

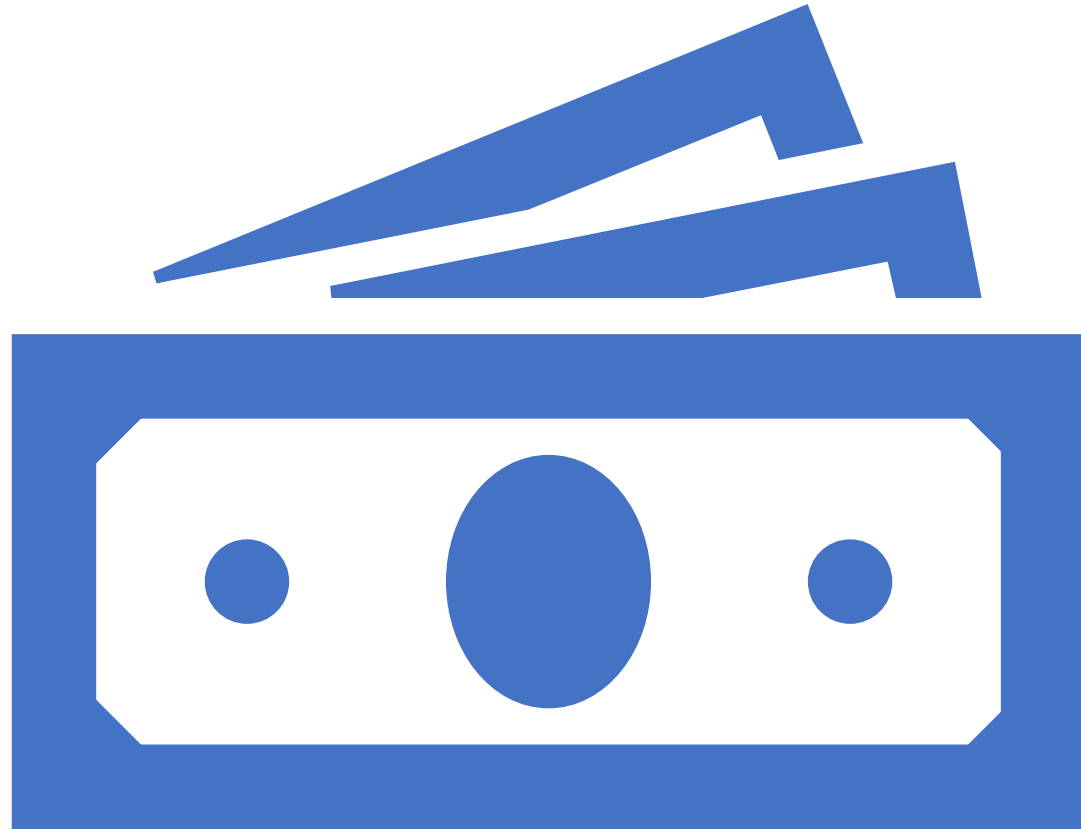
Town of Portola Valley

Fiscal Year 2026-27 Budget Study Session Revenues

March 25, 2026


Overview

- Types of revenue
- Authority to collect
- Timing of revenue

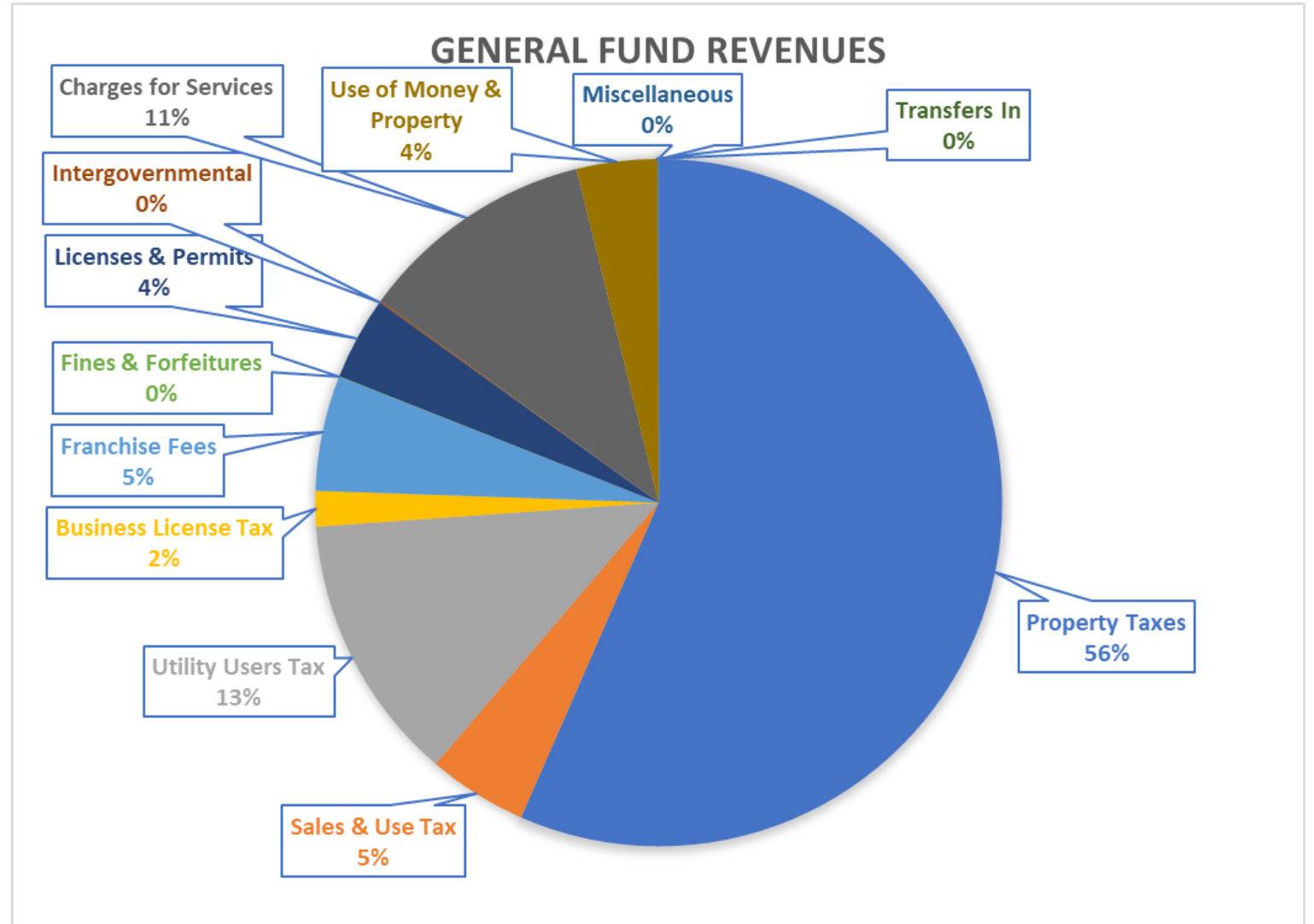




Revenues

- Taxes
 - Benefit Assessments
 - Fees, Charges & Rates
 - Other Local Revenues
 - State Subventions
 - Grants and Aid
- 

General Fund Revenues



Taxes – 76% of General Fund Revenue



PROPERTY



SALES & USE



UTILITY USERS



BUSINESS
LICENSE

Property Tax

Proposition 13 – (1978)

- Limits assessment to 1% of assessed value
- Caps annual increase the lesser of CPI or Prop 13 AV growth factor of 2%

Proposition 98 – (1988)

- Requires a minimum percentage of the state budget to be spent on K-12 education
- Shifts specified amounts of property tax revenues from the town to educational revenue augmentation funds (ERAF) to support schools.

Propositions 58/60/90

- Allows homeowners to transfer existing assessed values between spouses, parents/children, or purchase of a new home.

Property Tax - Definitions



Assessed Value – base value that increases 2% per year



Supplemental – increase to assessed value due to change in ownership



Unitary – assessed value of property owned by utilities



TEA – Tax Equity Allocation raises minimum property tax revenue to low tax cities to 7%



VLF – Vehicle License Fee in lieu of property tax dedicated for non-basic aid school districts adjusted annually by AV growth



ERAF – Education Revenue Augmentation Fund is property tax revenue shifted to support school funding.



Real Property Transfer Tax – Tax imposed on the transfer of ownership of real property. Current rate \$1.10/\$1,000 that is shared between County and Town.



