

RENTERS' TAX RELIEF—Continued

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The \$121 million estimated for the Renters' Tax Relief program in 1976-77 and the \$125 million budgeted for 1977-78 assume an average annual growth in the number of claimants for these years of about 3.2 percent. Based on projections of increases in the number of multiple-family housing units and other indicators of growth in the renter population over this period, the budget-year appropriation appears to provide adequate funding for this program. Table 2 summarizes actual data for the 1975-76 fiscal year and estimates of the number of claims and amount of disbursements for the current and budget years.

Table 2
Renters' Tax Relief Program
Summary of Expenditures

	<i>Actual</i> 1975-76	<i>Estimated</i> 1976-77	<i>Proposed</i> 1977-78	<i>Average</i> <i>Annual</i> <i>Growth</i>
Claimants.....	3,176,200	3,270,000	3,380,000	3.2%
Expenditures:				
Total (millions)	\$115.1	\$121.0	\$125.0	3.2%
Average	\$36.23	\$37.00	\$37.00	—

Senior Citizen Renters

The renters' assistance provided senior citizens under Chapter 1060, Statutes of 1976, is discussed in detail on page 1018. It is important to note that renters' tax relief and senior citizen renters' tax assistance are provided under two *separate and unrelated* programs. Qualified senior citizen renters' are eligible for benefits under *both* programs but must file separately for each.

FEDERAL REVENUE SHARING

Item 376 from the Federal
Revenue Sharing Fund

Budget p. 1007

Requested 1977-78	\$215,000,000
Estimated 1976-77.....	215,000,000
Actual 1975-76	215,000,000
Requested increase—None	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The State and Local Fiscal Assistance Act of 1972 (general revenue sharing) was enacted on October 20, 1972, with a federal appropriation of

approximately \$30.2 billion for distribution to state and local governments over the five-year period January 1, 1972 to December 31, 1976.

The act was designed to give financial aid to state and local governments which were finding it increasingly difficult to pay for services they provided. The allocation of general revenue sharing among the recipient governments for each entitlement period is made according to statutory formulas using data such as population, general tax effort, and income tax collections.

The State and Local Fiscal Amendments of 1976 was enacted on October 13, 1976, with a federal appropriation of approximately \$25.5 billion for distribution over the four-year period January 1, 1977 to September 30, 1980. No substantive changes were made to the allocation formula. The new law does require recipient governments to hold public hearings on proposed uses of the funds.

Table 1 gives a breakdown of (1) the total federal revenue sharing funds generated and (2) state expenditures made since inception of the program.

It has been the established budget policy of the State of California to utilize its federal revenue sharing funds to help finance school apportionments which will exceed \$2.0 billion in 1977-78. Our discussion of school apportionments is in Program II of the Department of Education budget (Items 283-306).

The \$215 million in the Federal Revenue Sharing Fund is transferred to the General Fund and is ultimately released to the State School Fund for public school apportionments as required.

FEDERAL REVENUE SHARING—Continued

Table 1
Federal Revenue Sharing

	<i>Actual</i> 1972-73	<i>Actual</i> 1973-74	<i>Actual</i> 1974-75	<i>Actual</i> 1975-76	<i>Estimated</i> 1976-77	<i>Estimated</i> 1977-78
A. State Receipts and Interest Earned						
Receipts from federal government	\$234,833,484	\$219,008,366	\$217,012,192	\$218,771,374	\$232,740,201	\$240,144,109
Interest received on surplus money	251,393	12,371,343	13,406,539	9,714,382	8,896,396	10,346,000
Total	\$235,084,877	\$231,379,709	\$230,418,731	\$228,485,756	\$241,636,597	\$250,490,109
B. State Expenditures						
Budget Act appropriations (State School Fund)	—	\$215,000,000	\$215,000,000	\$215,000,000	\$215,000,000	\$215,000,000
Chapter 1200, Statutes of 1973	—	6,000,000 *	—	—	—	—
Chapter 1216, Statutes of 1973	—	65,000,000	—	—	—	—
Unexpended balance	—	-6,000,000	—	—	—	—
Total	—	\$280,000,000	\$215,000,000	\$215,000,000	\$215,000,000	\$215,000,000
C. Surplus Funds						
Surplus available for appropriation	\$235,084,877	\$186,464,586	\$201,833,318	\$215,369,074	\$242,005,671	\$277,495,780

* This money was appropriated but was not spent.