

General Legislative Update 2011 Platform Wrap-up and 2012 Proposed Platform

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Sacramento Legislative and Budget Update

Adopted State Budget

- The main features of the budget are as follows:
- -- \$150 million cut each to University of California, California State University
- -- \$150 million cut to state courts
- -- \$2.8 billion in deferrals to K-12 schools and community colleges
- -- \$300 million from \$12 per vehicle increase in DMV registration fee
- -- \$150 million from fire fee for rural homeowners
- -- \$1.2 billion in higher May and June revenues
- -- \$4 billion in higher estimated revenues in 2011-12, with triggered cuts
- -- 1.06 percentage point sales tax swap "realignment" plan rather than to the state. This amounts to \$5 billion
- * Amazon agreement was changed from approved budget
- -- \$1.7 billion from redevelopment agencies (*questionable calculation)

Realignment

- The 2011-12 budget includes a massive \$5 billion realignment in public safety and health and human services
- No Constitutional guarantee for funding realigned programs
- Future year funding is highly questionable without “Constitutional Protections”

Williamson Act

- No funding in the 2011-12 State Budget
- AB 1265 (Nielsen) – signed into law
- SB 668 (Evans) – signed into law
- SB 618 (Wolk) – signed into law

Trigger Cuts

- If the State does not hit specified revenue targets (\$3-4 billion beyond \$86,452,500,000, a series of “trigger cuts” will be implemented to ensure that revenues match expenditures.
- The enacted budget directs the Director of the Department of Finance, by December 15, 2011, to develop an updated revenue forecast for 2011-12 general fund revenues and to compare the forecast to that prepared by the Legislative Analyst’s Office in November 2011. *If the State receives \$3 - \$4 billion of the \$4 billion projected revenues, there will not be additional cuts. Any shortfall will be rolled into 2012-13.* If state revenues are not meeting the forecast, then triggers will be pulled as follows:

Tier 1 -

If the State receives \$2 - \$3 billion of the projected revenues, more than \$600 million in cuts will go into effect:

Reduction	Description
\$100 million to the University of California	Unallocated reduction
\$100 million to the California State University	Unallocated reduction
\$100 million to the Department of Developmental Services	Department is directed to convene stakeholder working groups to develop savings proposals
\$100 million to Department of Social Services In-Home Supportive Services	Across-the-board 20% service hour reduction
\$72.1 million in increased county charges for youthful offender placements in Division of Juvenile Justice	Beginning January 2, 2011, counties would be charged an annual rate of \$125,000 for every youthful offender committed to a Division of Juvenile Justice facility; payments would be required for any youthful offender in DJJ's jurisdiction on or after January 1, 2012, regardless of commitment date.
\$30 million to California Community Colleges	Results in a \$10 per unit fee increase
\$23 million to Department of Education Child Care	Across-the-board reduction of 4%
\$20 million to the Department of Corrections and Rehabilitation	Unallocated reduction
\$15.866 million to California State Library	Eliminates all state grant funding for local library services
\$15 million to the California Emergency Management Agency Vertical Prosecution Grants	Eliminates funding for District Attorneys' Vertical Prosecution grants
\$15 million to the Medi-Cal program	Extends provider cuts and copayments to the Medi-Cal Managed Care Plans
\$10 million to Department of Social Services In-Home Supportive Services	Eliminates funding for IHSS Anti-Fraud grants

Tier 2 Triggers: *If the State receives \$0 - \$2 billion of the projected revenues, up to \$1.9 billion in cuts will go into effect, proportionate to revenues:*

Tier 2	
<i>If the State receives \$0 - \$2 billion of the projected revenues, up to \$1.9 billion in cuts will go into effect, proportionate to revenues:</i>	
▪ Reduction to K-12 schools that allows districts to drop seven classroom days. The school year would be reduced to 168 days – down from 180 days three years ago.	\$1.54 billion
▪ Elimination of school bus transportation	\$248 million
▪ Reduction to community colleges	\$72 million

Total Possible Impact of Trigger Cuts

- **Total Trigger Reductions: \$2.461 billion**

The Lawsuits – Who is Suing Over the Budget?

- California School Boards Association has sued, suggesting that they are owed \$2 billion more than they received in the current budget.
- The California Redevelopment Association has sued, arguing their elimination is unconstitutional.
- The League of Cities has sued over the VLF take, arguing that the seizure of funds should not have been in a trailer bill.

Current Budget Picture

- On Oct. 10, the following information was reported in the Controller's month cash receipts report:
- Total General Fund revenues in September 2011 were \$301.6 million lower (-4.0 %) than expected for September.
- This means year to date (first quarter), revenues were down \$705.5 million (3.6%)
- Corporate tax revenues came in below the estimates by \$190.3 million (-17.1%).
- Personal income taxes were above expectations by \$285.4 million (7.0%).
- Sales tax revenues were \$56.8 million lower (-3.8%) than anticipated.

Pension Reform

- Several bills moved to almost the end of the process (SB 27, AB 89, AB 340) to enact anti-spiking, re-hire prohibitions
- Late in the Summer, the Governor signaled to the authors to hold their bills, and that he would release his own pension reform plan
- No initiatives have qualified for the ballot.

