

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAUSALITO  
OPPOSING FISCALLY IRRESPONSIBLE STATE BUDGET DECISIONS THAT  
WOULD “BORROW” LOCAL GOVERNMENT, REDEVELOPMENT AND  
TRANSPORTATION FUNDS**

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**WHEREAS**, on July 1, 2008 the State Legislature missed its Constitutional budget deadline; and

**WHEREAS**, both the Governor and the Legislative Budget Conference Committee have recommended balanced budgets without resorting to “loans” or seizures of local government property tax, redevelopment tax increment and transportation sales tax funds; and

**WHEREAS**, in 1952 the voters of California approved n 1952 the voters approved Article XVI, Section 16 of the California Constitution, providing for tax increment financing for community revitalization—not balancing the state budget, and the voters never authorized the legislature to take or “borrow” community redevelopment funds for state programs; and

**WHEREAS**, in 2004 by an 84% margin of approval the voters of California approved Proposition 1A and sent a loud and unambiguous message to state leaders that they should stop the destructive and irresponsible practice of taking local government funds to finance the state budget and paper over the state deficit; and

**WHEREAS**, in 2006 by a 77% margin of approval the voters of California also approved Proposition 1A, providing similar protections to transportation funding for state and local transportation projects, including important street maintenance and public transit programs; and

**WHEREAS**, both ballot measures allow the Governor to declare a “severe state of fiscal hardship” and “borrow” these funds if they are repaid in three years with interest, but the Governor believes it would be irresponsible to “borrow” such funds because it would deepen the state’s structural deficit and cripple local government and transportation services; and

**WHEREAS**, refusal by the Legislature to carryout its constitutional obligation to compromise on a balanced budget is not a “severe state of fiscal hardship” and would not justify reductions in critical local services, community revitalization programs and infrastructure maintenance at a time when cities are struggling to balance their own budgets during this economic down turn; and

**WHEREAS**, city investments in infrastructure, affordable housing and basic public safety and other community services will create needed jobs and speed our economic recovery; and

**WHEREAS**, the Legislature should balance the state budget with state revenues and respect the overwhelming support of voters for not using local property taxes, redevelopment tax increment and transportation sales tax funds to fund the day-to-day operating cost of state programs; and

**WHEREAS**, it would be the height of fiscal irresponsibility to paper over the state structural deficit with more borrowing, and Californians deserve state leaders who will tell them honestly what needs to be done to produce a balanced budget; and

**WHEREAS**, it is time for the state of California to cut up its local government credit cards and deal with the budget deficit in a straightforward way. Balance the state budget with state funds.

**NOW, THEREFORE, BE IT RESOLVED**, that the City of Sausalito hereby opposes any and all efforts by state government to “borrow” or seize local tax funds, redevelopment tax increment and transportation sales tax funds by the state government to finance state operations. Such a move would be fiscally irresponsible for the state and hamper effective local services and infrastructure investments.

**RESOLVED FURTHER**, that the Mayor is hereby directed to send this resolution and communicate this Council’s strong and unswerving opposition on this matter to our Legislators and the Governor along with an expression of our continued appreciation for the Governor’s and any supportive legislators’ steadfast opposition to further borrowing or seizure of these funds.

**PASSED AND ADOPTED** at a regular meeting of the City Council of the City of Sausalito on this \_\_\_\_\_ day of \_\_\_\_\_, 2008 by the following vote:

**AYES:** Councilmembers:  
**NOES:** Councilmembers:  
**ABSTAIN:** Councilmembers:  
**ABSENT:** Councilmembers:

\_\_\_\_\_  
MAYOR OF THE CITY OF SAUSALITO

ATTEST:

\_\_\_\_\_  
DEPUTY CITY CLERK

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## Budget Talking Points

**PRIMARY MESSAGE: It's time for the state to cut up its local government credit card once and for all**

**THE BOTTOM LINE: The state should balance its budget with state revenues.**

### **SPECIFIC MESSAGES:**

**Cities are facing many of the same budget challenges as the state**—dropping tax revenue and rising energy costs and we must balance our budget with our own revenues. The state needs to close the budget deficit with state revenues, **not** by borrowing local and transportation revenues.

**Borrowing is fiscally irresponsible so cut up the credit card.** Borrowing or taking local government (including redevelopment) and transportation funds deepens the structural deficit and harms local services.

**California voters believe it is wrong for the state to seize local government and transportation funds.** A resounding majority of California voters supported local property tax protection in 2004 (84%) and transportation protection in 2006 (77%). In 1952, the voters approved a constitutional amendment providing for tax increment financing for redevelopment, not balancing the state budget.

**The state has the tools to produce a balanced budget.** The state has a variety of viable options to achieve a balanced budget, by increasing efficiencies, cutting spending, and increasing revenues. The current budget situation is not a "severe state fiscal hardship" warranting the borrowing of local government and transportation funds through provisions in Props. 1A and 42. And there are no "loan" or seizure provisions at all in Article XVI, Section 16 of the California Constitution, adopted by the voters in 1952, providing for tax increment financing.

Two balanced budgets (the Governor's and the Budget Conference Committee) have been proposed without raiding local government funds and transportation funds. A compromise is within reach.

**Keep Local Funds Local!** Balance the state budget with state funds — not local government and transportation funds that are needed for vital community services, infrastructure and community revitalization.

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