

**MARIPOSA COUNTY  
BOARD OF SUPERVISORS**

**AGENDA  
ACTION FORM**

**DATE:** October 16, 2001 #8  
**AGENDA ITEM NO.:**

**DEPARTMENT:** Administration

**BY:** Greg Iturria

**PHONE:** 966-3222

**RECOMMENDED ACTION AND JUSTIFICATION:**

(Policy Item: Yes  No )

Discussion and consideration of resolution supporting the efforts of the California State Association of Counties', the League of California Cities', and the California Special Districts Association's jointly sponsored constitutional amendment to protect local revenues.

The California State Association of Counties has requested all County Board of Supervisors to consider approving a resolution supporting their efforts to pass a constitutional amendment.

**BACKGROUND AND HISTORY OF BOARD ACTIONS:**

The Board has approved resolutions in the past that support actions and efforts initiated by the California State Association of Counties.

**LIST ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:**

Do not approve resolution.

<b>COSTS:</b> ( X ) Not Applicable A. Budgeted Current FY \$ B. Total Anticipated Costs \$ C. Required Additional Funding \$ D. Internal Transfers \$		<b>SPECIAL INSTRUCTIONS:</b> List the attachments and number the pages consecutively: Draft Resolution Draft Constitutional Amendment Summary Draft Constitutional Amendment
<b>SOURCE:</b> ( ) 4/5ths Vote Required \$ A. Unanticipated Revenues \$ B. Reserve for Contingencies \$ C. Source Description: _____ Balance in Reserve for Contingencies ,if approved: _____		
<b>CLERKS USE ONLY:</b> Res. No. <u>01-287</u> Ord. No. _____ Vote - Ayes: <u>5</u> Noes: _____ Absent: _____ Abstained: _____ ( ) Approved ( ) Denied ( ) Minute Order Attached ( ) No Action Necessary The foregoing instrument is a correct copy of the original on file in this office Date: _____ ATTEST: _____ MARGIE WILLIAMS, Clerk of the Board County of Mariposa, State of California BY: _____ Deputy		<b>ADMINISTRATIVE OFFICER'S RECOMMENDATION:</b> This item on agenda as: _____ Recommended _____ Not Recommended _____ For Policy Determination _____ Submitted with Comment _____ Returned for Further Action Comment: _____ CAO's Initials: <u>GM</u>

MARIPOSA COUNTY RESOLUTION NO. 01-287

**RESOLUTION SUPPORTING THE EFFORTS OF THE CALIFORNIA STATE ASSOCIATION OF COUNTIES', THE LEAGUE OF CALIFORNIA CITIES', AND THE CALIFORNIA SPECIAL DISTRICTS ASSOCIATION'S JOINTLY SPONSORED CONSTITUTIONAL AMENDMENT TO PROTECT LOCAL REVENUES**

**WHEREAS**, the relationship between California counties and the State has evolved to an inextricably linked partnership in providing services to California citizens, as well as an imbalanced, complex fiscal relationship that has resulted in the continued shift of property tax revenues to the State and diminished ability to raise local revenues; and

**WHEREAS**, since 1991, California counties have been diligently working with the Legislature to address the on-going shift of property tax revenues away from local governments, now totaling \$4 billion annually; and

**WHEREAS**, California counties have also participated in legislative efforts to reform the State/local fiscal relationship, including the development of a comprehensive plan for reform that focused on fixing what is broken in the State/local fiscal relationship; and

**WHEREAS**, these efforts to address fundamental problems in the State/local relationship have not resulted in any meaningful, practical reforms in the legislative arena to date; and

**WHEREAS**, California counties supported the efforts of the County of Sonoma in filing suit against the Commission on State Mandates for relief from the property tax shift; and

**WHEREAS**, while California counties prevailed at the Superior Court level, the Appellate Court ruled that, not only was the property tax shift not a mandate, but that the State could potentially shift other costs to counties without triggering a mandate claim; and

**WHEREAS**, the California Supreme Court denied review of *County of Sonoma, et al. vs. Commission on State Mandates, et al.*, leaving the appellate decision stand; and

**WHEREAS**, only a constitutional amendment, approved by the voters, will provide sufficient protection for future mandates or shifts of local revenues; and

**WHEREAS**, since November 2000, the California State Association of Counties and the League of California Cities have been working together to develop a constitutional amendment that requires the Legislature to reimburse local governments if the Legislature: increases local governments' share of cost of jointly funded programs; reallocates existing local government property and other locally collected revenues from one local government to another or to a state-created fund; or

fails to continue in the vehicle license fee (VLF) "backfill," the fine and forfeiture revenues under the Penal and Vehicle Codes, and revenues under the Welfare and Institutions Code; and

**WHEREAS**, the local government associations are meeting with traditional partners to gain their support and plan campaign strategy; and


**WHEREAS**, passage of this constitutional amendment will require the steadfast support and commitment of all California County Supervisors and all elected and appointed county officials.

