



1400 K Street, Suite 400 • Sacramento, California 95814
Phone: (916) 658-8200 Fax: (916) 658-8240
www.cacities.org

2013 FEDERAL PRIORITIES

SEQUESTRATION/DEFICIT REDUCTION

With enactment of H.R. 8, the Job Protection and Recession Prevention Act of 2012, the Federal government delayed the date of the FY 2013 sequester order by two months to March 1, 2013. The League fully understands the need for fiscal responsibility and tough choices that are required to achieve a balanced budget as cities during this economic downturn have been forced to make challenging, painful cuts annually. We urge the President and Congress to adopt a bipartisan and balanced approach to address the sequester and long-term deficit reduction by minimizing spending cuts with additional revenues. California cities have already faced deep reductions in spending, forcing cuts to a number of critical local services and dramatic job losses for first responders and critical local government services. The additional cuts scheduled to occur through sequestration will imperil the services that city residents desperately need.

PROTECTING LOCAL REVENUE AND LAND USE AUTHORITY

California local governments continue to endure difficult fiscal circumstances in the national economic downturn, but are beginning to see the economy turn around. Now is not the time to restrict the already limited options to generate revenue to provide valuable services. Local government land use and revenue authority is critical to the federal-state-local partnership effort to advance community and economic development and must be preserved. As such the League urges Congress to:

- Support legislation that will help state and local governments recover taxes from remote sellers.
- Oppose legislation that would reduce or eliminate local government resources by providing a tax moratorium for the expanding and profitable cellular telecommunications industry;
- Oppose legislative and regulatory efforts by online travel companies to circumvent remittance of transient occupancy taxes to local governments from hotel reservations purchased using the internet;
- Oppose legislation that would preempt California local government's ability to regulate and collect revenue derived from state and local use taxes;
- Ensure that federal legislation addressing eminent domain does not severely impact states, like California, which have strong laws that limit the use of the tool and have strong protections for property owners; and

- Ensure that local polices retain as much discretion as possible in the time, place, and manner in which telecommunications equipment may be sited on public and private property.

COMMUNITY AND ECONOMIC DEVELOPMENT

With the statewide unemployment rate hovering around 10% and ongoing state debt of over \$30 billion that has resulted in severe cuts in local budgets, California cities need jobs and economic investment to overcome the national economic crisis. The League urges Congress to:

- Preserve full funding for the Community Development Block Grant (CDBG) program, which is critical in assisting urban and rural cities throughout California with creating jobs, providing affordable housing, revitalizing communities and leveraging new economic investment. In addition, seek flexibility in the CDBG state program to enhance the use of the program by California's 314 non-entitlement cities (cities under 50,000); and
- Maintain the tax exempt status of municipal bonds and oppose proposals to cap the investor tax deduction on municipal securities investments, which are a critical tool used by local governments to finance much needed community and capital improvement projects.

AFFORDABLE HOUSING

As the state's population continues to grow and California grapples with the effects of the national mortgage crisis, our cities are deeply concerned with the need for affordable housing. The League urges Congress to support:

- *Resource Efficient Development:* Support legislation and proposals that provide incentives and resources to expand local redevelopment planning policies that integrate housing, transportation and land use and assist in the reorganization and replacement of existing infrastructure to support California's growing population;
- *Section 8 Housing Choice Vouchers:* Preserve full funding of the Section 8 program, which assists the elderly, disabled and very low-income families afford decent and safe housing;
- *Home Investment Partnerships Program (HOME) Program:* Preserve funding for the HOME program, which directs formula grants to local governments to create affordable housing for low-income households;
- *Preservation of Affordable Housing:* Support initiatives that provide a variety of financial restructuring options, such as loan forgiveness, payment deferrals, grants, loans and loan guarantees to preserve rental housing for long-term affordable use; and
- *Housing Tax Incentives:* Seek tax incentives to promote investment in the production of multifamily rental housing, including expanding the Low Income Housing Tax Credit to create mixed income developments.

