Opinion: Calif. cities not faring as well as state

By Dan Walters, Sacramento Bee

The state budget is largely financed by personal income taxes, and thanks to an improving economy and a temporary tax increase approved by voters two years ago, it is enjoying surpluses after years of deficits.

Indeed, the big conflict in the Capitol this year is over competing priorities for billions of extra bucks.

Dan Walters

Gov. Jerry Brown wants to devote most of the extra money on debt repayment and reserves, but his fellow Democrats in the Legislature want more spending, ranging from universal pre-kindergarten to health and welfare services.

Cities, however, are not sharing in the income tax cornucopia because their budgets are based on sales and property taxes, and neither is generating the big gains that an up-cycle brings to the income tax system.

Residential and commercial construction, a source of property tax gains, remains somewhat sluggish. Ditto for retail sales as consumers, still reeling from the effects of recession, remain skittish.

As officials in cities large and small begin work on their

2014-15 budgets, therefore, they are seeing very tight times ahead, not only because of modest revenue growth, but because they face rapidly escalating costs for retiree pensions and health care.

Read the whole story