

Emanuel Jones & Associates

Budget Update -- Thursday, July 17, 2003
City Council
City of Sacramento

Vehicle License Fee

- trigger pulled. VLF returns to full 2% rate on Oct. 1
- State backfill (\$850m.) to cities and counties between July 1 and Sept. 30

Local sales tax for property tax exchange.

- State's need to borrow \$10.5 billion by Sept. 1. Called "deficit reduction bonds".
- Wall Street demand that deficit reduction bonds be repaid by a separate, identified tax source, i.e. ½ cent local sales tax.
- terms: 5 to 10 years, ½ of city's 1 cent local sales tax
- backfill:
 - o property tax shift from the ERAF account in an amount the greater of sales or property tax growth
 - o straight cash reimbursement dollar for dollar for sales tax losses
- Constitutional guarantee that state would backfill 100% of shifted local sales tax: none.

Redevelopment tax increment shift to ERAF

- Senate proposal for \$250m for FY 03-04 only
- Same formula as current year
- Loss for SHRA equals \$2.8 million

Booking Fee reimbursement

- County charges city for each SPD booking
- State currently reimburses the city about \$2 million for this county charge.

Reduction to the Public Library Foundation

- \$15 million

Reduction of the COPS program (local law enforcement funding)

- Reductions range from \$16m to 116.3m.

Loan and/or suspension of Proposition 42 (transportation) funding

- transfer to the General Fund from the Transportation Investment Fund. Proposals range from \$112m. to \$186 m.