurposing Program.
- Increase of \$1.66 million to the Salton Sea Management Program and the addition of six new staff positions, but a reversion of \$89 million in unexpended funds from the 2022 Budget Act for the program.
- Reduction of \$65 million for the Land and Habitat Acquisition Program and the Cascades and High Sierra Program at Wildlife Conservation Board.
- Reduction of \$35 million in local assistance provided by Wildlife Conservation Board.
- Request for \$15 million and five positions for the Winter Storm Damage Program at Department of Parks and Recreation.

- Request for \$2.2 million for entrance improvements at El Capitan State Beach (Santa Barbara).
- Reduction of \$55 million for local grants and assistance from Department of Parks and Recreation.
- Reduction of \$26.5 million for Sierra Nevada Conservancy's nature-based solutions projects.
- Reduction of \$85 million for flood and dam safety at Department of Water Resources.
- Reversion of \$42 million in unexpended Watershed Climate Resiliency funds from Dept of Water Resources to the General Fund.
- Reversion of \$50 million in unexpended funds from the Delta Drought Response Program and Agricultural Drought Response Programs at Dept of Water Resources.
- Reduction of \$7.3 million in local assistance funds from the Sacramento-San Joaquin Delta Conservancy.
- Increase of \$4.8 million in funding for the State Water Resources Control Board's intervention efforts in six groundwater basins under the Sustainable Groundwater Management Act (SGMA).
- \$54 million increase in funding to address emergencies related to the infestation of invasive fruit flies and prevent their irrevocable establishment in California.

Other

- Shifting \$150 million of appropriated funds over three years from the General Fund to the Greenhouse Gas Reduction Fund for ZEV Clean Trucks, Buses, and Off-Road Equipment Program.
- An increase in biennial boat registration taxes from \$20 to \$80.
- Creation of a new Governor's Office of Service and Community Engagement, which will house the existing Office of Community Partnerships and Strategic Communications, California Volunteers, and Youth Empowerment Commission.
- Reduction of \$85 million in funding for the Community Resilience Centers grant program.
- Increase of \$29 million in funding for local assistance grants for the planning, acquisition, development, maintenance, operation, and enforcement of trails, trailheads, areas, and other facilities used by off-highway motor vehicles.
- Reduction of \$2 million in funding for the Fairs and Exposition Resiliency Grant Program.
- Elimination of funding for the Extreme Heat and Community Resilience Program.