



# COUNTY OF SAN BENITO

## ADMINISTRATIVE OFFICE

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### Written Statement of Testimony

**Presented to:** Honorable members of the Senate Local Government Committee March 3, 2010

**Hearing topic:** The Williamson Act: Past, Present, Future?

**Presented by:** Susan Thompson, County Administrative Officer, San Benito County, representing the thirty-one member counties of the Regional Council of Rural Counties

Honorable Committee members,

Good morning Mr. Chairman and committee members. My name is Susan Thompson and I am the County Administrative Officer of San Benito County. Thank you for the opportunity to address you today. I am here today with the blessing of my own Board of Supervisors of San Benito County to represent the thirty-one member Counties of the Regional Council of Rural Counties (RCRC).

I hope to express to the Committee how important the Williamson Act and accompanying property tax subventions to participating counties has been to the environmental and economic stability and security of our communities and State.

#### **Williamson Act is Good Policy**

The Williamson Act is good public policy, it produces the intended effects as stated by the legislature at enactment and these intentions are as relevant today as they were when the Act was first signed into law in 1965.

What makes the Williamson Act effective is that it incentivizes owners to keep their property in agricultural production and eliminates any disincentive for the Counties to support these vital land uses. In order to continue to reap the positive benefits of the Williamson Act, both sides of this equation must continue to be honored.

On page 9 of the committee briefing paper you were provided the 2007 top 10 Subvention counties list in terms of dollars. I would like to share with you another way of looking at subvention funding from a small county perspective. Rural counties operate with several handicaps in that we historically have relatively low assessed property values and/or receive a very low percentage of each property tax dollar. In San Benito we receive 11% of the 1% property tax dollar to support all county services. The top 10 counties that receive less than \$10 million in property tax revenue and are most dependent on the Williamson Act Subventions are Modoc, Sierra, Trinity, Lassen, Glenn, Mariposa, Colusa, San Benito, Plumas and Siskiyou. While all counties are hurt by the elimination of subvention funding, our smallest counties are bearing a disproportionate share of the pain.

#### **Broad based Coalition supports full funding of Williamson Act**

Because of the many important benefits of the Williamson Act, a broad coalition composed of RCRC, CSAC, numerous environmental/conservation organizations and agricultural groups have been actively supporting state funding for Williamson Act subventions -- and we continue to do so. The Williamson

Act is one of the most cost effective "on the ground" tools available today to preserve California agriculture, preserve open space, protect habitat, control urban sprawl and reduce greenhouse gas emissions. The Act is too important in setting foundational land use policy priorities to allow it to be abandoned and dismantled even during these times of economic stress.

### **Williamson Act subventions- a 38 year State/County fiscal partnership that works**

The State/County fiscal partnership designed to maximize the positive impact of the Act began in 1972-73 to provide direct subventions to replace property tax revenues forgone to implement the Act. This partnership has been a stable good faith commitment by the State for these 38 years. Counties have vastly increased the number of acres under contract since that time in accord with the purposes and intent of the Act. Subvention revenues replacing property tax incentives to land owners are significant to our counties ability to fund basic local services including law enforcement, roads, libraries, human services and general government operations. The abrupt withdrawal of these revenues in the State FY 2009-10 budget failed to recognize or ignored the devastating local service effect of this revenue loss. Compounding this problem is that Counties have no ability under the Act to cancel Williamson Act contracts in a timely manner. The result is that while the state achieved a general fund budget cost reduction for itself, this cost shifted instantaneously to the Counties where there is no ability under the law to recover this loss in the same fiscal period and in fact, contract nonrenewal procedures if evoked are not effective for nine years. If there is legislative current or future intent to rethink the intent of the Act then we need to accomplish this together with a full acknowledgement of the impacts that will result to all stakeholders.

There is no denying that today's economic climate has contributed to the unprecedented state budget crisis. Crisis encourages creativity. In this context, a number of interesting concepts are expressed in the Committee's briefing paper that deserve thoughtful consideration by counties, farming and ranching interests and environmental/conservation partners. In addition to vetting these concepts among ourselves, counties will fully explore these ideas with our coalition partners to determine which if any are viable and enjoy broad support.

