

**REVENUE AND TAXATION POLICY COMMITTEE  
HIGHLIGHTS**

Friday, April 8, 2011

Doubletree Hotel, 222 N. Vineyard Avenue, Ontario

**ATTENDANCE**

Members: Ming, Robert (Chair); Cisneros, Jose (V.Chair); Andrews, Neal; Avilla, Karen; Biery, Robert; Bornstein, Irwin; Chang, Ling-Ling; David, Fran; DesForges, Ken; Gillison, John; Halliday, Barbara; Hamilton, Melinda; Hawn, Brad; Henderson, Terry; Hernandez II, Vincent; Kowalczyk, Rick; Lane, Randon; Lilligren, Timothy; Mallory, Suzanne; Miller, Scott; Nero, Alford; Noll, Michael; Palmer, Aaron; Parisi, Laura; Pastucha, Martin; Pomidor, John; Sander, David; Savelli, Gregory; Songstad Jr., Allan; Strong, Fred; Vejvoda, Craig; Woolley, Robert

League Partners: Ovrom, Denise, HdL Companies; Narayan, Brenda, MuniServices

League Staff: Dan Carrigg

**i. Special Order of Business – Joint Budget briefing**

The Revenue and Taxation, Transportation, Communication and Public Works, Administrative Services, and Environmental Quality Policy Committees came together for a joint briefing on major issues of the budget. Chris McKenzie, the League's Executive Director, gave a general overview of the first few months of the year. He explained that the Legislature and Governor don't like how Proposition 22 reads. The Governor says that California can't afford redevelopment any longer, and the League's counter argument is that California can't afford to lose redevelopment. Mr. McKenzie discussed legal options and strategies that cities have if redevelopment is eliminated. Dan Carrigg, the League's Legislative Director, followed by giving detailed information on the votes that have been taken regarding redevelopment and explained that the legislature has now returned to a traditional budget schedule. Michael Coleman, the League's Fiscal Policy Advisor, presented a PowerPoint on the current condition of the State Budget. Each of the League's lobbyists briefed the joint meeting on specific issue areas, including Transportation, Public Safety, Pension Reform, and Fees Paid by Local Agencies and Grant Programs. Mr. Coleman's PowerPoint presentation can be found at <http://www.californiacityfinance.com/PolicyComms110406p.pdf>, and a summary of the briefing from the lobbyists can be found at [http://www.cacities.org/index.jsp?displaytype=11&story=28454&zone=locc&section=advo&subsec=advo\\_leg&tert=advo\\_leg\\_issues](http://www.cacities.org/index.jsp?displaytype=11&story=28454&zone=locc&section=advo&subsec=advo_leg&tert=advo_leg_issues).

Following the presentation, staff received questions from policy committee members regarding the definitions of "unearned" pension benefits (future earnings); confirmation that COPS funding will not be available if the proposed tax extensions are not approved; what happens next on redevelopment if it survives; and retention of rights to sue if the alternate redevelopment proposal is approved.

**I. Welcome and Introductions**

The committee made self-introductions.

**II. Public Comment**

There was no public comment.

### **III. State Budget Discussion**

Dan Carrigg, Legislative Director, League of California Cities and Michael Coleman, Fiscal Policy Advisor, League of California Cities, briefly reviewed and addressed additional questions about the state budget negotiations and the elimination of redevelopment.

### **IV. Perspective on State Budget Deliberations**

Senator Bob Dutton, Senate Republican Leader, spoke to the committee about his perspective on the state budget. Senator Dutton expressed his concerns about the Governor's new proposed taxes. The Senator also provided some insight into the Senate Republicans discussions with the Governor, including their desire to allow the voters to decide on substantive public employee pension reform and a real spending cap, along with tax extension proposals.

### **Update on Pension Issues**

Natasha Karl, League Representative, updated the committee on pension issues including the League's 2005 and 2010 Pension White Paper, compared the Governor's 12-point plan vs. Senate Republican Proposal, and reviewed the results of the 2011 City Managers' Pension Survey. Karl also discussed the League's new Pension Information Center website with the committee. The website will contain the latest information on best-practices, reform efforts, news headlines, and research information on public employee pensions. The pension website is: <http://www.cacities.org/pensions>

Policy committees will be reviewing various pension proposals in June.

### **V. State Legislative Action Items:**

**Audit Legislation:** Dan Carrigg, League staff, along with Ellen Powell, a League consultant, briefed the committee on audit legislation that had been introduced in the legislature as part of nearly 30 bills that directly or indirectly addressed the concerns raised from the actions in the City of Bell. The committee reviewed eight proposed principles related to audit process and oversight. After discussion, the committee added an amendment and voted to approve the principles.

**Realignment Legislation:** Dan Carrigg briefed the committee on SCAIX 1 (Steinberg), a proposed constitutional amendment. He said that in late March, when it appeared a budget agreement with Republicans was imminent, League staff reviewed the recently released language of this measure and noticed that the reference to future realignment legislation (which can be adopted by majority vote) had a very odd and broad definition of "public safety services," which included social services not traditionally considered "public safety." Also missing was any definition of "local agency." The measure also referred to future legislation which would "assign" duties to local agencies.

Staff stated that they had requested an amendment to the legislation to clarify the definition of "local agency" in an effort to protect cities from future potential legislation which could attempt to "assign" new social service duties or obligations to cities.

After discussion, the committee voted to ratify support for requested amendments to clarify a definition of "local agencies" that would protect cities from being assigned, without their consent, duties under future realignment legislation. The proposed League staff amendments to SCAIX 1 would re-define "local agencies" as including "*a county, city and county or a*

*city that elects by resolution of the city council to provide specific public safety services*".  
The committee did not discuss, nor take any action on the tax extension issue.

**VI. Proposition 26 Implementation Update**

Dan Carrigg provided a brief update to the committee on Proposition 26. Shortly after the committee hearing, the League released its "Proposition 26 Implementation Guide," which is available at: [www.cacities.org/Prop26Guide](http://www.cacities.org/Prop26Guide)

**VII. Federal Legislative Update**

Staff distributed a handout about the federal legislative update.

**VIII. Committee Work Program**

League staff presented the updated 2011 Policy Committee Work Plan. After discussion, the 2011 Work Plan was approved with a unanimous vote.

**IX. Next Meeting: FRIDAY, June 17, 2011, Sacramento Convention Center**