



October 14, 2009

## SENATE RECONVENES, APPROVES SB 67 AND SB 65

California counties were greatly relieved today when the Senate voted 37-0 to approve SB 67 and 38-0 to approve SB 65. As you are aware, both bills had languished when the Senate adjourned its regular 2009 legislative session in the wee hours of the morning on September 12. SB 67 is the clean-up legislation to enable the issuance of tax-exempt bonds to hold counties, cities, and special districts harmless from the "loan" of property taxes to the state – by exercising the borrowing provisions under Proposition 1A (2004) – as part of the 2009-10 budget solution. SB 65 makes needed technical amendments to the Highway Users Tax Account (HUTA) deferral and includes provisions to clarify the schedule of allocations of the revenue to cities and counties.

CSAC worked closely with our local government partners – the League of California Cities and the California Special Districts Association – to explain the importance of both bills and encourage passage before the end of this week. We greatly appreciate the support our local government partners have provided in that effort.

The list of people to thank in this process is long. Please be sure to express your appreciation to your state Senator for coming back into session to finish this piece of business and for casting their votes in support on these two important measures. We also are extremely grateful for the active engagement of county officials across the state who took the time to express the urgency to their legislative delegations of these key measures. The consistent message and coordinated advocacy effort is a testament to counties' collective effort.

While we have every indication that these measures will be accorded swift action on the part of the Governor, our focus now turns to encouraging him to sign both bills when they reach his desk (hopefully by week's end). From there, we will continue working with our colleagues at California Communities through the process for issuing the bonds to securitize the property tax loan. I am pleased to note that over 1,050 agencies, including 56 counties, have enrolled to securitize their loans. The amount of receivables to be purchased from cities and counties exceeds \$1.5 billion. We remain on schedule to close enrollment by November 6 and to price the bonds the following week. The transaction should close by the end of November. See the attached for further information.

Once again, we thank you for your continued efforts to assist us in advocating for the passage of these two important measures. Please extend our thanks and yours to your Senators for their extraordinary work today.

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