



County of San Mateo

Inter-Departmental Correspondence

Department: AGRICULTURE\WEIGHTS &
MEASURES
File #: 19-472

Board Meeting Date: 6/4/2019

Special Notice / Hearing: None
Vote Required: 4/5ths

To: Honorable Board of Supervisors

From: Fred W. Crowder, Agricultural Commissioner/Sealer of Weights and Measures

Subject: Approval of an Appropriation Transfer Request (ATR) in the Amount of \$575,673 in Unanticipated Revenue from the California Department of Food and Agriculture

RECOMMENDATION:

Approve an Appropriation Transfer Request in the amount of \$575,673 in unanticipated revenue from State unclaimed gas tax subvention and increasing appropriations in various expenditure accounts.

BACKGROUND:

Section 8352.5 of the Revenue and Taxation Code authorizes the transfer of monies deposited to the Motor Vehicle Fuel Account (MVFA) to the Department of Food and Agriculture Fund for fuel taxes attributable to unclaimed refundable agricultural gasoline used off highway. California's Food and Agricultural Code (FAC) Section 224 authorizes the California Department of Food and Agriculture (CDFA) to apportion funds to counties based on each county's expenditures of Net County Cost (NCC) for State mandated agricultural regulatory programs in the previous fiscal year. In the past, each dollar in NCC expenditures has resulted in an average of \$0.50 corresponding reimbursement in State unclaimed gas tax subvention for the following fiscal year.

The Department anticipated State subvention of \$760,000 for the FY 2018-19 Adopted Budget. Due to an increase in Unclaimed Gas Tax revenues that CDFA received through the passage of SB-1, the Department will receive a total subvention amount of \$1,335,673 for FY 2018-19 (in aggregate). The \$1,335,673 includes an unanticipated amount of \$575,673, which is to be appropriated to various expenditure accounts under services and supplies, and other charges.

DISCUSSION:

With the approval of this ATR, the Department proposes to appropriate the unanticipated revenue, which has already been received by the Department, towards vehicle replacement charges for the assigned county vehicles and various other expenditure accounts.

FAC 224 specifies that if counties are to remain eligible to receive UGT subvention, county

agriculture departments must meet a five-year average Maintenance-of-Effort (MOE) expenditure in net county costs. Approval of this ATR is necessary if the department is to continue to meet the MOE requirement and continue receiving UGT subvention funds.

These unanticipated revenues were the result of the State legislature's passage of SB-1 in 2017. The department did not recognize them in the current fiscal year's budget, pending the outcome of Proposition 6; the voter sponsored initiative to repeal SB-1. Additionally, it was not until the funds were deposited with the Treasurer's Office that the total State subvention amount was known. Going forward, these funds will be recognized and designated for expenditure through the normal county department budget process.

FISCAL IMPACT:

The total amount of unanticipated revenue to be recognized and appropriated is \$575,673. The proposed appropriation to various expenditure accounts is offset by the unanticipated revenue. There is no Net County Cost associated with this ATR.