

REVENUES AND RESPONSIBILITIES

An Inventory of Local Tax Powers

*In this world nothing can be said to be certain, except death and taxes.
-Benjamin Franklin*

December 2007

GENERAL INTRODUCTION

What taxes can local governments levy? Which taxes fit which purposes? How do city taxes differ from county taxes? What are the constitutional and statutory citations for local taxes?

Having been asked these questions innumerable times – in innumerable ways – the staff of the Senate Local Government Committee prepared this annotated inventory of local tax powers.

Table I lists the tax authorities for counties.

Table II lists the tax authorities for cities.

Table III lists the tax authorities for special districts.

Each table lists the tax authorities by the purpose for which a tax may be used. A written introduction precedes each table, providing background on county, city, and special district taxes. While school districts' tax powers are similar to those of some other local governments, they do not fall within the jurisdiction of the Senate Local Government Committee and are not included in this inventory.

These tables are reference tools to help identify the constitutional and statutory authorizations to impose local taxes. At the end of this inventory, a resource list identifies other sources where more detailed and comprehensive information about local taxation can be found.

When using the attached tables, please keep in mind:

Taxes, assessments, and fees: The attached tables only list authorizations for local *taxes*.

While many Californians – and some state statutes – use the terms taxes, assessments, and fees interchangeably, there are important differences between them. A *tax* is an involuntary levy on individuals (including companies). Tax revenues can fund public facilities or services regardless of whether the taxpayer actually uses those facilities or services. The rate of the tax does not need to reflect, in any way, the benefit that accrues to the individual taxpayer.

By contrast, an *assessment* is an involuntary charge on real property, or on businesses, which must be levied in proportion to the benefit that each parcel or business receives from the improvements or services funded by the assessment.

There are three types of *fees* (or “rates” as they may be called in connection with some utility services). The approval requirements for imposing any specific fee depend upon how it is classified. Examples of a “user” fee include the cost of admission to a public campground or the charge for obtaining a copy of a birth certificate. “Property-related” fees include charges for residential water or sewer service, which are imposed upon a parcel or person as an incident of property ownership. A “regulatory” fee is imposed to mitigate the actual or anticipated impacts of the fee payers’ operations. In general, fees must not exceed the cost of the service or product provided; or the costs of mitigating the impacts of the fee payers’ operations.

Ad valorem taxes: Proposition 13 (1978), capped ad valorem property tax rates at 1%. Although some older statutes appear to allow local governments to levy ad valorem property taxes, Proposition 13 superseded those laws. The attached tables generally ignore statutes that authorize ad valorem property tax levies. The tables list special tax authorizations which also specify an ad valorem property tax base, but note that the statute's ad valorem tax base is no longer constitutional. Including these outdated code sections in this inventory does not mean that they are good law.

Voter approval – general taxes vs. special taxes: Proposition 13 (1978), Proposition 62 (1986), and Proposition 218 (1996) require voter approval for new and increased local taxes. All local taxes are either *general taxes*, which need majority-voter approval, or *special taxes*, which must receive 2/3 voter approval. Many older statutes appear to allow local governments to impose special taxes with only majority-voter approval. The attached tables list those special tax authorizations, but note that the statute's voter approval requirement is no longer constitutional. Including these outdated code sections in this inventory does not mean that they are good law.

Community Facilities Districts: The attached tables identify the numerous purposes for which counties, cities, and special districts may impose taxes through the formation of a Mello-Roos Community Facilities District (CFD). CFDs are not separate local governments; they are financing mechanisms available to all counties, cities, and special districts to fund facilities and a limited set of services. Consequently, each of the attached tables lists these Mello-Roos tax authorizations.

Local taxation authority: A full understanding of the legal authority for local taxation can be complex. A group of city attorneys, writing in the California Municipal Law Handbook, explained that, except as provided in the municipal affairs doctrine (see page 5), there is no constitutional grant of authority to tax. The Constitution prohibits the Legislature from imposing taxes for local purposes. Instead, the Legislature may authorize local governments to impose them (California Constitution, Article XIII, §24).

Incomplete? While the Committee's staff attempted to compile a complete inventory of local tax powers, given the incremental nature of legislating, we cannot guarantee that the tables are complete.

INTRODUCTION TO COUNTY TAX AUTHORITY (TABLE I)

Background: California has 58 counties, including San Francisco which is both a city and a county.

The California Constitution requires all counties to elect a sheriff, district attorney, assessor, and board of supervisors. State law requires each county to have a five-member board of supervisors although charter counties can increase this number. All counties elect or appoint additional county officials.

General law counties rely on state law for their powers and responsibilities.

Charter counties run under locally adopted charters which provide counties with greater discretion over the election and compensation of board members, the powers and duties of county officials, and the structure of county offices.

There are 14 charter counties and 44 general law counties.

All counties provide three levels of service.

- As agents of the State, social services and health services.
- Countywide services such as jails, probation, district attorney, assessor, elections, clerk, recorder, and animal control.
- Municipal-type services in their unincorporated areas such as fire protection, sheriff patrol, libraries, parks and recreation, roads, and planning. In some counties, special districts provide these services.

County taxes: A county may only impose those taxes that it is specifically authorized to impose under California statutes. Unlike cities, charter counties do not have broader tax powers than their general law counterparts.

