



**2009-10  
Budget Conference Committee  
on SB 61**

**Upon Call of the Chair – Room 4203**

**LOCAL GOVERNMENT**

**Assemblymember Noreen Evans, Chair**

**Senator Denise Moreno Ducheny, Vice Chair**

**Members: Senator Bob Dutton, Senator Mark Leno, Senator Alan Lowenthal, and Senator Mimi Walters**

**Assemblymember Bob Blumenfield, Assemblymember Kevin De León, Assemblymember Roger Niello, and Assemblymember Jim Nielsen**

## Table of Contents

<b><u>Item #</u></b>	<b><u>Title</u></b>	<b><u>Page</u></b>
<b>8885</b>	<b>Commission on State Mandates</b>	
	May Revision Adjustment to Update Funding .....	1
	Suspend Specified Mandates .....	2
<b>9100</b>	<b>Tax Relief</b>	
	Williamson Act Open Space Subventions.....	3
<b>9210</b>	<b>Local Government Financing – Proposition 1A Suspension</b>	
	Suspend Proposition 1A.....	4
	<b>LOCAL GOVERNMENT ITEMS RECOMMENDED FOR VOTE ONLY .....</b>	<b>5</b>

**8885 Commission on State Mandates**

Issue	Description	2009 Budget Act	May Revise	Comments
-------	-------------	--------------------	---------------	----------

**8885-295-0001 Commission on State Mandates: Payment of Local Government Mandate Claims**

The Commission on State Mandates determines whether a new statute, executive order, or regulation imposes a reimbursable state mandate on local governments and establishes mandate reimbursement parameters and guidelines. This budget item appropriates General Fund (GF) non-Proposition-98 mandate payments for allocation to local governments by the State Controller. Proposition 1A (of 2004) requires the Legislature to suspend any local government mandate (other than those relating to the rights or benefits of public employees) for which it does not appropriate money in the annual Budget Act to pay claims that are payable at the time the budget is enacted. Under existing law, payable claims are final claims for the prior fiscal year or earlier that are filed by April 1. The 2009-10 Budget Act appropriated \$142 million GF to pay local government reimbursement claims for the cost of implementing 45 state-mandated local programs in 2007-08 (along with back claims to 2004-05). Like last year, the budget achieves a savings of about \$90 million in 2009-10 from deferral of payment for old (pre-2004-05) mandate claims – about \$900 million is outstanding, but can be repaid over time.

<b>103</b>	<b>May Revision Adjustment to Update Funding</b>	142,000,000	+15,000,000	This May Revision change simply updates the Budget Act amount to reflect the current estimate.
------------	--	-------------	-------------	--

The May Revision includes an adjustment of \$15 million to fund 3 new mandates approved by the commission prior to April 1 (\$7.1 million) and to reflect final claims submitted to the Controller (\$7.9 million).

**8885 Commission on State Mandates**

Issue	Description	2009 Budget Act	May Revise	Comments
102	<p><b>Suspend Specified Mandates</b></p> <p>The May Revision proposes to defer payment for, and suspend, 32 local government mandates (30 mandates funded in the 2010 Budget Act and 2 of the newly approved mandates funded in Issue 103 above). The May Revision would maintain funding for 16 mandates, which would not be suspended. The Administration indicates that the funded mandates relate to law enforcement or property tax administration.</p>		-100,300,000	<p>The \$100.3 million savings in 2009-10 is a deferral--the state will continue to owe this amount to local governments. However, suspension also results in future savings of a roughly equivalent amount. Suspended mandates will not be in force in 2009-10. Local governments will not be required to carry them out, and there will be no state payment obligation for 2009-10 costs of the suspended mandates if local governments choose to continue them.</p>

**9100 Tax Relief**

Issue	Description	2009 Budget Act	May Revise	Comments
<b>9100-001-0001</b>	<b>Tax Relief</b>			
<b>001</b>	<b>Williamson Act Open Space Subventions</b>	34,740,000	-34,740,000	State costs to backfill K-14 Education for property tax losses under the program would continue and probably exceed the subvention cost, which reflects a 10-percent reduction that began in 2008-09.
<b>TBL</b>	<p>The May Revision proposes to suspend the subventions, which are paid to local governments (primarily counties) as an offset to their loss of property tax revenues due to reduced property tax assessment of land under Williamson Act and Open Space contracts. This proposal eliminates the Budget Act appropriation and also includes TBL to eliminate the underlying continuous appropriation for the program, which currently is "in-lieued" by Budget Act Language.</p>			<p>Landowners enter into rolling 10-year contracts with counties (and some cities) to maintain the agricultural or open space use of their land. Local Governments may terminate these contracts immediately unless the landowner protests, in which case the reduced assessment phases out when the contract has six years or less remaining.</p>

**9210 Local Government Financing**

---

<b>Issue</b>	<b>Description</b>	<b>2009 Budget Act</b>	<b>May Revise</b>	<b>Comments</b>
--------------	--------------------	----------------------------	-----------------------	-----------------

---

**9210 Local Government Financing—Proposition 1A Suspension**

<b>TBL</b>	<b>Suspend Proposition 1A.</b>  Borrow \$1.982 billion from local governments through the suspension of Proposition 1A (of 2004). Suspension, which requires legislation, allows the state to divert to schools up to 8 percent of property tax revenues of cities, counties and special districts. Repayment with interest must be made within three years. The May Revision also proposes legislation to authorize a joint powers authority to facilitate local government borrowing against the state's repayment promise.		-1,982,000,000 (General Fund borrowing)	Allocating additional property tax revenue to schools results in an offsetting reduction in required state support for schools under Proposition 98. However, federal maintenance-of-effort requirements and other restrictions in the American Recovery and Reinvestment Act (ARRA) have posed challenges to achieving offsetting savings from increased property tax allocations to schools.
------------	---	--	---	--

**LOCAL GOVERNMENT  
ITEMS RECOMMENDED FOR VOTE ONLY**

	<b>ITEM</b>	<b>ISSUE</b>	<b>ISSUE</b>	<b>AMOUNT</b>	<b>PROPOSED ACTION</b>
			<b>Local Government</b>		
1	6110	248	May Revision: Statutory Fix for 2008-09 Educational Revenue Augmentation Funds (ERAF) Shift from Redevelopment Agencies (RDAs).	(350,000,000) (retained General Fund relief)	Approve May Revision placeholder trailerbill language.