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February 5, 1992

Mr Richard Sybert
Director
Office of Planning and Research
1400 TENTH STREET, Room 156
Sacramento, California 95814

Dear Mr. Sybert:

I appreciated the opportunity to meet with you Monday, and to discuss Growth Management from a County perspective. I would like to identify those issues which I believe are key areas of concern to counties throughout the state, and hope that these will be reflected in your recommendations to Governor Wilson.

Regional Growth Management

There is a need in the County of San Diego for a regional growth management strategy. That need is being addressed by the San Diego Regional Planning and Growth Management Review Board, a board which the voters of this county have already approved. I hope that your recommendations will respect the decisions of the voters of San Diego county. This board should be given the time to fully implement its plan, and demonstrate that this process can work. What we don't have is a solution to the fiscal problems created by growth. We think it urgent that this matter be addressed in the context of your proposed growth plan.

Annexations and Incorporation

A serious concern in this area is the fiscal impact of annexations and incorporations on counties. Counties retain responsibility for providing county-wide services, but have less revenue with which to fulfill this mission as a result of the incorporations and annexations.

* A local example: in the County of San Diego, we have lost 5.4 million dollars in sales tax as a result of the incorporation of the cities of Encinitas and Solana Beach.

Despite the significant diminution of our tax base caused by annexation or incorporation, the county is still required to provide services which include:

* criminal justice system, courts, jails, juvenile halls, mental health programs, drug programs, indigent care, social services, public health, air pollution control, solid and hazardous waste management, primary medical care, and a host of federally or state mandated programs, to the residents of these cities.

* Unlike cities, County government has few options to increase revenue, and little discretion on how it spends its revenues.

Sales Taxes

Sales taxes have become a prized revenue source for cities and counties, making commercial development extremely attractive to both jurisdictions.

* Unlike the cap placed on property taxes by Proposition 13, sales tax can keep pace with inflation and better reflect rising service costs.

* Because sales tax is allocated based on where sales occur rather than on where the consumer lives, one community can capture sales tax from another.

* An excellent example of the inequity which can arise from this situation is reflected in the following figures:

  the County of San Diego has 20 percent of the population, yet receives only 4.8 percent of the areas' sales tax.

I call to your attention the proposal put forth by Sacramento County, concerning the redistribution of sales tax dollars.

* This plan suggests a way to correct the inequities in the current situs distribution method. Under the proposed method, there would be a redistribution of the local share of sales tax based on a combination of population and situs, with sales tax growth allocated on a per capita basis.

This is a proposal which I believe merits serious consideration. It is a viable means of dealing with growth management and fiscal impacts on County government.

Redevelopment Agencies

Our loss of revenue as a result of the creation of redevelopment areas are equally dramatic.

* Some forty six million dollars in revenue have been lost between 1985 and 1991 as a result of the creation of redevelopment areas.

* Compounding this problem is the fact that despite the loss of tax increment to these entities, the levels of service required of the County remains the same, or, more likely, rises substantially.

Property Taxes

Property taxes are yet another area of concern for County government. Proposition 13 has removed our ability to allow the property tax level to remain in balance with the cost of providing required levels of service to the community. There is simply no parity here.

Fiscalization of Land Use Decisions

One of the issues that San Diego has carefully studied is the fiscalization of land use decisions. Through the San Diego Association of Governments we have issued a report entitled Regional Government Responsibilities and Revenues. It provides an overview of how our region views the financing issues related to growth management.

* Specifically, I am referring to the ability of cities to make land use decisions which have significant impact on counties and the levels of service which must be provided to citizens county-wide.

* As an example: when the City of San Diego added 50 police officers to their force at a cost of 5.2 million dollars. The cost to the County of San Diego was 7.4 million dollars in associated support services and facilities.

I thank you again for the time you have given us. I appreciate the attention that you are devoting to reviewing the county perspective on growth management and its fiscal ramifications on county government, and I look forward to the opportunity to talk further with you and your staff on this issue which is so very pressing to the counties throughout the state of California.

Sincerely,

Leon L. Williams
Supervisor, Fourth District

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