



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt Resolution Opposing AB X8 6/SB X8 6, Fuel Tax Swap
MEETING DATE: March 17, 2010
PREPARED BY: City Manager

RECOMMENDED ACTION: Adopt resolution opposing AB X8 6/SB X8 6, Fuel Tax Swap.

BACKGROUND INFORMATION: The State Legislature is considering two bills that would repeal the sales tax on gasoline and increase the fuel excise tax. The sole purpose is to provide additional revenue to the State's General Fund.

Although these bills are intended to be revenue-neutral at worst for local governments, staff and the League of California Cities considers them part of a shell game that undermines the intent of the voters and, like previous budget maneuvers, will harm local governments in the long run.

The fuel tax swap envisioned in these bills is contrary to Proposition 42 and Proposition 1A, which reserves the state's share of sales tax on gasoline for capital improvement projects, public transit and local streets and roads. Eliminating the sales tax on gasoline removes these Constitutional protections the voters intended.

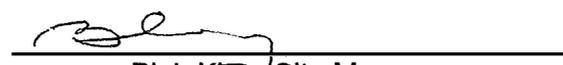
The Fuel Tax Swap is the latest in a list of the Legislature's attempts to boost State revenue in a way that eventually harms local governments. Notable funding changes since 1992 include the Educational Revenue Augmentation Fund, a borrowing of local Vehicle License Fee revenue and the enactment of the "Triple Flip" to swap cities' share of sales tax with property tax. The concern of staff and the League of California cities is the Fuel Tax Swap will have a similar impact on the municipal governments in the future.

The adopted resolution will be forwarded to Assemblywoman Alyson Huber and Senator Dave Cogdill.

FISCAL IMPACT: The Fuel Tax Swap has unforeseen consequences, but will likely have a long-term effect of eroding local revenue.


Blair King
City Manager

Attachments: Resolution.

APPROVED: 
Blair King, City Manager

RESOLUTION NO. 2010-31

A RESOLUTION OF THE LODI CITY
COUNCIL OPPOSING AB X8 6/SB X8 6,
FUEL TAX SWAP PROPOSALS

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WHEREAS, the Legislature and the Governor of the State of California are considering adopting legislation that would replace the sales tax on gasoline with an excise tax; and

WHEREAS, the voters of the State of California passed Proposition 42 and Proposition 1A of 2006, which reserved the sales tax on gasoline for capital improvement projects, public transit, and local streets and roads; and

WHEREAS, eliminating the sales tax on gasoline undermines the will of the voters; and

WHEREAS, similar legislation in the past to replace one source of local government revenue with another source has resulted in the long-term erosion of local government revenue.

NOW, THEREFORE, **BE** IT RESOLVED that the Lodi City Council opposes AB X8 6/SB X8 6, the Fuel Tax Swap proposals.

Dated: March 17, 2010

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I hereby certify that Resolution No. 2010-31 was passed and adopted by the City Council of the City of Lodi in a regular meeting held March 17, 2010, by the following vote:

- AYES: COUNCIL MEMBERS – Hansen, Hitchcock, Johnson, Mounce, and Mayor Katakian
- NOES: COUNCIL MEMBERS – None
- ABSENT: COUNCIL MEMBERS – None
- ABSTAIN: COUNCIL MEMBERS – None



RANDI JOHL

City Clerk

CITY COUNCIL

PHIL KATZAKIAN, Mayor
SUSAN HITCHCOCK,
Mayor Pro Tempore
BOB JOHNSON
JOANNE MOUNCE
LARRY D. HANSEN

CITY OF LODI

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BLAIR KING, City Manager
RANDI JOHL, City Clerk
D. STEPHEN SCHWABAUER
City Attorney

March 19, 2010

Honorable Arnold Schwarzenegger
Governor, State of California
State Capitol Building
Sacramento, CA 95814

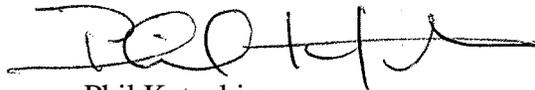
Dear Governor Schwarzenegger:

I am writing on behalf of the Lodi City Council in opposition of AB 8X 6, SB 8X 6, or any other legislation that results in replacing the sales tax on gasoline with a new excise tax that is not subject to the voter-approved propositions 42 and 1A (2006).

Enclosed is a certified copy of a Resolution addressing this issue that was unanimously passed by the Lodi City Council on March 17, 2010.

We know you have traditionally been a friend of local government. Because the State has a history of seizing a greater percentage of local government revenue to meet State obligations, we do not believe the gas tax swap will afford the same funding protections to local governments as Proposition 42 or Proposition 1A. We urge you to veto any legislation that replaces the sales tax on gasoline with a new excise tax.

Sincerely,



Phil Katzakian
Mayor

cc: Senator Dave Cogdill
Assemblywoman Alyson Huber

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NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

The foregoing document is certified to be a correct copy of the original on file in the City Clerk's Office.
Jennifer M. Robison
Assistant City Clerk, City of Lodi


RANDI JOHL
City Clerk

2010-31

By: Jennifer M. Robison
Dated: 3/18/10