

RESOLUTION NO. 2009-67

A RESOLUTION OF THE LODI CITY COUNCIL
DECLARING THAT THE CITY IS EXPERIENCING A
SEVERE FISCAL HARDSHIP DUE TO THE STATE'S ONGOING
SEIZURE OF LOCAL PROPERTY TAX FUNDS FOR THE
EDUCATIONAL REVENUE AUGMENTATION FUND AND THE
CONTINUED ADOPTION OF UNFUNDED MANDATES BY THE
STATE OF CALIFORNIA

=====

WHEREAS, the current economic crisis has placed cities under incredible financial pressure and caused city officials to reopen adopted budgets, furlough city workers, and reduce services and programs to keep spending in line with declining revenues; and

WHEREAS, since the early 1990s, the state government of California has seized over \$8.6 billion of city property tax revenues statewide to fund the state budget even after deducting public safety program payments to cities by the state; and

WHEREAS, in fiscal year 2007-08 alone, the state seized \$895 million in city property taxes statewide to fund the state budget after deducting public safety program payments and an additional \$350 million in local redevelopment funds were seized in fiscal year 2008-09; and

WHEREAS, the Educational Revenue Augmentation Fund (ERAF) shift is \$3,095,166 annually for Lodi; and

WHEREAS, in 2004, the voters, by an 84% vote margin, adopted substantial constitutional protections for local revenues, but the legislature can still "borrow" local property taxes to fund the state budget; and

WHEREAS, on May 5, the Department of Finance announced it had proposed to the Governor that the state "borrow" over \$2 billion in local property taxes from cities, counties, and special districts to balance the state budget, causing deeper cuts in local public safety and other vital services; and

WHEREAS, in the past, the Governor has called such "borrowing" proposals fiscally irresponsible because the state will find it virtually impossible to repay and it would only deepen the state's structural deficit, preventing the state from balancing its budget; and

WHEREAS, the legislature is currently considering hundreds of bills, many of which would impose new costs on local governments that can neither be afforded nor sustained in this economic climate; and

WHEREAS, state agencies are imposing, or considering, hundreds of regulations imposing unfunded mandates on local governments without regard to how local agencies will be able to comply with these mandates while meeting their other responsibilities; and

WHEREAS, the City of Lodi simply cannot sustain the loss of any more property tax funds or be saddled with any more state mandates as they will only deepen the financial challenge facing our city.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby declare that the City is experiencing a severe fiscal hardship due to the following factors:

1. The state government's ongoing seizure of city property tax funds since the early 1990s to fund the state budget and the \$3,095,166 annual ERAF shift; and
2. The continued adoption of unfunded mandates by the state legislature and state agencies without any consideration for the economic hardships such mandates impose on cities and their residents.

BE IT FURTHER RESOLVED that the City Council strongly and unconditionally opposes the May 5 proposal of the Department of Finance and any other state government proposals to borrow or seize any additional local funds, including property tax and the City's share of Proposition 42 transportation sales tax; and

RESOLVED FURTHER that the City Council strongly urges the state legislature and Governor to suspend the enactment of any new mandates on local governments until such time as the economy has recovered and urges the state to provide complete funding for all existing and any new mandates; and

RESOLVED FURTHER that the City Clerk shall send copies of this resolution to the Governor, state senator, state assembly member, and the League of California Cities.

Date: May 20, 2009

=====

I hereby certify that Resolution No. 2009-67 was passed and adopted by the Lodi City Council in a regular meeting held May 20, 2009, by the following vote:

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


 JENNIFER M. PERRIN
 Assistant City Clerk