Proposition 172: The Public Safety ½ cent Sales Tax

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Proposition 172
The Public Safety ½ Cent Sales Tax

- **Purpose**: To offset part of local gov’t revenue losses from ERAF
  - mitigate the impacts of ERAF on public safety services
  - *maintain* public safety finding levels in spite of ERAF losses
E.R.A.F Property Tax Shift
Annual Impacts in FY05-06

- Redev’t Agencies
- Spec Districts
- Counties
- Cities

Redev’t Agencies
Spec Districts
Counties
Cities

Billions per year
$- $1.0 $2.0 $3.0 $4.0 $5.0

ERAF I & II
ERAF III (ends after FY05-06)

E.R.A.F and Proposition 172
Annual Impacts in FY05-06

- Prop 172 Revenue
- Net Loss $2.4 Billion
- Net Loss $1.1 Billion

Cities
Counties
Spec Districts
Redev’t Agencies

Billions per year
$- $1.0 $2.0 $3.0 $4.0 $5.0

ERAF I & II
ERAF III (ends after FY05-06)
Proposition 172
The Public Safety ½ Cent Sales Tax

- Fire & police special districts get no Prop 172 $ because they are virtually exempt from ERAF.
- Prop 172 funds go some cities & counties that don’t provide or fund fire service.
  - Prop 172 is to mitigate the impact of ERAF on public safety funding – regardless of what specific levels of service or responsibility a particular agency might have.
- Cities that got no AB8 benefit (Post-Prop13 Bail-Out) were not subject to ERAF II. So they don’t get Proposition 172 $.

Proposition 172 What’s Fair?

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<tr>
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<th>ERAF II</th>
<th>Prop 172</th>
<th>ERAF I&amp;II</th>
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<tbody>
<tr>
<td>Cities</td>
<td>12.6%</td>
<td>5.8%</td>
<td>17.0%</td>
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<tr>
<td>Counties</td>
<td>87.4%</td>
<td>94.2%</td>
<td>83.0%</td>
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Proposition 172
What’s Fair?

County ERAF I&II would still exceed City ERAF I&II even if all of Prop 172 went to counties.

Prop 172

E.R.A.F and Proposition 172
Annual Impacts in FY05-06

Net Loss $2.4 Billion

Net Loss $1.1 Billion

E.R.A.F I & II
ERAF III (ends after FY05-06)