

Revenue Measure

City of Exeter

Prop. 13

and amendments(a, b, c &d)
govern revenues in California

- Prop 13 (1978) – limits property taxes
- Prop 216 (1996) - limits all other taxes
- Prop 26 (2010) – limits fees

REFERENCE: Californiacityfinance.com

Taxes Require Special Votes

Approval Requirements for Local Taxes

	<u>City</u>	<u>County</u>	<u>Special District</u>	<u>School District</u>	<u>Approval Required</u>
General Tax	✓	✓	-	-	majority
Special Tax	✓	✓	✓	-	2/3 supermajority
Parcel Tax	✓	✓	✓	✓	2/3 supermajority
G.O. Bond	✓	✓	✓	✓	2/3 supermajority
55% Vote Bond	-	-	-	✓	55%

✓ = May propose.

The types of taxes that may be proposed are further limited in law.

Assessment Districts

- Special vs General Benefit problem
- If a project has enough general benefit revenues, this may be a good 50% assessment vote option

General vs Special Taxes

Approval threshold:

- General tax approval threshold: 50%+1
- Special tax threshold: 2/3 +1

General tax definition:

- Money deposited into the General Fund
- Government is not bound by ballot measure on how to spend the money



Local Level	Governing Body Approval	Voter Approval
City or county “general” taxes (revenues used for unrestricted purposes)	If consolidated with a regularly scheduled election of members of the legislative body: <ul style="list-style-type: none"> • 2/3 for transactions & use taxes • Other taxes: 2/3 for general law cities; majority for charter cities. If not consolidated, unanimous declaration of “emergency” required.	Majority
City or county “special” taxes (revenues used for specific purposes)	Majority (2/3 for transactions & use taxes)	2/3
All school or special district taxes	Majority	2/3
General obligation bonds	Majority	2/3 ^b
Other debt	Majority	None
Property assessments	Majority	Majority of affected property owners. Votes weighted by assessment liability
Property—related fees	Majority	2/3 of voters or majority of affected property owners ^a
Fees—all other	Majority	None

^a Includes revenue and lease-revenue bonds and certificates of participation.

^b Exception: The Constitution specifies that a majority of voters can approve bonds used for repairing or replacing unsafe public school buildings and 55 percent of voters can approve bonds for new school facilities under certain conditions.

Voting Patterns

Threshold

- 50% votes pass 2/3rds of the time
- 2/3 votes pass about half the time

Special Tax Votes (2/3rd)

- Sale Tax passed – 48%
- Parcel Tax passed – 45%
- Utility Users Tax passed – 33%

Most/Least Popular Service (2/3rds vote)

- Police – Most
- Street - Least

Issues to consider

- Revenue Measure probably can't meet all needs
- General Vs. Special Tax
- Volatility Vs. Stability
- Revenue Type
 - Property Tax or General Obligation Bond
 - Sales Tax
 - Utility Users Tax
 - Parcel Tax
 - Assessment Districts
- Sunset or other special controls (oversight board)
- How much to raise vs. to economize or delete
 - What services to fund and how much

Control Measures

- * Ballot Requirements - Hard rules
 - * Dedicate funding
 - * Advisory measure
 - * Maintenance of effort (MOE)
 - * Present a plan
- * Sunset
 - * Alternative approval process
- * Citizen Oversight Boards
 - * Audits
 - * Annual budget
 - * Published reports
- * Safeguards
 - * Uncertainty funds
 - * Fiscal emergencies



Timing of Vote - Tax Measures

- ▶ May be placed on the ballot

- ▶ Fiscal Emergency

Unanimous Vote of Council

Any Election

- ▶ With Council Candidates

2/3rd of Board (4/5ths)

