



## **California Tax Reform Association**

717 K St, Ste 510, Sacramento, CA 95814

Ph: 916.446.4300 Fax:916.444.6611

Email: [info@caltaxreform.org](mailto:info@caltaxreform.org)

<http://www.caltaxreform.org>

## **Options for Raising Local Revenues**

**Vote Requirements:** Local taxes designated for any specific purposes require 2/3 vote. Local taxes for general government purposes require a majority vote.

**Parcel Taxes/ “Special Taxes”:** Parcel taxes can be enacted in a variety of ways. While they usually are a flat amount per parcel, there are actually not many restrictions on how they can be enacted, but they will always require a 2/3 vote. They cannot be enacted on property value, but can be on square footage of land and/or buildings, on the street frontage (business improvement districts), and can vary among types of property, business versus residential, apartments vs. single-family homes. School districts have successfully used parcel taxes, generally on homeowners.

**Hotel and Admission Taxes:** The state does not pre-empt the field with regard to entrance fees/ admissions. Localities usually have substantial hotel taxes, although only some jurisdictions have admissions taxes. These can include sporting events, movies, golf courses, amusement parks, and parking lots—all of which are not subject to sales tax and can be taxed by localities on a per admission basis.

**Utility Taxes:** Many cities and counties have taxes on gas, electric and telecommunications services. Some of the telecommunications taxes have been recently re-enacted because of federal rulings (e.g. Los Angeles), and can include cell phone services. Cable companies pay franchise fees to the localities for the privilege of running their cables and cable services are also taxed in a number of cities and one county.

**Local Sales Tax Increases:** Counties and cities may increase sales taxes, up to 2% above the state rate, for county services. Many counties already have an increase for transportation, and in some cases cities have enacted their own increases. These taxes can also be shared among cities and counties.

**Business License Taxes:** These are often structured on a per employee basis, or as gross receipts on professionals. Most cities have them.

**Fees:** These generally require nexus with the service. By legislation, birth certificate surcharges are permitted for child abuse, marriage fees for domestic violence. Cities have many kinds of fees for services and for property development.

**Nuisance Abatement and Mitigation Fees.** Cities and counties have authority to charge fees for various health and safety and public protection programs. Oakland placed a fee on liquor stores, upheld by the courts, in order to provide additional policing of the nuisance caused in

neighborhoods. San Francisco is considering a mitigation fee on alcohol to pay for the harm to public health caused by alcohol usage.

**Potential new authority for local taxes:** AB 2113 (Evans) would authorize use of a county-wide vehicle license fee and a county-wide income tax, approved by local voters.