

## REVENUE DEFINITIONS

### TAXES

**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 6.74% 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 increased by 1%, from 8.25% to 9.25% on April 1, 2009 as part of the State budget measure and then increased by another .50% from 9.25% to 9.75% effective July 1, 2009 due to the passage of Measure R. Measure R is a half-cent sales tax for Los Angeles County that would finance new transportation projects and programs, and accelerate many of those already in the pipeline - everything from new rail and/or bus rapid transit projects, commuter rail improvements, Metro Rail system improvements, highway projects, improved countywide and local bus operations and local city sponsored transportation improvements. The city of Carson currently receives .75% of the 9.75% 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.

**Utility Users Tax:** In a Special Election on March 3, 2009, the voters of the city of Carson approved Measure C, a ballot measure which imposed a 2% Utility Users Tax (UUT) on gas and electric usage for a 7-year period beginning July 1, 2009. The UUT will be paid by Carson residents and businesses and will be collected and remitted by the utility service providers who serve them. The utility service providers will then remit the tax payments on a monthly basis to the city's Administrative Services workgroup.

**Admissions fee:** For a period of seven (7) years commencing on March 21, 2009 and expiring on March 20, 2016, a 2% fee is assessed by the "Anschutz Southern California Sports Complex, LLC" (Developer) on tickets sold for all publicly-ticketed events, other than events where the Developer receives no compensation (except for direct costs) or events that are otherwise hosted, promoted or for the express sole benefit of a charitable entity held at National Training Center more widely known as the Home Depot Center. All admissions fees collected shall be remitted by the Developer to the City on a quarterly basis by the last business day of each month following the end of each calendar quarter for the events held during the immediate preceding calendar quarter.

## REVENUE DEFINITIONS (CONT.)

### LICENSES & PERMITS

**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 calendar year 2009, this rate is \$150.00. 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 2009, this fee is \$30.00 per employee.

**Building 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 \$39.15 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 \$55.00 and inspections are performed at an hourly rate of \$75.00.

**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 an initial fee of \$35.00 and an annual renewal fee of \$20.00. In addition, in order to minimize the significant waste of law enforcement resources caused by the excessive number of false alarms, a \$100.00 service charge for more than three false alarms in any twelve month period shall be assessed per occurrence.

### FINES & FORFEITURES

**Traffic fines:** The California Vehicle Code imposes penalties for traffic violations. The County of Los Angeles collects 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 a third party agency. The majority of this revenue, less any fees, 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

## **REVENUE DEFINITIONS (CONT.)**

following types of delinquencies: business licenses, business permits, franchise taxes, transient occupancy taxes and bingo fees.

**Administrative Citation:** An alternative method of enforcement for various violations of the Carson Municipal Code (CMC). This method for enforcement of various violations will reduce the burden on the judicial system while providing full due process for those cited.

**Lien Payment- Property Abatement:** All property maintained in violation of CMC 5702 is deemed to be a public nuisance and shall be abated by rehabilitation, demolition, removal or repair pursuant to the procedures set forth in the CMC. If abatement of the nuisance is not completed prior to the expiration of the period of time set forth in the notice and order to abate as given, the Director of Public Safety may cause the nuisance to be abated by city forces or by private contractor. The confirmed cost of abatement of a nuisance upon any lot or parcel of land shall constitute a special assessment against the respective lot or parcel of land to which it relates, and a nuisance abatement lien may be recorded with the County Recorder.

### **USE OF 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 include the rental of property at the community center (see below), and park facilities. 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 Congresswoman Juanita Millender McDonald 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 major revenue source in this category is the state allocated motor vehicle license fees (VLF). 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 in FY 2004/05, the VLF was reduced to .65%. With the passing of the FY 2009/10 State budget, new legislation authorizes the Department of Motor Vehicles to increase the VLF from .65% to 1.15% when registration fees are due on or after May 19, 2009. The .50% increase is part of the budget plan designed to reduce California's budget deficit, therefore, it does not inure to the benefit of the City of Carson.

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**

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 business license application, charges for planning and zoning checks, building code assessments, public works inspections, filing fees, fees for false alarm responses, parks & recreation program fees, early childhood education program fees and other miscellaneous services.

## REVENUE DEFINITIONS (CONT.)

### OTHER REVENUES AND INTERFUND TRANSFERS

These smaller revenue sources include insurance recovery, litigation costs recovered, litigation settlements, recycling revenue, transit shelter agreement, administrative reimbursements, Pass-through, solid waste transfer station fee, court ordered restitution, miscellaneous donations and other minor 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, the Capital Asset Replacement 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 Public Works Division.