

REVENUE DEFINITIONS

TAXES

The City of Carson expects to derive 69.78% of its total FY 2004/05 General Fund revenue from taxes levied within the City. Further definition of some of Carson's major tax revenue sources are provided below:

No/low property tax: Carson was incorporated as a no property tax city, but it does now receive some property tax revenue due to the passage of AB1197 in March 1987. This bill provided for a seven-year phase in of property tax revenue. The basis for property taxes is the assessment of property value as determined by the Los Angeles County Assessor's Office and the assessment of public utility property as determined by the State Board of Equalization. The property tax rate assessed by the County is 1% of the taxable assessed value. The City of Carson receives 7% of the 1% tax rate assessed on taxable assessed value (which equates to 7¢ for each \$1 received by the County).

Sales & use tax: In accordance with the California Revenue and Taxation Code, all taxable sales occurring in the County of Los Angeles are assessed a sales and use tax. The sales and use tax rate for the County of Los Angeles returned back to 8.25% from 8% effective January 1, 2002 as the State surplus did not exceed the statutory threshold to keep it at the 8% level. With the passing of the FY 2004/05 State Budget, the City of Carson will receive .75% of the 8.25% for all taxable sales generated within the City.

Franchise tax: The City imposes a tax for granting an entity the right to use City property for pipeline construction or operation, or to operate a franchise within the City. Types of franchise taxes currently generating revenue for the City include: gas, electric, water, cable TV, taxi, pipelines, solid waste and spur track (the right to construct a railroad track that branches off a lead track to service a particular industry or business.)

Transient occupancy tax: The Carson Municipal Code authorizes the City to levy a tax for the privilege of occupying lodgings on a transient basis. This tax is charged to the lodger but is collected by the lodging operator and transmitted to the City on a monthly basis. Currently, the transient occupancy tax rate is 9%.

Real property transfer tax: The Carson Municipal Code authorizes a transfer tax of 27.5¢ for every \$500 of purchase value for all sales of land, tenements, or other realty within the City.

LICENSES & PERMITS

The City of Carson expects to derive 10.31% of its total FY 2004/05 General Fund revenue from fees for licenses and permits issued within the City. Listed below are definitions of the types of licenses and permits issued by the City and their applicable fees:

Business license: To ensure that each business is conducted in a safe, legal manner, and to ensure that the business will share the burden of payment for City services used by the business and/or their employees, the City of Carson requires the payment of an annual business license fee. The fee includes a base rate, which covers the first five employees and it is indexed for inflation every calendar year. For FY 2004/05 this rate is \$127.00. For a company with more than five employees, the base rate will apply plus a fee for each employee over five. Like the base rate, this fee is indexed every calendar year and for FY 2004/05, this fee is \$25.40 per employee.

Construction permits: To ensure compliance with the City's building code, the City imposes fees for the following types of construction permits: building permits, electrical permits, mechanical permits, plumbing permits, and grading permits. The fees for the building permits are based on the valuation of the job (the Marshall and Swift Valuation Service is the valuation source used by the Building & Safety Division.) Fees for electrical permits, plumbing permits, and mechanical permits are based on actual number of items to be inspected. Fees for grading permits are based on the number of cubic yards to be moved. Additionally, all of the above permits are assessed a \$26.00 issuance fee.

Street construction/excavation and encroachment permits: To ensure the safe construction in public right-of-ways and excavation on public property, the City of Carson imposes a permit issuance fee of \$30.00 and inspections are performed at an hourly rate of \$35.00.

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Burglar alarm permits: To ensure that all burglar alarms are in compliance with the standards set forth in the Carson Municipal Code, the City requires all residents and businesses to first obtain a burglar alarm permit for a fee of \$35.00.

FINES & FORFEITURES

The City of Carson expects to derive 3% of its total FY 2004/05 General Fund revenue from fines and forfeitures imposed within the City. Listed below are definitions of the types of fines and forfeitures and their applicable fees:

Traffic fines: The California Vehicle Code imposes penalties for traffic violations. The County of Los Angeles collect these revenues and a portion is distributed to the City, less an amount for their cost of administration.