What to Expect in 2012

- Realignment clean-up and adjustments
- Pension Reform
- Potential push by the Governor on taxes
- Governor may shift focus from budget to water, high speed rail
- 2011-2012 Trigger cuts could be revisited in January by the Legislature
- Deficit projection by LAO for the Governor to contend with in 2012-13 budget

2011 Platform Wrap-Up

CACTTC- Sponsored Legislation

- CACTTC sponsored 6 separate pieces of legislation this year.
- Within these 6 proposals are 13 separate items from the CACTTC platform.

AB 820 (Gordon)

- Removes the \$1 cap on the certificate of taxes paid.
- The bill was signed into law.

AB 902 (Alejo)

- Removes the \$100 and \$35 caps related to notifying parties of interest in properties going to tax sale.
- The bill was signed into law.

AB 261 (Dickinson)

- Adds to the statute that prescriptive easements remain with the property in a tax sale.
- Requires any person who seeks to challenge the validity of a tax sale to first exhaust administrative remedies before filing a lawsuit.
- The bill was signed into law.

AB 1045 (Norby)

- Prohibits campaign contributions from financial advisors, underwriters and bond counsel to a bond campaign if they also plan to provide financial advice, underwriting services or legal services in a negotiated sale of the bond.
- This measure has passed the Assembly but was held in the Senate Governance and Finance Committee and is now a two-year bill.

SB 194 (Sen. Governance and Finance)

- Contains two provisions:
- Increase to \$5k the amount of unclaimed property that the Board of Supervisors can delegate to the Treasurer to transfer to the general fund.
- Clarifies that “Yankee banks” are permissible investments.
- This bill was signed into law.

SB 948 (Sen. Governance and Finance)

- This measure contains several items from the CACTTC platform and has been signed into law:
- States that if exceeds proceeds are expending publishing their availability, publishing is not required.
- Required full disclosure of the rights to excess proceeds is made known when third parties seek to recover excess proceeds on behalf of an individual.
- Corrects cross references and cleans up the R&T code.
- Provides a means access to Assessors' information when seeking to notify persons with secured property at risk of going to sale.
- Allows republishing (a correction) within 60 days if an error is discovered in the original publication.

Bills Supported by CACTTC

- AB 750 (Hueso) would establish a task force to study the creation of a state bank. The Governor vetoed this bill.
- AB 129 (Beall) allows Tax Collectors to collect property-related fees and charges at the same time and in the same manner as ordinary county taxes and would be subject to the same penalties and the same procedure and sale in case of delinquency. The Governor vetoed this bill.

Bills Opposed by CACTTC

- SB 670 (Calderon) – which was opposed by CACTTC – would have removed the responsibility of online travel agencies to collect TOT. The measure was held and never heard.
- AB 1090 (Blumenfield) would create a county opt-in property tax postponement program. CACTTC opposed the bill because it only provided for a judgment lien and not a priority lien. The Governor signed this bill into law.

2012 Proposed Legislative Platform

2012 Proposed Platform

CACTTC Received 12 Proposals
for Consideration in the 2012
Platform.

Proposal B - Sacramento County

- The Department of Housing and Community Development and assessor exchange to one another information on manufactured homes.
- This bill would allow the Tax Collector access to this information for the collection of property taxes on manufactured homes.

Proposal C – Sacramento County

- The proposal will bring various code sections governing the refunds for a supplemental assessment that is a negative amount into alignment.
- Under this proposal, negative supplemental assessments would be refunded from the taxes paid on the supplemental roll, current roll, or the roll being prepared.

Proposal D – Kern County

- Government Code Sections 27000.8 and 27000.9 requires continuing education for elected and appointed county treasurer, county tax collector, or county treasurer-tax collector. The required disciplines for the education listed in the Code do not include tax collection.
- Proposal D proposes to add tax collection as a required discipline, which will make the code inclusive of all the functions required of a county tax collector or county treasurer and tax collector.

Proposal E – Kern County

- The proposal would provide the County Treasurer and Tax Collector with the flexibility to post Revenue and Taxation Code required notices on their website as an option, which would save money by reducing the amount of publication in a newspaper.

Proposal F – Los Angeles County

- The proposed changes will extend unsecured tax collection methods to any debt owed to a county, if implemented by ordinance of the Board of Supervisors of the county.

Proposal G – Legislative Committee

- The proposal seeks an appropriation in the State Budget to fund for PILT payments due from the State to Counties, which have gone unpaid since 2002.

Proposal H – SF & Sacramento

- Proposal H would tie the interest rate on refunds to the County Pool Rate.

Proposal I – Sacramento County

- The proposal would allow delinquent taxes on Inter-county pipelines rights-of-ways to be transferred to the Unsecured Roll for collection enforcement.

Proposal J – Sacramento County

- The proposal amends the statute so that Excess Proceeds will be transferred to the county general fund.

Proposal K – Sacramento County

- Taxpayers applying for and receiving Proposition 8 value reductions from the assessor's office have been refusing to pay the existing tax bills and then when the final determination is made by the assessor, requesting the tax collector cancel all penalties.
- Proposal K will clarify that tax bills must be paid or prorated penalties will be charged.

Proposal L – Kern County

- Would amend Sections 15268 and 15270 of the California Education Code to impose uniform methodology to be used by all school districts in projecting future assessed valuations to comply with the tax rate limits.

Motion on 2012 Proposed Legislative Platform

SAVE THE DATE

Thursday, January 12, 2012
will be CACTTC's annual
Legislative Day in
Sacramento, CA.

Questions?