

City Finance Legislative Update

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Revenue and Taxation Policy Committee
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CaliforniaCityFinance.com The California Local Government Finance Almanac

Calif State Budget FY2011-12

Issues for local agencies

- Cleanup of gas tax swap for Prop 22 and Prop 26 compliance
✓ signed. HUTA continues, including Str&Hwy2103
- Redevelopment Extortion ✓ two bill scheme: death and rebirth.
- City VLF Eliminated ✓ Shifted to fund law enforcement grants
- COPS, booking fees ✓ Funded via MVLF shift & \$12 Veh Reg Fee -SB89
- Local mandates ✓ again suspended, owed reimbursements deferred.
- Sales/Use Tax collection ✓ signed.
- Public Library Funds ✓ \$15m reduction. \$16m on the trigger cut list.
- Williamson Act ✓ state funding eliminated
- State Parks: \$22 m annualized cut. ✓ Closure of 70 parks.
- Corrections and health services realigned to counties
✓ funded by shift of portion of state sales tax



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Calif State Budget FY2011-12

Trigger Cuts would take effect on/after Jan 1, 2012

“Tier I”

- \$200 million University of California and California State Universities
- \$100 million Dept of Developmental Services
- \$110 million In-Home Supportive Services program
- \$92 million to the Dept of Corrections and Rehab (CDCR)
incl \$72.1 million in county charges for youthful offenders sent to CDCR.
- \$30 m Calif Community Colleges backfilled with \$10/unit fee increase
- \$23 million to the Dept of Education re childcare funding
- \$16 million to the Calif State Library related to library grants
- \$15 million Local Vertical Prosecution grants (CalEMA).
- \$15 million to Medi-Cal.

“Tier II”

- \$1.5 billion- reduce the 2011-12 school year by up to 7 days
- \$248 million home-to-school transportation
- \$72 million to the California Community Colleges.



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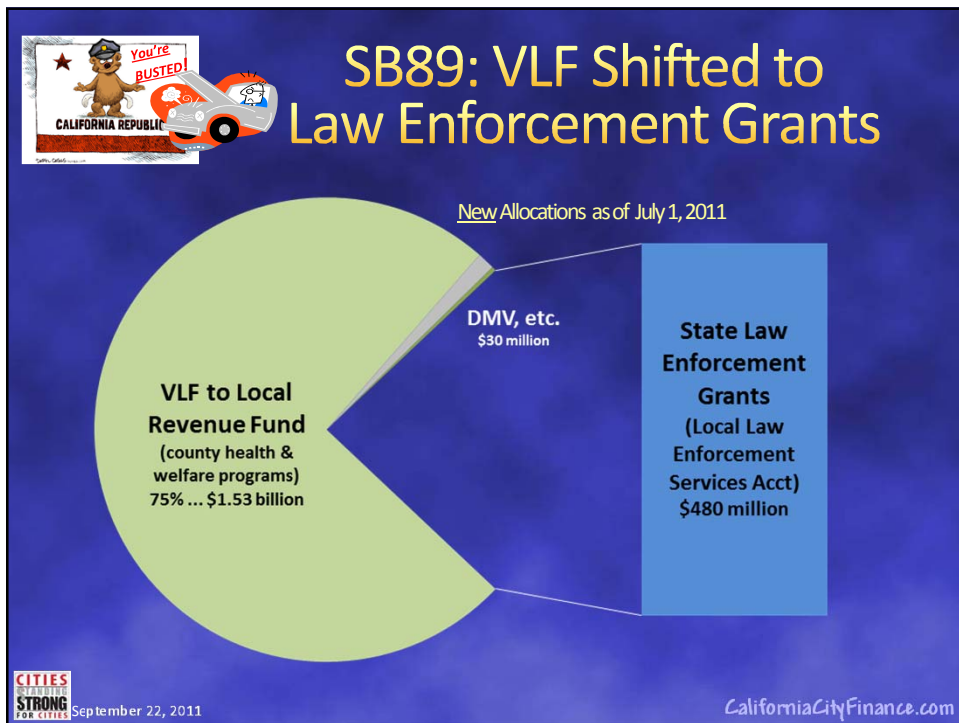
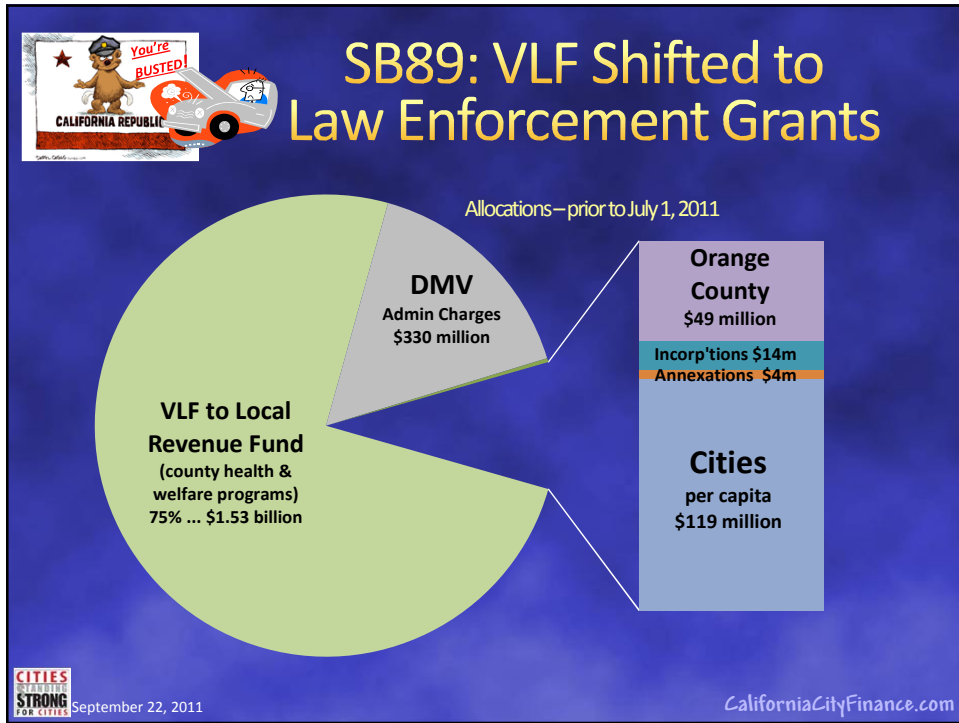
State Law Enforcement Grants

