

State of California

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MEMORANDUM

Date: 5/27/2020

To: Legislative Committee

Via: Tom Martinez, Chief Deputy General Manager
California Exposition & State Fair

From: Jaclyn Zdanowski, Executive Analyst
California Exposition & State Fair

Subject: Budget & Legislative Update

May Revise Budget Update

The May Revision proposes to cancel new initiatives proposed in the Governor's Budget, cancel and reduce spending included in the 2019 Budget Act, draw down reserves, borrow from special funds, temporarily increase revenues and make government more efficient. Due to the size of the challenge, there is no responsible way to avoid reductions. The budget will show that the most painful cuts will only be triggered if the federal government does not pass an aid package that helps states and local governments.

Department of Food and Agriculture Changes

The January proposed total expenditures was \$615 million and the May Revision total expenditures is \$611 million which is a change of \$4.2 million. The May Revision includes \$40.3 million General Fund in 2019-20 to support state-affiliated fairs that are projected to have insufficient reserves to pay legally mandated costs that may be incurred during the state civil service layoff process, including staff salary, payout of leave balances, and unemployment insurance.

The proposed budget in January 2020 included \$2.25 million from the General Fund for Cal Expo Fiscal Support and Assessment. Given the drastic budget impacts from the Covid-19 Recession these monies have been redirected to CDFA's aforementioned \$40.3 million to support state-affiliated fairs.

Legislative Update

ACA 16 (Gray) Gambling/SCA 6 (Dodd) Gambling: sports wagering

Assembly Member Gray and Senator Dodd have both brought forward Constitutional Amendments to authorize and provide for the regulation of sports wagering. The California Constitution currently prohibits various gaming activities within the state and also allows the Legislature to provide for the regulation of horse racing, the California State Lottery, etc.

ACA 16 is in the assembly pending referral and SCA 6 is in committee process Senate Governmental Organization. **Note: This bill will be heard in the Senate Governmental Committee, Tuesday, June 2, 2020.**