

# Agenda Report

TO: CITY COUNCIL  
ATTENTION: LEGISLATIVE COMMITTEE

DATE: JULY 21, 1998

FROM: ACTING CITY MANAGER

SUBJECT: RESOLUTION TO AUTHORIZE THE MAYOR TO SEND A LETTER TO  
THE APPROPRIATE OFFICIALS SUPPORTING ACA 42:  
LOCAL GOVERNMENT FINANCE

## RECOMMENDATION

It is recommended that the City Council adopt the attached resolution and authorize the Mayor to send a letter to the appropriate officials supporting ACA 42: Local Government Finance.

## DISCUSSION

This bill constitutionally protects the primary local government revenue sources. Specifically, this bill:

1. Requires that vehicle license fees, other than fees on trailer coaches and mobilehomes, be allocated to counties and cities in the manner prescribed by Section 11005 of the Revenue and Taxation Code as that Section read on January 1, 1998. This provision would not apply to the vehicle license fees currently allocated to counties and cities from the Local Revenue Fund as part of the state-local realignment of health and welfare programs.
2. Provides that no amendment or repeal of the vehicle license fee law shall be operative for any fiscal year unless the legislature has appropriated an amount of money for allocation during that fiscal year to counties and cities that fully offsets any reduction in the total amount of revenues that would otherwise have been allocated during that fiscal year.
3. Provides that a general law city's taxing authority derives from the Constitution. It prohibits the Legislature from redirecting the allocation of revenues raised by local general and special taxes. Revenues collected from a lawfully imposed general or special tax may not be used by the state.
4. Makes the local sales or use taxing authority given to cities and counties under Bradley-Burns Uniform Local Sales and use Tax Law or its successor or other sales and use tax laws authorized by the state on their behalf a constitutional entitlement.

MEETING OF 8/3/98

AGENDA ITEM NO. 5.D.3.

5. Requires that as valorem property taxes be apportioned according the law in effect on the operative date of this measure. The measure would also prohibit the legislature from modifying the proportionate share of ad valorem property tax revenue.
6. Restates the state's responsibility for reimbursing local governments for state mandates in a timely manner for additional costs incurred by local governments.
7. Requires each local agency to design and conduct a process that provides the public with the opportunity to provide input into the development of public service goals and expenditure priorities for each budget cycle.

#### FISCAL IMPACT

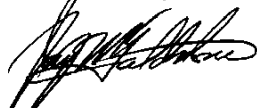
ACA 42 would provide greater fiscal protection to the City of Pasadena. Under current state practice, each fiscal year the City's revenues are subject to the whims of the State legislature depending upon its budget requirements. If approved, ACA 42 would provide greater surety to the City that the State could not use local revenues to balance its budget.

Respectfully submitted,



CYNTHIA J. KURTZ  
Acting City Manager

Approved by:



JAY M. GOLDSTONE  
Director of Finance