

June 8, 2020

The Honorable Gavin Newsom
Governor
State of California
1303 10th Street, Suite 1173
Sacramento, CA 95814

Re: Proposed Amendment to Revenue and Taxation Code Section 97.3 in Education Omnibus Trailer Bill with May Revision Amendments – Oppose

Dear Governor Newsom:

On behalf of **[YOUR AFFILIATION]**, we write in opposition to the proposal to retroactively shift property taxes from five Bay Area counties: City and County of San Francisco, Marin, Napa, San Mateo, and Santa Clara and inappropriately provide the Department of Finance with the authority to penalize these counties for failure to abide by not-yet-written guidelines from the Department regarding the Educational Revenue Augmentation Fund (ERAF) calculations. The proposal is unfairly punitive and improper, especially given the significant fiscal challenges facing our counties, and we urge you to reject it.

The County of Santa Clara prides itself in providing programs to bridge inequities and focus on lifting vulnerable communities. The proposed changes will likely result in our county losing an important source of discretionary revenue used to provide many General Fund supported programs. This could significantly impact our social services, immigration, childcare, healthcare, mental health, and other safety net programs desperately needed by our disadvantaged communities, especially during this pandemic.

The proposed actions would result in considerable financial consequences to the affected counties, as well as their cities. Our counties are already experiencing reduced sales tax and transient occupancy tax revenues due to the COVID-19 pandemic. More lost revenue would further harm the already precarious financial situations of our counties and likely lead to deeper cuts in core county services.

We recognize that there can be disagreements about how various complicated statutes relate to each other. But the proposed actions would unilaterally and retroactively reallocate local property taxes and unfairly penalize counties for actions that have already been audited and found to be proper. We urge you to reject the proposal and allow the Controller, counties, and school officials to continue to work on the development of guidance that would ensure the appropriate allocation of property taxes going forward.

We appreciate your consideration of our position on this important matter.

Sincerely,