Taxes in unincorporated areas vs. countywide taxes: With limited exceptions, counties only levy taxes in unincorporated areas. Table I notes some instances in which a county may impose a countywide tax – including incorporated areas – against which a city-imposed tax is credited.

Bradley-Burns Local Sales and Use Tax: The Bradley-Burns Local Sales and Use Tax Law (Revenue & Taxation Code §7200, et seq.) authorizes counties to impose a tax on the sales price of tangible personal property sold at retail in the county, or purchased outside the county for use in the county. Cities can impose a sales and use tax which is credited against the county's tax. Prior to 2004, the counties' sales and use tax rate was 1.25%; cities could impose sales and use taxes of up to 1%. The remainder of the county rate (0.25%) was earmarked for county transportation purposes. In 2004, the Legislature lowered the county and city rates by 0.25% (to 1% for counties and a maximum of 0.75% for cities) as part of the "triple-flip" mechanism for funding the state's economic recovery bonds. The Bradley-Burns rates will return to their pre-2004 levels once the obligations for those state bonds are satisfied.

Transactions and use taxes: Table I lists a number of authorizations for specific counties to impose transactions and use taxes. **These county-specific authorizations have been rendered obsolete by subsequent legislation that authorized all counties to levy a transactions & use tax for general or specific purposes (Revenue & Taxation Code §7285 and §7285.5).** While some transaction and use taxes currently in effect are authorized by county-specific code sections, counties will almost certainly rely on the general authorizations to impose transactions and use taxes in the future.

REVENUES AND RESPONSIBILITIES – An Inventory of Local Tax Powers

Table I: County Tax Authority

Purpose/Program	Authority	Agency	Notes
Any	R&T §7200, et seq.	Any county	Bradley-Burns Sales & Use Tax. Not to exceed 1%. Countywide, 0.25% of the tax funds transportation projects. County receives additional 0.75% from sales in unincorporated area.
Any	R&T §7280, et seq.	Any county	Transient occupancy tax on occupancy (of no more than 30 days) in a hotel, inn, motel, or other lodging. Also applies to cities.
Any	R&T §7284, B&P §16100	Any county	Business license tax.
Any	R&T §7284.2	Any county	Utility user tax. Levied on utilities such as gas, electricity, telephone, water, and cable television.
Any	R&T §11911	Any county	Documentary transfer tax. Rate = \$0.55 per \$500 (or fraction thereof) of the consideration or value. (City imposed tax is credited against county tax.)
Any (general purpose)	R&T §7285	Any county	General tax. Transactions & use tax. Rate = multiples of 0.25%. (City imposed tax is credited against county tax.)
Any (special purpose)	GC §23027	Any county	Special taxes may be imposed, subject to the provisions of California Constitution Article XIII A.
Any (special purpose)	GC §50075, et seq.	Any county	Special taxes may be imposed, subject to the provisions of California Constitution Article XIII A. Also applies to cities and special districts.
Any (special purpose)	R&T §7285.5	Any county	Special tax. Transactions & use tax. Rate = multiples of 0.25%. (City imposed tax is credit against county tax.)
Airports	GC §26020	Any county	Special tax to fund public airports. (May be an unconstitutional ad valorem property tax levied above the Proposition 13 rate.)
Ambulance/paramedic/ emergency medical services	GC §53971.4, §53978	County of San Bernardino	Special tax. Also applies to any city or special district within the county that provides fire or police protection services and emergency medical services.
Convention halls, auditoriums, theaters, museums.	GC §25351.5	Any county	Admissions tax. Special tax to fund maintenance and operation of county-owned public-assembly facilities.
Drug abuse prevention, crime prevention, health care services, and public education	R&T §7288.3	Any county-formed Local Public Finance Authority	Special tax. Transactions & use tax. Rate = multiples of 0.25%
Facilities	GC §53313.5	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners. May be used to fund the purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property.
Fire protection (extended service)	GC §25210.59	Any county which provides fire protection services through a County Service Area or zone	Board of Supervisors may impose taxes pursuant to H&S §§ 13911, 13912, and 13913.
Fire protection and prevention services	GC §53978	Any county that provides specified services	Special tax. Also applies to cities and special districts that provide fire protection or prevention services or police protection services.
Fire protection and suppression services	GC §53313 (b)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Flood and storm water services	GC §53313 (e)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Graffiti removal and prevention	R&T §7287	Any county	Special tax on retail sale of spray paint or other marking substances or instruments. Rate = \$0.10/spray paint container, \$0.05/marketing instrument. Also applies to cities.
Hazardous materials emergency response (extended service)	GC §25210.59	Any county which provides fire protection services through a County Service Area or zone	Board of Supervisors may impose taxes pursuant to H&S §§ 13911, 13912, and 13913.
Hazardous substance cleanup services	GC §53313 (f)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.

