



CITY COUNCIL AGENDA REPORT



DEPARTMENT: Administration

MEETING DATE: January 22, 2002

PREPARED BY: Scott Ochoa, Assistant City Mgr.

AGENDA LOCATION: I-4*

TITLE: Legislative Bulletin.

OBJECTIVE: This report will provide the Council with information on proposed legislation, and request authorization to contact Monrovia's elected representatives in Sacramento and Washington, DC for their support. These bills are reviewed from the framework of how they may impact Monrovia.

DISCUSSION/ANALYSIS: The Legislative Bulletin highlights and summarizes pending legislation. This matrix is intended to provide the Council with information on proposed legislation that may be important to Monrovia and provides a brief analysis of the potential impacts to the City. The recommendations made by staff reflect the City's priorities and programs, as well as the direction taken by the League of California Cities.

COUNCIL ACTION REQUIRED: Should the Council concur with staff's recommendations, the appropriate action would be:

"Approval of the Legislative Bulletin and direct staff to contact Monrovia's elected representatives for their support."

Respectfully,

Donald R. Hopper
City Manager

Attachment

I-4*

Finance

Bill No	Background	Analysis/Potential Impact	Status	League/ City Positio n
<p>AB 680 (Steinberg) Land use sales tax and property tax revenue allocation</p>	<p>During the early 1990s, the State of California's efforts to balance its own budget resulted in the shifting of property tax revenues previously allocated to local government to its own coffers. This transfer is known as ERAF – the Educational Revenue Augmentation Fund. As a result of losing a substantial chunk of their discretionary funding, cities and counties sought to replace the lost revenue with sales taxes. These efforts gave rise to at least two revenue enhancement phenomena – the “fiscalization” of land use, in which some communities made long-term land use decisions based on a (short-sighted) desire to increase sales tax revenue, and the chasing of “big box” retailers, in which some cities and counties undercut one another to lure major sales tax producing retailers to their jurisdiction</p>	<p>Over the last several years, there have numerous attempts to revamp the way sales tax revenue is split between State and local government. Often, these endeavors focused on redistributing sales on a <i>per capita</i> basis as opposed to a <i>situs</i> basis. This would be detrimental to a city like Monrovia, which has a diverse and vibrant local economy. However, this bill would go a step further by providing for a punitive measure in which cities with insufficient housing elements would have 1/3 of their sales growth redistributed to the Sacramento Area Council of Governments. Obviously, this is an attempt to curb land use fiscalization. And while it would not harm directly Monrovia, it sets a dangerous precedent both in its punitive nature and in its redistribution local government revenues to other regions of the State.</p>	<p>Assem Approp</p>	<p>Oppose/ Oppose</p>
<p>Prop. 42 (Dutra) Transportation Funding Sales and Use Tax Revenues</p>	<p>Currently, the Legislature has considerable discretion over how transportation and gasoline tax revenues are spend. In tight economic times, the State often redirects these funds from much needed local transportation projects to State-priority projects</p>	<p>This ballot measure seeks to remove a great deal of discretion from the State. It would allocate a portion of the existing State sales tax on gasoline to cities and counties to be used for transportation improvements. Additionally, twenty percent would be earmarked for counties for local road repairs and maintenance, 20 percent to public transit agencies, and 40 percent would go to the State Transportation Improvement Program</p>	<p>Assem Approp</p>	<p>Support/ Support</p>

Bill No.	Background	Analysis/Potential Impact	Assem Approp	League/ City Position
<p>AB 100 (Simittian) Property tax revenue shifts limitation</p>	<p>Although the ERAF shift ended with the Recession in the mid 1990's, local governments have continued to be short-changed because the State has kept all the property tax revenue growth off the portion of the revenue stream that it redirected under ERAF</p>	<p>This bill would reduce the growth of ERAF by 10 percent, beginning in 2005. ERAF growth would be decreased by an additional 10 percent each year thereafter until the growth of ERAF is totally capped at its initial value. Under AB 100, the base of ERAF, now approximately \$4.7 billion would remain with the state in perpetuity at its 2005 value.</p>		<p>Support</p>