Funded in FY09-10 and FY10-11 from Temporary Tax
Funded Previously from State General Fund

	Apportionment		Allocation FY2011-12
Jail Detention Facility Grants		fixed \$	\$ 35,000,000
SLESF: jail constr/ops	5.15%	23.54%	\$ 11,029,596
SLESF: Distr Atty	5.15%	^	\$ 11,029,596
SLESF: COPs Frontline Law Enf	39.70%	^	\$ 85,024,267
Juvenile Justice Crime Prevention	50.00%	23.54%	\$ 107,083,460
Small Rural Sheriffs		4.07%	\$ 18,514,430
Juvenile Probation		33.38%	\$ 151,845,620
Juvenile Camps & Ranches		6.47%	\$ 29,432,030
Cal Emergency Mgmt Agency ¹		9.00%	\$ 40,941,000
	100.00%	100.00%	\$ 489,900,000



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ABx1_41 (Solorio): Restoring the VLF, preserving Law Enforcement Grants

STALLED

- Reinstates the special 0.15 percent VLF rate effective Jan. 1, 2012
- Restores VLF allocations to cities, annexations and incorporations, and Orange County.
 - Fully restores FY2011-12 and subsequent year allocations.
- Beginning FY 2012-13, reinstates Bureau of Narcotics Enforcement and Bureau of Investigation and Intelligence.
 - These programs assist local law enforcement by investigating of the "worst of the worst" including child exploitation, officer-involved shootings, and organized crime groups, as well as narcotics enforcement through regional offices targeting major drug dealers, violent career criminals, and clandestine drug manufacturers.
- Ensures full funding of the Law Enforcement grant programs including COPS/SLESF from a new, secure revenue stream.
- Provides additional state General Fund revenue to offset the Prop. 98 obligation impacts.

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MOE for COPS – Police ABx1_16 and SBx1_4

SIGNED!

“As a condition for the receipt of those (COPS law enforcement grant) funds, a city shall maintain its overall funding for frontline municipal police services at or above the 2010-11 fiscal year level.” (Amendment to Gov Code Sec 30061c)

- Existing language prevents supplanting – has worked for 15 years. (Gov Code Sec 30062)
- Many cities would have to cut other vital municipal services including fire, parks, and libraries - already reduced.
- Many cities will instead refuse their COPS grants, defeating the intent of the program.
- MOE only applies to cities – not to other local agencies that receive the same grant money
- **As amended, SBx1_4 would “chapter-out” this language.**

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Fiscal Legislation of Note

Municipal Bankruptcy

AMENDED
LEAGUE NOT
OPPOSED

- **AB 506** (Wieckowski, D-Fremont): Prohibits local gov't filing Ch.9 Bankruptcy without first receiving permission from a state appointed "neutral" evaluator (*a.k.a. arbitrator*).

Public Service Contracting

TO
GOVERNOR
REQUEST
VETO

- **AB 438** (Williams, D-Santa Barbara): Imposes restrictive requirements on public-private contracts for library services. Impedes local determination of the most efficient & effective way to provide services.

STALLED

- **AB1087** (Brownley, D-Santa Monica): Authorizes county to audit a city seeking to end a public safety services contract (city finances, revenues, ability to run its own public safety department).

Pre-paid Wireless Taxes & Fees

STALLED

- **AB 1050** (Ma, D-San Francisco): Convene a stakeholder group to develop a method of collecting state and local taxes, fees and surcharges from pre-paid end-use consumers.



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Fiscal Legislation of Note

Post-Bell Bills

DEAD &
GONE

- **AB 229** (Lara, D-Bell Gardens): State Controller (SCO) local audit oversight.
 - Financial audits must be filed with the SCO and must comply with US Comptroller's Gov Auditing Standards
 - Must hire from list of auditors approved by SCO, cancel multi-year contract if auditor delisted, change lead auditor partners after 6 yrs, hold 10% of fee till SCO certifies audit.
 - SCO may hire auditor at agency expense if audit not filed on time, access audit work papers.

STALLED

- **AB 253** (Smythe, R-Santa Clarita): Establish State Controller's committee on reporting and accounting procedures.

SIGNED

- **AB 187** (Lara, D-Bell Gardens): State Auditor's High Risk Local Agency Audit Program.

STALLED

- **SB 186** (Kehoe, D-San Diego): Authorize SCO audits at city expense to ensure compliance with state law, grant agreements, local ordinances, and determine fiscal viability.

STALLED

- **SB 449** (Pavley, D-Agoura Hills): Authorize SCO to audit any local agency. Preliminary review, audit, financial review committee.



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