Code Abbreviations: B&P = Business & Professions Code ED = Education Code GC = Government Code PUC = Public Utilities Code R&T = Revenue and Taxation Code

REVENUES AND RESPONSIBILITIES – An Inventory of Local Tax Powers

Table I: County Tax Authority

Purpose/Program	Authority	Agency	Notes
Interest payments on voter-approved indebtedness.	CA Constitution Article XIII A, §1(b)	Any county	Ad valorem property taxes exceeding the statewide maximum rate of 1% may be levied to pay interest on indebtedness approved by the voters before July 1, 1978, or indebtedness for the acquisition or improvement of real property approved by 2/3 of voters after July 1, 1978. Also applies to cities and special districts.
Justice facilities	R&T § 7286.30	County of San Diego	Special tax. Transactions & use tax. Rate = 0.5%
Library, contract between counties	ED §19109	Any county	Special tax to fund a county contract with another county in which a County Free Library has been established.
Library facilities and services	ED §19173	Any county	Special tax for county free libraries.
Library services	GC §53313 (c)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Library facilities	GC §53313.5(c)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Library facilities and services	GC §53717	Any county	Special tax. Also applies to any city or library district.
Library programs and operations	R&T §7286.55	County of San Joaquin	Special tax. Transactions & use tax. Rate = 0.125%
Lighting of parks, parkways, streets, roads, and open space.	GC §53313 (d)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Mosquito abatement	GC §25842.5	Any county	Special tax for mosquito abatement.
Museum & cultural facilities, operations and maintenance	GC §53313 (c)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Musical performances.	GC §25558	Any county	Special tax to fund free public musical performances. <i>(May be an unconstitutional ad valorem property tax levied above the Proposition 13 rate.)</i>
Park & recreation acquisition, improvement, maintenance, programs, and operations	R&T §7286.90	County of San Mateo	Special tax. Transactions & use tax. Rate = 0.125% or 0.25%
Park, recreation, parkway, and open space facilities	GC §53313.5(a)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Parks, parkways, and open space, maintenance services.	GC §53313 (d)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Pension, retirement, and benefits	GC §31200	Any county	Special tax for payment of pensions or annuities for employees of a county or judicial district. <i>(Tax base and approval requirements not specified.)</i>
Pension, retirement, and benefits	GC §32211	Any county	Special tax for payment of pensions or annuities for county foresters, firewardens, and firemen. <i>(Tax base and approval requirements not specified.)</i>
Pension, retirement, and benefits	GC §33015	Any county	Special tax for payment of pensions or annuities for peace officers and fire service employees. <i>(Tax base and approval requirements not specified.)</i>
Pleasure riding	GC §53942	Any county	Special tax on horses, mules, and other trail riding animals. Not to exceed \$10 per animal. Also applies to any regional park district. <i>(Approval requirements not specified.)</i>
Police protection and criminal justice services	GC §53313 (a)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Police services	GC §53978	Any county that provides specified services	Special tax. Also applies to cities and special districts that provide fire protection or prevention services or police protection services.
Public library construction, acquisition, programs, and operations.	R&T §7286.59	Any county	Special tax. Transactions & use tax. Rate = 0.125% or 0.25%
Public transit	R&T §11153	San Francisco (City & County)	Vehicle license fee surcharge of no greater than 15% of the state VLF. Requires 2/3 voter approval. Discontinued if transit fares are increased.
Rapid transit planning	R&T §36020	Any county with population greater than 1,000,000	Vehicle license fee of \$1. Adopted by ordinance for period of one year only. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>

Code Abbreviations: B&P = Business & Professions Code ED = Education Code GC = Government Code PUC = Public Utilities Code R&T = Revenue and Taxation Code

REVENUES AND RESPONSIBILITIES – An Inventory of Local Tax Powers

Table I: County Tax Authority

Purpose/Program	Authority	Agency	Notes
Rapid transit planning	R&T §36060	Any county with population greater than 1,000,000	Commercial parking lot license tax not to exceed 5% of gross receipts. Adopted by ordinance for period of one year only. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Recreation program services	GC §53313 (c)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Roads (county expressways)	R&T §11103	Any county which meets specified conditions	Vehicle license fee of up to \$10 per vehicle. Adopted by ordinance in counties which have general plan provisions for county expressways and have funded highway construction from a county bond of at least \$70,000,000. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
School facilities, elementary and secondary schoolsites	GC §53313.5(b)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
School facilities, maintenance services for elementary and secondary schoolsites	GC §53313 (c)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters (not landowners).
Services (extended)	GC §25210.6a	Any county which provides extended services through a County Service Area or zone	Board of Supervisors may impose taxes pursuant to GC § 50075 et seq.
Snow plowing and removal	GC §53313 (e)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Street & road maintenance	GC §53313 (d)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Trade, commerce, and immigration.	GC §25904	Any county	Special tax to fund promotion of immigration, trade and industrial/agricultural enterprises at fairs or expositions. <i>(May be an unconstitutional ad valorem property tax levied above the Proposition 13 rate.)</i>
Trade, commerce, and immigration.	GC §26100	Any county	Special tax for advertising, exploiting, and making known the resources of a county. <i>(May be an unconstitutional ad valorem property tax levied above the Proposition 13 rate.)</i>
Transit capital projects	PUC §99500	Any county	Motor vehicle fuel tax. \$0.01/gal. or \$0.01/cu.ft. of CNG. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Transportation	PUC §131102	Any of the nine Bay Area counties	Special tax. Transactions & use tax. Rate = 0.5% or 1%. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Transportation	R&T §9501	Any county	Motor vehicle fuel tax. \$0.01/gal. or \$0.01/cu.ft. of CNG. In addition to voter approval, requires approval of a majority of city councils of cities having a majority of the population in the incorporated areas of the county.
Utility undergrounding	GC §53313.5(e)	Any county-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Vector control	GC §25842.5	Any county	Special tax for vector control.
Water	GC §25694	Any county	Special tax to fund acquisition, development, distribution, and sale of water. <i>(Tax base not specified. May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Zoos	R&T §7286.43	County of Fresno	Special tax. Transactions & use tax. Rate = 0.1%

