Governor Brown Spares DOC Budget

Posted In Department of Corporations

1/13/2011

The California Constitution (Art. IV, § 12(a)) requires the Governor to submit a budget to the legislature within the first 10 days of each calendar year. Newly elected Governor Jerry Brown did so on Monday.

The Governor's submission of a budget should not be confused with the enactment of an actual budget. Theoretically, the Constitution requires that the legislature pass a budget bill by midnight on June 15 of each year. (Cal. Const. Art. IV, § 12(c)). This means, again in theory, that a budget will be enacted before the beginning of the state's fiscal year on July 1. The California Department of Finance has created this flowchart to illustrate the budget process.   In reality, the constitutional deadline is routinely violated. For example, the current fiscal year's budget was enacted more than three months late.

The Department of Corporations is a special fund agency. This means that the Department's operations are funded by the State Corporations Fund which receives revenues from permit and license fees, settlements and judgments, penalties and the like. Thus, the Department's fortunes are, in theory, not tied to the condition of the state's general fund.   This is a good thing for the Department as California's over-all financial condition is bleak.

For the time being, Governor Brown is proposing to maintain the Department's current headcount at about 313 personnel years. Of this total, 160 personnel years are allocated to the investment program (securities, broker-dealer, investment advisers and franchises) and 153.8 are allocated to the lender-fiduciary program (finance lenders, residential mortgage lending, independent escrows and deferred deposit originators). The Department's budget is available here.

A lot can change between the Governor's proposed budget and the budget bill enacted by the legislature.

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