



Things You Should Know About California City Finance

Ken Al-Imam
 Mayer Hoffman McCann LLC
 kalimam@cbiz.com
 tel: 949.474.2020

Michael G. Colantuono
 Colantuono & Levin, PC
 mcolantuono@claw.us
 tel: 530.432.7359

Michael Coleman
 CaliforniaCityFinance.com
 coleman@muni1.com
 tel: 530.758.3952

City Funds at Risk of State Action

State Subventions (General Fund)

- COPS (\$107) Juv. Justice (\$107)
- Booking Fees / Jail Facility (\$35m)
- Other LawEnf grants (\$250m)
- Williamson Act (~~\$35m~~)

New
 0.15%
 VLF
 rate

COPS, Booking Fees & VLF

- ❖ COPS funding is now from new 0.15% Public Safety VLF tax rate.
 - Minimum \$100k remains
- ❖ Jail Detention Facility Grants to Sheriffs now also from this rate.
 - So, no booking fees should be charged.
 - However, if bookings for non-violent offenses exceed three year average, then full cost fees may be charged.
- ❖ Vehicle License Fee (VLF) allocations from the pre-existing 0.65% rate are unaffected.
 - Collections and allocations to cities may be slightly up.
 - You should expect \$3.50 per capita ... plus any special allocations e.g. for annexations.

City Funds at Risk of State Action

State Subventions (General Fund)

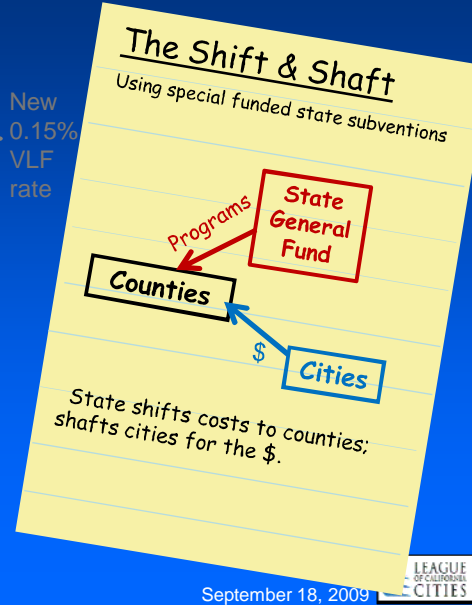
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Special-Funded Subventions

- State \$ to cities & counties only -

- Prop. 172 Public Safety (\$180m+)
- Vehicle License Fee (\$175m+)



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Redevelopment Agencies

- Property Tax shift

Unconstitutional?

Special-Funded Subventions

- State \$ to cities & counties only -

- Prop. 172 Public Safety (\$180m+)
- Vehicle License Fee (\$150m+)

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City Funds at Risk of State Action

Proposition 1A (2004) State Property Tax Borrowing

- ❖ Governor must declare "fiscal hardship;"
- ❖ Legislature must enact by 2/3 vote;
- ❖ Limited to 8% of the property tax revenues within each county;
- ❖ Must enact a law directing the repayment with interest within three years;
- ❖ May not enact another until previous borrowing is repaid;
- ❖ May not enact more than twice in ten years.

New 0.15% VLF rate

Redevelopment Agencies

- ✓ Property Tax shift
- Unconstitutional?

Borrowable

- ✓ Property Tax (\$2b cities/counties/spec.districts)
- ✓ ~~delayed~~ Highway Users' Tax (\$1.05b cities&counties)
- ✓ ~~delayed~~ Prop.42 Streets&Roads (\$600m cities & counties)
- ✓ Mandate payment deferrals (\$91m/yr cities/counties /special districts for pre FY04-05 costs)



City Funds at Risk of State Action

State Subventions (General Fund)

- COPS (\$107) Juv. Justice (\$107)
- Booking Fees / Jail Facility (\$35m)
- Other LawEnf grants (\$250m)
- ✓ Williamson Act (~~\$35m~~)

New 0.15% VLF rate

Redevelopment Agencies

- ✓ Property Tax shift (\$350m/yr)
- Unconstitutional?

Special-Funded Subventions

- State \$ to cities & counties only -
- Prop. 172 Public Safety (\$180m+)
- Vehicle License Fee (\$150m+)

✓ delayed

Borrowable

- ✓ Property Tax (\$2b cities/counties/spec.districts)
- ✓ ~~delayed~~ Highway Users' Tax (\$1.05b cities&counties)
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• Highway Users' Tax (~\$1b)

Redirect to pay state GF debt

Unconstitutional!