Code Abbreviations: B&P = Business & Professions Code ED = Education Code GC = Government Code PUC = Public Utilities Code R&T = Revenue and Taxation Code

INTRODUCTION TO CITY TAX AUTHORITY (TABLE II)

Background: California has 478 cities, including the City and County of San Francisco.

General law cities rely on state law for their powers and responsibilities. Many general law cities use the council-manager form of government.

Charter cities run under locally adopted charters which shape their broad powers over municipal affairs, granted by the California Constitution (Article XI, § 5). Several charter cities use the strong mayor form of government.

There are 109 charter cities and 369 general law cities.

Whether living in general law or charter cities, city residents receive a variety of municipal services including police and fire protection, libraries, parks and recreation, road maintenance, public transit, street trees, lighting and landscaping, water, sewers, planning and development. “Full service” cities provide these services themselves. “Partial service” and “contract” cities rely on special districts and counties to provide many of these services to their residents.

Taxation in Charter Cities vs. General Law Cities: Unlike counties, the tax powers available to charter cities are distinct from those of general law cities (or any other form of local government).

Under the constitutional “municipal affairs” doctrine, charter cities can levy taxes which have not been preempted by the state or federal governments (Article XI, §5). In contrast to a charter city, a general law city may only impose those taxes that it is authorized to impose under California statutes. However, Government Code §37100.5 grants statutory authority for general law cities to levy any tax which may be levied by any charter city unless a different general law limits or prohibits such a tax. This blanket authority means that a general law city’s authority to tax is similar, but not identical, to a charter city’s authority.

Keep in mind the complex interplay between the constitutional and statutory provisions. For example, the table lists examples of taxes that charter cities commonly impose using under their “municipal affairs” powers, but the table does not list every tax that cities may impose under this constitutional provision (Article XI, §5). Similarly, Government Code §37100.5 allows general law cities to impose most – but not all – of the taxes that charter cities may impose under the “municipal affairs” doctrine. In some cases, general law cities may be subject to constitutional and statutory provisions that prevent them from levying some of the taxes that charter cities may impose. For example, California Supreme Court decisions which have allowed charter cities to impose real property transfer taxes do not grant the same authority to general law cities, which are still subject to Constitutional and statutory restrictions on such a tax. In light of these complexities, Table II provides an illustrative – but not comprehensive – inventory of the taxes that cities may impose under the “municipal affairs” doctrine and Government Code §37100.5.

Bradley-Burns Local Sales and Use Tax: The Bradley-Burns Local Sales and Use Tax Law (Revenue & Taxation Code §7200, et seq.) authorizes counties to impose a tax on the sales price of tangible personal property sold at retail in the county, or purchased outside the county for use in the county. Cities are authorized to impose a sales and use tax which is credited against the county rate. Prior to 2004, the county's sales and use tax rate was fixed at 1.25%. Cities were authorized to impose sales and use taxes of up to 1%. The remainder of the county rate (0.25%) was earmarked for county transportation purposes. In 2004, the county and city rates were lowered by 0.25% (to 1% for counties and a maximum of 0.75% for cities) as part of the "triple-flip" financing mechanism for the state's economic recovery bonds. The Bradley-Burns rates will return to their pre-2004 levels once California's obligations for those bonds have been satisfied.

Transactions & Use Taxes: Table II lists a number of authorizations for specific cities to impose transactions and use taxes. **These city-specific authorizations have been rendered obsolete by subsequent legislation that authorized all cities to levy a transactions & use tax for general or specific purposes (Revenue & Taxation Code §7285.9 and §7285.91).** While some transactions and use taxes currently in effect are authorized by city-specific code sections, cities will almost certainly rely on the general authorizations to impose transactions and use taxes in the future.

A city imposed transactions and use tax is credited against any transaction and use tax imposed by the county in which the city is located. For example, if a county and a city each levy a transactions and use tax of 0.25% the payment of the city's tax is fully credited against the county's tax. A retail consumer pays just the city's tax when buying something inside city limits.

