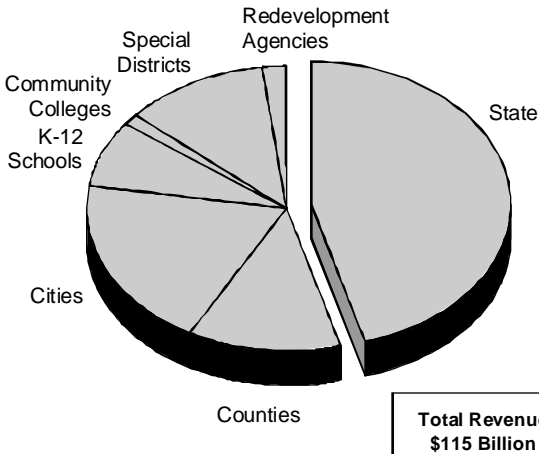


State and Local Governments Raise Similar Amounts of Revenue

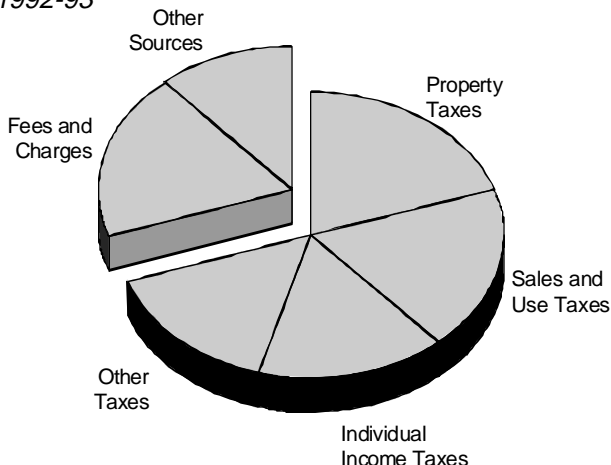
1992-93



- In 1992-93, local governments raised somewhat more than the state in own-source revenues.
- Own-source revenues include tax and fee revenues but exclude funds received from another government entity. Local revenues include income of publicly owned utilities and other local government enterprises.
- More than half of the state's revenues were allocated to local schools and other local agencies.

California State and Local Revenue Sources—No Single Source Predominates

1992-93

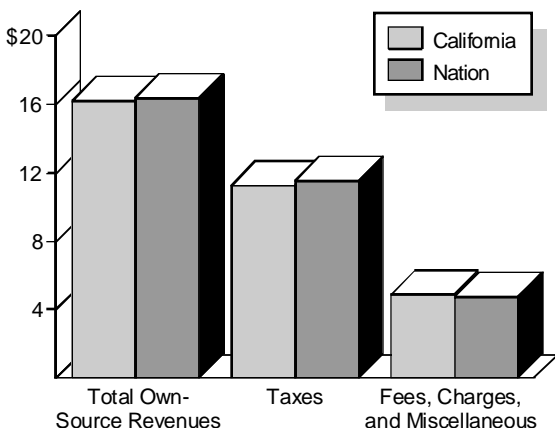


- The figure shows the distribution of combined California state and local own-source revenues in 1992-93, by source.
- Tax revenues represent over two-thirds of combined state-local own-source revenues.
- Fees and other nontax sources of state and local revenues have increased greatly since 1978. In recent years, however, the ratio of fees and other nontax sources to personal income has held steady.

California Is an Average State In Terms of Revenue Burden

State and Local Revenues

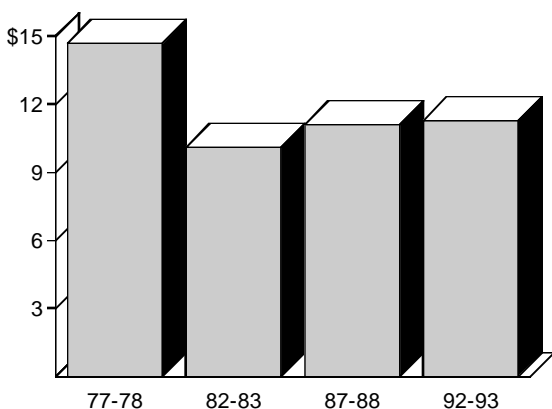
Per \$100 of Personal Income in 1992-93



- Based upon preliminary 1992-93 data, California was an average state in terms of total state-local own-source revenues per \$100 of personal income.
- California total own-source revenues per \$100 of personal income were slightly below that of all other states— \$16.09 compared with \$16.34.
- With respect to the different major revenue components (taxes versus fees, charges and miscellaneous revenues), California also was about average.