City Funds at Risk of State Action

State Subventions (General Fund)

- COPS (\$107) Juv. Justice (\$107)
- Booking Fees / Jail Facility (\$35m)
- Other LawEnf grants (\$250m)
- ✓ Williamson Act (~~\$35m~~)

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Redevelopment Agencies

- ✓ Property Tax shift
- Unconstitutional?**

Special-Funded Subventions

- State \$ to cities & counties only -
- Prop. 172 Public Safety (\$180m+)
 - Vehicle License Fee (\$150m+)

✓ delayed

✓ delayed

Borrowable

- ✓ Property Tax (\$2b cities/counties/spec. districts)
- ✓ Highway Users' Tax (\$1.05b cities & counties)
- ✓ Prop. 42 Streets & Roads (\$600m cities & counties)
- ✓ Mandate payment deferrals (\$91m/yr cities/counties /special districts for pre FY04-05 costs)

- Highway Users' Tax (~\$1b)
Redirect to pay state GF debt

✓ = action taken by Legislature

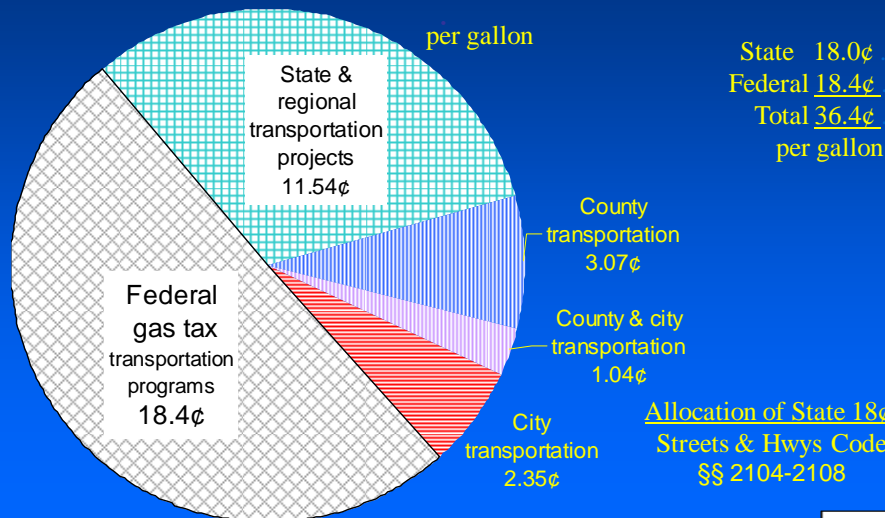
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Highway Users Tax

(aka: "Motor Vehicle in Lieu Tax," "Gasoline Excise Tax")



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State Road Funds Payment Delays Enacted 2009-10 Budget

- ✓ Delay of monthly allocations of HUTA payments
 - July 24 State Budget package



- Sept 12 end of session: SB65 cleanup



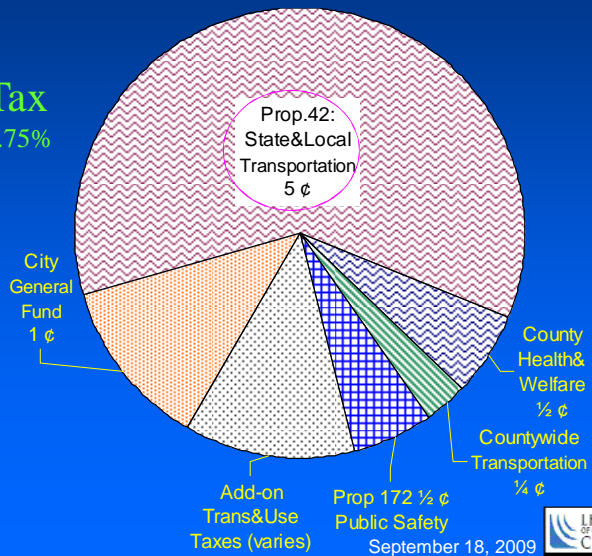
- Exempts: Counties under 40,000 population.
- May use Prop 1B transportation bond funds temporarily for cash flow



Proposition 42 Sales Tax on Gasoline



Sales Tax
7.25% to 8.75%



State Road Funds Payment Delays Enacted 2009-10 Budget

✓ Delay of monthly allocations of HUTA payments



- Exempted: Counties under 40,000 population.
- May use Prop 1B transportation bond funds temporarily for cash flow

✓ Delay of quarterly allocations of Prop42 payments



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2009 Property Tax Loan under Proposition 1A

- ✓ Applies to cities, counties and special districts
 - Not schools or redevelopment agencies
- ✓ Amount is 8% of property taxes
 - including Prop Tax in Lieu of Sales Tax (triple flip), Prop Tax in Lieu of VLF swap, TEA, etc.
- ✓ State Controller to repay w/interest June 6-13, 2013.
 - Interest set by State Dept of Finance by Sept 28.
- ✓ Optional securitization through CSCDA
 - 100% of amount you would otherwise receive.
 - Paid Jan 15, 2010 and May 3, 2010 with property tax.
 - Enroll now ... Council resolution before Nov 6.

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