REVENUES AND RESPONSIBILITIES – An Inventory of Local Tax Powers

Table II: City Tax Authority

Purpose/Program	Authority	Agency	Notes
Any	CA Constitution, Article XI, §5	Any charter city	Taxes for municipal purposes are a "municipal affair" if the tax base has not been preempted by the state or federal government. Examples of municipal taxes commonly authorized under this constitutional provision are listed below.
Any	CA Constitution, Article XI, §5	Any charter city	Admissions tax. Levied on attendance at a show, performance, display, or exhibition. (Also authorized for general law cities, pursuant to GC § 37100.5)
Any	CA Constitution, Article XI, §5	Any charter city	Real property transfer tax.
Any	CA Constitution, Article XI, §5	Any charter city	Utility users tax. Levied on utilities such as gas, electricity, telephone, water, and cable television. (Also authorized for general law cities, pursuant to GC § 37100.5)
Any	GC §37100.5	Any general law city	A general law city can levy any tax that a charter city can levy, including those imposed under the "municipal affairs" doctrine, with some constitutional and statutory exceptions.
Any	GC §37101, B&P §16000	Any general law city	Business license tax. (Charter cities may impose business license taxes as a municipal affair under California Constitution, Article XI, § 5.)
Any	R&T §7280 et seq.	Any city	Transient occupancy tax on occupancy (of no more than 30 days) in a hotel, inn, motel, or other lodging. (Also applies to counties.)
Any	R&T §7202, 7203.1	Any city	Bradley-Burns Sales & Use Tax. Not to exceed 0.75%. City tax is credited against county tax.
Any	R&T §7286.75	City of West Sacramento	Transactions & use tax. Rate = 0.25% or 0.5%. Requires majority voter approval for general tax or 2/3-voter approval for special tax. Requires approval by 2/3 of city council to place either a general or special tax ordinance on the ballot.
Any	R&T §7290	City of Davis	Transactions & use tax. Rate = 0.25% or 0.5%. Requires majority voter approval for general tax or 2/3-voter approval for special tax. Requires approval by 2/3 of city council to place either a general or special tax ordinance on the ballot.
Any	R&T §11911	Any city	Documentary transfer tax. Cities may impose tax at 1/2 the county rate of \$0.55 per \$500 (or fraction thereof) of the consideration or value. City tax is credited against county tax.
Any (general purpose)	R&T §7285.9	Any city	General tax. Transactions & use tax. Rate = multiples of 0.25%
Any (general purpose)	R&T §7286.52	City of Woodland	General tax. Transactions & use tax. Rate = 0.25% or 0.5%
Any (general purpose)	R&T §7286.80	City of Sebastopol	General tax. Transactions & use tax. Rate = 0.125%
Any (special purpose)	GC §50075 et seq.	Any city	Special taxes may be imposed, subject to the provisions of California Constitution Article XIII A. (Also applies to counties and special districts.)
Any (special purpose)	R&T §7285.91	Any city	Special tax. Transactions & use tax. Rate = multiples of 0.25%
Ambulance/paramedic services	GC §53313(b)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Ambulance/paramedic/ emergency medical services	GC §53971.4, §53978	Any city in San Bernardino County that provides specified services	Special tax. (Also applies to San Bernardino County and special districts within the county that provide fire or police protection services and emergency medical services.)
Child care facilities	GC §53313.5(d)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Child care facilities insurance	GC §53313.5(d)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.

Code Abbreviations: B&P = Business & Professions Code GC = Government Code PUC = Public Utilities Code R&T = Revenue & Taxation Code

REVENUES AND RESPONSIBILITIES – An Inventory of Local Tax Powers
Table II: City Tax Authority

Purpose/Program	Authority	Agency	Notes
Facilities	GC §53313.5	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners. May be used to fund the purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property.
Fire protection and prevention services	GC §53978	Any city that provides specified services	Special tax. (Also applies to counties and special districts that provide fire protection or prevention services or police protection services.)
Fire protection and suppression services	GC §53313 (b)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Flood and storm water services	GC §53313 (e)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Graffiti removal and prevention	R&T §7287	Any city	Special tax on retail sale of spray paint or other marking substances or instruments. Rate = \$0.10/spray paint container, \$0.05/marketing instrument. (Also applies to counties.)
Hazardous substance cleanup services	GC §53313 (f)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Hospital (Heffernan Memorial)	R&T §7286.20	City of Calexico	Special tax. Transactions & use tax. Rate = 0.5%
Hospitals	GC §37617	Any city	Special tax to fund maintenance and land purchases for municipal hospitals. <i>(May be an unconstitutional ad valorem property tax levied above the Proposition 13 rate.)</i>
Hospital (Avalon Municipal)	R&T §7286.25	City of Avalon	Special tax. Transactions & use tax. Rate = 0.5%
Interest payments on voter-approved indebtedness.	CA Constitution, Article XIII A, §1(b)	Any city	Ad valorem property taxes exceeding the statewide maximum rate of 1% may be levied to pay interest on indebtedness approved by the voters before July 1, 1978 or indebtedness for the acquisition or improvement of real property approved by 2/3 of voters after July 1, 1978. (Also applies to counties and special districts.)
Library facilities	GC §53313.5(c)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Library facilities and services	GC §53717	Any city	Special tax. (Also applies to any county, city and county, or library district.)
Library services	GC §53313 (c)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Lighting of parks, parkways, streets, roads, and open space.	GC §53313 (d)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Museum & cultural facilities, operations and maintenance	GC §53313 (c)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Park, recreation, parkway, and open space facilities	GC §53313.5(a)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Parks, parkways, and open space, maintenance services.	GC §53313 (d)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Pension, retirement, and benefits	GC §33017	Any city included in a county retirement plan	Special tax for payment of pensions or annuities for peace officers and fire service employees.
Police and fire facilities, furnishings, and equipment	R&T §7286.48	City of Clovis	Special tax. Transactions & use tax. Not to exceed 0.3%
Police protection and criminal justice services	GC §53313 (a)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.

