

TAX REFORM FUND

BASIS FOR THE PROPOSED BUDGET

The 2003-04 Proposed Budget for the Tax Reform Fund relates to current year funding as follows:

	Amount	% Change
2002-03 Budget	\$ 2,250,000	
2003-04 Proposed Budget	\$ 8,752,000	
Change from 2002-03 Budget	\$ 6,502,000	289%

This Tax Reform Fund is for the receipt, retention and disbursement of business tax revenue collected from the initial and continuing net revenue attributable to both the 2001 Tax Amnesty Program and Assembly Bill 63 enactment and any other monies designated to the Fund by the Mayor and Council. Seventy five percent of those net revenues are to be deposited into this fund and used for business tax reform. The remaining twenty five percent will be deposited into the Affordable Housing Trust Fund.

In 2002-03 \$540,000 was appropriated for one Office of Finance staff position, a tax reform consultant, and printing funding. This Fund's beginning balance is projected to be over \$3 million at July 1, 2003. In 2003-04, this fund will receive seventy five percent of the \$2.625 million collected from ongoing tax amnesty receipts and seventy five percent of the \$4 million collected from Assembly Bill receipts. These funds totaling \$4.969 million will be used for business tax reform. The remaining twenty five percent (\$1.656 million) will be deposited into the Affordable Housing Trust Fund. If the actual receipts collected from these revenues are less than the budget projections, at fiscal year-end the Controller shall reduce the General Fund appropriation to both the Tax Reform Fund and Affordable Housing Trust Fund by an amount equal to the difference up to \$500,000. A new line item of \$500,000 has been added to cover less than anticipated revenues from these projected receipts.

Also, funding is provided to continue (C. F. 02-1250-S241) one resolution authority of Senior Management Analyst II to perform business tax data analyses based upon various scenarios to adjust the current business tax structure as presented by the Business Tax Advisory Committee.