



# *CITY COUNCIL AGENDA REPORT*

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**MEETING DATE:** MARCH 2, 2010

**ITEM NUMBER:**

**SUBJECT:** BALLOT INITIATIVE TO PREVENT STATE FROM TAKING LOCAL TAX FUNDS

**DATE:** FEBRUARY 16, 2010

**FROM:** CITY MANAGER'S OFFICE

**PRESENTATION BY:** THOMAS R. HATCH, ASSISTANT CITY MANAGER

**FOR FURTHER INFORMATION CONTACT:** TOM HATCH AT (714) 754-5288

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## **RECOMMENDATION:**

It is recommended that the City Council adopt the attached Resolution supporting the Local Taxpayer, Public Safety and Transportation Protection Act of 2010.

## **BACKGROUND AND ANALYSIS:**

California voters have repeatedly approved ballot measures to dedicate local funding sources to essential local services and to prevent the legislature and governor from shifting or raiding local government, transit and transportation funds. Despite this, the legislature and governor recently passed a budget that borrows and takes nearly \$5 billion in city, county, transit and transportation funds this past year. These continued raids are jeopardizing many of the services provided by local government. Cities and counties are being forced to lay off police officers, firefighters and other employees, and to significantly cut services.

The League of California Cities (League) has joined with local government, transit and transportation advocates to craft a constitutional amendment that could be placed on the November 2010 ballot. This ballot measure, a copy of which is attached, is known as the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010."

Approval of this ballot initiative by the populace will close loopholes and change the California Constitution to further prevent State politicians from seizing, diverting, shifting, borrowing, transferring, suspending, or otherwise taking or interfering with tax revenues dedicated to funding local government services including:

- Prohibit the state from taking, borrowing or redirecting local taxpayer funds dedicated to public safety, emergency response and other vital local government services;
- Revoke the state's authority to borrow local government property tax funds or divert local redevelopment funds;

- Prevent the state borrowing, taking or redirecting of the state sales tax on gasoline (Prop 42 funds) and Highway User Tax on gasoline (HUTA) funds that are dedicated to transportation maintenance and improvements and would prevent the state from redirecting or taking public transit funds; and
- Reform state government and enhance fiscal accountability.

The League of California Cities is asking city councils and special districts throughout California to adopt the attached resolution endorsing the Local Taxpayer, Public Safety and Transportation Protection Act of 2010 and to authorize the listing of the City of Costa Mesa as officially supporting this measure.

It should be noted that while the City Council may legally establish a position on the Initiative, the City may not expend any staff time, financial resources, use of neither public facilities nor any other municipal asset in the furtherance of the Initiative.

**FISCAL IMPACT:**

If the attached resolution is approved by the City Council, the City would be expected to inform the public about the position of the City Council. This would occur through the existing communication methods like press releases, web site, Community News publication, etc. There is no direct financial impact to the City in adopting this resolution.

**LEGAL REVIEW:**

No legal review required.

**ALTERNATIVE/IMPACTS:**

The City Council could chose not to endorse this ballot measure. However, without changes to the state constitution, the legislature and the governor can continue to jeopardize local government services by taking, diverting and borrowing from local funding sources.

**RECOMMENDATION:**

It is recommended that the City Council adopt the attached Resolution supporting the Local Taxpayer, Public Safety and Transportation Protection Act of 2010.

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CAROL C. PROCTOR  
MANAGEMENT ANALYST

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THOMAS R. HATCH  
ASSISTANT CITY MANAGER

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COLLEEN O'DONOGHUE  
ASSISTANT FINANCE DIRECTOR

- Attachments:           1     [Resolution No. 10-](#)  
                                  2     [Ballot Initiative Summary](#)