

DATE: April 7, 2020

TO: Mayor and Councilmembers

FROM: Luis Pedroza, Management Services Director/City Treasurer

CC: Jerene Watson, City Manager; Dawn Prince, Deputy City Manager; Leadership Team

SUBJECT: STATE LAW VIOLATION EFFECT ON STATE SHARED REVENUES

The report is to provide information regarding a question from Councilmember Grijalva's question regarding the amount of state shared revenues the City collects and the effect on those revenues on going against State's order on parks.

DISCUSSION:

The state shared projections for this fiscal year 2019/2020 for the City are as follows:

State Shared Sales Tax:	\$137,171 per month
State Shared Income Tax:	\$172,182 per month
Vehicle License Tax:	<u>\$ 76,415 per month</u>
Total General Fund:	\$385,768 per month

HURF/Streets Maint.: \$127,382 per month

The total amount of General Fund state shared revenues represents 27% of total General Fund revenue. HURF/Streets Maintenance state shared revenue represents 98% of total HURF/Streets revenue.

The passage of SB1487 in 2016 allowed the investigation from the state attorney general if there is a request of one or more members of the legislature of a possible violation of state law by counties, cities or towns. The law allows withholding of state shared revenue and redistribute to other cities meaning it is a permanent loss of revenue. Once the violation is resolved, the State will continue with normal distribution of revenue. Distributions of state shared revenue are done bi-monthly by the State.

RECOMMENDATION / CONCLUSION:

This report is for information only.