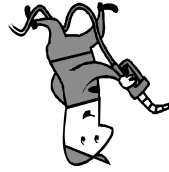


The 2010 State Gasoline Tax Swap



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For more info visit the
California Local Government Finance Almanac
at californiacityfinance.com

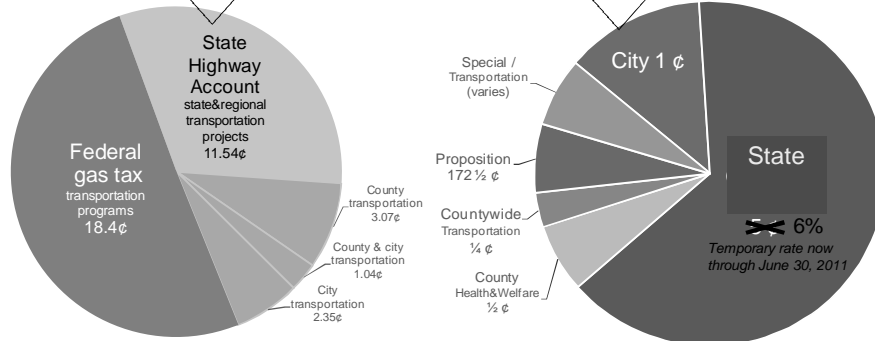
Where Your Gas Taxes Go



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



Sales Tax
 8.25% to 10.25%

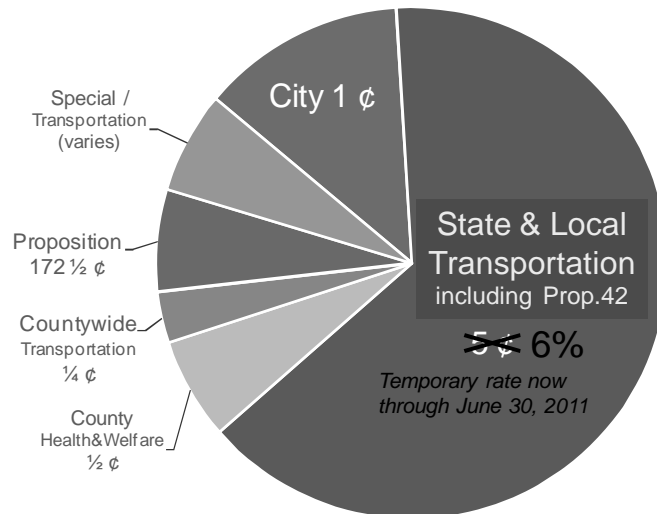


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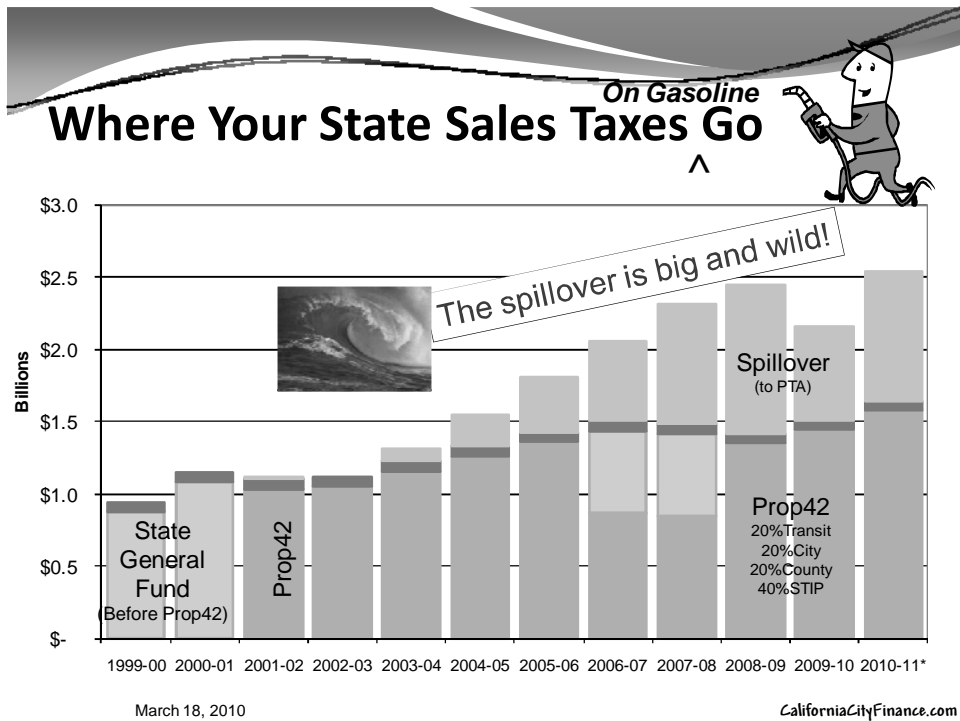
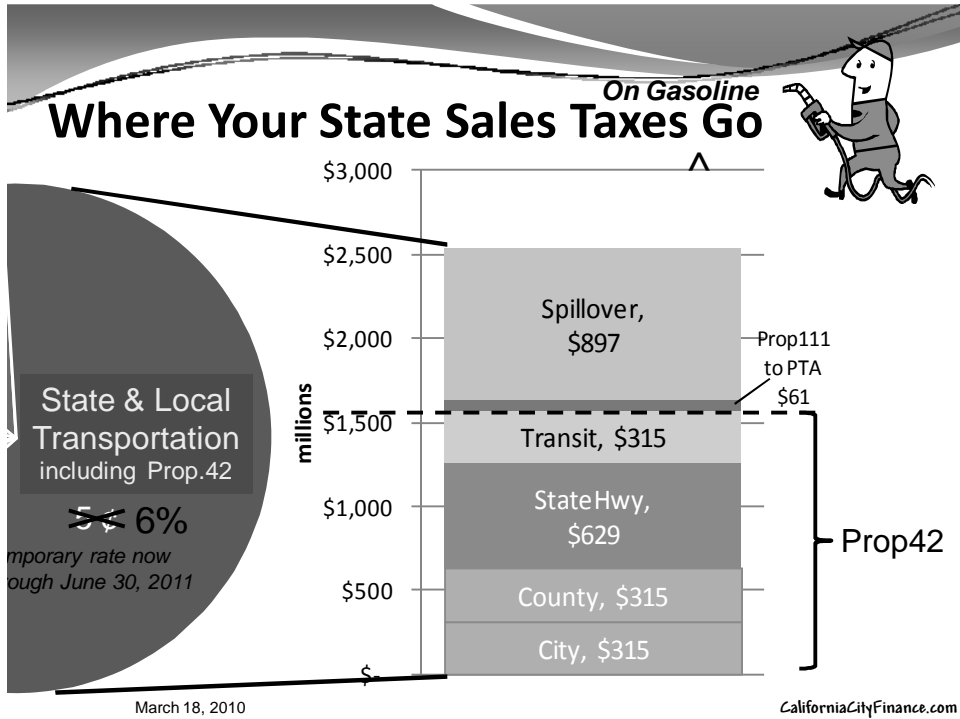
Where Your State Sales Taxes Go