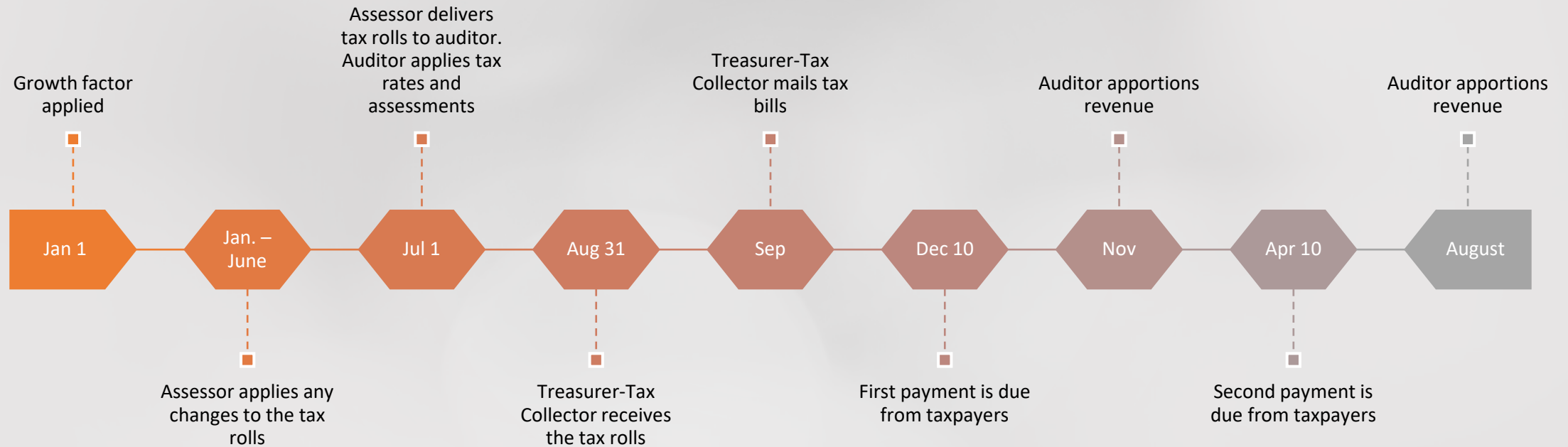
HOPTR – State reimbursement of Homeowners Property Tax Relief exemption of \$7,000 of the full value of a dwelling.

Property Tax – Tax Levies

- Average AV growth 5.1%
- Tax levy is 7.01% of Net AV
- California Constitution
 - Article XIII and XIII A
 - RTC Sections 95 and 97

	22-23	23-24	24-25	25-26
Estimated Levy				
Secured	2,948,987	3,102,840	3,240,297	3,425,629
Unsecured	110,277	122,076	132,512	136,823
Homeowners Property Tax Relief	8,616	8,427	8,246	8,311
Total	3,067,880	3,233,343	3,381,055	3,570,763
Assessed Value	43,826,861	46,122,933	48,233,580	50,944,565
Percentage of Levy to AV	7.00%	7.01%	7.01%	7.01%
PT Revenue Growth - \$	263,354	165,462	147,712	189,708
PT Revenue Growth - %	8.58%	5.12%	4.37%	5.31%
AV Growth - \$	2,529,216	2,296,071	2,110,647	2,710,985
AV Growth - %	5.77%	4.98%	4.38%	5.32%

Property Tax Timeline



Sales & Use Tax

- PV Rate – 9.375%
- 1.00% received from State rate, approximately \$0.11 for every tax dollar remitted
- Public Safety and COPS grants funded through State rate
- Measure A and W funded through district-add on rates
- 104 registered sales permits
- General Fund

State Rate			
Rate	Jurisdiction	Purpose	Authority
3.6875%	State	State General Fund	RTC § 6051, 6201
0.25%	State	State General Fund	RTC § 6051.3, 6201.3
0.50%	State	Local Public Safety Fund	§ 35, Article XIII
0.50%	State	Local Health and Social Services	RTC § 6051.2, 6201.2
1.0625%	State	Local Revenue Fund 2011	RTC § 6051.15, 6201.15
0.25%	County	Transportation Funds	RTC § 7202, 7203
1.00%	Local	Town General Fund	RTC § 7202, 7203
7.2500%		Statewide Base Sales & Use Tax	
District Add-on			
Rate	Jurisdiction	Purpose	Authority
0.1250%	CalTrain	CalTrain	PCJPB TUT
0.50%	County	Transactions & Use Tax (TUT)	SMC TUT
0.50%	County	Transportation	SMCTA
0.50%	County	Transportation	Measure W
0.50%	County	Transportation	Measure A
2.1250%		District Add-on Sales & Use Tax	
9.3750%		Total Sales & Use Tax Rate - PV	

Sales & Use Tax - Rates

- Any rate greater than 9.375% means there is an additional Transaction & Use Tax (TUT) rate established

Jurisdiction	Rate
San Mateo County	9.375%
Atherton	9.375%
Belmont	9.875%
Brisbane	9.875%
Burlingame	9.625%
Colma	9.375%
Daly City	9.875%
East Palo Alto	9.875%
Foster City	9.375%
Half Moon Bay	9.375%
Hillsborough	9.375%
Menlo Park	9.375%
Millbrae	9.375%
Pacifica	9.875%
Portola Valley	9.375%
Redwood City	9.875%
San Bruno	9.875%
San Carlos	9.375%
San Mateo	9.625%
South San Francisco	9.875%
Woodside	9.375%