Code Abbreviations: B&P = Business & Professions Code GC = Government Code PUC = Public Utilities Code R&T = Revenue & Taxation Code

REVENUES AND RESPONSIBILITIES – An Inventory of Local Tax Powers

Table II: City Tax Authority

Purpose/Program	Authority	Agency	Notes
Police services	R&T §7286.70	City of Placerville	Special tax. Transactions & use tax. Rate = 0.125% or 0.25%
Police services	GC §53978	Any city that provides specified services	Special tax. (Also applies to counties and special districts that provide fire protection or prevention services or police protection services.)
Public safety services	R&T §7286.45	City of Clearlake	Special tax. Transactions & use tax. Rate = 0.25% or 0.5%
Public safety, fire, and law enforcement	R&T §7286.44	City of Visalia	Special tax. Transactions & use tax. Rate = 0.25%
Recreation program services	GC §53313 (c)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Road maintenance, repair, and construction	R&T §7286.24	Cities of Clearlake, Fort Bragg, Point Arena, Ukiah, and Willits	Special tax. Transactions & use tax. Rate = multiples of 0.25%. Not to exceed 1%.
School facilities, elementary and secondary schoolsites	GC §53313.5(b)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
School facilities, maintenance services for elementary and secondary schoolsites	GC §53313 (c)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters (not landowners).
Sidewalks	GC §40470	Any general law city	Sidewalk installation charge of no more than \$3 imposed annually on all businesses and residences within a city. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Snow plowing and removal	GC §53313 (e)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Special municipal tax district	GC §60000	Any city	Special tax districts within cities.
Street & road maintenance	GC §53313 (d)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Streets & roads maintenance, repair, & Construction	R&T §7286.60	Town of Truckee	Special tax. Transactions & use tax. Rate - 0.5%
Transit capital projects	PUC §99500	Any city with pop. > 500,000 in transit districts	Motor vehicle fuel tax. Rate = \$0.01/gal. or \$0.01/cu.ft. of CNG. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Utility undergrounding	GC §53313.5(e)	Any city-formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.

Code Abbreviations: B&P = Business & Professions Code GC = Government Code PUC = Public Utilities Code R&T = Revenue & Taxation Code

INTRODUCTION TO SPECIAL DISTRICT TAX AUTHORITY (TABLE III)

Background: Special districts are limited purpose local governments – separate from cities and counties. Within their boundaries, special districts provide focused public services such as fire protection, sewers, water supply, electricity, parks, recreation, sanitation, cemeteries, and libraries.

Nearly 85% of California’s special districts are *single-function districts*, which provide only one service such as fire protection, mosquito abatement, or waste disposal. The remaining districts are *multi-function districts* providing two or more services. For example, some municipal utility districts provide fire protection and park services in addition to utility services. Fire protection districts often provide ambulance services too. County Service Areas (CSAs) can provide any service that a county can provide. A district’s name does not always indicate which services it provides or is authorized to provide.

There are two forms of special district governance. About 2/3 of special districts are *independent districts* with directly elected boards or appointed boards whose directors serve for fixed terms. Cemetery, fire protection, sanitation, water, transit and community services districts are mostly independent districts. The other 1/3 of special districts are *dependent districts*, governed by either a city council or the county board of supervisors.

Special districts generate revenue from several sources including property taxes, special assessments, and fees. *Enterprise districts* run much like business enterprises and provide specific benefits to their customers. These districts get their revenues primarily from fees or rates that customers pay for services. About 27% of special districts are enterprise districts and include airport, harbor, hospital, transit, waste disposal, and utility districts. *Non-enterprise districts* deliver services that provide a general benefit to entire communities. These services, such as fire protection, flood control, cemeteries, and road maintenance, do not lend themselves to fees. Non-enterprise districts primarily rely on property taxes for their revenues.

Special districts, special taxes: Proposition 13 (1978), Proposition 62 (1986), and Proposition 218 (1996) required voter approval for local taxes. All local taxes are either *general taxes*, which need majority-voter approval, or *special taxes*, which must receive 2/3-voter approval. Article XIIC, Section 2(a) of the California Constitution prohibits special districts from levying general taxes.

Special districts only have the power to levy special taxes.

Powers limited by statute: Special districts operate either under a *principal act* or a *special act*. A *principal act* is a generic statute which applies to all special districts of that type. For example, the Fire Protection District Law of 1987 governs all 377 fire districts. There are about 60 principal law statutes which voters and local officials can use anywhere in the state to create special districts.

Occasionally, local circumstances fail to fit the general conditions anticipated by a principal act. In those cases, the Legislature may create a *special act* special district tailored to the unique needs of a specific area. Districts which are regional in nature, have specific governing board requirements, provide unique services, or need special financing, necessitate special laws for

formation. Districts formed under special acts include the Humboldt Bay Harbor Recreation and Conservation District, the Fairfield-Suisun Sewer District, and the Alameda County Flood Control and Water District. There are about 120 special act special districts.

Special districts may not perform functions beyond those allowed by their authorizing statutes. The authorization for special districts to levy special taxes under Government Code § 50075, et seq. does not grant a fire protection district the power to levy a special tax to fund library services. Rather, a special district may levy a special tax to fund functions that it is otherwise authorized to provide.

