



June 13, 2012

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The Honorable Darrell Steinberg  
Senate President Pro Tempore  
State Capitol, Room 205  
Sacramento, CA 95814

The Honorable John Perez  
Speaker of the Assembly  
State Capitol, Room 219  
Sacramento, California 95814

**Re: Proposal to invalidate local pass-through agreements**

Dear President Steinberg and Speaker Perez:

On behalf of the California State Association of Counties (CSAC), I write to express our grave concern with a last-minute proposal to invalidate local pass-through agreements counties may have with former redevelopment agencies.

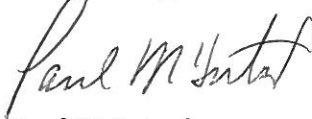
Because the tax increment for redevelopment purposes diverted revenue away from the core governmental purposes counties provide — services such as children's healthcare, CalWORKs, sheriffs, and district attorneys — local agencies were long permitted to negotiate pass-through agreements. This negotiation process insured that a redevelopment project had access to the funds necessary to its purposes without undue hardship on the programs serving the residents of those areas.

The dissolution of redevelopment areas has not lessened the need for these services. While the increment will be returned over time, invalidating these pass-through agreements that were negotiated in good faith by all parties will have the perverse effect of decreasing funds available to fund core government services in the short-term, the exact opposite of the intended effect of dissolving redevelopment agencies. This comes at a time when many counties have completed their budget hearings and process for the 2012-13 fiscal year, and on the heels of significant, prolonged budget reductions made by counties due to the economy over the past several years. Simply put, California's counties do not have the capacity to absorb the loss of these funds without severe adverse reactions.

Furthermore, counties have numerous responsibilities related to the unwinding of redevelopment agencies, yet they receive little compensation for these efforts. We question the sense of enacting changes such as this one that would decrease the funding available to many counties, given these extensive responsibilities.

CSAC requests that the \$250 million scored as a result of suspending these agreements be raised in another portion of the budget and that these long-standing, legally binding agreements remain in place. If you have any questions about our position, please do not hesitate to contact me at (916) 327-7500, extension 506.

Respectfully,

A handwritten signature in black ink, appearing to read "Paul McIntosh". The signature is written in a cursive style with a large initial "P".

Paul McIntosh  
Executive Director

cc: Governor Edmond G. Brown  
Members, California State Senate and Assembly  
Ana Matosantos, Director of Finance  
CSAC Board of Directors  
County Executives/Administrators