General Fund Revenue
PROPERTY TAXES

Approximately 22.7 percent or $125.4 million of the City’s structural General Fund revenue is derived from local property taxes, which includes secured real property tax and unsecured personal property tax, former RDA project area property taxes and delinquencies. Property, primarily land and buildings, is valued by the County Assessor and taxed at 1 percent of assessed value. Cities and other local agencies, such as schools, special districts, and the County of Los Angeles, share in the countywide property tax assessment. On average, the City of Long Beach only receives approximately 22 percent of property taxes paid by City property owners in non-redevelopment designated areas of the City. FY 20 property tax estimates assume a 4 percent increase from FY 19 estimates in structural revenues. FY 20 projections assumes increases in assessed valuations and does not include prior year payments or other non-recurring revenues, which are included in the FY 19 estimates-to-close. The projections include $24.1 million in structural revenues to the General Fund that are directly attributed to the dissolution of Redevelopment Agencies by the State. Over time, as the obligations of the former Redevelopment Agency are completed and activity slows, funds remitted to the Successor Agency Fund will decrease and General Fund property tax revenue will increase.

Property tax is a major source of revenue for City services such as police, fire, public works, recreation and library services. Prior to the passage of Proposition 13 in 1978, property tax revenues accounted for approximately 28 percent of all General Fund revenues as compared to 22.7 percent now.

SALES TAX

Sales and use tax receipts (non-Measure A) are expected to account for $64.7 million, or 11.7 percent, of structural General Fund revenues in FY 20. Effective July 1, 2017, all taxable retail sales in Long Beach will be charged a 10.25 percent tax. This amount includes the statewide base of 7.25 percent, of which 6 percent is retained by the State and 0.25 percent goes to the County of Los Angeles. Only 1 percent of the statewide base is currently returned to the City. In addition to the base rate, the sales tax rate includes 1.5 percent for the Los Angeles County Metro Transportation Authority (Metro), 1 percent for the City’s Transaction and Use Tax known as Measure A and 0.5 percent for Metro’s Measure M approved by voters in November 2016. The City’s Measure A is accounted for separately on the next page but included in the sales tax rate of 10.25 percent. Sales tax revenue varies from year-to-year due to fluctuations in the economy.
MEASURE A – TRANSACTION & USE TAX

Sales tax revenue projections, described in the previous section, do not include the Transaction and Use Tax, known as Measure A approved by voters in June 2016. Effective January 1, 2017, the Measure added a transactions and use (sales) tax on the sale, storage, use, or other consumption of all tangible personal property within the City for a 10-year period. The first six years of the tax will be at a rate of one cent for every dollar spent (or one percent), and then decline to one-half cent for every dollar spent (or one-half percent) for the remaining four years. The tax will automatically terminate after the tenth year. The FY 20 budget assumes that Measure A will generate approximately $59.7 million or 10.8 percent of General Fund revenue.

UTILITY USERS TAXES

The City applies a utility users tax (UUT) to customers’ electricity, gas, telephone, and water bills. These four revenue sources account for $36 million, or 6.5 percent, of the City’s structural General Fund revenues. This amount does not reflect any adjustments or refunds. The UUT was the General Fund’s largest revenue source before a voter-approved initiative reduced the utility user tax rate from 10 percent to 5 percent. The rate for FY 20 is 5 percent, effective since October 1, 2004. These taxes do not apply to low-income senior citizens who are over 62 years of age or disabled low-income individuals.

OTHER TAXES

The City receives revenue from the Transient Occupancy Tax (TOT) assessed on guests of all City hotels, motels, short-term rentals and from the Business License Tax assessed on all those doing business in Long Beach. Both taxes have experienced growth in recent years. Transient Occupancy Tax reflects significant growth from pre-recession revenue levels. Business License tax remains steady following growth in prior years due to improvements in collection methods and staffing.

LICENSES AND PERMITS

This revenue comes to the City from a variety of licenses and permits across several City Departments. The largest revenue sources within this category include fees related to emergency ambulance, first responder, fire inspection, and cannabis.

FINES, FORFEITURES AND PENALTIES

Revenue received by the City in this category is primarily from parking citations and vehicle code fines.

REVENUE FROM USE OF MONEY AND PROPERTY

The City is able to generate income from its current assets. This includes interest earned on investments, land and facility rental, and parking meter revenue within the City.
General Fund Revenue

REVENUE FROM OTHER AGENCIES

The General Fund receives revenue from other cities, the County of Los Angeles and the State. Revenue is received for the maintenance of traffic signals and parking meters under contract with smaller cities neighboring Long Beach, as well as unincorporated parts of Los Angeles County. Other miscellaneous State funds are provided for maintenance of State highways, fire and peace officer training, and police extradition reimbursements.

OTHER CHARGES AND REVENUES

These miscellaneous charges include library fines and fees, police reports and sale of used equipment and vehicles. Per the City Council’s adopted Financial Policies, the City has redoubled its efforts to improve cost recovery through all appropriate user fees for services to better preserve General Fund services that would otherwise face reduction and to maintain a structurally balanced budget.

INTER- AND INTRA-FUND CHARGES

Programs within the City that are funded by sources other than the General Fund often receive services from General Fund supported departments. This category includes reimbursement for these services.

"GANN" APPROPRIATIONS LIMIT

In November 1979, the voters of the State of California approved Proposition 4, commonly known as the "Gann Initiative." The Proposition created Article XIII.B of the State Constitution, placing certain limits on the amount of revenue that can be appropriated each fiscal year. The limit is based on actual appropriations during FY 79. Only those revenues that are considered "proceeds of taxes" are subject to the limit. The limit is recalculated each fiscal year based on certain inflation and population factors. Proceeds of taxes are, however, allowed to be spent on several types of appropriations that do not count against the limit, including voter approved debt, the costs of complying with court orders and federal mandates, and expenditures for qualified capital outlays.

The “Gann” Appropriations Limit for the City of Long Beach for FY 20 is $794,843,874. The total revenue, or proceeds of taxes, subject to the limit after removing allowable exclusions is $359,100,587 or 45.18 percent of the GANN Limit. Therefore, there is no GANN Limit issue. In FY 19, the limit was $766,987,539.