

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 10/27/03
Department Name: CAO
Department No.: 012
Agenda Date: 11/4/03
Placement: Departmental
Estimate Time: 20 minutes
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors
FROM: Michael F. Brown, County Administrator
STAFF CONTACT: Jim Laponis, Deputy County Administrator
Lori Norton, Analyst
SUBJECT: Legislative Program Committee Recommendations

Recommendation(s):

That the Board of Supervisors:

- A. Consider, without a recommendation from the Legislative Program Committee, taking a position on the Budget Accountability Act, a voter initiative, which will amend the California Constitution to change the legislative vote requirement for State taxes to fifty-five percent (55%) only for the purpose of increasing State taxes as part of the process of adopting the State budget. Please Note: The Constitution presently requires a 2/3 vote of the legislature to approve an increase in State taxes (Art. X111A Sec. 3) or appropriate State General Fund (Art. IV Sec. 12) (Attachment A)
- B. If the Board supports the Budget Accountability Act, authorize the County of Santa Barbara to be identified in the list of official endorsements for the Budget Accountability Act.

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with the actions required by law or by routine business necessity.

Executive Summary and Discussion:

The Legislative Program Committee met on October 20, 2003, considered, and directed staff to forward the above recommendation to the Board of Supervisors. The Legislative Program Committee members are: Susan Rose, Second District Supervisor; Gail Marshall, Third District Supervisor; Michael F. Brown, County Administrator; Stephen Shane Stark, County Counsel, and Robert Geis, Auditor-Controller. Member Geis was absent from the meeting.

The Committee vote, by agreement of all members present, to send the Board of Supervisors for their consideration, without a recommendation from the Committee, the Budget Accountability Act Initiative. In addition to reducing the vote requirement for taxes included in the State Budget, the initiative contains provisions to:

- Requires the State budget to be passed by June 15th of each year
- Requires the State legislature to remain in session, if the budget is not passed by June 15, and not pass any other bills until the budget and bills related to the budget are adopted

- Specifies that neither the Governor or any member of the legislature shall be entitled to salary, per diem, or other expense allowance for any day after June 15th until the budget has been passed, and that no forfeited salary, per diem or expense shall be paid retroactively
- Requires the legislature to deposit 25 percent (25%) of excess revenues (for any fiscal year in which GF revenues exceed the amount needed to fund GF service levels) into a newly established Prudent State Reserve Fund, unless the balance of the reserve fund equal 5 percent (5%) or more of General Fund expenditures for the previous fiscal year. Funds in the Prudent State Reserve Fund may be appropriated only in years when there is insufficient revenue to fund GF services or in a response to a State emergency declared by the Governor.
- Includes other non-substantive provisions.

Please note. The California Secretary of State voter initiative summary indicates that any taxes raised by the 55% vote expire after three years unless voters approve. That provision was included in an earlier draft of the Budget Accountability Act, but is not included in the final version.

In addition to the recommended actions, the Committee received a verbal briefing from Waterman and Associates regarding Santa Barbara County's Federal Advocacy issues. A copy of Waterman and Associates Third Quarter 2003 report is attached (Attachment B).

Further, the Committee received a verbal briefing from Monica Miller, Governmental Advocates, on the State of the recall and transition activities. Ms. Miller noted that on October 28, Mr. Cliff Berg would be in Santa Barbara to provide the Annual State Legislative Year-End briefing for the Board.

Oscar Peters, Retirement Administrator of the Santa Barbara County Employees' Retirement System provided a verbal and written report to the Committee on State Legislation passed during the 2003 session which will impact the County's Retirement Law. A copy of Mr. Peters report is attached as information for the Board of Supervisors (Attachment C).

Finally, staff provided information to the Committee on two initiatives (Attachment D), sponsored by Senator Tom McClintock, which are currently eligible for circulation. The first of the two initiatives, titled "**Elimination of Vehicle License Fees**", would amend the State Constitution to ban vehicle license fees and exempt register vehicles from property taxation. If passed, the initiative would, effective March 2004, specify that an amount of the State's Retail Sales Tax Fund, equal to the collections under the previous vehicle license fee, be transferred to a newly established Local Government Independence Fund. Essentially, this would create a backfill to local governments, which would substitute State sales tax for vehicle license fees. If enacted, this would increase the State's General Fund Budget shortfall by approximately \$6.3 billion annually. The second initiative, titled "**Annual Vehicle License Fee Initiative**", would amend the State Revenue and Taxation code to set the annual license fee for owning a vehicle at one dollar (\$1.00) and would provide no backfill to local government. The Legislative Program Committee took no action on the two initiatives pending action by Governor Elect Arnold Schwarzenegger.

Mandates and Service Levels:

The Legislative Program Committee was formed pursuant to Board of Supervisors action dated September 3, 1991.

Fiscal and Facilities Impacts:

Potential fiscal and facility impacts, where known, are described within each individual recommendation.

C: Oscar Peters, Retirement Administrator