



- Campbell
- Cupertino
- Gilroy
- Los Altos
- Los Altos Hills
- Los Gatos
- Milpitas
- Monte Sereno
- Morgan Hill
- Mountain View
- Palo Alto
- San Jose
- Santa Clara
- Saratoga
- Sunnyvale

April 12, 2013

Honorable Kevin De Leon, Chair  
Senate Appropriations Committee  
California State Senate  
State Capitol, Room 2206  
P.O. Box 942849  
Sacramento, CA 94249-0039

**Re: Support for Senate Bill 629 (Beall) – Tax Equity Allocation**

Dear Chair De Leon,

On behalf of the Cities Association of Santa Clara County, I am writing you to express support for SB 629 authored by Senator Jim Beall, Jr. Passage of this bill will have a significant impact on the West Valley cities in Santa Clara County and will correct a longstanding inequity in property tax allocations to these cities.

When Proposition 13 passed in 1978, it decreased property taxes by assessing property taxes at their 1975 levels and restricted annual increases of assessed value of real property to an inflation factor, not to exceed 2% a year. As a result, cities with no or low property tax rates were locked-in at rates far below the average property tax rate for other cities.

AB 8, passed in 1979, backfilled the worst affects of Proposition 13 for local governments, including a provision to bring all “no-low tax” cities share of the property tax up to 7 %. Subsequent legislation sponsored by Senator Vasconcellos, however, reduced the share of the AB 8 property tax distribution for the cities of Saratoga, Los Altos Hills, Cupertino, and Monte Sereno.

In 1978, legislation was enacted which limited the cities of Cupertino, Saratoga, Monte Sereno and Los Altos Hills to 55% of what other Tax Equity Allocation (TEA) cities in the state receive. In 2006, Assembly Bill 117 repealed the 55% limit, but the four cities were required to remit a higher Educational Revenue Augmentation Fund (ERAF) rate to the State on these TEA funds so that the State budget would not be impacted. As a result, the City is still being apportioned less than seven percent of property taxes as set forth in the California revenue and taxation code.

delete the requirement that the auditor of Santa Clara County reduce the amount of property tax revenues allocated to qualified cities in that county by the ERAF reimbursement amount, and commensurately increase the amount of property tax revenues allocated to the county ERAF.

The Cities Association of Santa Clara County is a collaborative organization that represents the mutual interests of the diverse 15 cities of Santa Clara County. Each city appoints a city council member to the Board of Directors, which meets monthly. In its role as an advocate for the Santa Clara County cities, the Board of Directors addresses issues of mutual interest, promotes cooperation between the cities, and advocates for positive action to enhance the quality of life for the people of our county.

As a unified voice of the cities of Santa Clara County, the Cities Association recognizes that if adopted, SB 629 would modify property tax allocations by treating Saratoga, Los Altos Hills, Cupertino, and Monte Sereno like all other “no-low tax” cities in the State. We urge you to support and vote yes for SB 629 to justly correct the allocation of property taxes to the West Valley cities in Santa Clara County.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Margaret Abe-Koga".

Margaret Abe-Koga  
President, Cities Association of Santa Clara County  
Council Member, City of Mountain View

CC: Cities Association of Santa Clara County Board of Directors  
David Brandt, City Manager, City of Cupertino  
Carl Cahill, Town Manager, Town of Los Altos Hills  
Brian Loventhal, City Manager, City of Monte Sereno  
Dave Anderson, City Manager, City of Saratoga  
Senator Jim Beall Jr., District 15, CA State Senate  
Senator Jerry Hill, District 13 & Member, CA Senate Comm. on Appropriations