

Kern County Administrative Office

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ELISSA D. LADD
Interim County Administrative Officer

June 9, 2009

Board of Supervisors
Kern County Administrative Center
1115 Truxtun Avenue
Bakersfield, CA 93301

**PROPOSED RESOLUTION OPPOSING STATE BUDGET PROPOSAL
TO BORROW LOCAL PROPERTY TAXES AND TO SHIFT
OTHER LOCAL REVENUES TO THE STATE**

Fiscal Impact: None

This is to request that your Board adopt the attached resolution in opposition to the Governor's State Budget proposal to borrow 8% of local property taxes and to shift other local revenues to the State General Fund.

If enacted, the borrowing provisions would remove nearly \$21 million in property taxes from the County General Fund and more than \$5 million from the Fire Fund in FY 2009-10. The Governor also proposes to permanently shift the entire local share of gasoline excise taxes from counties and cities in order to retire State debt, which would remove \$14 million in FY 2009-10 from the Roads Department budget. The attached resolution declares that forcible borrowing of local property taxes and shifting other local revenues such as gasoline excise taxes to the State will devastate County services this year and for many years to come, and it will only shift the State's fiscal problems into future years.

Therefore, IT IS RECOMMENDED that your Board adopt the attached resolution in opposition to property tax borrowing and shifting local revenues to the State Budget, and authorize the Chairman to sign correspondence to the appropriate officials.

Sincerely,

A handwritten signature in cursive script that reads "Elissa D. Ladd".

Elissa D. Ladd
Interim County Administrative Officer

EDL:ADK:LEGGENstatbudgptborrowingresBOS.docx
CF 1000.30

Attachment

cc: California State Association of Counties
Don Peterson

BEFORE THE BOARD OF SUPERVISORS

COUNTY OF KERN, STATE OF CALIFORNIA

In the matter of:

Resolution No. _____

Reference No. _____

**OPPOSING STATE BUDGET PROPOSALS
TO BORROW LOCAL PROPERTY TAXES
AND TO SHIFT OTHER LOCAL REVENUES
TO THE STATE**

I, KATHLEEN KRAUSE, Clerk of the Board of Supervisors of the County of Kern, State of California, hereby certify that the following resolution, on motion of Supervisor _____, seconded by Supervisor _____, was duly and regularly adopted by the Board of Supervisors of the County of Kern at an official meeting thereof on the ____ day of _____, 2009, by the following vote and that a copy of the resolution has been delivered to the Chairman of the Board of Supervisors.

AYES:

NOES:

ABSENT:

KATHLEEN KRAUSE
Clerk of the Board of Supervisors
County of Kern, State of California

Deputy Clerk

RESOLUTION

Section 1. WHEREAS:

- a) The Governor of California proposes to forcibly borrow billions of property tax dollars from counties and other local agencies as part of his State Budget plan; and

- b) California's adopted FY 2009-10 budget will delay through the entire first quarter of the fiscal year over one billion dollars in funds counties need to administer mandated health and human service programs and make federally required payments; and
- c) The State's General Fund already benefits from over \$6 billion annually of property tax revenues from counties, revenues that have traditionally funded county services; and
- d) Property tax dollars comprise over twenty percent of counties' general revenue and are the primary general fund source for every county in California; and
- e) County tax revenues including property taxes, sales and use taxes, and vehicle license fees have recently declined dramatically due to the global economic recession; and
- f) State law provides little authority to counties to raise revenues independently of the State; and
- g) Confronted with the severe current economic downturn, Kern County must balance its budget by cutting critical services, laying off valuable employees, and living within its means; and
- h) Counties and other local agencies provide the services most immediate to the lives of Californians; and
- i) Applications for health and human service programs that the County provides on the State's behalf—such as food stamps, homeless assistance, CalWORKs, Medi-Cal, and general assistance—are rising rapidly; and
- j) The State has not increased funding for providing human service programs in nearly a decade despite large increases in counties' costs to administer them; and
- k) Counties and other local agencies are already owed approximately one billion dollars for State-mandated programs performed before 2004; and
- l) The State's process for determining which mandates are reimbursable is so understaffed, inefficient, and structurally biased against local agencies that counties provide mandated services for as long as a decade without any reimbursement; and
- m) Recent significant changes in credit markets will make it difficult for counties to borrow money to make up for the revenue they would lose under this proposal, even though no California county has ever defaulted on its debt obligations; and
- n) The proposal to borrow county funds would have far-reaching, long-term consequences for Kern and other counties and the services they provide to every Californian while doing nothing to resolve the real and continuing problems with the state budget; and
- o) Eighty-four percent of voters in a high-turnout general election expressed their desire that local property tax dollars remain in their communities to provide local services by voting for Proposition 1A (2004);
- p) The proposal would cut real services on which millions of Californians rely in a manner that, instead of saving, would in fact cost the State money since the forced loan must be repaid with interest; and

- q) The California Constitution would require the State to repay this loan just as recently enacted tax increases expire; and
- r) To solve its structural deficit the State—like counties, cities, and special districts—must either cut programs, raise revenue, or find willing creditors who will lend money on mutually agreeable terms; and
- s) Since economists expect a continued decline in State revenues beyond the beginning of an economic recovery, by enacting this proposal the State would merely shift its problem into future fiscal years in which revenues will be scarce even without a required loan repayment; and

Section 2. NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Supervisors of the County of Kern, State of California, as follows:

1. The Board unequivocally opposes any proposal to shift local revenue to the state, whether property tax, gas tax, a deferral of payments, or any other source.