FOLLOW-UP QUESTIONS FROM
MARCH 6 COMMUNITY BUDGET MEETING

Q:
The State takes property tax money from the County before it goes to schools. When that money comes back to the County as a deferral, does that money go in to the General Fund, then get re-distributed?

A:
· When property taxes are received, the Treasurer deposits that money into the County investment pool and notifies the Auditor that the money has been received.
· The Auditor apportions the money out to all the taxing entities to which the taxes go for each particular property that paid a tax bill.
· For the share of money that WOULD have gone to the County under Prop 13, the State (since 1992) has directed that a portion of that instead is placed into what is known as the Educational Revenue Augmentation Fund (ERAF).
· The money in the ERAF is then transferred to the individual school district trust funds.
· Beginning in 2004, the State needed a dedicated source of funding to pay back bonds. The State achieved this by what is known as the "triple flip." This involved taking one-quarter cent of County's local sales tax, but backfilling that amount by increasing the County's share of property tax (by reducing the transfer to ERAF that would have been required under the 1992 and subsequent laws). The Governor's budget for 2014-15 proposes to pay off the bonds, which would mean the end of the triple flip. The County would get back the full amount of our sales tax revenue but lose the amount of property tax we have been getting back from ERAF. Since these two amounts are equivalent (the Auditor has been receiving a notice from the State Department of Finance each year on the specific amount to transfer out of ERAF), there should be no net loss to the County from this.
· Also in 2004 but technically separate from the triple flip, there was a reduction in the Vehicle License Fee (which was dedicated revenue to cities and counties). The State had previously reduced the amount that residents paid to license their vehicles and backfilled the loss to cities and counties through State General Fund spending. When the State ran into financial difficulties and eliminated that backfill, the tax rate went back up to previous levels. The State permanently reduced the tax rate on vehicles (but held cities and counties harmless) by allocating an additional amount of property tax (again as a reduction to the ERAF) to the cities and counties. This additional amount, unlike the triple flip amount, was assumed to be a PERMANENT solution to the loss of vehicle license fee revenue.
· The amount that is transferred to local school districts is the amount in the ERAF net of the two transfers just described. The money never leaves the County and goes to Sacramento. What happens is that the ERAF amounts reduce the State's General Fund expenditure on schools. So, the State <u>spends</u> less, the County <u>gets</u> less, and the schools are (theoretically) held harmless (in this particular transaction).

Q:
How much money did the State take from the "Education Fund" last year? He said it was $24M in 2010, and we said we would get him updated figures
A:
For FY 2013-14 the amount will be $25,868,500.

Q:
What is the total amount of money that goes to HCOE?
A:
The County does not have this information.

Q:
What is the total amount property tax dollars brought in last year?
A:
For FY 2012-13 we collected $ 129,876,014.82

Q:
Does the County have authority to implement gas tax or other taxes to pay for infrastructure maintenance?
A:
This question is being researched

Q:
How much do telecom and electric utilities pay the County for using rights of way that are acquired and maintained at local expense?
A:
In FY 2012-13, the County received $586,782.26 in franchise fees from electric utilities and $591,655.99 from cable television providers.