### **Non funding =Non renewal= Poor outcomes on many fronts**

Quite frankly, if the state does not renew the property tax subventions, wholesale non renewal of Williamson Act contracts will have to be seriously considered if not already implemented. The resultant outcomes of this action cannot be justified because it is in the best public interest. It is not. Instead this reaction would be a defensive fiscal response-necessitated-by the extremely limited fiscal options counties have at their disposal undoing decades of positive land use policy and harming our already precarious agricultural industry in a time of unprecedented economic and environmental challenges.

### **The San Benito County Story**

The Williamson Act has been fully embraced in San Benito County for decades. Of the total 767,040 acres of privately owned land in the county, 583,781 acres are under Williamson Act contracts. This is fully 76% of all privately held land in our county. Prime agricultural land in the Act totals 52,162 acres, while non prime totals 531,101 acres. Home sites total 518 acres. Gross agricultural production during 2008 topped \$262 million with Field, Fruit and Nut, and Vegetable and Row crop production comprising 90% of this output. Cattle and Other Livestock and Poultry Products completed the production at \$25.6 million. Agriculture is the number one industry in the County. Williamson Act subvention in FY 2007-08 totaled \$763,000, FY

2008-09 \$ 688,000, and \$0 during FY 2009-10. This subvention equates to 3% of the total local discretionary general fund revenue received in 08-09, but represents 22% of the total general fund discretionary revenue reductions experienced during 2009-10 budget year.

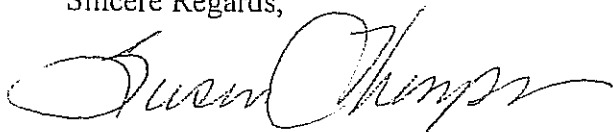
Budget reductions required to absorb this revenue loss included Sheriff Deputies, Probation Officers, 911 Communications Dispatchers, closure of the Library on Saturdays, government operations positions in the Auditor, Recorder, and Public Health budgets to name a few. All employees gave back COLA increases that they were entitled to receive in existing labor agreements and they further agreed to additional 5% salary reductions in the form of furlough days and/or holiday pay. A number of these furlough days required office closure countywide. Even with these significant cut-backs, the Board of Supervisors had to utilize fund balance and reserves to balance their 2009-10 budget. FY 2010-11 will require additional more-draconian staff and program/service reductions, and further consumption of limited reserve funds to maintain even minimum service levels in vital local services.

San Benito County is a small rural county with a total population of less than 60,000 geographically located in the Standard Metropolitan Statistical Area of the Southern Silicon Valley. Our population is comprised of a large percentage (40-45% estimated) of residents who commute along the SR 101 corridor to the greater San Jose Area each day to work. Our County is not served by commuter train or other mass transit, so this commuting is done in private vehicles. Our real estate prices are significantly lower than those in Santa Clara County, Monterey and Santa Cruz County who are our regional neighbors. As a result many of the teachers, law enforcement officers and other critical workforce for our surrounding communities live in San Benito. The pressures for residential development have been significant here since the 1980's. In example a 6800 unit development application was being processed by the county and reached the stage of beginning their Environmental Impact Report recently before the application was withdrawn due to the economic downturn. This project was the largest but by no means the only recent development pending or in process in the County. A 1100 unit residential development is still in process of application review at this time, and a number of smaller projects are also advancing even during the economic downturn. This kind of pressure is real and does potentially threaten the conversion of Agricultural and Open Space acreage to development. The Williamson Act is a vital and effective tool in the management of growth for our Board of Supervisors together with their own ordinances and land use policy. We need your help to sustain the long standing and effective partnership between the State and counties like mine through the full funding of the Williamson Act subvention program.

Thank you for this opportunity to speak with you.

Should there be any questions or further information I can provide, please contact me at [sthompson@cosb.us](mailto:sthompson@cosb.us) or (831) 636-4000.

Sincere Regards,



Susan Thompson  
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