



# COUNTY OF SAN DIEGO

## BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

### AGENDA ITEM

**DATE:** July 21, 2009

**TO:** Board of Supervisors

**SUBJECT:** SUPPORT FOR ASSEMBLY BILL 1506 (ANDERSON) (DISTRICTS: ALL)

#### **SUMMARY:**

##### **Overview**

On February 27, 2009, Assemblyman Joel Anderson introduced Assembly Bill 1506 which would require the State of California to accept State-issued IOUs as a form of payment from an individual or an entity for an obligation owed to the State. The County of San Diego currently has the legal ability to use a State-issued IOU as a payment to the State, but the State is not required to accept the IOU as a form of payment from other persons or entities.

In addition to saving individuals, businesses and other entities from financial hardships brought on by the State's fiscal crisis, Assembly Bill 1506 may serve as a motivating factor to bring real budget solutions to the table.

Today's action will communicate the Board of Supervisors support for AB 1506.

##### **Recommendation(s)**

##### **CHAIRWOMAN JACOB AND SUPERVISOR HORN**

1. Direct the Chief Administrative Officer (CAO) to draft a letter for the Chairwoman's signature to Assemblyman Anderson and all members of the San Diego delegation in support of Assembly Bill 1506.
2. Direct the CAO to communicate this Board of Supervisors' support of Assembly Bill 1506 to San Diego County's Legislative Representative in Sacramento.

##### **Fiscal Impact**

There is no fiscal impact associated with these recommendations.

**SUBJECT:** SUPPORT FOR ASSEMBLY BILL 1506 (ANDERSON) (DISTRICTS: ALL)

**Business Impact Statement**

N/A

**Advisory Board Statement**

N/A

**BACKGROUND:**

On July 2, 2009, the State Controller started issuing individual registered warrants, also called IOUs, as a form of payment from the State, as the State is currently facing a \$26 billion deficit (and growing) and has no more cash to pay their bills.

The County of San Diego has the legal ability to pay an obligation owed to the State with an IOU received from the State. However, the State currently is not required to accept the IOU as a form of payment. Assembly Bill 1506 would change this by requiring the State to accept its own IOUs as a payment for obligations owed to the State from an individual, business or other entity, such as the County. The State Controller announced on July 10, 2009 that he supports AB 1506.

The San Diego County Board of Supervisors remains concerned with the lack of strong leadership in Sacramento. We have demanded structural reform of the State government to ensure a fiscally viable State. AB 1506 may motivate the State to come up with long term budget solutions, rather than avoid real change by deferring payments and issuing IOUs.

In addition, AB 1506 could potentially save individuals, businesses and entities impacted by the State's fiscal mess from the severe financial hardships of receiving IOUs.

The County's bank, Wells Fargo, has stated that July 11, 2009 was the last day it would accept State IOUs. Therefore, the County of San Diego might not be able to cash any more IOUs coming from the State as payment for State services we provide. AB 1506 would secure our ability to use a State-issued IOU as a payment for an obligation owed to the State.

Today's action will communicate the Board of Supervisors support for AB 1506.

We urge your support.

**Linkage to the County of San Diego Strategic Plan**

N/A

Respectfully submitted,

DIANNE JACOB  
CHAIRWOMAN

BILL HORN  
SUPERVISOR, FIFTH DISTRICT

**SUBJECT:** SUPPORT FOR ASSEMBLY BILL 1506 (ANDERSON) (DISTRICTS: ALL)

**AGENDA ITEM INFORMATION SHEET**

**CONCURRENCE(S)**

|  |   |   |
|--|---|---|
| <b>COUNTY COUNSEL REVIEW</b>                                     | <input checked="" type="checkbox"/> Yes |   |
| Written Disclosure per County Charter<br>Section 1000.1 Required | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No  |
| <b>GROUP/AGENCY FINANCE DIRECTOR</b>                             | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> N/A |
| <b>CHIEF FINANCIAL OFFICER</b>                                   | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> N/A |
| Requires Four Votes  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No  |
| <b>GROUP/AGENCY INFORMATION<br/>TECHNOLOGY DIRECTOR</b>          | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> N/A |
| <b>COUNTY TECHNOLOGY OFFICE</b>                                  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> N/A |
| <b>DEPARTMENT OF HUMAN RESOURCES</b>                             | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> N/A |

**Other Concurrence(s):** N/A

**ORIGINATING DEPARTMENT:** District 2 and District 5

**CONTACT PERSON(S):**

|                   |                     |
|-------------------|---------------------|
| <u>Tale Halse</u> | <u>Joan Wonsley</u> |
| Name              | Name                |
| 619-531-5522      | 619-531-5555        |
| Phone             | Phone               |
| _____             | _____               |
| Fax               | Fax                 |
| _____             | _____               |
| Mail Station      | Mail Station        |
| _____             | _____               |
| E-mail            | E-mail              |

**AUTHORIZED REPRESENTATIVE:** \_\_\_\_\_