



P.O. Box 3144
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citiesassociation.org
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June 2, 2020

The Honorable Toni Atkins
Senate President pro Tempore
California State Senate
State Capitol Building, Room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker of the Assembly
California State Assembly
State Capitol Building, Room 219
Sacramento, CA 95814

Dear President pro Tempore Atkins and Speaker Rendon:

On behalf of the Cities Association of Santa Clara County, we write in opposition to the Administration's proposal to retroactively shift property taxes from counties, cities, and special districts, apply civil penalties to audited, good-faith actions of county officials, and install the Department of Finance as the oversight body over a single piece of the complicated process of allocating property taxes. These proposed actions are in response to disagreements between the State and five counties related to the calculation of Excess Educational Revenue Augmentation Fund (ERAF). We urge you to reject the proposal to allow discussions between the parties to continue.

All property tax revenue remains within the county in which it was collected to be used exclusively by local governments. A portion of property tax revenue is allocated to ERAF to support local school districts. When the amount contributed to ERAF is more than the minimum cost of funding local schools, excess funds, known as Excess ERAF, are returned to counties, cities, and special districts. The County of Santa Clara is one of five Excess ERAF counties in the state.

The proposed actions would result in considerable financial consequences to the affected counties, as well as their cities. The fifteen cities in Santa Clara County stand to lose a combined amount of \$26.5 million in annual, ongoing funds. Our cities are already experiencing reduced sales tax and transient occupancy tax revenues due to the COVID-19 pandemic. More lost revenue would further harm our already precarious financial situations and likely lead to deeper cuts in core city services.

We recognize that there can be disagreements about how various complicated statutes relate to each other. But the proposed actions would unilaterally and retroactively reallocate local property taxes and unfairly penalize counties for actions that have already been audited and found to be proper. We urge you to reject the proposal and allow the Controller, counties, and school officials to continue to work on the development of guidance that would ensure the appropriate allocation of property taxes going forward.

We appreciate your consideration of our position on this important matter.

Our best regards,



Mayor Larry Klein
City of Sunnyvale
President, Cities Association of Santa Clara
County




Vice Mayor Neysa Fligor
City of Los Altos
Legislative Action Chair, Cities Association of
Santa Clara County



Mayor Howard Miller
City of Saratoga



Mayor Lisa Gillmor
City of Santa Clara



Mayor Sam Liccardo
City of San José



Mayor Adrian Fine
City of Palo Alto



Mayor Margaret Abe-Koga
City of Mountain View



Mayor Rich Constantine
City of Morgan Hill



Mayor Liz Lawler
City of Monte Sereno



Vice Mayor Bob Nuñez
City of Milpitas



Mayor Marcia Jensen
Town of Los Gatos



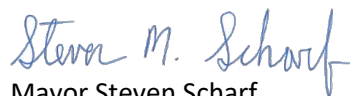
Mayor Michelle Wu
Town of Los Altos Hills



Mayor Jan Pepper
City of Los Altos



Mayor Roland Velasco
City of Gilroy



Mayor Steven Scharf
City of Cupertino



Mayor Susan Landry
City of Campbell

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cc: Senators Wieckowski, Beall, Hill, Monning,
Assembly Members Rivas, Kalra, Chu, Berman, Low, Stone

Who we are: The Cities Association of Santa Clara County is an association of the fifteen cities of the county and the elected representatives of more than 1.9 million Bay-Area residents. Since 1990, the city representatives have been gathering to discuss and find consensus and solutions for regional issues. Our cities are diverse and include cities of a few thousand people to a city of a million people.