The 2010 State
Gasoline Tax Swap

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For more info visit the
California Local Government Finance Almanac
at californiaCityFinance.com
Where Your Gas Taxes Go

Gasoline Excise Tax
- State 18.0¢
- Federal 18.4¢
- Total 36.4¢ per gallon

Sales Tax
- 8.25% to 10.25%

Federal gas tax transportation programs 18.4¢

State Highway Account (state/regional transportation projects) 11.54¢

County transportation 3.07¢

City transportation 1.04¢

City 1 ¢

State 6% Temporary rate now through June 30, 2011

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Where Your State Sales Taxes Go

On Gasoline

Special / Transportation (varies)

Proposition 172 ½ ¢

Countywide Transportation ¾ ¢

County Health & Welfare ½ ¢

City 1 ¢

State & Local Transportation including Prop.42

5 ≤ 6%
Temporary rate now through June 30, 2011

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Where Your State Sales Taxes Go

State & Local Transportation including Prop.42

Temporary rate now through June 30, 2011

State General Fund (Before Prop42)

Prop42

Prop111

to PTA $61

Spillover, $897

Transit, $315

StateHwy, $629

County, $315

City, $315

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Where Your State Sales Taxes Go

The spillover is big and wild!

State General Fund (Before Prop42)

Prop42

Prop111

to PTA $61

Spillover

20% Transit
20% City
20% County
40% STIP

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Gas Tax Swap

1) takes transit funds to help general fund by paying transportation debt service,
2) may reduce Prop 98 minimum guarantee to schools.

PublicTransitAcct (Spillover, etc)
Prop42 Transit
Prop42 State Hwy Acct
Prop42 City/CoStreets&Rds
State Highway Account
City/County Streets & Roads

State GF DebtSvc
State Hwy Acct
City/CoStreets&Rds
City/County Streets & Roads

Existing
Adopted-New

$0
$1
$2
$3
$4
$5
$6

+Fuel Excise Tax
17.3 cents/gal.

Fuel Excise Tax (HUTA)
18 cents/gal.

State Sales Tax on Gasoline & Diesel Fuel Replaced by
New Fuel Excise Tax Rate 7/1/2010

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Gas Tax Switch
Purposes and Effects

✓ General Fund savings by paying transportation bonds from new gasoline tax:
  • $600 million growing to $1.5 billion in 10 years.
  • LAO has argued that transportation bonds should be paid from transportation revenues – not general fund.
✓ Reduces Prop98 minimum guarantee #, allowing state to meet Prop98 and still save $.
✓ Governor’s proposal gives a tax cut (but to consumers?) – although this disappears over time as the rate increases in order to fund greater transportation bond debt service and growth in Prop.42 replacement $.
✓ Governor’s proposal would gut transit $. Legislature (Dem) proposal leaves $313 billion for transit plus use of remaining fund balance* in Public Transportation Acct.

*also to be used to pay transit related debt service.
✓ New local $ comes under the protections of HUTA (Calif Const Art XIX ) which are currently not as strong as those in Prop.42/Prop.1A(’06)
✓ Growth rate and security of future local street/road allocations from the new tax are uncertain. Although administration pledges to maintain with growth, paying General Fund transportation debt is the first priority.

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