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League of California Cities
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October 14, 2009

Governor Arnold Schwarzenegger
 State Capitol Building
 Sacramento CA 95814

**Re: SB 65 (Budget Committee) State Cash Deferrals
Request for Signature**

Dear Governor Schwarzenegger:

The California State Association of Counties (CSAC) and the League of California Cities (League) respectfully requests your signature on SB 65.

SB 65 contains various deferral provisions that assist with state cash flow needs.

Of specific interest and importance to cities and counties are the revisions to the existing Highway Users Tax Account (HUTA) or gas tax deferral provisions that became law, through SB X4 16 (Ducheny), under the July budget agreement

The changes to the HUTA or gas tax deferral provisions in SB 65 are an improvement over what is currently in statute. In brief, the bill would:

- Accelerate repayment of the June, July, August and September gas tax revenues to local agencies.
- Provide an identified date for repayment that was not included in the previous language for additional deferrals.
- Include some additional flexibility for locals to use Prop 1B revenues and local special funds during the deferral period.
- Provide an exemption from the deferral for the state's 13 smallest rural counties.

Releasing these gas tax revenues will avoid lay-offs of public works employees and allow transportation projects to move forward providing an important boost to the economy.

For these reasons, CSAC and the League respectfully request that you expedite signature of SB 65. If you have any questions regarding our position, please do not hesitate to contact us. DeAnn Baker can be reached at (916) 650-8104 and Dan Carrigg can be reached at (916) 658-8222.

Sincerely,

DeAnn Baker
 Senior Legislative Representative
 California State Association of Counties

Dan Carrigg
 Legislative Director
 League of California Cities

cc: Michael Pro시오, Legislative Affairs Secretary, Governor's Office