



July 10, 2008

Honorable Arnold Schwarzenegger, Governor
Honorable State Senators
Honorable State Assembly Members
State Capitol
Sacramento, CA 95814

SUBJECT: Adopting a Balanced State Budget Without Local Revenues

Dear Governor Schwarzenegger and Members of the Senate and Assembly:

Now that the Budget Conference Committee has finished its work and negotiations move to the leadership level, we wanted to express our appreciation for the fact that neither the Governor's proposed budget nor the budget approved by the Conference Committee contain provisions that suspend Propositions 1A or 42.

When the voters protected local revenues in 2004 by passing Proposition 1A by a wide margin, local leaders were gratified that the public acknowledged the importance of local programs and services. However, in this difficult economic climate, local elected officials are faced with tough choices – cutting or eliminating services, laying off staff, and raising revenues (often with 2/3 voter approval) to adopt responsible spending plans. We are mindful that state budget proposals to borrow local revenues and a protracted state budget stalemate will only serve to prolong the state's ongoing structural deficit and to further harm the services our shared constituencies rely upon: health and human services, law enforcement and fire protection, and transportation services, to name a few.

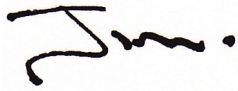
California's economy and quality of life today and into the future requires the state to address its fiscal challenges in a straightforward fashion. We believe Californians will respond well if their elected leaders are honest with them about the depth of the budget crisis and the difficult choices needed to resolve it – whether those choices are responsible program reductions or revenue increases. To be clear, suspension of constitutional protection of local revenues is an inappropriate means to accomplish a short-term goal at the expense of much-needed long-term stability.

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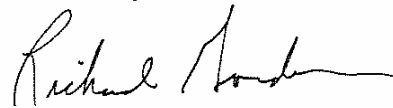
Our associations collectively represent thousands of local elected officials who recognize that there are no easy answers to our respective budget dilemmas. A budget resolution does, however, require a joint commitment to find common ground and move beyond the rhetoric of the past. As your elected colleagues, we support your efforts to reach a responsible state budget compromise, and we encourage you to work together to tackle this formidable challenge.

Thank you for your hard work on behalf of the people of California. We look forward to continuing our partnership in service to California's 38 million residents.

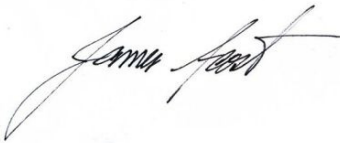
Sincerely,



Jim Madaffer
President
League of California Cities



Rich Gordon
President
California State Association of Counties



James Acosta
President
California Special Districts Association