

California Cities are Net Donors to the State

State assistance to California cities currently amounts to about \$200 million, including the voter mandated funding from the sales tax on gasoline under Proposition 42. That's less than $\frac{1}{4}$ of 1% of the state general fund. (This does not include certain state funded taxpayer programs that provide local tax relief but do not provide additional resources to local government.) The vast portion of state assistance to local governments goes to counties, who provide many programs and services on behalf of the state.

Looking at the past four years, and under generous assumptions of what constituted state "gives" to local government, cities are clearly net donors to the state, providing more funding through the ongoing ERAF shift of property taxes than they received in state funding for all programs. In fact, over the past 4 years California cities contributed over \$3.5 billion more in revenue than they received in all forms of state assistance.

Cities Are Doing Their Part for the State Budget Problem

State General Revenue to Cities in millions

	<u>FY 00-01</u>	<u>FY 01-02</u>	<u>FY 02-03</u>	<u>FY 03-04</u>	<u>FY 04-05</u>	<u>FY 05-06</u>				
COPS (SLESF)	80	78	79	66	66	66				
Discretionary Assistance	101	0	0	0	0	0				
Traffic Congestion Relief	194	75	78	0	0	127				
Police Technology Grants	56	23	12	0	0	0				
Public Libraries	25	23	18	9	8	7				
Booking Fee Relief	38	38	38	38	38	0				
TOTAL	495	237	-52% change from FY00-01	225	-54% change from FY00-01	114	-77% change from FY00-01	113	-77% change from FY00-01	200

Losses of Local Revenue

	<u>FY 00-01</u>	<u>FY 01-02</u>	<u>FY 02-03</u>	<u>FY 03-04</u>	<u>FY 04-05</u>	<u>FY 05-06</u>
ERAF Property Tax Shift ⁽¹⁾	(520)	(570)	(630)	(668)	(728)	(773)
ERAF on Redevelopment Agencies ⁽²⁾			(75)	(127)	(250)	(250)
VLF Backfill Gap (deferred in FY04, repaid FY06)				(491)		491
ERAF III State Budget Contribution					(350)	(350)

NOTES

[1] Net of Proposition 172 Public Safety Sales Tax (=\$148m to cities in FY03-04). 94% of Prop 172 funds go to counties, 6% to cities.

[2] Redevelopment Agency ERAF figure includes City RDA's only. County RDAs lost ~\$8 million.

[*] This chart does NOT include:

(a) **Taxpayer relief programs** listed in the state budget under "local assistance including: the VLF backfill, Senior Citizen Property Tax Relief, Homeowners' Property Tax Relief, and Williamson Act reimbursements. These programs provide taxpayer relief from the State via reductions in local taxes. They do not provide fiscal assistance to local government.

(b) **State mandate reimbursements.** These legal obligations of the state reimburse local government for the costs of program mandates imposed by the State. They do not provide fiscal assistance to cities.

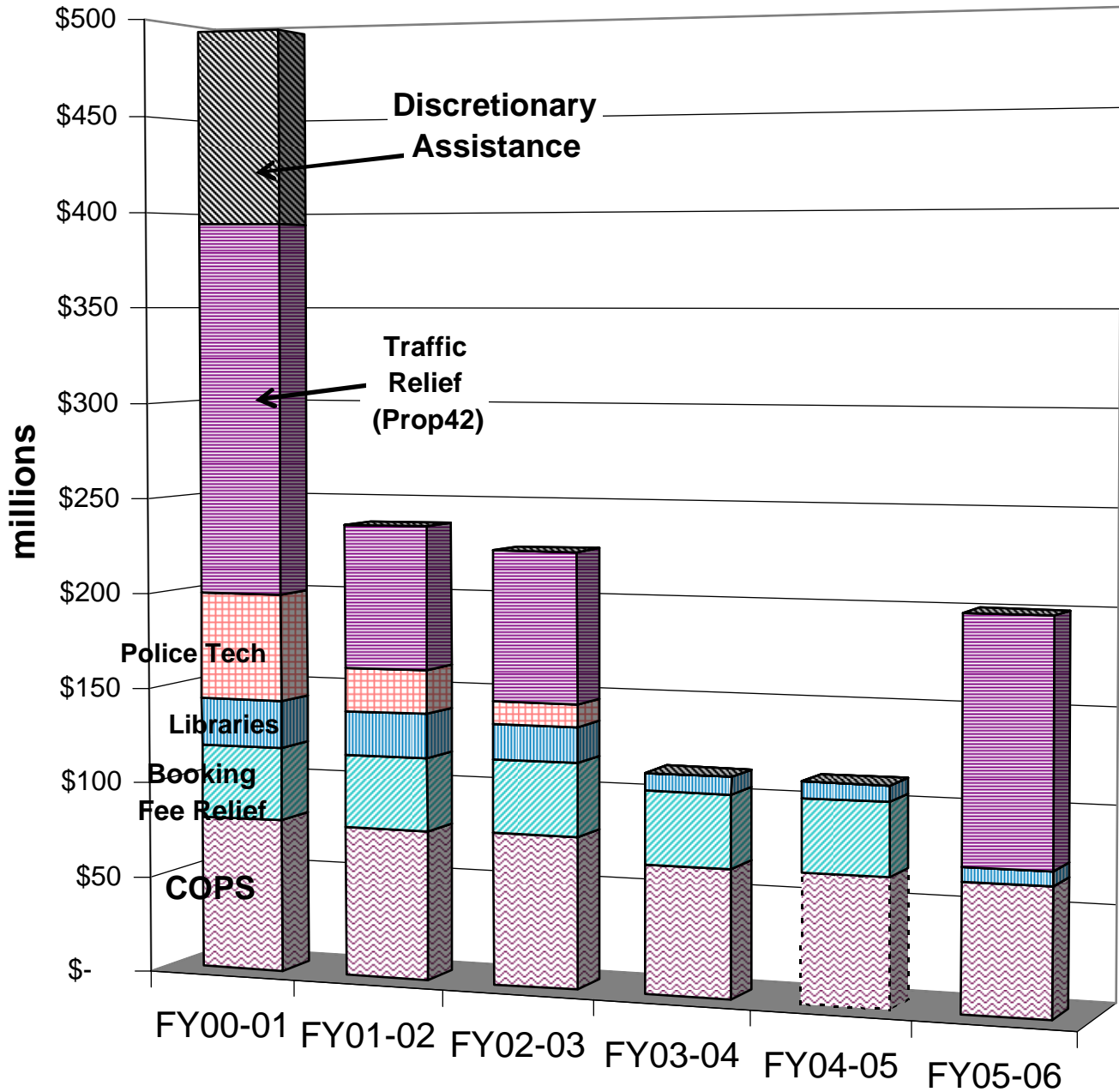
(c) **Special local project allocations**

