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Wolk bill moves forward

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As a looming \$25 billion budget deficit squeezes state, schools, county, and city budgets and the Governor pushes forward with his plans to eliminate redevelopment agencies, the Senate Governance and Finance Committee approved legislation by Senator Lois Wolk, D-Solano, to make it easier for cities and counties to utilize an alternative financing option.

Wolks bill, SB 214, would make it easier for cities and counties to form an infrastructure financing district, a means of funding public works projects without affecting school districts or the state general fund, key reasons behind the Governor's controversial proposal to eliminate redevelopment agencies.

"It's time to look ahead at practical alternatives that retain the ability of local governments to finance economic development," Wolk said in a press release. Wolk supports of the Governor's plan. "Locals need flexible financing mechanisms for public infrastructure projects."

Current law already enables cities and counties to create infrastructure financing districts, a specified area in which property taxes that would ordinarily go to the general fund are diverted to pay for public projects such as highways, transit, water and sewer projects, flood control, libraries, parks, child care and solid waste facilities.

Wolk argued that redevelopment agencies remain local governments' favorite financing option because they can "be formed or issue debt without voter approval ... divert school property taxes,

the largest contributor to redevelopment agency funding, over half statewide ... divert the tax increment of a local agency within the financing district without that agency's consent (and) ... use the power of eminent domain."

Wolk's legislation, which is supported by the California State Association of Counties, would make

it easier to form infrastructure financing districts by removing the statutory requirement for voters to approve districts' formation or issuing debt. The bill would also extend the term of infrastructure financing district bonds from 30 years to 40 years, giving local governments longer to repay their debt and lowering their monthly debt payments.

"Having served in local government, I know how important these kinds of projects are to our communities," Wolk said in her release. "My legislation can help local governments continue to fund important economic development, as well as public works projects, without adversely affecting our schools, core local services, or the state general fund."

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