You pay fees and taxes to government but . . . How much goes to cities? How do they spend it?

A look at California city finance from the view of the taxpayer

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Cities . . .

- are general purpose local governments
- provide essential frontline municipal services tailored to meet the unique needs of the communities they serve
- are funded mostly by locally enacted revenues
- provide land use planning and control
Counties . . .

- Hybrid local/state
  - state/federal social service & health programs
    - Aid to families (CalWORKS), food stamps, foster care, In-Home Support Services
  - countywide local services
    - jails, courts, elections, indigent aid, property tax collection
  - “city” services to unincorporated areas
- More mandates, less discretionary $, more vulnerable to state budgetary action
Special Districts . . .

- some “dependent”
  - ✔ some “independent”
- some are enterprise (water, irrigation, sanitation) - some are not (parks & rec, mosquito abatement, fire)
- where they provide services instead of city or county, they may get a cut of the property tax
- redevelopment agencies are dependent special districts
Property Tax:
How much goes to your city?

Typical homeowner in a full service city and not in a redevelopment area.

Includes Property Tax in-lieu of VLF.

Source: Coleman Advisory Services computations from Board of Equalization and State Controller data.
Sales Tax:
For each taxable dollar you spend, you pay sales tax to

- **City**: 1¢
- **State General Fund**: 5¢
- **Transit/Special (varies)**: 13%
- **Prop 172**: ½¢
- **Countywide Transportation**: ¼¢
- **County Health & Welfare**: ½¢

**SOURCE**: Calif State Board of Equalization
Vehicle License & Registration Fees
Where do they go?

<table>
<thead>
<tr>
<th></th>
<th>Amount (Millions)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cities</td>
<td>$164</td>
<td>3%</td>
</tr>
<tr>
<td>Counties (Health &amp; Welfare)</td>
<td>$1,496</td>
<td>31%</td>
</tr>
<tr>
<td>DeptMotorVeh</td>
<td>$650</td>
<td>14%</td>
</tr>
<tr>
<td>Calif Highway Patrol</td>
<td>$970</td>
<td>20%</td>
</tr>
<tr>
<td>State Highways</td>
<td>$800</td>
<td>17%</td>
</tr>
<tr>
<td>Other State Programs</td>
<td>$680</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,815</strong></td>
<td></td>
</tr>
</tbody>
</table>

*0.65% Vehicle License Fee or "car tax" in lieu of local property tax.

**Source:** Coleman Advisory Services calculations from Calif Dept of Finance and DMV data.
State General Revenues
including State Income Tax, State Sales&Use Tax:
How much goes to your city?

State program funding includes schools, colleges, health & human services, prisons, tax relief, courts and others.

FY04-05 Adopted General Fund Budget excluding bond proceeds. Does not include voter approved Prop 172 Local Public Safety Fund = $150m to cities which only partially offsets ERAF property tax shifts.

$90 Billion State General Fund

Source: Coleman Advisory Services calculations from Calif State Budget.
Federal Income Tax: How much goes to your city?

SOURCE: Federal Budget, Center on Policy Priorities, Coleman Advisory Services
California City Spending

Source: State Controller. Excludes San Francisco
California City Revenues

Source: Coleman Advisory Services, State Controller.
FY01-02 data adjusted for 2004 VLF – PropTax swap.
Discretionary Revenues and Spending
Typical Full Service City

Revenues
- Property Tax
- Sales & Use Tax
- Utility User Tax
- Busn Lic Tax
- Hotel Tax
- Franchises
- Other

Expenditures
- Fire
- Police
- Parks & Rec
- Library
- Streets
- Planning
- Other

Source: Coleman Advisory Services Calculations from State Controller reports
The Value of City Services

The average city resident pays $59.25/month for city services (not including fee-funded public utilities such as water, sewer, flood control and garbage collection provided by many cities)

$59.25 pays for one of these:
- One month of cable TV service
- Two or three hardback books
- One month at the gym
- Three compact disks
- Dinner for two
- Movie and snacks for a family of four

Or… $59.25 pays for all of these:
- 24 hour police and fire protection
- Well-groomed parks and trees
- Safety lighting for streets
- Community events
- Community economic development
- Paved and maintained city streets
- Community library system
- A well-planned, zoned community
- Professional management of a citizen’s tax investment in the community