WATER AND WASTEWATER INFRASTRUCTURE

California cities' water and wastewater systems need a significant overhaul to keep the world's eighth largest economy moving. There has been almost no new investment in California's water and wastewater systems in more than 30 years. This delay puts increasing pressure on the

State for action as California is expected to grow by 10 million by 2020 and is working to meet new, more stringent standards for safe drinking water and clean water. The League urges Congress to:

- Provide adequate and reliable long-term financing solutions for municipal water delivery, maintenance and treatment needs to meet federally mandated water quality standards and maintain the vital infrastructure necessary to ensure the availability of clean water for an increasing population.
- Enact legislation that would exempt Private Activity Bonds for water and sewage facilities from the state volume caps and expand the application of innovative financing mechanisms to local water infrastructure projects in the 2013 Water Resources Development Act (WRDA), such as the Innovative Finance Pilot provisions included in the Senate Environment and Public Works Committee's draft WRDA reauthorization bill introduced late in the 112th Congress.

PUBLIC SAFETY/HOMELAND SECURITY/DISASTER PREPAREDNESS

California's cities are on the front line of the war on terrorism and crime. To strengthen California's homeland security, emergency preparedness and crime-fighting efforts, the League urges Congress to:

- Maintain federal investment in resources critical to enabling local law enforcement to adequately provide public safety, including full funding for the Byrne/Justice Assistance Grants (JAG) program and the Community Oriented Policing Services (COPS) program, and renew suspension of the COPS grant's local cost share requirement;
- Maintain full funding for the Staffing for Adequate Fire and Emergency Response (SAFER) and the Assistance to Firefighters grant programs and retain the local cost share waiver for both programs;
- Maintain funding for disaster preparedness, prevention, recovery, and response for all-hazard threats, including investment in assisting communities with necessary upgrades to existing flood control systems; and
- Support full funding for the Urban Area Security Initiative; and maximize first responder funding to California cities, as well as flexibility in the use of funds to assist areas of need (i.e. personnel, training, and target hardening).

ENERGY EFFICIENCY AND RESOURCE CONSERVATION

In California, 31 million of the state's 38 million residents live in cities. For this population California's cities continue to work collaboratively with its state and regional partners to implement community development strategies that increase energy efficiency to reduce pollution and improve public health. This effort has been effective in reducing local government operating costs and relieving the strain of the national

economic downturn on struggling communities. To continue these successful campaigns and effectively accomplish the goals of local governments under these initiatives, the League urges Congress to:

- Support federal resources to assist regional and local governments in developing and implementing energy efficiency and conservation strategies that maximize available resources, reduce costs, expand community access and protect public health;
- Support federal incentives that assist local governments in integrating new growth into existing communities, and develop and implement transportation, land use and building policies that encourage maximum use of resources and lower energy consumption; and
- Ensure that local governments can continue, and not be preempted in, their efforts to achieve economic improvements through increased energy efficiency and conservation plans that seek to decrease carbon emissions.

TRANSPORTATION

California has more than 186,000 miles of roadway and one of the most developed transit systems in the nation. California's cities and counties are responsible for administering the local streets and roads that connect with the state and federal highway system, a total of 82% of the total roadway miles in the state. Our transportation systems face rapidly growing vehicle use by an ever increasing number of new drivers. The cost of building new lane miles rises much faster than inflation and road maintenance needs increase with the age of the freeway system. In a recent survey of cities and counties, California's local streets and roads system was found to be at risk of falling into "poor" condition. In order to bring the local streets and roads system up to best management practices – the most cost effective condition – California local governments need additional funding of \$82.1 billion over the next 10 years. With MAP-21 set to expire September 30, 2014, Congress will begin discussions on priorities to include in the next iteration of the surface transportation law during the 113th Congress. Questions remain on how transportation programs will be funded in the future. As Congress considers options to address the shortfall in the highway trust fund and other areas of transportation, the League urges Congress to:

- Adopt a long-term transportation authorization that provides a stable and reliable revenue stream for transportation.
- Ensure robust funding is available to support current and future federal, state and local transportation priorities and identify new funding streams capable of supporting future transportation needs; and
- Make reconstruction and preservation of the existing system a high priority for expenditures; and target funds for maintenance to local agencies, which are charged with administering the system.
- Make reconstruction and preservation of the existing system a high priority for expenditures; and target funds for maintenance to local agencies, which are charged with administering the system.