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5 August, 2008

Honorable Arnold Schwarzenegger
Governor of California
State Capitol
Sacramento, California 95814

Dear Governor Schwarzenegger:

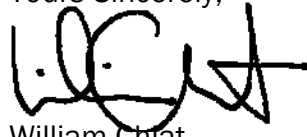
The California Association of Local Agency Formation Commissions respectfully requests that you **sign Senate Bill 301** (Romero) which is now before you for action. The bill removes a sunset established by AB 1602 (Laird) and will continue the vehicle license in-lieu allocations to newly incorporated cities and cities that annex inhabited areas.

The CALAFCO Board believes the "VLF gap" created by the 2004-05 budget agreement and Proposition 1A creates a financial disincentive for city incorporations and annexations of inhabited territory. AB 1602 eliminated this disincentive. Continuing the availability of this equitable distribution of VLF revenues for incorporations and annexations provides communities with local governance and efficient service delivery options, including the ability to incorporate or annex.

AB 1602 has provided the ability for up to six communities to bring the question of incorporation to the ballot between its passage in 2006 and the current 2009 sunset. At least eight other communities are in the process of incorporation but will not be able to meet the current deadline, and a number of annexations of inhabited areas are anticipated in the future.

Without the removal of the sunset as contained in SB 301, these incorporations and annexations will likely be found to be fiscally unfeasible and the local agency formation commission will be unable to approve them. Because this legislation removes a barrier to local and efficient governance, we urge you to sign SB 301.

Yours Sincerely,



William Chiat
Executive Director

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cc: Honorable Gloria Romero
Jacquie Roberts, Governor's Office
Brent Jamison, OPR Deputy Director of Legislation