

Local Government Revenue Raising Mechanisms: Applicable Restrictions and Procedures
Prepared for EMS Ad Hoc Advisory Committee 6/4/2015

Type of Levy	Definition	Procedures/Requirements	Governing Law
Special tax	A tax levied for a specific purpose, usually placed into a separate fund. Must be spent on purpose for which enacted.	2/3 voter approval required. All local taxes are either special or general taxes (i.e., no other types of taxes may be created or imposed).	Cal. Const. Art. XIII A and XIIC (Propositions 13 and 218)
General tax	A tax levied without any specific restriction on use and placed into the general fund.	Majority voter approval required; elections must be consolidated with regularly-scheduled general election. All local taxes are either special or general taxes (i.e., no other types may be created or imposed). Special districts may not impose general taxes.	Gov't Code §§ 53720-53730 and Cal. Const. Art. XIIC (Propositions 62 and 218)
Ad-valorem property tax	A general tax levied on property based on its assessed value.	Limited to 1% of assessed value. Annual increases limited to 2% (regardless of actual increase in value). Local governments have no power to impose or increase.	Cal. Const. Art. XIII A (Proposition 13)

<p>Assessment (also called benefit assessment or special assessment)*</p>	<p>A charge imposed on real property for a local public improvement of direct (and special) benefit to that property.</p> <p>May not be used to pay for general benefits conferred on real property or on the public at-large.</p>	<p>Parcels to receive benefit are identified, total costs and benefits calculated in a detailed engineer’s report. Any “general” benefit received must be separated out and cannot be charged as part of assessment (i.e., each parcel may only be charged for the “special” benefit it receives -- general enhancement of property values not considered a special benefit). Notice, ballot, and public hearing held. Assessment may not be imposed if majority protest of property owners, with votes weighted according to proportional financial obligation of property owners.</p>	<p>Cal. Const. Art. XIII D (Proposition 218)</p>
<p>Property-related fee or charge*</p>	<p>A fee or charge imposed upon a parcel or person as an incident of property ownership. (E.g., storm water management fees, water or sewer fees.)</p>	<p>Each property owner notified by mail of the amount of the fee, how calculated, the reason for it, and the date, time and location of a public hearing on its imposition. If there is a majority protest by owners – or by 2/3 of electors residing in affected area – then the fee may not be imposed.</p> <p>Must meet five requirements: (1) fee revenues may not exceed cost to provide service; (2) fee may only be used for purpose it was imposed; (3) amount of fee shall not exceed proportional cost of the service attributable to each parcel; (4) no fee for potential or future use; (5) can’t be imposed for general governmental services, including police, fire, ambulance, where service is available to the public at large in same manner as it is to property owners.</p>	<p>Cal. Const. Art. XIII D (Proposition 218)</p>

User fee*	A charge imposed for a specific government service or product. (Ambulance fees for service fall into this category.)	The service or product must be provided directly to the person paying the fee, and not provided to those not charged. May not exceed the reasonable costs of providing the service or product.	Cal. Const. Art. XIIC (added by Proposition 26)
Regulatory fee*	A charge imposed for reasonable regulatory costs associated with issuing licenses and permits, performing investigations, inspections, and audits, and for associated administrative enforcement and adjudication.	Must be adopted by resolution of the governing body. Cannot exceed reasonable cost of providing the service or regulation.	Cal. Const. Art. XIIC (added by Proposition 26)
Fee for use of government property	A charge imposed for entrance to, or use, purchase, rental, or lease of local government property.	Approved by governing body or its designee.	Cal. Const. Art. XIIC (added by Proposition 26)
Fine or penalty	A fine, penalty, or other monetary charge imposed as a result of a violation of law.	Must be adopted by resolution of the governing body.	
Development fee*	A monetary exaction other than a tax or special assessment, whether established for a broad class of projects by legislation of general applicability or imposed on a specific project on an ad hoc basis, that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project.	Amount of fee must be reasonably related to the cost of the impacts of the development giving rise to the fee (rough proportionality) and the fee must relate to the impact created by the development activity (nexus).	Gov't Code §§ 66000-66025 (The Mitigation Fee Act)

* If the amount of a fee or charge exceeds the reasonable cost to provide a service or regulatory activity, then any excess amount is a “special tax” which must be approved by 2/3 vote.