DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Oppose

BILL NUMBER: SB 171
AUTHOR: L. Wolk

BILL SUMMARY: Property Tax Revenue: Cordelia Fire Protection District

Beginning in 2010-11, this bill, an urgency statute, would reduce the amount of property tax revenue shifted to the Educational Revenue Augmentation Fund (ERAF) by the Cordelia Fire Protection District (District) by $58,310. This amount would be adjusted each year thereafter. The bill also would require the Department of Finance to ensure this change does not correspondingly increase any other district's ERAF shift.

The Author's office states that in 2001, Solano County officials discovered that the District was receiving nearly half of its annual allocation of property taxes from areas that had been annexed into nearby cities and were no longer served by the District. After officials corrected the tax rate areas, the District's property tax revenues dropped by over $156,000 in 2002, representing a 46% decrease from the prior year's revenues. At the same time, the District lost more revenue when the City of Fairfield cancelled its contract with the District to provide fire protection within part of the City.

FISCAL SUMMARY

Under the provisions of Proposition 98, the state would be required to backfill the reduced ERAF contribution with General Fund. Consequently, this bill would increase the state's annual Proposition 98 General Fund obligation by at least $58,000 beginning in 2010-11.

Although this bill has been flagged as a state mandate it is not reimbursable, since local officials have the authority to charge fees to pay for the level of service required by the bill.

Discussions with the State Controller's Office have not confirmed any error in the District's current ERAF contribution.

COMMENTS

Finance opposes this bill for the following reasons:

- This bill would result in General Fund costs not contained in the Governor's Budget.
- Provision of this sort of relief for any single district would encourage other special districts to seek similar treatment.

Analyst/Principal	Date	Program Budget Manager	Date
(0762) C. Hill		Mark Hill	

Department Deputy Director Date

Governor's Office: By: Date: Position Approved_____
Position Disapproved_____

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED) **Form DF-43**

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Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year) (Dollars in Thousands) PROP 98	FC	2010-2011	FC	2011-2012	FC	2012-2013	Fund Code
0001/Major Rev	SO	Yes		--	C	$58	C	$58	0001