

October 19, 2010

MOTION BY SUPERVISORS MARK RIDLEY-THOMAS AND ZEV YAROSLAVSKY

Analysis of Proposed Budget-Related Legislation, Propositions 25 and 26

The County's budget and operations are frequently paralyzed by the State Constitution's requirement of a two-thirds vote by the Legislature to adopt a budget or increase revenues. The two-thirds vote requirement has intensified partisanship and made it virtually impossible for the Legislature to approve a balanced budget on time without resorting to borrowing, accounting gimmicks, or severe reductions in core services.

State budget delays cut off funds to the County and force costly borrowing and program curtailments. The County's own budget process is regularly prolonged and the workforce engages in contingency planning that diverts time and resources from improving service delivery and enhancing efficiency.

There are two ballot measures, Propositions 25 and 26, on the November 2, 2010 ballot that will have significant impacts on the State and County budget processes. Proposition 25 would amend the State Constitution to lower the vote requirement to

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MOTION

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pass a State Budget bill to a simple majority. Approval of this ballot measure would certainly increase budget accountability and undoubtedly provide substantial relief to the County's prolonged budget cycle.

In contrast, Proposition 26 would expand the definition of a tax and a tax increase such that certain State and local fees would require a two-thirds vote by the Legislature, potentially compounding an already dire situation. Such existing fees are directly related to the cost of providing services and imposing a two-thirds vote would jeopardize funding for public safety, health, transportation, and environmental protection.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

- 1) Support Proposition 25 and oppose Proposition 26, and instruct the Chief Executive Officer (CEO) to communicate our positions to the public, legislators, and interested parties and stakeholders; and
- 2) Instruct the Chief Executive Officer to work with the Registrar-Recorder/County Clerk and report back to the Board within 7 days with:
 - a) A more extensive analysis of the potential impact of passage and failure of Propositions 25 and 26 on the County's operations and budget process. This analysis should include:
 1. The potential impact on the County's operations and budget if local elections are required to approve fees and charges

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heretofore approved by the Board; and

2. An assessment of whether the requirement of elections would potentially delay the Board's ability to approve an annual budget in a timely manner or restrict the Board's flexibility to increase revenues to cover operating expenses.
- b) The anticipated number, frequency, and types of elections (i.e. Countywide, unincorporated only, etc.) that the County would have to conduct due to the reclassification of health, environmental, economic, or other fees and charges that have typically been approved by the Board of Supervisors in the event that Proposition 26 is approved by the voters; and
 - c) The estimated costs which would be incurred by the County to conduct these elections, including amounts reimbursable to the County by other jurisdictions to conduct these elections.

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