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City of Downey

Press Release

Governor Schwarzenegger Warns Local Mayors of Potential Fiscal Impact if Propositions Fail

Downey, Ca, May 12, 2009



Mayor Mario A. Guerra and a few other local Mayors met with Governor Schwarzenegger Monday, May 11, 2009 regarding the State budget. The discussion centered around how local governments will be affected if the propositions do not pass on May 19. The Governor stated that they may have to borrow billions from local taxes to help with the budget shortfall in Sacramento. Mayor Guerra pointed

out to the Governor that while local municipalities, like Downey, have been doing their job and balancing their local budgets for years, it seems wrong that they will have to pay the penalty for the lack of spending controls in Sacramento.

“If cities are forced to lend the State their local tax dollars, many cities will have huge layoffs, which will include police and fire. This is wrong on so many levels. We in Downey have been fiscally responsible and yet we will have our own budget shortfall. Because of this possible action the State could take up to \$ 3,000,000 of our local taxes, said Mayor Guerra. “We have worked hard with our fine staff to have a balanced budget for many years, and yet the residents of Downey are being asked to help bail out the State that has spent beyond their resources.” Downey has been preparing for these economic times and has had a hiring freeze in the city since last June, except for Police and Fire. The Governor responded that this was something that may have to be done along with layoffs of over 50,000 teachers, and allowing over 45,000 prisoners to be released early from prisons if the propositions do not pass.

The law passed a few years ago by proposition to safeguard local tax revenue allowing the State to borrow from local taxes twice every ten years for extreme fiscal hardships. They are required to pay it back within three years with interest but many cities will be bankrupt without these funds and will not have the ability to borrow it.

For Immediate Release