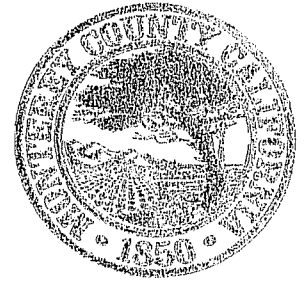


MONTEREY COUNTY



BOARD OF SUPERVISORS

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May 21, 2009

The Honorable Arnold Schwarzenegger
Governor of the State of California
State Capitol Building
Sacramento, CA 95814

Re: County of Monterey's resolution opposing the State's seizure of local tax funds

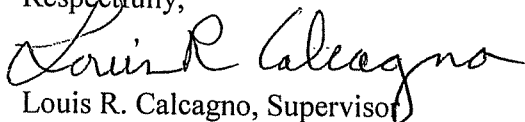
Dear Governor Schwarzenegger:

Respectfully submitted on behalf of the County of Monterey Board of Supervisors, is the enclosed resolution opposing the State's seizure of local tax funds, which was adopted by the Board on May 19, 2009. The resolution expresses in the strongest possible terms the County of Monterey's opposition to the State's proposal to seize local government tax revenues.

This month, the State Department of Finance announced a proposal to "borrow" over \$2 billion in local taxes to help balance the State budget, which could result in an agreement that relies on mandatory "loans" of local government property tax and transportation gas tax funds that may never be repaid, and seizure of redevelopment funds. Impacts from this proposal in Monterey County alone would result in estimated revenue losses of \$7,579,982 in General Fund property tax, which would have dire consequences on an already extremely constrained County budget; \$3,742,559 in Gas Tax (Prop 42) transportation funds, severely curtailing road-resurfacing efforts on about 275 miles of the County's 1240 miles of roadway; and a Redevelopment Agency fund losses of \$248,345. The County's taxpayers could lose a total of \$11,570,886 under the State's current proposal.

Monterey County recognizes the dire fiscal circumstances currently facing the State, but simply cannot withstand revenue seizure of the magnitude contemplated and still be expected to maintain services to our residents. We respectfully urge legislators to act in a fiscally responsible way by balancing the State budget with State revenues and strongly request that you to reconsider and reject this most harmful proposal.

Respectfully,


Louis R. Calcagno, Supervisor

Cc: Each member of the Board of Supervisors
Monterey County City Managers
Assemblymember Anna Caballero
Assemblymember Bill Monning
Senator Jeff Denham
Senator Abel Maldonado
John Arriaga, JEA & Associates
Matthew Thomas, Troutman and Sanders, LLC
Paul McIntosh, CSAC Executive Director