

IMPARTIAL ANALYSIS OF MEASURE B

By Charles Parkin, City Attorney

Voter approval of this measure would amend the Long Beach Municipal Code to establish a budget stabilization (or “rainy day”) fund. The fund would be used to pay for future City operations and services that might otherwise be reduced in scope, suspended or eliminated due to unanticipated shortfalls in general fund revenues, whether caused by economic recession or other financial hardship of the City.

The fund would receive automatic deposits/transfers of one percent of any new general tax revenues generated each year, commencing with Fiscal Year 2017-2018. This would include new revenues from the proposed transactions and use tax, which is on the same ballot for election.

Up to fifty percent of available funds could be expended by the City Council in any single fiscal year if the City Council declares a fiscal hardship requiring the use of such resources to maintain current levels of City services and programs. The proposed measure defines “fiscal hardship” as a projection by the City Manager in the proposed budget for any fiscal year that slow growth or a decrease in general fund revenues will result in a two percent or greater reduction in funding for general City services, as compared to the prior year’s base budget required to maintain those services.

Under the proposed measure, which was placed on the ballot by the Long Beach City Council, the City Council could not expend funds from the Budget Stabilization Fund more than three consecutive years, after which the City Council must consider alternative revenue sources or permanent reductions in general City services for future years. At no time could the balance of the fund exceed five percent of the City’s general fund revenues forecast in the adopted budget for the subsequent fiscal year.

The proposed measure also includes mechanisms to establish and suspend automatic transfers to the fund based on revenue forecasts.

The proposed measure requires a majority vote of the electorate; however, the ordinance establishing the Budget Stabilization Fund will only become effective if the transactions and use tax measure, which is on the same ballot for election, is also approved by the voters.

A “yes” vote is a vote in favor of authorizing the budget stabilization fund. A “no” vote is a vote against authorizing the budget stabilization fund.