Parking fines: The Carson Municipal Code imposes penalties for parking violations. These parking penalties are enforced and collected by Enforcement Technology. The majority of this revenue, less Enforcement Technology's fee, is remitted to the City; however, the County also receives a \$5.00 surcharge from each citation.

Administrative fees - abandoned vehicles: The City Manager has the authority, when acting in accordance with the Carson Municipal Code Section 4500, to abate and remove abandoned vehicles that are deemed to be a nuisance. During this process, administrative fees are assessed to cover the costs of impounding and storage.

Public disturbance fees: Individuals or groups that disturb the public peace as defined in Carson Municipal Code Section 4101, are liable for the following costs: the actual costs to the City for law enforcement and emergency services, excluding initial response, needed to abate the public disturbance; the cost to repair public property resulting during such law enforcement (e.g. damage to police vehicles, or to public right of way during arrest, etc.) and the cost of medical treatment for any injury to law enforcement or emergency service personnel incurred during abatement of the disturbance.

Forfeitures and penalties: To ensure the payment of various licenses and fees, the Carson Municipal Code empowers the City to impose penalties and to collect fines for the following types of delinquencies: business licenses, business permits, franchise taxes, transient occupancy taxes, and bingo fees.

USE OF MONEY AND PROPERTY

The City of Carson expects to derive 2.9% of its total FY 2004/05 General Fund revenue from the use of City money and property. Listed below are the revenue sources resulting from the use of City money and property:

Interest on investments: The City follows the practice of pooling cash and investments of most funds, except for moneys held by outside fiscal agents. Income earned on pooled cash and investments is allocated to the various funds based on each fund's respective month-end cash balance.

Rents and commissions: The City receives commission and/or rent for the use of City property by outside agencies for profit earning activities. Rents received by the City are for the rental of property at the City's corporate yard. Commissions paid to the City include payments from pay phone providers, such as AT&T, and vending machine operations.

Community Center: The construction and operation of the Carson Community Center sets Carson apart from other municipalities in the South Bay. It not only provides a site where a variety of cultural and entertainment activities are held, it also generates revenue from room rentals and the catering of special events.

INTERGOVERNMENTAL

The City of Carson expects to derive .67% of its total FY 2004/05 General Fund revenue from intergovernmental sources. The major revenue source in this category is the state allocated motor vehicle license fees. Section 11005 of the State Revenue and Taxation Code imposes an annual license fee equivalent to 2% of the market value of motor vehicles in lieu of local property taxes. However, with the approved State Budget, the VLF was reduced to .65%. This resulted in a major

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drop in revenues in this category from 7.86% to .67%. This category also includes small grants from federal, state and local agencies, as well payments due from other governmental agencies for City services rendered.

CHARGES FOR SERVICES

The City of Carson expects to derive 5.2% of its total FY 2004/05 General Fund revenue from service charges. Service charges or fees are imposed on the user for a specialized service provided by the City under the rationale that benefiting parties rather than the general public should pay for the cost of that service. Examples of such services include charges for planning and zoning checks, building code assessments, public works inspections, filing fees, fees for false alarm responses, recreation programs, and other miscellaneous services.

OTHER REVENUES AND INTERFUND TRANSFERS

The City of Carson expects to derive 8.13% of Carson's FY 2004/05 General Fund revenue will come from other smaller revenue sources and interfund transfers. These smaller revenue sources include insurance recovery, litigation costs recovered, litigation settlements, recycling revenue, and other miscellaneous revenues. Revenue is also transferred into the General Fund from other City funds under the rationale that the General Fund is absorbing certain administrative costs (e.g. utilities, building maintenance, salaries and benefits) on behalf of the special revenue fund. The General Fund receives such transfers from the following funds: the Housing and Community Development Fund, and the Redevelopment Agency Funds. The General Fund also receives another transfer from the State Gas Tax Fund, which reimburses the General Fund for street maintenance and repairs performed by the Landscape and Building Maintenance Division.