

January 17, 2002

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular Meeting of
January 22, 2002

**PENDING LEGISLATION – RETURN OF PROPERTY TAX BILLS
(AB 100, SIMITIAN AND AB 1076, CANCIAMILLA)**

Recommendation:

That the City Council consider taking a support position on the two bills and, if approved, write to the Assembly Appropriations Committee expressing support.

Background:

The League of California Cities is supporting two bills that, over a number of years, cap the growth of ERAF and return the funds to the local taxing jurisdictions.

AB 100 (Simitian). This bill would reduce the growth of ERAF by 10 percent, beginning in 2005. ERAF growth would be decreased by an additional 10 percent each year thereafter until the growth on ERAF is totally capped. Under AB 100, the base of ERAF, now approximately \$4.7 billion, would remain with the state in perpetuity at its 2005 value. AB 100 also contains a trigger which would allow the suspension of growth repayments in years where the state sees a significant drop-off in state general fund revenues.

AB 1076 (Canciamilla), similar to AB 100, would reduce the growth on ERAF by 20 percent in each “qualified fiscal year” after 2004. “Qualified years” are those in which the state reserve exceeds three percent and that revenues in September exceed the forecast from the May revision.

These bills, if approved, and signed into law, would start the return of a portion of the property tax that the state now takes.

Respectfully submitted,

Stephen R. Burrell
City Manager