

## Mo' Money, Less Tax

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**By Murtaza Baxamusa**

Revising history does not solve the revenue problem at City Hall. Nevertheless, San Diego City Councilmember Carl DeMaio attempted to do just that Monday by factually disputing that the City collects less revenue than comparable cities.

In response to a presentation of a draft Comprehensive Annual Financial Report (CAFR) for 2009, DeMaio objected to a statement about San Diego's relatively low taxes and fees that he suggested was "... just cut-and-paste from the Center on Policy Initiatives ... I find this to be a factually inaccurate statement. I cannot vote for the CAFR with that line in it." (Audit Committee, January 11, 2010)

The Center on Policy Initiatives (CPI) has raised the issue of the city's low revenue for years, and has been validated by numerous independent sources.

Here are the facts:

In 2005, CPI published "The Bottom Line," which used data from the California State Controller and showed that the city of San Diego raised the least general revenue per household among the ten largest cities in California. The City's Independent Budget Analyst heralded the study, saying: "The report's analysis exposes one of the most difficult issues facing the City today: the growing disparity between the desired levels of services by our residents and the ability to pay for them." (IBA report 06-10).

Also in 2005, an independent San Diego Union-Tribune analysis showed that San Diegans pay less to city government than people in most large California cities, despite having relatively higher incomes. (San Diego Union Tribune, "America's Cheapest City", 08-28-2005)

In 2006, an independent auditor hired by the city, Kroll Inc., reported that "Revenue per capita has been increasing, but is less than that of other large cities. In order to maintain current service levels and address issues such as deferred maintenance, the City must reduce expenditures by improving efficiency, increasing the current revenue base, and seeking alternative revenue sources." (Kroll M-14, recommendation 25). A revenue audit from the city's in-house auditor is expected later this month to unveil the gaps in our revenue system.

In 2008, the Independent Budget Analyst warned that San Diego has a structural budget deficit that will cause municipal services to continue to erode unless clear, decisive, and long-term solutions are implemented. (IBA report 08-14)

Last December, the Mayor's Citizens' Taskforce concurred that the city raises the least General Fund Revenues per household, measured as a percentage of household income, of any of the ten largest cities in California. (City of San Diego's Fiscal Outlook).

Hence, the City of San Diego has included the line DeMaio objected to yesterday, in the 2007 CAFR and the 2008 CAFR, as well as the draft 2009 CAFR:

“San Diego has relatively low taxes and fees compared to most other large municipalities in the United States.”