Council Election

- ▶ Timing to Place item on ballot

- ▶ Fiscal Emergency

February 5 to March 9

- ▶ With Council Candidates

July to early August

- ▶ Timing to collect funds

- ▶ Fiscal Emergency

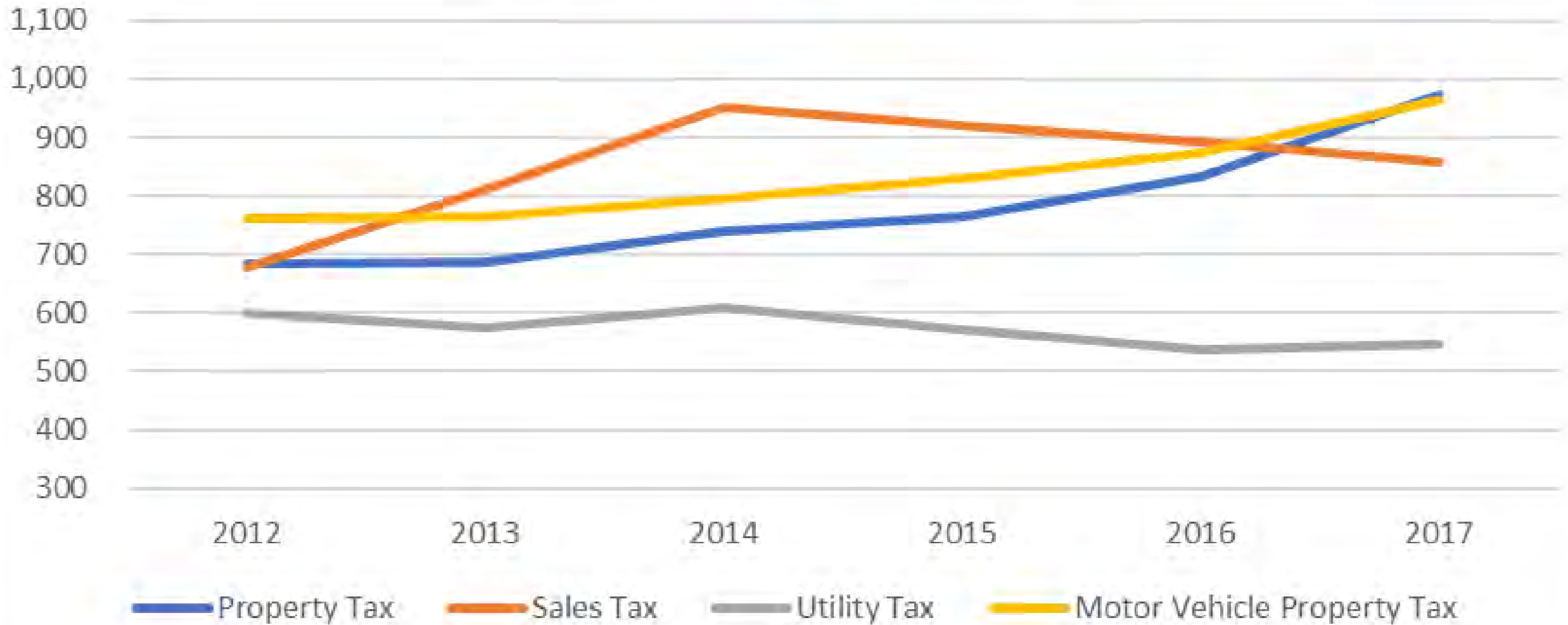
Jan 2019

- ▶ With Council Candidates

July 2019

General Fund Revenues

All Amounts in Thousands



Relative Yields of Various Tax Measures for Exeter

Revenue		
Sales Tax @ 1%		\$600,000
Utility Users Tax @ 6%		\$600,000
Property Tax @ 0.55% Parcel Tax @ \$200/year		\$605,000
Transient Occupancy Tax @ 1%		\$10,000
@ 60%		\$600,000
General Obligation Bonds		Set Amount

Relative Tax Rates of Tulare County Cities

City	Sales Tax Override	Utility Users Tax	Bed Tax
Exeter	0.00%	5.0%	8.0%
Dinuba	1.00%	7.0%	10.0%
Farmersville	1.00% *	6.0%	0.0%
Lindsay	1.00%	6.0%	15.0%
Porterville	0.50%	6.0%	8.0%
Tulare	0.50%	6.0%	10.0%
Woodlake	1.00% *	6.0%	10.0%
Visalia	0.75%	0.0%	10.0%

* Effective April 1, 2018

Percent of Personal Income Spent on Taxable sales



Shaded areas represent years during which recessions took place.

Information provided by State Legislative Analyst Office

Farmersville, Nov. 2017

The ballot question was as follows:^[3]

“ For local revenue to improve the quality of life and essential general City services for Farmersville residents including police, 911 emergency medical response, fire department services, gang prevention programs, recreational facilities, park maintenance and improvements, street maintenance and repairs and other general services, shall Ordinance No. 483, imposing a one-half percent general transactions and use tax, be adopted? Estimated revenues of \$280,000 annually, indefinitely.^[4]

Measure P		
Result	Votes	Percentage
✔ Yes	225	60.48%
No	147	39.52%

Woodlake, Nov. 2017

The ballot question was as follows:^[3]

“ To provide local funding to improve quality of life; parks and recreation programs; neighborhood police patrols; gang prevention programs; street maintenance; lighting, landscaping, and trails; and other essential services, shall City of Woodlake Ordinance No. 609, imposing a one percent general transactions and use tax with independent audits and citizens' oversight, be adopted? Revenues are estimated at approximately \$430,000 annually, indefinitely.^[4]

Measure R		
Result	Votes	Percentage
✔ Yes	293	64.25%
No	163	35.75%

Staff Recommendations if the Council wishes to pursue a revenue measure:

- ▶ 1) Seek a general revenue vs. special tax measure with 2/3rds vote
- ▶ 2) Consider a sales tax measure vs. property tax and 2/3rds vote
- ▶ 3) Understand the limitations of Sales Tax
- ▶ 4) Prepare a two year budget at two levels: status quo and revenue measure for the second year
- ▶ 5) Seek budget improvements now - Rev. and Exp.
- ▶ 6) Prepare Capital Needs Assessment
- ▶ 7) Seek public input on what is important to Exeter Voters
- ▶ 8) Consider developing some initial plan, which may be changed, but provides an indication of Council's intent