Taxes Relative to Income—Rising But Below Pre-Proposition 13 Levels

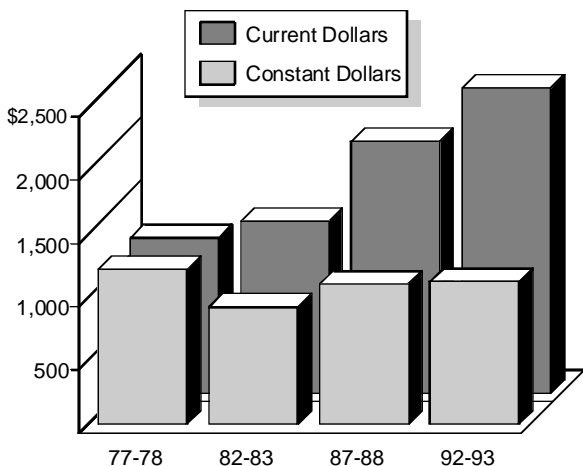
Tax Revenues Per \$100 of Personal Income



- State and local tax revenues per \$100 of personal income have risen gradually since the early 1980s, but still remain well below pre-Proposition 13 levels.
- Preliminary data for 1992-93 indicates that state and local tax revenues per \$100 of personal income are about three-fourths of the level they were in 1977-78.

Per Capita Taxes—Also Rising But Below Pre-Proposition 13 in Real Terms

State and Local Taxes Per Capita



- State and local taxes per capita have increased since 1977-78, due to a variety of factors (such as inflation).
- After adjusting for inflation, state and local taxes per capita still remain below their pre-Proposition 13 level.
- Preliminary 1992-93 data indicate that state and local taxes per capita are approximately 90 percent of their pre-Proposition 13 levels when these tax revenues are adjusted for inflation.

Approval/Voting Requirements for State and Local Taxes and Bonds

	Voting Requirement	Authority ^a
State-Level Taxes:		
General taxes	2/3 Legislature	Article XIII A, Section 3
Special taxes	2/3 Legislature	Article XIII A, Section 3
Local-Level Taxes:		
General taxes		
Charter cities	Majority of governing body ^b	Article XI, Section 5
Other agencies	2/3 Governing body and majority voters	Statutes
Special taxes	Majority of governing body and 2/3 voters	Article XIII A, Section 4
State Bonds:		
General obligation	2/3 Legislature and majority voters	Article XVI, Section 1
Other ^c	Majority of Legislature	Statutes
Local Bonds:		
General obligation	Approval of governing body and 2/3 voters ^d	Article XIII A, Section 1
Other ^c	Majority of governing body	Statutes

^a Indicates the relevant state constitutional provision or that the requirement is established in statute by state law.

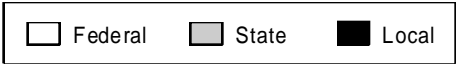
^b Assumes Proposition 62, currently under judicial review, does not apply to charter cities.

^c Includes revenue bonds, lease payment bonds, and certificates of participation.

^d Article XVI, Section 18 provides for an exception to the two-thirds requirement. Bonds used for repairing or replacing unsafe public school buildings can be approved by a majority of the voters.

State's Involvement in Most Program Areas Is Extensive—1995-96

Program	Policy Control	Operation	Funding
AFDC	Federal/State	Counties	
SSI/SSP	Federal/State	Federal	
General Assistance	State	Counties	
Mental Health	Counties	Counties	
Medi-Cal	Federal/State	State/Counties	
Indigent Health Care	State/Counties	Counties	
Public Health	State	Counties	
Courts	State	Counties	
Custody/Supervision	State/Counties	Counties/State	
Prosecution/Defense	State	Counties	
Public Safety	State	Counties/Cities	
Transportation	State/Local	State/Local	



California Has Nearly 7,000 Local Entities

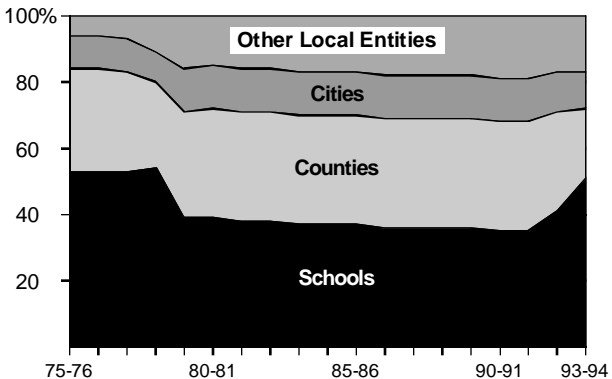
Counties	58
Cities	470
Redevelopment agencies	385
Special districts	4,930
K-12 school districts	1,067
Community college districts	71
Total	6,981

Redevelopment agency and special district totals are for 1992-93, all others are for 1995-96.

