

PRIORITY FOCUS



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BUDGET COMMITTEE ACTS ON LOCAL PUBLIC SAFETY FUNDS

The Budget Conference Committee concluded its work during several late night sessions this week and adopted – on party line vote (Democrats supporting-Republicans opposed) – a package of tax increases as well as additional cuts to state-funded local public safety programs.

For more, see Page 2.

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U.S. SENATE TAKES ACTION ON HOUSING CRISIS, ENERGY, WATER CONSERVATION

The Senate is expected to approve HR 3221, the Housing and Economic Recovery Act on Friday, July 11. In addition to containing \$3.9 billion of funding for state and local governments for foreclosed property acquisition and rehabilitation, the measure also provides for a regulatory overhaul of mortgage finance giants Fannie Mae and Freddie Mac, a plan to help borrowers avoid foreclosure by refinancing through the Federal Housing Administration and a \$14.5 billion package of housing-focused tax breaks. *For more, see Page 3.*

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LETTERS OF OPPOSITION NEEDED ON PAID SICK LEAVE BILL

The League continues to oppose AB 2716 (Ma), a bill that mandates all California employers (including cities) to provide paid sick leave for any employee who works seven or more days in a calendar year. With major concerns regarding the additional costs this bill will cause cities to incur, and the fact that it can be seen as an unfunded mandate, it's critical that the bill is defeated. *For more, see Page 3.*

Citizens Options for Public Safety (COPS)/Juvenile Justice Grant Program: The committee voted to approve funding for these programs at the FY 2005-06 funding level of \$100 million for each program (\$200 million total). This is less than the FY 2007-08 amount of \$119 million each (\$238 million total) and the Governor's proposed funding levels for FY 2008-09 of \$107 million each (\$214.2 million total).

Booking Fees: The committee members voted to eliminate funding for Booking Fees (\$35 million). They also voted to eliminate state funding for Rural Sheriffs (\$18.5 million). After the vote, a Department of Finance representative reminded the committee that the Governor supported Booking Fees funding and later told League staff that retaining local public safety funding remains a high priority for the Governor in the final budget negotiations.

League, CSAC and CSDA Ask Legislature and Governor Not to Borrow Local Property Tax or Transportation Funds

The League, California State Association of Counties (CSAC) and Special Districts Association sent a joint letter to the Governor and Legislature this week. The letter expressed appreciation for the fact that neither the Governor's proposed budget nor the Conference Committee approved budget contains provisions suspending Propositions 1A (local property taxes) or 42 (transportation funds).

The letter reminded recipients that the suspension of constitutional protection of local revenues is an inappropriate means to accomplish a short-term goal at the expense of much-needed long-term stability.

The letter is posted on the League's Web site.

(http://www.cacities.org/resource_files/27006.JointAssnLetter-7-10-08FINAL.pdf).

Democrats Introduce Major Tax Proposal to Close Budget Gap

The fireworks began soon after the Democrats introduced their \$8.7 billion tax proposal to help close the \$15.2 billion budget shortfall this year. Republican legislators were quick to criticize the proposal as unworkable and dangerous given the current economic strain Californians are suffering with high gas prices, rising food costs and more.

Republicans said that this tax raise will just raise expenditures and the state needs to cut spending, not increase it. Democrats countered that these revenues would restore stability to the state budget over the long term and protect education and other vital state programs.

The Democrat revenue-generating proposal includes:

\$5.6 billion: Raise tax rates for wealthiest Californians by creating new tax brackets (10 and 11 percent) for the highest earnings. The current highest bracket is 9.3 percent.

\$1.1 billion: Suspend the corporate loss deduction for three years.

\$470 million: Restore the franchise tax rate from the current amount of 8.8 percent to the 1997 level of 9.3 percent.

\$215 million: Reduce the dependant income tax exemption for households with an annual adjusted gross income of more than \$150,000.

\$815 million: Suspend tax adjustments in specific categories across all income brackets, which would raise income taxes for everyone.

\$1.5 billion: Waive penalties for late tax payments so individuals and corporations behind on taxes can pay without penalties.

Where Things Go From Here

As of now, no vote is scheduled for the budget package. It is expected that discussions will increase between legislative leadership and the Governor. It is also not clear whether or not the Republicans will

unveil a proposed package of additional cuts. The League will issue budget updates through alerts and *Priority Focus*.

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Once the Senate passes the measure, it will go back to the House. House Financial Services Committee Chairman Barney Frank (D-Mass.) says that he intends to make adjustments to the measure before House and Senate housing committee leaders can finalize a package to send to the White House for signature.

Chairman Frank is considering removing the \$3.9 billion that would be directed to state and local governments for neighborhood stabilization. The White House issued a threat to veto HR 3221 if the funding is not removed.

