

Good afternoon Chairman Frank and Financial Services Committee Members

I think Congressman Dennis Cardoza asked me to come speak with you today because he is tired of my calling him asking for assistance for my community. Hello, I am the Tommy Jones, Mayor of Los Banos; for those of you who don't know where Los Banos is, we are the small town of 36,000 in the heart of Central California. We are the small town that grew overnight to almost three times our size when residents in San Jose and the south bay discovered we had affordable homes. We are the community that watched our home prices escalate to the point many of our home grown residents could not afford a house. We are the community that tried desperately to stay ahead of the curve of the boom, tried to charge the right fees so growth could pay for itself, and tried to anticipate the what if's of economic change. And today we are the community that has made the LA Times, New York Times, Small Biz Magazine and Wall Street Journal because we are the hardest hit by this economic disaster.

One in every five homes in Los Banos is either in foreclosure, has been foreclosed upon, or is about to go into foreclosure. Our unemployment rate is over 21%!!! The foreclosure rate is so high that when we applied for COPS funding the federal office called to see if we had made a mistake on our application!

We are small town America facing an extreme financial hardship and as Mayor and keeper of my city, I am here to ask for your help. The Economic Disaster Declaration is a tool for cities like Los Banos who on the surface may appear healthy, but in realty are suffering from an economic crisis as disastrous as Hurricane Katrina. Let me see if I can paint you a picture of what it is like in our community. We sit in the middle of cotton and tomato fields. Up until 10 years ago most of our residents were in one way or another connected to agriculture, education or government. Today a large portion of our community drives more than an hour and a half to the south bay to work. Since the bust in the economy many of those drivers have been laid off and with those layoffs

came the loss of their homes. Loss of homes has meant an increase in our homeless – our homeless shelter now serves entire families two meals a day. Loss of homes has meant a steep decline in property and sales tax. Loss of sales has meant the closing of long lived and new businesses and a decline in police and fire service because of a loss of tax revenue.

But it doesn't stop there. As I mentioned, we are an ag based community. We are one of the communities faced with water shortages for our farmers. Water shortages means less fields are planted. Less fields planted means layoffs of farm laborers. Layoffs mean loss of homes... you see where I am going with this.

Our building construction community is now unemployed.

Our banks have stopped lending. Commercial projects are currently stalled because they cannot get additional bank lending – even those companies that have perfect credit and been in business more than 10 years! As a city we have no money to assist.

And I am still not done. Wednesday night we were to approve our fiscal year budget. This year's budget was based upon a 35 percent reduction in property tax. Thirty Five Percent!! This is on top of last year's decrease of 15%. But here comes the kicker, before the council meeting started we received word from the County of Merced that our property taxes had not dropped 35% as predicted, but an unprecedented 55.27%!!! That means our staff will have to cut an additional \$450,000 from the general fund! We have already had to cut law enforcement and fire positions, we have laid off personnel to the point those still employed look frazzled from the workload. We have reduced services, supplies, and stopped future projects because we were out of money and now we have to try and find another \$450,000 in cuts??? Our sales tax are down – we lost two car dealerships last year. Our property tax is 55% below what it was last year – one in every five homes a foreclosure. Our unemployment rate is more than 21%!!! Our homeless population now includes complete families. We need your help!

Our community, our county, tends to get overlooked. We are rural. We are small. We are laid out between wetlands and ag land. But our need for our citizens is not any smaller than the needs of those who have faced hurricanes or floods! We cannot provide enough fire and police to protect our citizens but we may not qualify for COPs funding because we don't have the same large crime statistics as cities like San Francisco, Oakland or Chicago! We have the highest foreclosure rate in the country but did not receive federal stimulus dollars because of HUD's formula. Instead we had to wait for the state's allocation and, I might add, we are still waiting!

This is why I am here to plead for the Economic Disaster Declaration legislation. We need help and we need it now. Our businesses cannot qualify for loans even though they've been in business 10, 15, even 20 years. CDBG funding given to our area because of our plight would provide them an opportunity to keep their doors open and stop the hemorrhage of unemployment. CDBG funding to assist people purchasing homes would help decrease the number of vacant neighborhoods and crime associated with those vacancies. Please think about Los Banos when you look at this legislation and think again about our numbers; in just two years a 70% decrease in property tax, more than 21% unemployment rate, and 1 in every five homes a foreclosure. This Wednesday marked a day when our city had to face the fact that we have no place else to go. We have bottomed out. Without your help, without a tool such as the Economic Disaster Declaration, what will cities like Los Banos do? I am Tommy Jones, Mayor of Los Banos, and on behalf of my community I am asking you to vote yes for this legislation. Please give our community a chance.