# **Major Milestones:**

# Over Four Decades of the State-Local Fiscal Relationship



**Proposition** 



Statute



**Budget** 



AB 8

Established ongoing "bailout" for local governments. State assumed many county health and welfare costs, and increased school aid. Established property tax allocation system. Included a "deflator" to reduce state costs if revenues were insufficient.



1979

State Budgets 1999-2004

Reduced VLF rate and backfilled local losses with

state subventions. Beginning in 2004, state

subventions were replaced with property taxes.

# **Proposition 4**

Placed a limit on certain local and state spending. Requires state to reimburse local entities for mandated costs.



Authorized communities to impose taxes for infrastructure if approved by two-thirds of voters or landowners.



1983

### State Budget

Permanently repealed AB 8 deflator and local government personal property tax subvention.



revenues for cities and counties (Guarantee later limited to revenues raised under a 0.65 percent VLF rate.)

1986



1988

Increased state funding for county-operated trial courts, through the establishment of block grants.



**Proposition 98** 

Establishes a minimum state funding guarantee for K-12 schools and community colleges.



1978 Proposition 13

Set property tax rate at 1 percent, 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 two-thirds of voters.



Used state's budget surplus to provide a one year "bailout" for local governments.



#### Welfare Reform

1981

Provided counties with more flexibility regarding (1) delivery of welfare-to-work services and (2) participation requirements.



State Budgets, 1981-83

Instead of activating the AB 8 deflator, the state repealed three local subventions



Community Redevelopment Law Reform Act

1984

Narrowed the definition of blight, set time limits for projects, and required mitigation

1993

1991

1990

Allowed counties to charge local

SB 2557

entities to recover certain costs related to county jails and tax administration.

1991

Realignment

Major shift of authority from state to counties for

intended to be fiscally neutral and included new

mental health and other programs. Funding changes



### **Proposition 39**

Lowers voter approval from two-thirds to 55 percent for local general obligation bonds for school facilities.





Cap placed on county trial court spending, resulting in future increases in state funding.



### Proposition 218

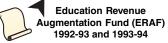
1996

Constrained local authority to raise revenues from taxes, assessments, and fees.



# **Proposition 172**

Established a state half-cent sales tax for support of local public



1992

Annually shifts about one-sixth of statewide property taxes from cities, counties, and special districts to schools. Reduces state education costs by an equal amount. (Additional property tax shifts in 2004-05 and 2005-06.)



## Realignment

Major transfer from state to local governments of (1) authority for criminal justice programs and (2) funding responsibility for other programs. Local costs offset by a shift of state sales tax and VLF revenues.





sales and VLF taxes.

## **Proposition 30**

Guarantees county and city 2011 realignment funding. Authorizes them to disregard state laws that increase their net costs for 2011 realignment program costs.



## Proposition 1A

Major reduction to Legislature's authority over the property tax and local sales tax. Expanded the state's requirement to pay for mandates.



## **Proposition 63**

Imposed additional 1 percent tax on personal income above \$1 million to expand county mental health programs.



Shifted redevelopment revenues and borrowed local property taxes to reduce state costs by almost \$4 billion.



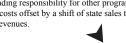
**Proposition 22** Reduces the state's authority to

use or redirect state fuel tax or local property tax revenues.



Broadens the definition of a "tax" to include payments previously considered to be state and local fees and charges.

**Proposition 26** 





**ABX1 26** Dissolved redevelopment agencies.



2004

property taxes.

2000

**Proposition 57** 

Pledged one-quarter cent of the

local sales tax as repayment for

a state deficit-financing bond.

Local losses replaced with

2009

2010

2011

2012



Contact-Brian Uhler-(916) 319-8328

# **Major Mil**

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Limited local government authority to raise property taxes. Guaranteed state support for a base funding level for school districts. Requires the state to reimburse local governments for new state-mandated programs.

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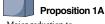
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