CaliforniaCityFinance.com



State General Revenue to Cities

California FY00-01 to FY05-06



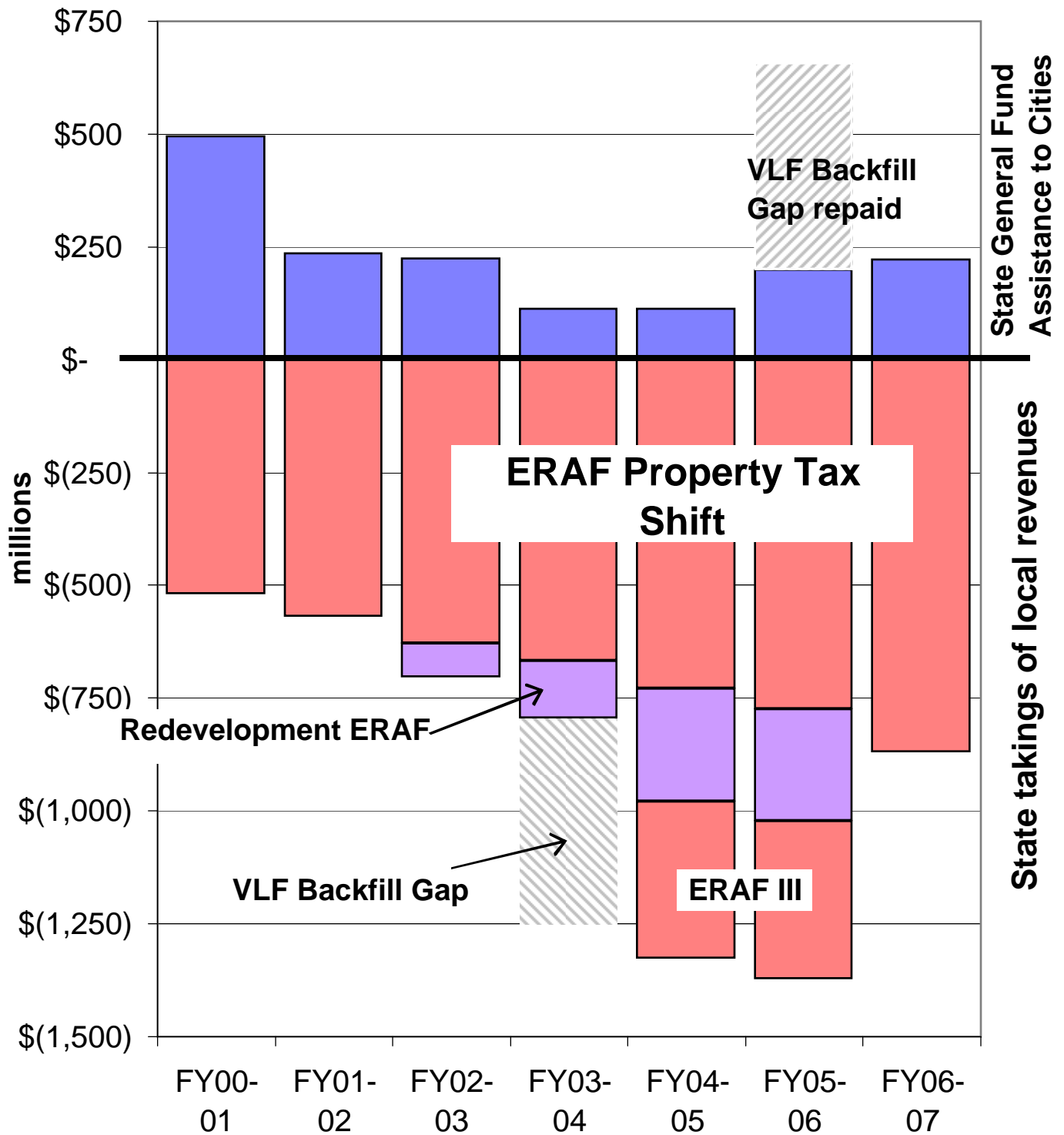
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(c) Special local project allocations. A summary of these amounts is too difficult to assemble and not significant.

Cities are Net Donors to the State General Fund



Sources: Computations by Coleman Advisory Services from Calif State Budgets, Calif County Auditors. CaliforniaCityFinance.com