The authorizations to levy special taxes under the Mello-Roos Community Facilities District Act work the same way. While a cemetery district can use the Mello-Roos Act, and while Mello-Roos Act special taxes can finance police services, a cemetery district may not use the Mello-Roos Act to fund police protection service. Special districts may only form Community Facilities Districts to fund facilities or services that they are otherwise authorized to provide.

Transactions & Use Taxes: Unlike counties and cities, the Legislature has not authorized all special districts to impose transaction and use taxes. Table III lists the transactions and use tax authorizations that the Legislature has enacted for specific special districts.

REVENUES AND RESPONSIBILITIES – An Inventory of Local Tax Powers
Table III: Special District Tax Authority

Purpose/Program	Authority	Agency	Notes
Ambulance/paramedic services	GC §53313(b)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Ambulance/paramedic/emergency medical services	GC §53971.4	Any special district in San Bernardino Co. that provides specified services	Special tax. (Also applies to San Bernardino County or any city within the county that provides fire or police protection services and emergency medical services.)
Any (special purpose)	GC §50075 et seq.	Any special district	Special taxes may be imposed, subject to the provisions of California Constitution Article XIII A, to fund a district's authorized services, facilities, or activities. (Also applies to counties and cities.)
Child care facilities	GC §53313.5(d)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Child care facilities insurance	GC §53313.5(d)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Facilities	GC §53313.5	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners. May be used to fund the purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property.
Fire protection and suppression services	GC §53313 (b)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Fire protection or prevention services	GC §53978	Any special district which provides fire protection or prevention services	Special tax. (Also applies to counties and cities that provide fire protection or prevention services or police protection services.)
Flood and storm water services	GC §53313 (e)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Hazardous substance cleanup services	GC §53313 (f)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Interest payments on voter-approved indebtedness.	CA Constitution, Art. XIII A, §1(b)	Any special district	Ad valorem property taxes exceeding the statewide maximum rate of 1% may be levied to pay interest on indebtedness approved by the voters before July 1, 1978 or indebtedness for the acquisition or improvement of real property approved by 2/3 of voters after July 1, 1978. (Also applies to counties and cities.)
Justice facilities	GC §26292.5	San Joaquin County Regional Justice Facility Financing Agency	Special tax. Transactions & use tax. Rate = 0.5%. Majority approval. (May be an unconstitutional special tax levied without 2/3 voter approval.)
Justice facilities	GC §26298.8	Orange County Regional Justice Facilities Commission	Special tax. Transactions & use tax. Rate = 0.5%. Majority approval. (May be an unconstitutional special tax levied without 2/3 voter approval.)
Justice facilities	GC §26299.041	Any County Regional Justice Facility Financing Agency	Special tax. Transactions & use tax. Rate = 0.5%. Majority approval. (May be an unconstitutional special tax levied without 2/3 voter approval.)
Library facilities	GC §53313.5(c)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Library facilities and services	GC §26172.2(c)	Shasta County Regional Library Facilities and Services Commission	Special taxes to fund library facilities and services.
Library facilities and services	GC §53717	Library district	Special tax. (Also applies to any county or city.)

Code Abbreviations: GC = Government Code PUC = Public Utilities Code R&T = Revenue & Taxation Code

REVENUES AND RESPONSIBILITIES – An Inventory of Local Tax Powers
Table III: Special District Tax Authority

Purpose/Program	Authority	Agency	Notes
Library services	GC §53313 (c)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Lighting of parks, parkways, streets, roads, and open space	GC §53313 (d)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Museum & cultural facilities, operations and maintenance	GC §53313 (c)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Park, recreation, parkway, and open space facilities	GC §53313.5(a)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Parks, parkways, and open space, maintenance services.	GC §53313 (d)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Pleasure riding	GC §53942	Any regional park district	Special tax on horses, mules, and other trail riding animals. Not to exceed \$10 per animal. Also applies to any county. (Approval requirements not specified.)
Police protection services	GC §53978	Any special district which provides fire protection or prevention services	Special tax. (Also applies to counties and cities that provide fire protection or prevention services or police protection services.)
Police protection and criminal justice services	GC §53313 (a)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Public transit	PUC §130231	Los Angeles County Transportation Commission	Special tax. Transactions & use tax.
Public transit	PUC §130350	Los Angeles County Transportation Commission	Special tax. Transactions & use tax. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Public transit capital projects	PUC §130350.5	Los Angeles County Metropolitan Transportation Authority	Special tax. Transactions & use tax. Rate = 0.5%
Recreation program services	GC §53313 (c)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
School facilities, elementary and secondary schoolsites	GC §53313.5(b)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
School facilities, maintenance services for elementary and secondary schoolsites	GC §53313 (c)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters (not landowners).
Snow plowing and removal	GC §53313 (e)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Street & road maintenance	GC §53313 (d)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.
Transit capital projects	PUC §99500	Any county transportation commission, transit development board, or transit district.	Motor vehicle fuel tax. Rate = \$0.01/gal. or \$0.01/cu.ft. of CNG. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Transportation	GC §67970	North Lake Tahoe Transportation Authority	Special tax. Transactions & use tax. Rate = 0.25% or 0.5%

