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April 2011 Policy Committees Federal Update

I. League Officers Advocate for California City Priorities in Washington, D.C.

The League's officers and over a hundred other California city officials traveled to Washington, D.C. March 12-16 for the National League of Cities (NLC) Congressional City Conference. Focusing on NLC's priorities, California city officials advocated for the passage of a comprehensive transportation reauthorization, sustained funding for critical grant programs, and protection of existing local revenues.

The conference, held March 12-16, covered a range of topics including lobbying strategies, public safety, transportation reauthorization, and disaster response. On Thursday, March 17, attendees heard from First Lady Michelle Obama on her *Let's Move!* nationwide initiative and the link between obesity issues and economic issues.

The League's officers, President Jim Ridenour, First Vice President Mike Kasperzak, Second Vice President Bill Bogaard and Immediate Past President Judy Mitchell, lobbied heavily for California's cities' federal priorities. Meetings included:

- Sen. Barbara Boxer (D-Calif.) chair, Senate Environment and Public Works Committee;
- Congressman David Dreier (R-Calif.) ranking member, House Rules Committee;
- Chris Thompson, chief of staff to Sen. Dianne Feinstein (D-Calif.);
- Katie Wheeler Mathews and Brian Turner, deputy directors, Gov. Jerry Brown's Washington office; and
- Meetings with the U.S. Department of Housing and Urban Development, U.S. Department of Transportation officials and others.

In preparation for the NLC Conference, League staff prepared the following issue papers:

1. Protect Local Revenues
2. Priorities for Transportation Reauthorization (SAFETEA-LU)
3. Full Funding for Critical Federal Programs
4. Creating Sustainable Communities

These issue papers, along with the League's federal priorities are posted on the website at www.cacities.org/federalpriorities.

II. California Cities Encouraged to Lobby in Support of Community Development Block Grants

Congress is currently considering proposed funding cuts for FY 2011 and the President's FY 2012 Budget proposal, including cuts to the Community Development Block Grants (CDBG) program. The League sent a letter to the California Delegation stressing the importance of this program to California cities. The League encourages cities to contact their federal

representative directly via phone call and letter to ask that the program be fully funded. A sample letter can be found on the League's website at www.cacities.org/federal.

Established in 1974, CDBG is one of the longest continuously run programs offered by the Department of Housing and Urban Development. These flexible annual grants provide communities needed funding to develop and fund priorities that provide housing, better communities, and economic growth opportunities for low- and moderate- income residents. With the state considering a proposal that would eliminate redevelopment, these federal funds are more important than ever to California cities.

III. California Cities Encouraged to Lobby in Opposition to the Wireless Tax Fairness Act of 2011

The U.S. House of Representatives is moving HR 1002, a reintroduction of last year's HR 1521. The legislation imposes a five-year moratorium on state and local taxes on mobile services providers and thus limits local government taxing authority over mobile phones. The same bill has been introduced in the Senate (S. 543), but has yet to gain any momentum.

HR 1002 removes a much needed local government revenue source solely to benefit an industry whose subscribership has grown by 158 percent and whose revenues have increased by 124 percent since 2000. In addition to imposing a financial burden on local governments, HR 1002 undermines the efforts of a number of cities in California that are working directly with voters to update and simplify their tax ordinances to assure technology-neutrality.

It is important for all cities who have a utility users tax (or may want one in the future) to send their letters of opposition, especially if they have a representative on the House Judiciary Committee. The Committee membership includes: Rep. Darrell Issa (CA-49), Rep. Elton Gallegly (CA-24), Rep. Dan Lungren (CA-3), Rep. Howard Berman (CA-28), Rep. Zoe Lofgren (CA-16), Rep. Maxine Waters (CA-35), Rep. Judy Chu (CA-32) and Rep. Linda Sanchez (CA-39).

The League's opposition letter and sample opposition letter have been posted on the League's website (www.cacities.org/federal).



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February 9, 2011

The Honorable Kevin McCarthy
Majority Whip
U.S. House of Representatives
326 Cannon House Office Building
Washington, DC 20515

Dear Representative McCarthy:

As Congress works to finalize legislation extending funding for programs under the Transportation-Housing and Urban Development Appropriations bill for the remainder of FY 2011, I am writing on behalf of the League of California Cities to urge you to support the full funding at \$3.99 billion for the Community Development Block Grant, and oppose efforts to reduce funding for the program to FY 2008 levels.

The need for CDBG funding in the state has never been greater. CDBG grants provide critical funding for community development projects in California cities, which have been severely impacted by the national economic downturn and state budget raids of California city redevelopment agencies. As a result many California cities do not have the resources necessary to advance important community improvement projects which CDBG funding supports.

Over the past 30 years, cities throughout California—both urban and rural—have relied upon CDBG funding to support affordable housing and economic revitalization activities to improve neighborhoods. These funds allow cities to undertake innovative approaches to community development that include job creation, homeownership promotion, youth employment opportunities, after-school programs and gang intervention activities. These vital services ensure that our cities and communities are safe, active and healthy.

Thank you for your consideration of this urgent matter to California's cities. We look forward to working closely with you to achieve the maximum level of funding possible for this vital program for the remainder of FY 2011.

Sincerely,

A handwritten signature in black ink that reads "Chris McKenzie". The signature is written in a cursive, flowing style.

Christopher McKenzie
Executive Director



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March 23, 2011

The Honorable Kevin McCarthy
U.S. House of Representatives
326 Cannon House Office Building
Washington, DC 20515

RE: Oppose Legislation That Would Reduce Critical Local Government Revenue

Dear Congressman McCarthy:

On behalf of the League of California Cities (League), which represents California's 481 cities, I am writing to urge you to oppose recently introduced HR 1002 – the Wireless Tax Fairness Act of 2011 – which would impose a five-year moratorium on “new” state and local taxes on mobile services and the providers of mobile services.

Prior to the economic downturn California cities already faced limited options to generate revenue to provide city services. An increasing portion of the property taxes collected at the local level have been transferred to balance the state's budget in recent years, despite the fact that California cities are experiencing the same recessionary effects as the state. As the current national economic crisis expands a number of local governments are being forced to impose severe cuts on critical services, such as police, fire, parks and libraries as well as defer important local public infrastructure maintenance and upgrade projects. This situation is being exacerbated by the turmoil in the national financial markets, which has constrained debt financing as an alternative mechanism for local governments to utilize to maintain these important services, further limiting resources available to local governments.

In response to threats to their existing tax revenues, over one-half of the one hundred-fifty (150) California cities with local taxes on all telecommunications have successfully obtained voter approval, during the past five years, of the level and scope of their local telecommunication taxes. The local voters in California overwhelmingly voted to preserve their existing tax revenues for vital government services, and impose their local tax in a non-discriminatory, technology-neutral manner. Unless this bill is amended to specifically exclude “voter approved local taxes pursuant to state law”, this federal bill could deprive local voters of self-determining their local taxes to provide local services (especially public safety), and possibly jeopardize the existing

tax revenues of many California cities that may need to seek voter approval to protect their existing local tax revenues from the effect of adverse court rulings.

For these reasons we urge you to oppose this legislation. Please let me know if you have any questions or need any additional information, or contact the League's Washington advocates, Eve O'Toole and Dustin McDonald, at (202) 419-2505 and (202) 419-2511 respectively. We look forward to continuing to work with you on California's important local priority issues.

Sincerely,

A handwritten signature in cursive script that reads "Chris McKenzie".

Christopher McKenzie
Executive Director