



**R-21**

**Date:** August 24, 2004  
**To:** Members of the City Council  
**From:** Mayor Beverly O'Neill *Beverly O'Neill*  
**Subject:** RESOLUTION IN SUPPORT OF PROPOSITION 1A

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As we know, state government currently seizes more than \$5.2 billion annually in local property tax funds statewide from cities, counties, and special districts, costing local governments more than \$40 billion in lost revenues over the past 12 years. Long Beach has lost more than \$15 million annually to these raids. These ongoing shifts and raids have had a deleterious effect on local government resources for public safety, parks, libraries and other essential services.

The 2004-2005 State budget was recently agreed upon after much discussion and compromising between Governor Schwarzenegger, the Legislature, and the cities and counties, providing more protection of local government finances than we've seen in many years. This was due in large measure to the involvement and access the Big Ten Mayors have had with the Governor, and with the leadership role taken by the League of California Cities.

The critical outcome of the recent negotiations was the placement on the November 2<sup>nd</sup> ballot of a constitutional amendment - Proposition 1A - to safeguard local budgets. This extraordinary measure will provide local governments with unprecedented safeguards over their resources, thereby returning control of managing their funds and the delivery of critical services where it belongs - at the local level.

The key components of Proposition 1A are as follows:

- ✓ The State will only be allowed to borrow funds from cities and counties twice in ten years;
- ✓ The State must pay back all borrowed funds with interest;
- ✓ The State cannot borrow a second time in ten years until the first loan is repaid;
- ✓ The borrowing is capped at 8% of local government's share of property tax;
- ✓ Local governments will not be required to implement State mandates that are not funded.

**RECOMMENDED ACTION**

It is strongly recommended that the City Council endorse Proposition 1A, and request the City Attorney to draft a resolution in support of this unprecedented measure.