

1 [California State Budget – Opposing the Use of Motor Fuel Tax and Redevelopment
2 Tax Increment Funds.]

3 **Resolution urging the City Attorney and the General Counsel of the San Francisco**
4 **Redevelopment Agency to cooperate with the League of California Cities, the California**
5 **Redevelopment Association, and other cities and counties in possible litigation**
6 **challenging the constitutionality of any seizure by state government of the City’s street**
7 **maintenance and redevelopment funds.**

8
9 WHEREAS, The current economic crisis has placed California’s cities under incredible
10 financial pressure and caused city officials to make painful budget cuts, including layoffs and
11 furloughs of city workers, decreasing maintenance and operations of public facilities, and
12 reductions in direct services to keep spending in line with declining revenues; and

13 WHEREAS, Since the early 1990s the state government of California has seized over
14 \$10 billion of city property tax revenues statewide, now amounting to over \$900 million each
15 year to fund the state budget even after deducting public safety program payments to cities by
16 the state; and

17 WHEREAS, Since the early 1990s the state government also has seized \$1.04 billion
18 of redevelopment tax increment statewide, and the Governor and Legislature are now
19 considering seizing \$350 million each year for three years, beginning in the current fiscal year;
20 and

21 WHEREAS, On April 30, 2009, in the case of *CRA v. Genest*, the Sacramento Superior
22 Court found similar efforts by the State to seize redevelopment tax increment for the state
23 general fund to be in direct violation of Article XVI, Section 16 of the State Constitution, added
24 by the voters in 1952 as Proposition 18, which requires that tax increment be used exclusively
25 for the benefit of redevelopment project areas; and

1 WHEREAS, In his proposed FY 2009-10 budget the Governor has proposed
2 transferring \$1 billion of local gas taxes and weight fees to the state general fund to balance
3 the state budget, and over \$700 million in local gas taxes permanently in future years,
4 immediately jeopardizing the ability of the City to maintain the City's streets, bridges, traffic
5 signals, streetlights, sidewalks and related traffic safety facilities for the use of the motoring
6 public; and

7 WHEREAS, The loss of almost all of cities' gas tax funds will seriously compromise
8 cities' ability to perform critical traffic safety related street maintenance, possibly including, but
9 not limited to, drastically curtailing patching, resurfacing, street lighting/traffic signal
10 maintenance, payment of electricity costs for street lights and signals, bridge maintenance
11 and repair, and sidewalk and curb ramp maintenance and repair; and

12 WHEREAS, Cities and counties maintain 81% of the state road network while the state
13 directly maintains just 8%, and according to a recent statewide needs assessment on a scale
14 of zero (failed) to 100 (excellent), the statewide average pavement condition index (PCI) is 68,
15 or "at risk;" and

16 WHEREAS, In both Proposition 5 in 1974 and Proposition 2 in 1998 the voters of our
17 state overwhelmingly imposed restrictions on the state's ability to do what the Governor has
18 proposed and the Legislature is considering, and any effort to permanently divert the local
19 share of the gas tax would violate the state constitution and the will of the voters; now,
20 therefore, be it

21 RESOLVED, That the City and County of San Francisco hereby urges the City Attorney
22 and the General Counsel of the San Francisco Redevelopment Agency to take all necessary
23 steps to cooperate with the League of California Cities, California Redevelopment
24 Association, and other cities, counties and redevelopment agencies in planning for and
25 supporting possible litigation against the state of California if the legislature enacts and the

1 governor signs into law legislation that unconstitutionally diverts the redevelopment tax
2 increment and the City's share of funding from the Highway Users Tax Account (HUTA), also
3 known as the "gas tax," to fund the state general fund; and, be it

4 FURTHER RESOLVED, That the Clerk of the Board shall send this resolution, with the
5 accompanying signature from the Mayor, to the Governor and each of the city's state
6 legislators, informing them of the City's adamant resolve to oppose any effort to frustrate the
7 will of the electorate as expressed in Proposition 18 (1952), Proposition 5 (1974) and
8 Proposition 2 (1998) concerning the proper use and allocation of the redevelopment tax
9 increment and the gas tax.

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