



SENT TO COUNCIL:

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JUL 13 2011
City Manager's Office

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jennifer A. Maguire

**SUBJECT: STATE BUDGET ACTIONS -
LOSS OF MOTOR VEHICLE
IN-LIEU TAX**

DATE: July 13, 2011

Approved

Date

7/13/11

INFORMATION

I wanted to inform you that recent State budget actions approved for 2011-2012 will negatively impact the City of San José and will necessitate rebalancing the General Fund as a result of the loss of Motor Vehicle In-Lieu revenue. With the last minute approval of SB 89, the State of California has shifted over \$130 million in annual General Fund Motor Vehicle In-Lieu revenue from cities to support State law enforcement grants effective July 1, 2011. The 2011-2012 Adopted Budget assumes **\$2.8 million** from State Motor Vehicle In-Lieu revenue that will no longer be received. The resulting unexpected General Fund budget shortfall will need to be resolved in 2011-2012. The Budget Office will bring forward a recommendation to rebalance the General Fund for City Council consideration as part of the 2010-2011 Annual Report process in September 2011.

While this memorandum provides a brief synopsis of budget impacts to the City's General Fund, a more in-depth summary of the State budget actions will be released separately by the Office of Intergovernmental Relations.

JENNIFER A. MAGUIRE
Budget Director