**NOW THEREFORE, BE IT RESOLVED** that the Mariposa County Board of Supervisors does hereby support the California State Associations of Counties', the League of California Cities', and the California Special Districts Association's jointly sponsored constitutional amendment to protect local revenues and pledges assistance to make certain of its eventual success; and

**BE IT FURTHER RESOLVED** that this constitutional amendment is necessary to ensure the future fiscal health of California counties, cities, and special districts.

**PASSED AND ADOPTED** this 16th day of October 2001, by the following vote:

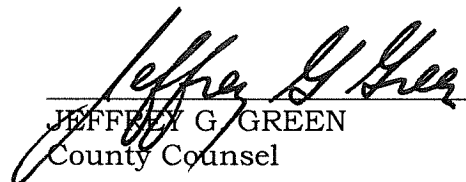
AYES:	Balmain, Parker, Reilly, Pickard and Stewart
NOES:	None
ABSENT:	None
ABSTAINED:	None

  
\_\_\_\_\_  
DOUG BALMAIN, Chairman

ATTEST:

APPROVED AS TO FORM  
AND LEGAL SUFFICIENCY:

  
\_\_\_\_\_  
MARGIE WILLIAMS  
Clerk of the Board

  
\_\_\_\_\_  
JEFFREY G. GREEN  
County Counsel

**DRAFT CONSTITUTIONAL AMENDMENT--SUMMARY**  
**League of California Cities/California State Association of Counties/  
 California Special Districts Association**

**The Problem**

Like a family on a budget, when local government income sources are interrupted or diverted by actions of other levels of government, it is hard to pay for police and fire services, social services, streets and roads, libraries, parks and recreation programs. Moreover, revenue instability discourages long-term planning for smart growth, innovation, and regional cooperation. Yet for years, communities across California have witnessed the steady erosion of financial resources needed to pay for services for California's rapidly growing population. The goal of this measure is to stabilize the funding of local government services to better meet the needs of our growing state.

**What The Measure Will Not Do**

- Stop the ERAF property tax shift or cap the growth in ERAF
- Take General Fund dollars from any other state or local program
- Prevent future reform of the state-local fiscal system. In fact, by protecting existing revenues, the proposed amendment provides a secure environment in which to undertake reform discussions.
- Prevent future realignment of state-local programs.
- Prevent the reallocation of existing revenues from one local government to another as a result of a change in local government boundaries.
- Prevent reductions in state funding for jointly funded programs (just the proportionate shares).
- Affect the state's obligation to fund school districts or community colleges under Proposition 98.

**What It Does Do (Effective January 1, 2002)**

- Requires the legislature to reimburse local governments whenever the legislature:
  1. Increases local governments' share of cost of jointly funded programs
  2. Reallocates existing local government property and other locally collected revenues from one local government to another or to a state-created fund
  3. Fails to continue the VLF "backfill", fine and forfeiture revenues under the Penal and Vehicle Codes, and revenues received under the Welfare and Institutions Code.
- Allows the Legislature, by a 2/3 vote, to suspend reimbursement for a mandate in any year. If it is done in the following year, the mandate shall not take effect during the period reimbursements are suspended.
- Requires the state to bear the burden of proving that a subvention of funds is not required.
- Requires local governments to adopt minimum procedures and policies for the development and adoption of goals and outcomes for the budget year, with adequate

public participation. The measure also requires an annual report on accomplishment of such goals and an annual financial audit.

- Requires the Act be broadly construed to accomplish its purpose without affecting the obligation of the state to fund the Proposition 98 guarantee for school districts and community colleges.

40386

09/12/01 12:55 PM  
RN0122207 PAGE 1

**RESOLUTION**

Senate Constitutional Amendment No. \_\_\_\_\_

A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 6 of Article XIII B thereof, and by adding Section 20 to Article XVI thereof, relating to local government finance.

40386

09/12/01 12:55 PM  
RN0122207 PAGE 2

Resolved by the Senate, the Assembly  
concurring, That the Legislature of the State of California at its 2001-02 Regular Session commencing on the fourth day of December 2000, two-thirds of the membership of each house concurring, hereby proposes to the people of the State of California that the Constitution of the State be amended as follows:

First--That the people of the State of California find and declare all of the following:

(a) In 1979, the voters amended the California Constitution to require the State to reimburse local governments whenever the State mandated that local governments carry out a new or higher level of service.

(b) The courts have allowed the State to avoid its reimbursement obligations at the expense of local programs such as libraries, fire and police protection, public health and welfare, and parks.

(c) The voters are enacting this measure to ensure that the original intent of the 1979 amendment is respected.

(d) It is the intent of the people of the State of California that this measure be applied in a manner that does not have a net fiscal impact upon the amounts of revenue otherwise required to be applied by the State for the support of school districts and community college

(6)

40386

09/12/01 12:55 PM  
RN0122207 PAGE 3

districts pursuant to Section 8 of Article XVI of the California Constitution.

(e) This measure may not be construed to provide independent authority to the Legislature or any entity of state government to reallocate revenues derived from locally adopted taxes, fees, assessments, or charges.