The League has prepared a sample letter for city officials to contact their congressional representative to urge them to support inclusion of the neighborhood stabilization funding. This letter is posted on the League's Web site. (http://www.cacities.org/resource_files/27007.6ForeclosureStabilizationCitiesSample-2-08.doc) .

Funding for Local Energy Conservation Initiatives

The House Appropriations Committee on July 10 approved its version of the FY 2009 Energy and Water Appropriations bill. The bill includes \$40 million in funding for competitive grants to local governments for a Renewable Energy/Zero Energy Demonstration Projects program in place of funding for the Energy Efficiency and Conservation Block Grant (EECBG) program.

The House Appropriations Committee-passed version of the measure includes \$295 million for EECBG, which was authorized at \$2 billion annually for five years in the Energy Independence and Security Act of 2007 (PL 110-140). Both the House and Senate need to schedule floor time to consider their respective versions of the measure before the House and Senate can begin discussions on a final FY 2009 Energy and Water Appropriations package.

'AB 2716' Continued from Page 1...

The League's opposition letter can be found online at www.cacities.org/billsearch. Type AB 2716 into the search function to access the letter.

Opposition letters should be sent to:
Assembly Member Fiona Ma (D-San Francisco)
California State Capitol, Room 2176
Sacramento, CA 95814

Please also include a cc to the following legislators:

- Your assembly member
- Your senator
- Senate Appropriations Committee Chair Tom Torkelson (D-Antioch)
- P. Anthony Thomas, legislative representative, League of California Cities

The League urges cities to send opposition letters to the Senate Appropriations Committee before Aug. 4 when the bill will likely be heard. Human resource and finance directors should collaborate to calculate the costs that AB 2716 would generate for their city and include the information in the letter.

The League also thanks all of the cities who have responded to the opposition letter request.

Future Funding for Local Streets and Roads Pending Additional Survey Data

Cities are encouraged to complete the Local Streets and Roads Statewide Needs Assessment Project survey. This survey will ensure that accurate and complete reports are provided to the Gov. Arnold

Schwarzenegger the Legislature. This information will be important as the League and local government and transportation partners seek additional funding for local streets and roads, as well as non-pavement assets including sidewalks, lighting, and traffic signals, in future budget years.

The survey is available online at http://www.savecaliforniastreet.org/participate_study.aspx and should be completed no later than Friday, July 18.

The League acknowledges that each city records data in different ways and may not have well defined pavement and non-pavement management, asset, and funding data. The project consultants ask that cities simply provide as much information as possible, to the best of their knowledge. The League and our partners are grateful to those cities that have already completed their surveys.

This project is an opportunity to give the Governor and Legislature a clear understanding of local street and road funding needs. It is vital that the survey includes data reports from as many cities as possible to accurately represent all areas of the state.

As of last month, more than 150 agencies had not yet recorded information.

Find additional information about the goals of this project, status of data collection, and consultant contact information online at www.SaveCaliforniaStreets.org.

Contact League Staff Dorothy Johnson (djohnson@cacities.org) to receive a hard copy of the survey. Please provide your full contact information, including fax number and email.

Note: This survey does not pertain to the Proposition 1B Local Streets and Roads funding.

Cities Would Gain Park Funding With the Passage of AB 31

The League supports AB 31 (De Leon), a bill that would allocate \$400 million of Proposition 84 funds to award competitive grants to park poor communities.

AB 31 would require the California Department of Park and Recreation (DPR) to establish a local assistance program to distribute grants to the most park needy communities across the state. These grants would be used to fund the acquisition and development of parks, recreation areas, and facilities in "critically underserved communities." Communities defined as "critically underserved" are those with less than three acres of usable parkland per 1,000 residents and/or can demonstrate insufficient or lack of park and recreation facilities.

In addition, this measure would direct DPR to encourage joint partnership programs between two or more applicants to enhance investment of public resources.

The League supports AB 31 because it would be an important step in helping communities that suffer from higher rates of crime, unemployment, poverty, school drop-outs, and health ailments by modifying current criteria to ensure that underserved communities are able to develop and improve neighborhood parks.

Currently before the Senate, AB 31 is expected to go to the Governor's desk for signing. The League is optimistic that this bill will be signed and will provide an update through *Priory Focus*.

Find a Bill, Legislators, Leg Committee, or Ask League Leg Staff

Visit (and bookmark!) the League's [Legislative Resources](http://www.cacities.org/legresources) Web page (www.cacities.org/legresources). You'll find a roster and contact information for the League's legislative staff; the online Bill Search program, background materials on lobbying your legislators, and more.
