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REGIONAL COUNCIL OF RURAL COUNTIES
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May 18, 2009

TO: Members of the Senate
Members of the Assembly

FROM: Karen Keene, CSAC Legislative Representative
Kathy Mannion, RCRC Legislative Advocate

RE: Tax Relief – Subventions for Open Space/Williamson Act Grants

The California State Association of Counties (CSAC) and the Regional Council of Rural Counties (RCRC) oppose the Governor's Revised Budget proposal to eliminate all of the Williamson Act subvention payments to local governments for property tax losses incurred by enrolling agricultural land in Williamson Act contracts.

The Williamson Act is a voluntary program that provides lower property taxes to agricultural landowners in exchange for their contractual commitments with participating cities or counties to keep their land in agricultural or open space uses for 10 – 20 years. The act includes a formula for allocating payments to local governments based on acreage enrolled in the program. This financial support from the state has provided a tangible incentive for local governments to stay in the program and initiate more contracts by partially replacing property tax revenues lost on enrolled land.

The ramifications of eliminating the subventions cause us great concern. Similar to the State, counties are also being faced with making tough decisions due to declining revenues and significant budget shortfalls. The loss of already limited discretionary dollars may be the last straw for some counties struggling to provide essential public services.

We further believe that discontinuing the subventions may force many counties to non-renew Williamson Act contracts. A domino effect will then ensue, farmer's tax bills will increase and expendable income will decrease, potentially leading to a weakening of local agricultural-based economies where few alternative industries exist.

Lastly, CSAC and RCRC truly believe that the Williamson Act has proven to be an effective tool for encouraging the preservation of existing farmland and preventing leapfrog development. For years, cities and counties have relied on the Williamson Act to support general plan and zoning objectives, and promote orderly growth. We fear that eliminating the Williamson Act subventions will eventually lead to a total unraveling of the program. We further believe that the Governor's proposal is contrary to the State's desire to be recognized as a leader on climate change, "smart growth" and other environmentally progressive initiatives.

For these reasons, CSAC and RCRC respectfully urge you to oppose any reductions to the Williamson Act Subventions in the State Budget.

cc: Governor Arnold Schwarzenegger