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30 June 2011

Governor Edmund G. Brown, Jr.
State of California
State Capitol Building
Sacramento, CA 95814

Via Fax: (916) 558-3177

RE: Request For Veto: SB 89 – Diversion of City VLF Revenue

Dear Governor Brown:

On behalf of the California Association of Local Agency Formation Commissions I respectfully request a VETO of SB 89, one of the budget-related bills.

SB 89 came into print late in the day on 28 June 2011 and was rushed through the process with little discussion. It contains a provision that would sweep approximately \$130 million of city general fund revenues from the current vehicle license fee formula to a special law enforcement account beginning July 1, 2011.

This is of particular concern to Local Agency Formation Commissions with respect to inhabited annexations to cities, incorporation of new cities, and new cities that were incorporated in the last few years. The financial viability of new cities and city annexations relies on these VLF funds. This bill removes this critical funding source and reverses a crucial bill signed into law in 2006 (AB 1602-Laird) that restored VLF funding for incorporations and annexations of inhabited areas that was removed as part of the VLF-property tax swap enacted in the 2004-05 budget agreement. The loss of the funding in SB 89 will surely halt annexations of inhabited territory to cities and most all future city incorporations. Of even greater concern is that any city incorporation since 2007 (there are four – all in Riverside County) will suffer a major financial blow along with any city which annexed inhabited territory since 2007.

By virtually eliminating the option of a fiscally viable cityhood or annexation to local communities SB 89 takes an important tool away from LAFCo, and – more importantly – a governance structure away from residents of unincorporated territory in California.

The lack of legislative transparency to rush this measure through with no opportunity for public input is an embarrassment to the state.

For these reasons the California Association of Local Agency Formation Commission respectfully requests your veto of SB 89

Yours Sincerely,



William Chiat
Executive Director

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