

### State Budget Battle Looming

The Senate and Assembly approved their respective versions of the state budget on Thursday, paving the way for the Budget Conference Committee to commence work on reconciling differences between the two towards producing what will ultimately become the 2002-03 state budget bill.

Winning approval of what is nothing more than a preliminary budget document did not come easy. The Senate was able to garner the necessary two-thirds vote for its version ([SB 1261 – Peace](#)) on Thursday (after having failed to do so Tuesday) when Senate Democrats obtained two “courtesy” Republican votes after providing a vague commitment to trim \$4.5 billion from the General Fund portion of the budget.

The Assembly passed its version of the budget ([AB 1777 – Oropeza](#)) only after stripping out all appropriations, thereby enabling the measure to be passed by a simple majority vote.

Typically, the Budget Conference Committee limits its focus to those appropriations and provisions that are not uniform in both versions of the budget. However, “typical” is out the window this year, due to a \$23.6 billion deficit and a persistently flat economy. Instead, the conference committee will have the authority to review and modify items in the budget that would not otherwise be subject to committee action.

The scenario is all the more intriguing because this is an election year – and because of the Second District Court of Appeals’ decision Wednesday in [Davis v. White](#). That decision held that the state Controller can pay state employees minimum wage, but no more, during a budget impasse, absent a continuing or

emergency appropriations act, and also would block a \$3 billion payment to public schools

Ironically, the court’s decision would affect both appellate and trial court employees., since the former are state employees and trial courts in 38 of the state’s 58 counties are wholly funded by the state.

So, how long will the Legislature drag out the process? Stay tuned, but even with *Davis v. White* looming overhead, don’t take any bets that it make the June 30 Constitutional deadline. In 1992, the last time there was a similar gap, the Budget wasn’t signed into law until September 2.

### Privacy Bill Probably Dead

[AB 1775 \(Nation\)](#), a proposed compromise Financial Privacy and Disclosure Protection measure supported by Governor Davis, appears to be dead for the year. After clearing the Assembly Banking Committee, the bill remains in the Assembly Judiciary Committee after the deadline for approving same-house bills has passed, with no 2/3 vote waiver in sight to allow it to be heard. Unless another legislator wants to try his or her luck at moving this or a similar bill, major financial privacy legislation will have failed to pass the Legislature for the third consecutive year.

### Important Legislative Dates

- June 3 - Policy committee hearings may resume.
- June 15 - Budget must be passed by midnight (California Constitution, Art. IV, Sec. 12(c)).
- June 28 - Last day for policy committees to meet and report bills.
- July 5 - One month summer recess if the Budget Bill has been enacted.