



THE BOARD OF SUPERVISORS OF MARIN

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July 20, 2009

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

RE: Taking of Local Government Revenues for State Budget Solutions

Dear Governor Arnold Schwarzenegger:

On behalf of the Marin County Board of Supervisors, I write to urge you to reject budget proposals that would take local property taxes via the suspension of Proposition 1A (2004), or take local gas tax revenues from the Highway Users Tax Account (HUTA). We are sending similar letters, under separate cover, to our local delegation.

The taking of local property taxes and local transportation gas taxes is not an ongoing or structural solution to the State's continued failure to establish a balanced budget, and unfairly shifts the impacts of State budget reductions to the local level. Because the State must repay these funds, suspension of Proposition 1A is simply another form of borrowing. Similarly, a two-year take of HUTA local transportation funds is only a temporary solution.

The local impacts of either proposal would be extremely difficult; the impacts of both at the same time would be devastating. We estimate that the loss of gas tax revenues and the deferral of Proposition 42 funds for local transportation would lead to the elimination of a range of local transportation services, as well as local jobs, by taking \$4-\$5 million per year for the next two years. We have done our part at the local level with passage of Measure A in 2004 by Marin voters, a ½ cent local sales tax increase to improve transportation in Marin County. State cuts to local gas tax transportation funds at this time would punish self-help transportation counties equally with those that have relied completely on state or federal sources for their transportation projects and operations.

Suspension of Proposition 1A alone will cost the County of Marin another \$8-\$10 million for the next three years. With a tradition of long-term planning and living within our means, the taking of local property taxes to temporarily close the State's budget shortfall this fiscal year punishes counties for doing precisely what the state has failed to do for many years – reserving funds in better years for use in difficult years. Such an action would serve unfairly to shift a disproportionate share of State cuts to the local level, and would rob local governments of their revenues at precisely the time we face nearly \$8 million in ongoing, severe cuts in Health and Human Services programs.

We are well aware of the national recession and its impacts at the state level. We are not immune either. In fact, we have been taking measures for the past three years to reduce our commitment to services in light of our own reduced revenues. With passage of our Final FY 2009-10 County Budget, we will have

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eliminated over 70 positions and \$15 million in net county costs over the past two years.

As partners in many of these programs, we are sensitive to the State's need to reduce cost. We urge you to understand the impacts at the local level to decisions made by the State - particularly when they disproportionately shift impacts to local government without representing a sustainable solution to the State's structural shortfall.

Respectfully submitted,



Harold C. Brown, Jr., President
Marin County Board of Supervisors

cc: Senator Mark Leno
Assembly Member Jared Huffman
Senator Darrell Steinberg, Speaker Pro Temp
Assembly Member Karen Bass, Assembly Speaker
Senator Dennis Hollingsworth, Senate Minority Leader
Assembly Member Sam Blakeslee, Assembly Minority Leader

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