

RESOLUTION NO. RES-09-0055

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF LONG BEACH FINDING A SEVERE FISCAL  
HARDSHIP WILL EXIST IF ADDITIONAL CITY PROPERTY  
TAX FUNDS ARE SEIZED AND ADDITIONAL UNFUNDED  
MANDATES ARE ADOPTED BY THE STATE OF  
CALIFORNIA

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

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

WHEREAS, in FY 2007-08 alone the state seized \$895 million in city property taxes statewide to fund the state budget after deducting public safety program payments and an additional \$350 million in local redevelopment funds were seized in FY 2008-09; and

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

WHEREAS, in 2004 the voters by an 84% vote margin adopted substantial constitutional protections for local revenues, but the legislature can still "borrow" local property taxes to fund the state budget; and

WHEREAS, on May 5 the Department of Finance announced it had

1 proposed to the Governor that the state "borrow" over \$2 billion in local property taxes  
2 from cities, counties and special districts to balance the state budget, causing deeper  
3 cuts in local public safety and other vital services; and

4 WHEREAS, in the past the Governor has called such "borrowing" proposals  
5 fiscally irresponsible because the state will find it virtually impossible to repay and it  
6 would only deepen the state's structural deficit, preventing the state from balancing its  
7 budget; and

8 WHEREAS, the Legislature is currently considering hundreds of bills, many  
9 of which would impose new costs on local governments that can neither be afforded nor  
10 sustained in this economic climate; and

11 WHEREAS, state agencies are imposing, or considering, many regulations  
12 imposing unfunded mandates on local governments without regard to how local agencies  
13 will be able comply with these mandates while meeting their other responsibilities; and

14 WHEREAS, the combined effects of the seizure of the City's property taxes,  
15 increasing unfunded state mandates, and the revenue losses due to the economic  
16 downturn have placed the city's budget under serious fiscal pressure; and

17 WHEREAS, our city simply can not sustain the loss of any more property  
18 tax funds or to be saddled with any more state mandates as they will only deepen the  
19 financial challenge facing our city; and

20 WHEREAS, a number of the City's financial commitments arise from  
21 contracts, including long term capital leases and debt obligations which support securities  
22 in the public capital markets, that the City must honor in full unless modified by mutual  
23 agreement of the parties.

24 NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
25 follows:

26 Section 1. The City of Long Beach will experience a severe fiscal  
27 hardship if the recommendation of the Department of Finance to "borrow" \$2 billion of  
28 local property taxes is supported by the Governor and the Legislature.

1 Section 2. The City Council of Long Beach strongly and unconditionally  
2 opposes the May 5 proposal of the Department of Finance and any other state  
3 government proposals to borrow or seize any additional local funds, including the  
4 property tax, redevelopment tax increment, and the city's share of the Prop. 42  
5 transportation sales tax.

6 Section 3. The City Council of the City of Long Beach strongly urges the  
7 state legislature and Governor to suspend the enactment of any new mandates on local  
8 governments until such time as the economy has recovered and urges the state to  
9 provide complete funding for all existing and any new mandates.

10 Section 4. The City Clerk shall send copies of this resolution to the  
11 Governor, our state senator(s), our state assembly member(s) and the League of  
12 California Cities.


13 Section 5. This resolution shall take effect immediately upon its adoption  
14 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

15 I hereby certify that the foregoing resolution was adopted by the City  
16 Council of the City of Long Beach at its meeting of June 2, 2009 by the following vote:

17  
18 Ayes: Councilmembers: Garcia, S. Lowenthal, DeLong,  
19 O'Donnell, Schipske, Andrews,  
20 Reyes Uranga, Gabelich, Lerch.

21  
22 Noes: Councilmembers: None.

23  
24 Absent: Councilmembers: None.

25  
26  
27  
28   
City Clerk