

Local Government Revenue Systems: Key Takeaways

1. Taxes, charges, fees, and intergovernmental transfers are the primary funding mechanisms for local governments.
2. Rising costs, decreased revenue, emergencies, legislative changes, and other factors have made it increasingly difficult to fund local governments.
3. In response to these challenges and the impacts of Proposition 13 on property tax revenue, local governments have found alternative revenue sources, such as special tax districts, bond measures, and grants.
4. Local governments allocate resources to the following funds: general funds, special revenue funds, enterprise funds, internal service funds, and capital project funds—with the general fund containing the largest share and funding most governmental services.