

## ***California Supreme Court Rulings Not Favorable For California Local Governments***

December 20, 2011 - Two California Supreme Court rulings issued Thursday will have significant impacts upon local governments in the golden state, and specifically, CALBO members. In response to the lawsuit against the state of California filed by the California Redevelopment Association, the League of California Cities, and the cities of San Jose and Union City, the high court weighed in giving authority to the state to abolish local Redevelopment agencies. This move will require all California Redevelopment agencies, 400 statewide, to be dissolved by February 1, 2012.

“As local government officials, the raid on our funds is nothing new to us,” stated CALBO President Richard Renfro of Elk Grove. “However; we will stand together with our local government counterparts to do all that we can to see our fair share of funds remitted back to our departments and communities where it belongs.”

Earlier in 2011, Governor Jerry Brown had slated Redevelopment agencies for elimination in an effort to patch the \$25 billion budget deficit. In August, it was estimated that this move would save the state approximately \$1.7 billion. In response to heavy opposition by local government leaders, including CALBO and the League of California Cities, the Governor still eliminated Redevelopment agencies but compromised by allowing some to stay open as long as they shared additional revenue with the state. Thursday’s California Supreme Court ruling upheld the state’s authority to close Redevelopment agencies, but also ruled that the state overstepped its authority by requiring agencies to share in revenues received and to remit payments.

This ruling will give the State Legislature and Governor much greater authority when it comes to local government relations, which will have significant ramifications on cities and counties. CALBO, in concert with the League of California Cities, is pushing state legislators to immediately move legislation forward that will promote redevelopment at the local level without the reliance upon the eliminated agencies.

The lawsuit filed against the state earlier in 2011 had cited that the Governor had ignored Proposition 22. Approved by California voters in 2010 and formally endorsed by CALBO, Proposition 22 prevents the state of California from seizing revenue that has been expressly dedicated to local government. In the wake of Thursday’s California Supreme Court rulings, Proposition 22 will be a forefront citation in local government’s argument.

CALBO will continue to advocate on behalf of local government and promote the necessity of local redevelopment in our communities. In order to maximize our presence in Sacramento, CALBO will work with the League of California Cities and the California State Association of Counties, to convince legislative leaders that immediate action must be taken to ensure economic redevelopment is not hindered.