(f) This measure shall be known and may be cited as the Government Accountability Act of 2001.

Second--That Section 6 of Article XIII B thereof is amended to read:

SEC. 6. Whenever (a) (1) Except as otherwise provided in paragraph (2), the State shall provide a subvention of funds to reimburse each local government for the costs, reduction in revenue, or the amount paid by or charged to that local government, whenever the Legislature or any state agency mandates agency, whether by statute or by regulation, does any of the following:

(A) Mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such the program or increased level of service, except that the government.

(B) Increases a local government's proportionate share of funding of a program funded jointly by the local government and the State.



40386

09/12/01 12:55 PM  
RN0122207 PAGE 4

(C) Reduces, or reallocates or redistributes from one local government to another or to a state-created fund for any purpose, revenues derived from the ad valorem property tax or any local tax, fee, or assessment.

(D) Reduces or eliminates that amount of vehicle license fee revenues required to be allocated by the statutory allocation formula set forth in the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code), as it read on January 1, 2001.

(E) Changes the requirements to distribute revenues to local governments as set forth in Sections 1463 to 1465.6, inclusive, of the Penal Code and Article 3 (commencing with Section 40200) of Chapter 1 of Division 17 of the Vehicle Code, as those statutes read on January 1, 2001.

(F) Modifies the allocation formulas prescribed by Chapter 6 (commencing with Section 17600) of Part 5 of Division 9 of the Welfare and Institutions Code, as that chapter read on January 1, 2001.

(2) The Legislature may, but need not, provide such a subvention of funds for the following mandates:

(a)

(A) Legislative mandates requested by the local agency affected;

40386

09/12/01 12:55 PM  
RN0122207 PAGE 5

(b) affected.

(B) Legislation defining a new crime or changing an existing definition of a crime; or

(c) crime.

(C) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

(b) (1) The subvention requirement of subdivision (a) may be suspended for one year by the enactment of an urgency statute, other than the annual Budget Act, as described in subdivision (d) of Section 8 of Article IV.

(2) If, under paragraph (1), the subvention requirement of subdivision (a) is suspended for two or more consecutive years, any statute or regulation that imposes the conditions that otherwise would require a subvention of funds pursuant to subdivision (a) shall be inoperative for that portion of the suspension period that exceeds one year.

(c) The amount of any subvention to a local government required by subdivision (a) as a result of a reallocation or redistribution of revenues shall be equal to the actual amount reallocated or redistributed, not to exceed the amount of revenue received, in the fiscal year

40386

09/12/01 12:55 PM  
RN0122207 PAGE 6

immediately preceding the first year the statute or regulation requiring the subvention took effect, by the local government from which the revenues are reallocated or redistributed, adjusted annually to the current fiscal year by the change in the cost of living, as defined in paragraph (2) of subdivision (e) of Section 8, and the change in population as defined in Section 7901 of the Government Code, as that section read on January 1, 2001.

(d) Except in the case of a suspension pursuant to subdivision (b), for any claim filed by a local government to enforce this section for a mandate imposed after January 1, 2002, the State bears the burden of proof that a subvention of funds is not required by this section.

Third--That Section 20 is added to Article XVI thereof, to read:

SEC. 20. (a) In conjunction with each adoption of a budget, each local government, as defined in subdivision (e), shall do all of the following:

(1) Design and conduct a process that provides the public with the opportunity to provide input into the development of public service goals and spending priorities for the period during which that budget applies, and results in a written report identifying those public service goals and spending priorities.

40386

09/12/01 12:55 PM  
RN0122207 PAGE 7

(2) After the close of each budget period, issue to the public a written report that describes both of the following:

(A) How its provision of services achieved the public service goals during that period, noting any deviations and the reasons therefor.

(B) How its expenditures during that period conformed to its spending priorities for that period, noting any deviations therefrom and the reasons therefor.

(3) Undergo a locally designed financial audit upon the conclusion of each budget period, and present the written findings of that audit at a public meeting.

(b) This section does not supersede, preempt, or otherwise modify the budget or fiscal provisions of a county or city charter adopted under the authority of this Constitution.

(c) This section applies to a local government in the absence of statutory provisions that impose a mandatory process for the adoption of the budget of that local government.

(d) It is the intent of this section to allow local government taxpayers to hold their locally elected officials accountable for the expenditure of local revenues.

(e) As used in this section:

11

40386

09/12/01 12:55 PM  
RN0122207 PAGE 8

(1) "Local government" means a county, charter county, city and county, city, charter city, or special district.

(2) "Special district" means an agency of the State, formed pursuant to a general law or special statute, for the performance of governmental or proprietary functions within limited geographic boundaries, but does not include a school district, a county superintendent of schools, or a community college district.

Fourth--That this measure be liberally construed to effectuate its purpose of requiring the State to reimburse local governments whenever the State increases the responsibilities of local governments or reduces the existing funding of local governments.

Fifth--That if any part of this measure or the application to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications that reasonably can be given effect without the invalid provision or application.