

1 [California State Budget – Opposing the Use of Additional Local Property Tax Funds.]

2

3 **Resolution finding a severe fiscal hardship will exist if additional local property tax**
4 **funds are seized and additional unfunded mandates are adopted by the State of**
5 **California.**

6

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

12 WHEREAS, Since the early 1990s the state government of California has seized over
13 \$8.6 billion of city property tax revenues statewide to fund the state budget even after
14 deducting public safety program payments to cities by the state; and

15 WHEREAS, The most significant impact of taking local property taxes has been to
16 reduce the quality of public safety services cities can provide since public safety comprises
17 the largest part of any city’s general fund budget; and

18 WHEREAS, In 2004 the voters by an 84% vote margin adopted substantial
19 constitutional protections for local revenues, but the legislature can still “borrow” local property
20 taxes to fund the state budget; and

21 WHEREAS, On May 5 the Department of Finance announced it had proposed to the
22 Governor that the state “borrow” over \$2 billion in local property taxes from cities, counties
23 and special districts to balance the state budget, causing deeper cuts in local public safety
24 and other vital services; and

25

1 WHEREAS, In the past the Governor has called such “borrowing” proposals fiscally
2 irresponsible because the state will find it virtually impossible to repay and it would only
3 deepen the state’s structural deficit, preventing the state from balancing its budget; and

4 WHEREAS, The Legislature is currently considering hundreds of bills, many of which
5 would impose new costs on local governments that can neither be afforded nor sustained in
6 this economic climate; and

7 WHEREAS, State agencies are imposing, or considering, many regulations imposing
8 unfunded mandates on local governments without regard to how local agencies will be able
9 comply with these mandates while meeting their other responsibilities; and

10 WHEREAS, The combined effects of the seizure of local property taxes, increasing
11 unfunded state mandates, and revenue losses due to the economic downturn have placed
12 many cities’ budgets under serious fiscal pressure; and

13 WHEREAS, San Francisco can not sustain the loss of any more property tax funds or
14 be saddled with any more state mandates as they will only deepen the financial challenge
15 facing our City; and

16 WHEREAS, A number of the City's financial commitments arise from contracts,
17 including long term capital leases and debt obligations which support securities in the public
18 capital markets, that the City must honor in full unless modified by mutual agreement of the
19 parties; now, therefore, be it

20 RESOLVED, That the City and County of San Francisco has determined that the City
21 will experience a severe fiscal hardship if the recommendation of the Department of Finance
22 to “borrow” \$2 billion of local property taxes is supported by the Governor and the Legislature;
23 and, be it

24 FURTHER RESOLVED, That the Board of Supervisors of the City and County of San
25 Francisco strongly and unconditionally opposes the May 5 proposal of the Department of

1 Finance and any other state government proposals to borrow or seize any additional local
2 funds, including the property tax, redevelopment tax increment, and the City's share of the
3 Prop. 42 transportation sales tax; and, be it

4 FURTHER RESOLVED, that San Francisco strongly urges the state legislature and
5 Governor to suspend the enactment of any new mandates on local governments until such
6 time as the economy has recovered and urges the state to provide complete funding for all
7 existing and any new mandates.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25