On Gasoline



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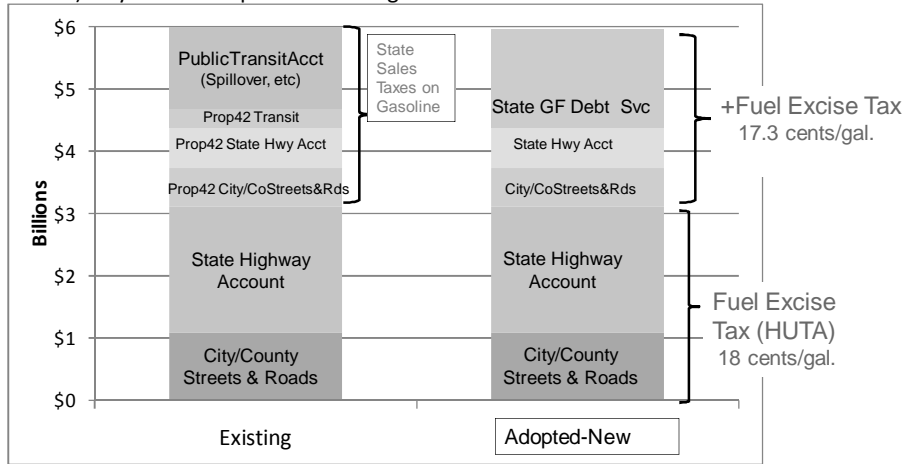
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Gas Tax Swap



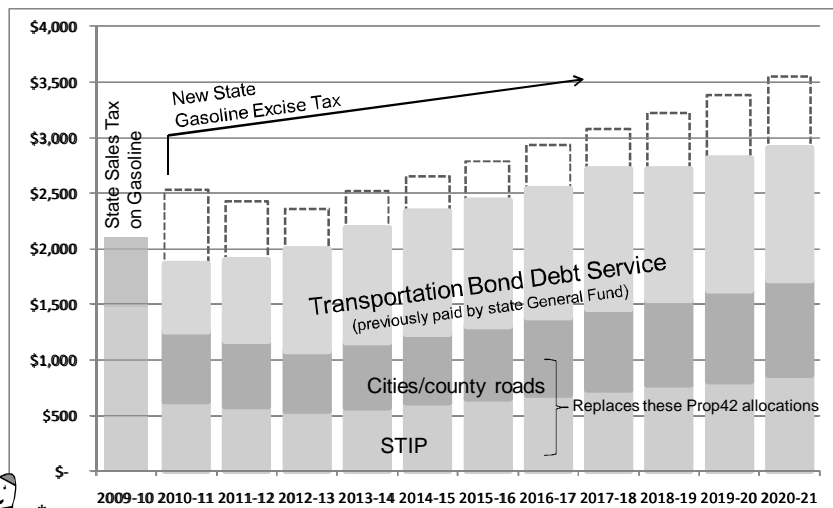
- 1) takes transit funds to help general fund by paying transportation debt service,
- 2) may reduce Prop 98 minimum guarantee to schools.



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




* The swap would NOT affect local sales taxes (e.g. the 1% BradleyBurns). Only the state rate on gas is changed.



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Gas Tax Switch

Purposes and Effects

The swap does NOT affect local sales taxes (e.g. the 1% BradleyBurns) Only the state rate on gas is changed.

- ✓ 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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