- California has nearly 7,000 local entities. Together they raised more than \$62 billion in 1992-93. Cities and counties account for more than half of all local revenues in California.
- There are more special districts than any other type of local entity. These districts provide a variety of services to residents (for example, fire protection, parks and recreation, and transit).
- Redevelopment agencies are the fastest growing group of local entities in terms of their expenditures. They also represent a type of entity that cities and counties use to provide financing for their infrastructure and community development needs.

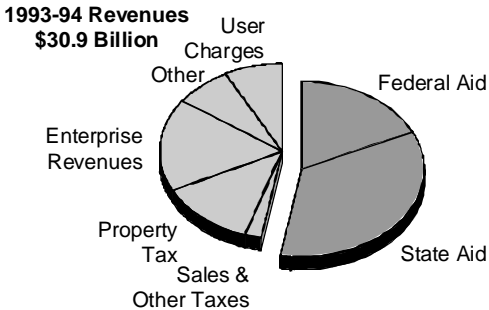
Schools Receive More Than Half of Property Taxes

Share of Property Tax



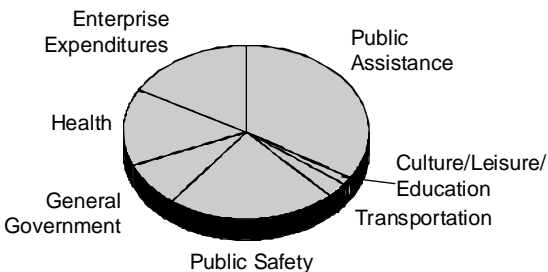
- After passage of Proposition 13 in 1978, the state increased its funding of schools and shifted property tax allocations from schools to other local entities to mitigate their Proposition 13 revenue losses.
- 1992-93 and 1993-94 budget actions shifted \$3.9 billion to schools from cities, counties, redevelopment agencies, and special districts, pushing the schools' share of property tax above 50 percent.
- Since 1993-94 there has been no legislation significantly changing the allocation of the property tax.

County Budgets Are Largely Driven By State Policy Choices



- Over one-half of county revenues come from the state and federal governments. Property taxes are the largest general purpose revenue source.

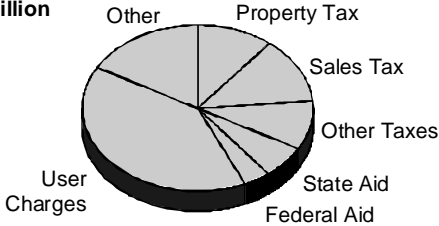
1993-94 Expenditures
\$30.9 Billion



- County expenditures are largely dictated by state laws and budget actions, with more than half of county revenues being spent for health and public assistance.

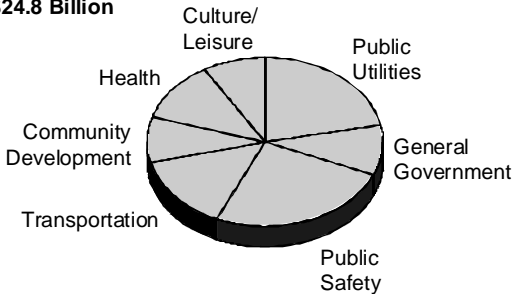
City Budgets Reflect Local Preferences

1992-93 Revenues \$24.8 Billion



- City revenues are generated from a variety of taxes and user charges, with only a small amount of state and federal aid. User charges and taxes each account for about one-third of city revenues statewide.

1992-93 Expenditures \$24.8 Billion



- Cities provide a wide variety of direct services to residents and are involved in the development of civic infrastructure. Cities spend about one-fourth of their budgets for public safety activities, including police and fire protection.

Special Districts Provide Many Services

1992-93 (Dollars in Millions)

	Number of Districts	Total Revenue
Enterprise		
Water	894	\$3,785
Transit	52	2,665
Hospital	76	1,888
Waste disposal	612	1,848
Electric utility	55	1,764
Nonenterprise		
Self-insurance	149	\$1,167
Fire protection	569	868
Flood control	90	465
Lighting and maintenance	58	341
Recreation and park	297	330
Air pollution control	29	228
Governmental services	44	93
Health	7	87
Street and roads	403	82
Pest control	71	58
Police protection	52	48
Local and regional planning	42	48

Note: Largest types of special districts in terms of revenues.

- Special districts are divided into two categories: (1) enterprise districts, which charge fees to users of their services and are organized like businesses, and (2) nonenterprise districts, which finance service delivery primarily with tax and assessment revenues.
- Special district revenues totaled more than \$15 billion in 1992-93. Enterprise districts account for more than \$11 billion of the total. Nonenterprise districts account for \$4 billion of the total.