

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: CHIEF EXECUTIVE OFFICE  
Urgent \_\_\_\_\_ Routine X  
CEO Concurs with Recommendation YES prt NO \_\_\_\_\_  
(Information Attached)

BOARD AGENDA # X.A.  
AGENDA DATE July 10, 2001  
4/5 Vote Required YES \_\_\_\_\_ NO Y

SUBJECT:

AUTHORIZE SUPPORT OF ASSEMBLY CONSTITUTIONAL AMENDMENT 10 (ACA 10) WHICH WOULD INCREMENTALLY ELIMINATE THE EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF) SHIFT FROM COUNTIES TO THE STATE OF CALIFORNIA.

STAFF  
RECOMMEN-  
DATIONS:

AUTHORIZE SUPPORT OF ASSEMBLY CONSTITUTIONAL AMENDMENT 10 (ACA10) WHICH WOULD INCREMENTALLY ELIMINATE THE EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF) SHIFT FROM COUNTIES TO THE STATE OF CALIFORNIA

FISCAL  
IMPACT:

There is no immediate fiscal impact. However, the continuing transfer of additional local tax revenues to the ERAF jeopardizes local revenue and local control, and contributes to the erosion of local services.

BOARD ACTION AS FOLLOWS:

No. 2001-541

On motion of Supervisor Blom, Seconded by Supervisor Mayfield  
and approved by the following vote,  
Ayes: Supervisors: Mayfield, Blom, Simon, Caruso, and Chair Paul  
Noes: Supervisors: None  
Excused or Absent: Supervisors: None  
Abstaining: Supervisor: None

- 1) X Approved as recommended
- 2) \_\_\_\_\_ Denied
- 3) \_\_\_\_\_ Approved as amended

Motion:

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

By: Christine Ferraro Deputy

File No.

AUTHORIZE SUPPORT OF ASSEMBLY CONSTITUTIONAL AMENDMENT 10 (ACA 10) WHICH WOULD INCREMENTALLY ELIMINATE THE EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF) SHIFT FROM COUNTIES TO THE STATE OF CALIFORNIA.

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**DISCUSSION:** In the recession of the early 1990's the State of California began siphoning large amounts of tax revenue away from local government to balance the State budget via the educational revenue augmentation fund (ERAF). When ERAF was enacted, it was promised to be a temporary measure. Years later, counties are still reeling from the nonstop redirection of over \$30 billion in revenue since the advent of ERAF.

It is estimated that in this fiscal year the State will redirect revenue from Stanislaus County to the schools in the amount of \$28.4 million. Over the past nine fiscal years, including a projection for this fiscal year, it is estimated that over \$200 million has been shifted to the State from Stanislaus County.

Legislation has been proposed over the years in attempts to cap, limit, or eliminate this seizure of property tax revenue by the State. All attempts have been unsuccessful. This was especially evident last fiscal year when the State, despite a massive budget surplus, declined to provide any long-term ERAF relief, and the Governor vetoed SB 1637 (Burton) which attempted to limit ERAF revenue shifts.

ACA 10 by Assembly Member Cogdill, is an amendment to the State Constitution, which would provide a phased-in cap on the amount of property tax revenues shifted annually to the ERAF by local governments. The Amendment would require that in implementing the ad valorem property tax revenue allocation requirements in 2002-2003 and each fiscal year thereafter, a County's educational revenue augmentation fund may not be allocated a total amount of property tax revenue that would exceed certain applicable percentages, as set forth in the proposed Constitutional Amendment. Also, that any amount of property tax revenue not allocated to a county ERAF be allocated among the local agencies in a County. If approved by two-thirds of both houses of the Legislature, it would appear on the ballot for voter approval at a future statewide election.

ACA 10 is an important step in providing long-needed fiscal relief and reversing inappropriate policy affording counties the chance to regain local control over property tax revenue.

**POLICY  
ISSUES:**

The Board of Supervisors should decide whether support of Assembly Constitutional Amendment 10 is consistent with its priority of promoting efficient government operations, including prudent fiscal management.

AUTHORIZE SUPPORT OF ASSEMBLY CONSTITUTIONAL AMENDMENT 10 (ACA 10) WHICH WOULD INCREMENTALLY ELIMINATE THE EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF) SHIFT FROM COUNTIES TO THE STATE OF CALIFORNIA.

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**STAFFING  
ISSUES:**

There is no staffing impact associated with the support of ACA 10.