



June 15, 2014

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327-7500

Facsimile
916.441.5507

TO: The Honorable Edmund G. Brown, Jr.
Members of the California Senate
Members of the California Assembly

FROM: Matt Cate, CSAC Executive Director

RE: **2014-15 Budget Agreement – SUPPORT**

On behalf of the California State Association of Counties (CSAC), I applaud your work to produce a responsible state budget that balances smart and strategic investments with a commitment to strengthening the state's long-term fiscal stability. We urge the Legislature's swift passage of the budget and associated trailer bills.

Taken together, the elements of the 2014-15 budget compromise benefit California counties in a number of ways. It will support and enhance our efforts to reduce crime and recidivism, begin rebuilding aging local roads and bridges, reduce greenhouse gas emissions statewide, provide more and better treatment for the mentally ill and those struggling with substance use disorders, and offer more services to at-risk children.

Notably, the budget agreement calls for the state to begin paying down what it owes to local governments for mandated services provided more than a decade ago. The total debt is about \$900 million. The 2014-15 budget calls for a \$100 million payment now, with the possibility of paying off the rest of the debt depending on actual state revenue over the next year. This commitment not only returns discretionary revenue to counties that can be put to use for a range of local priorities, but it also helps reduce the state's significant out-year liabilities. Similarly, providing \$242 million for counties and cities by repaying early the Highway User Tax Account (HUTA) loan helps pay down the wall of debt while creating jobs and stimulating the economy through investment in local transportation infrastructure.

Importantly, the budget also includes another \$500 million for jail construction—a significant and much-needed boost to counties that have assumed vast new responsibilities for criminal offenders since 2011. The money will be made available through a competitive grant process managed by the Board of State and Community Corrections, which will emphasize treatment and programming space that can help counties manage longer-term inmates and help them more successfully reintegrate into the community. A commitment to the best practice of split sentencing and a resolution to higher levels of court security occasioned by the activation of new court facilities represent two other key elements of a comprehensive public safety package.

Counties are also pleased to see the 2014-15 Budget Act include several small augmentations to address the special needs of the Commercial Sexual Exploitation of Children and Adult Protective Services populations, as well an increase in foster care grant payments for non-federally eligible foster youth who reside with relative caregivers.

Finally, while counties view this budget compromise as responsible and forward thinking, we are compelled to point out our significant concerns with the extension of a property tax exemption for commercial and residential solar energy systems. While the state should feel free to provide tax incentives for renewable energy, counties assert that the state ought to do so with state revenue, not local revenue, unless the state provides a reimbursement. Since the exemption does not expire for two years, we see no need to include it in this year's budget.

That provision aside, CSAC applauds the Governor and the Legislature for adopting an on-time budget that will serve our mutual constituents in the budget year and beyond.