

Chapter 4 Existing Management and Operations

Appendix 4-1 Historical Staffing Levels

Appendix 4-2 District Property Tax Revenues and ERAF Revenue Shifts from the District

Appendix 4-3 District Income and Expense History

Appendix 4-4 History of California's Financial Decision Impacts Upon Special Districts

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Historic Staffing Levels

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District Property Tax Revenues and ERAF Revenue Shifts from the District

Appendix 4-3
District Income and Expense History

Appendix 4-4

History of California's Financial Decision Impacts Upon Special Districts

<i>Year</i>	<i>Event</i>	<i>Impact</i>
1972	SB 90	Limited local government authority to elevate property taxes. Guaranteed State support for school districts' base funding level. Required state reimbursement to locals for new state-mandated government programs
1978	Prop. 13	Set property tax rate at 1%, cutting local government property taxes by over half. Transferred control over property tax allocation to state. Established acquisition-based assessment system. Requires new local special taxes to be approved by 2/3 of voters
1978	SB 154	Used state's budget surplus to provide a one year 'bailout' for local governments
1979	AB 8	Created an ongoing "bailout" for local governments. State took on many county health and welfare costs and increased school aid. Established property tax allocation system. Included a "deflator" to reduce state costs if revenues became insufficient
1979	Proposition 4	Limited certain local and state spending.
1981	Mello-Roos Community Facilities Act	Authorized communities to impose taxes for infrastructure if approved by two-thirds of voters or landowners
1984	State Budget	Permanently repealed AB 8 deflator and local government personal property tax subvention
1988	Proposition 98	Established a minimum state funding guarantee for K-12 schools and community colleges
1992	ERAF	Education Revenue Augmentation Fund (ERAF) resulted in a yearly transfer of property taxes from special districts, cities, and counties to schools by around 1/6 of the amount, and reduced state education costs by the same amount. More such shifts ensued in 2004-05 and 2005-06, costing recreation and parks districts dearly.
1993	Proposition 172	Created a 1/2 cent sales tax for local level public safety.
1993	Various enactments	Beginning of legislature's shift of billions of dollars of property tax revenues away from local agencies, <i>including special districts</i>
1996	Proposition 218	Reduced local authority to raise revenue from taxes, assessments, and fees
2000	Proposition 39	Reduced majority vote requirement from 2/3 to 55% to approve local school facilities general obligation bonds
2004	Proposition 57	Restored 1/4-cent of local sales tax for a state deficit-financing bond to help local governments recover property taxes lost

2004	Proposition 1A	Diminished Legislature's control over local sales tax and property tax, while enlarging State's requirement to pay for state mandated local programs
2004	Proposition 63	Created a county mental health program enhancement by requiring an additional 1% tax on income over \$1million
2005-2011	Major recession	Real estate prices plummeted, causing a downward spiral in local tax revenues: property, sales, et al
2010	Proposition 22	Banned state from 'raiding' or borrowing funds allocated to local government, public safety, and transportation
2010	Proposition 26	Limited options and types of charges to user taxes by expanding definition of "tax" to include payments previously considered to be state and local fees and charges

Adapted from (1) telephone conversation with Brian Uhler, Legislative Analyst's Office, (916) 319-8328, June 24, 2014, and (2) Major Milestones: Over Four Decades of the State-Local Fiscal Relationship, <http://www.lao.ca.gov/handouts/localgov/2012/state-local-fiscal-relationship-112912.pdf>