Code Abbreviations: GC = Government Code PUC = Public Utilities Code R&T = Revenue & Taxation Code

REVENUES AND RESPONSIBILITIES – An Inventory of Local Tax Powers
Table III: Special District Tax Authority

Purpose/Program	Authority	Agency	Notes
Transportation	PUC §100250	Santa Clara Valley Transportation Authority	Special tax. Transactions & use tax. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Transportation	PUC §102350	Sacramento Regional Transit District	Special tax. Transactions & use tax. Rate = 0.25% or 0.5%. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Transportation	PUC §103350	San Mateo County Transit District	Special tax. Transactions & use tax.
Transportation	PUC §105115	Sonoma Marin Area Rail Transit District	Special tax. Transactions & use tax.
Transportation	PUC §130401	Orange County Transportation Commission	Special tax. Transactions & use tax. Rate = multiples of 0.25%, not to exceed 1%. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Transportation	PUC §132301	San Diego County Regional Transportation Commission	Special tax. Transactions & use tax. Rate = multiples of 0.25%, not to exceed 1%. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Transportation	PUC §142250	Fresno County Transportation Authority	Special Tax. Transactions & use tax. Rate = 0.5%
Transportation	PUC §180201	Local Transportation Authorities	Special tax. Transactions & use tax. Rate = multiples of 0.25%, not to exceed 1%. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Transportation	PUC §190300	San Bernardino County Transportation Commission	Special tax. Transactions & use tax. Rate = multiples of 0.25%, not to exceed 1%. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Transportation	PUC §240301	Riverside County Transportation Commission	Special tax. Transactions & use tax. Rate = multiples of 0.25%, not to exceed 1%. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Transportation	PUC §29140	Bay Area Rapid Transit District	Special tax. Transactions & use tax. Rate = 0.5%
Transportation	PUC §40330	Orange County Transit District	Special tax. Transactions & use tax. Rate = multiples of 0.25%, not to exceed 1%. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Transportation	PUC §60100	Yolo County Transportation District	Special tax. Transactions & use tax. Rate = multiples of 0.25%, not to exceed 1%.
Transportation	PUC §70223	Marin County Transit District	Special tax. Transactions & use tax. Rate = not to exceed 0.5%. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Transportation	PUC §98290	Santa Cruz Metropolitan Transit District	Special tax. Transactions & use tax. Majority voter approval. <i>(May be an unconstitutional special tax levied without 2/3 voter approval.)</i>
Utility undergrounding	GC §53313.5(e)	Any special-district formed Community Facilities District	Mello-Roos Act special tax. Requires 2/3 approval of registered voters or landowners.

Code Abbreviations: GC = Government Code PUC = Public Utilities Code R&T = Revenue & Taxation Code

APPENDIX – California Local Tax Resources

PUBLICATIONS:

Committee on Revenue and Taxation, California State Assembly. Revenue and Taxation Reference Book – 2005. Sacramento.

League of California Cities. The California Municipal Law Handbook. Sacramento. 2007.

Legislative Analyst's Office. California's Tax System: A Primer. Sacramento. April, 2007.

State Board of Equalization. Tax Information for City and County Officials: Local Sales and Use Tax, Transactions (Sales) and Use Tax. Sacramento. September, 2005.

State Board of Equalization. California Property Tax: An Overview. Sacramento. September, 2005.

ORGANIZATIONS AND WEBSITES:

California Local Government Finance Almanac: www.californiacityfinance.com

California Special Districts Association – (916) 442-7887 www.csda.net
1112 I Street, Suite 200
Sacramento, CA 95814

California State Association of Counties – (916) 327-7500 www.csac.counties.org
1100 K Street, Suite 101
Sacramento, CA 95814

State Board of Equalization – (800) 400-7115 www.boe.ca.gov
P.O. Box 942879
Sacramento, CA 94279-0001

California Taxpayers' Association – (916) 441-0490 www.caltax.org
1215 K Street, Suite 1250
Sacramento, CA 95814

Howard Jarvis Taxpayers' Association – (916) 444-9950 www.hjta.org
921 11th Street, Suite 1201
Sacramento, CA 95814

League of California Cities – (916) 658-8200 www.cacities.org
1400 K Street, Suite 400
Sacramento, CA 95814

Legislative Analyst's Office – (916) 445-4656 www.lao.ca.gov
925 L Street, Suite 1000
Sacramento, CA 95814

ACKNOWLEDGEMENTS

This publication benefited from the generous contributions of:

Michael Coleman, Fiscal Policy Advisor to the League of California Cities

Colin Grinnell, Consultant, Senate Committee on Revenue & Taxation

Jean Hurst, Legislative Representative, California State Association of Counties

Sophie Kim, Office of Betty Yee, State Board of Equalization

Marianne O'Malley, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

Betsy Strauss, Special Counsel to the League of California Cities

Tom Vu, Legislative Advocate, California Special Districts Association

This publication was prepared by Brian Weinberger, Consultant to the Senate Local Government Committee. He would like to offer special thanks to his colleagues: Elvia Diaz, the Committee Assistant, and Peter Detwiler, who developed the original inventory of local tax powers upon which this publication is built. Their assistance and expert advice were indispensable to the completion of this project.