

## FY 10 STATE BUDGET UPDATE

On Friday, July 24, 2009, the State Legislature passed their budget and sent it to the Governor, who has indicated that he will likely sign it. The Senate finished voting at 6:30 a.m. After nearly 20 hours of session, the Assembly passed the final pieces at 3:15 PM Friday, July 24. Both houses then adjourned until August 17. The budget deal cuts billions of dollars from almost all state programs, borrows heavily from local governments, reduces State workers' pay through furloughs, and makes other cuts.

### **The Good News**

The good news is that the Gas Tax was taken off the table at the last second by the Assembly. The Senate passed a \$1 billion Gas Tax raid, but the Assembly moved to kill the proposal. That raid would have cost Long Beach \$8 million, \$6.3 million of which supported critical transportation operations in the General Fund. Special thanks to the League of California Cities, the Big 10 Mayors, and our very own Mayor Foster, who very strongly opposed the Gas Tax raid yesterday in a statewide news conference.

### **The Bad News**

The proposal still relies heavily on borrowing from local government. Prop 1A borrowing of local property taxes was included in the deal, which is \$10 million to Long Beach. Those funds would have to be paid back within 3 years with interest. The deal includes a raid of \$30 million to the Long Beach Redevelopment Agency and Housing funds this year, and another \$6 million next year, neither of which would be paid back. All told, it's a \$46 million hit to Long Beach, with \$40 million in FY 10.

### **Next Steps**

The Governor indicated in a press conference that he would carefully review the bill over the next few days, and may make line-item vetoes to the bills, as the budget is now over \$1 billion less than expected due to the Gas Tax exemption and the loss of funds from the defeated proposal on offshore oil drilling in Santa Barbara. While he is expected to sign the bill, the budget is not complete until he finally signs it, so things may always change. Meanwhile, staff will be sorting through the 21 bills passed to find out the details on how these takeaways will be implemented and what the potential impact on Long Beach could be.