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State Budget Crisis to Impact Beverly Hills *Legislature borrows property tax funds from local governments*

Beverly Hills, CA – Governor Schwarzenegger signed into law a 2009-2010 budget plan on Tuesday, which resolved the state's nearly \$25 billion deficit. Along with deep cuts in social services, education and employment, the budget proposal includes seizing \$2 billion in property tax funds from cities.

Under the budget agreement, through provisions of Prop. 1A, the state will borrow approximately \$1.9 billion in property taxes from local governments, or about 8 percent of the property taxes received per local agency. **For the City of Beverly Hills, this would amount to approximately \$3.5 million.** Prop. 1A's provisions require that a loan of local property taxes be repaid within three years with interest or the state cannot borrow property tax funds again.

During the City's budget process, the Council directed staff that impacts resulting from anticipated state legislature decisions should be paid out of reserves, in order to prevent further cuts in City programs and services.

An earlier provision to defer \$1 billion in gas tax funds was voted down by the legislature; this would have further impacted the City by \$583,000.

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