Utility Users Tax

- 26 telephone providers
- 9 energy providers
- 1 water provider
- 7.50% in effect since 07/1/2023

UUT Rate			
Rate	Jurisdiction	Purpose	Authority
UUT - Telephone			
5.50%	Town	Town General Fund	MC 3.32.040
2.00%	Town	Town Open Space	MC 3.32.040
7.50%	Total UUT Telephone		
UUT - Energy			
5.50%	Town	Town General Fund	MC 3.32.040 - 3.32.050
2.00%	Town	Town Open Space	MC 3.32.040 - 3.32.050
7.50%	Total UUT Energy		
UUT - Water			
5.50%	Town	Town General Fund	MC 3.32.070
2.00%	Town	Town Open Space	MC 3.32.070
7.50%	Total UUT Water		

Business License Tax

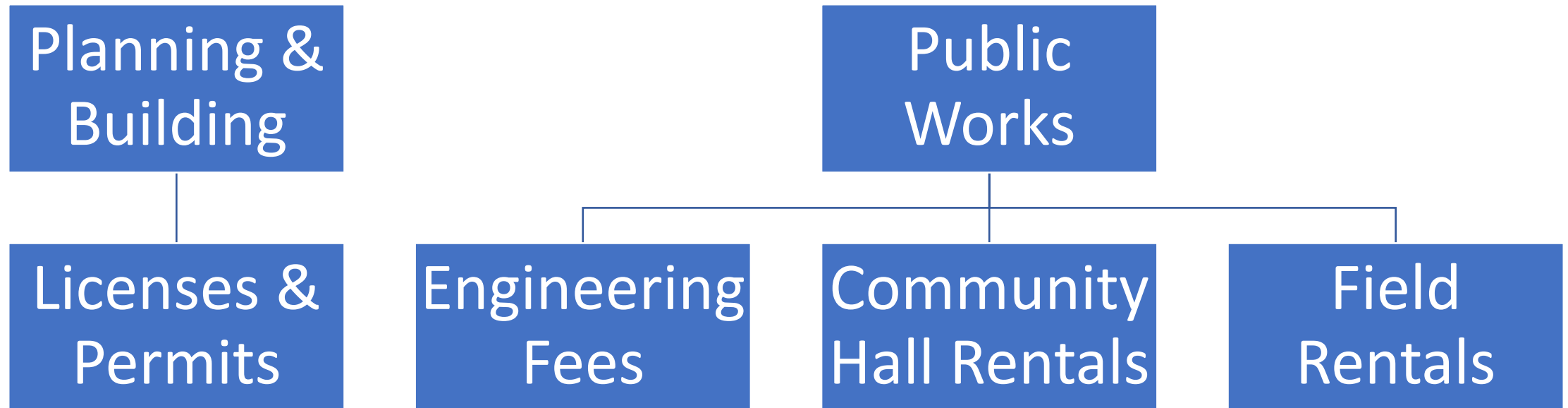
Business License			
Category	Jurisdiction	Rate	Authority
Fixed Place of Business in PV			
Tax	Town	\$134	MC - 5.20.010
Employee Fee			
30+ Hours	Town	\$27	MC - 5.20.010
15-30 Hours	Town	\$13	MC - 5.20.010
No Fixed Place of Business in PV			
Tax			
General Contractor (3 or more subs)	Town	\$535	MC - 5.20.010
Less than 3 subs	Town	\$134	MC - 5.20.010
Subcontractor	Town	\$134	MC - 5.20.010
General License/Home Occupation	Town	\$134	MC - 5.20.010
SB1186 Fee - CAsP	State	\$4	GC § 4467

Franchise Fees

- A form of rent that gives franchisee access to town roads and right of way
- General Fund
 - Cable – DIVCA – 5%
 - Garbage – CIWMA - Neg
 - Electric/Gas/Water – 2%
 - Broughton Act – poles/wires
 - Franchise Act – gross receipts

Franchise Fee			
Rate	Jurisdiction	Purpose	Authority
Franchise Fee - Energy			
2.00%	Town	Town General Fund	Ord No. 1965-35
2.00%	Total Franchise Fee Energy		
Franchise Fee - Water			
1.00%	Town	Town General Fund	Ord No. 1965-35
1.00%	Total Franchise Fee Water		
Franchise Fee - Garbage			
7.70%	Town	Town General Fund	Ord No. 1965-35
7.70%	Total Franchise Fee Garbage		
Franchise Fee - Cable			
5.00%	Town	Town General Fund	Ord No. 1965-35
5.00%	Total Franchise Fee Cable		

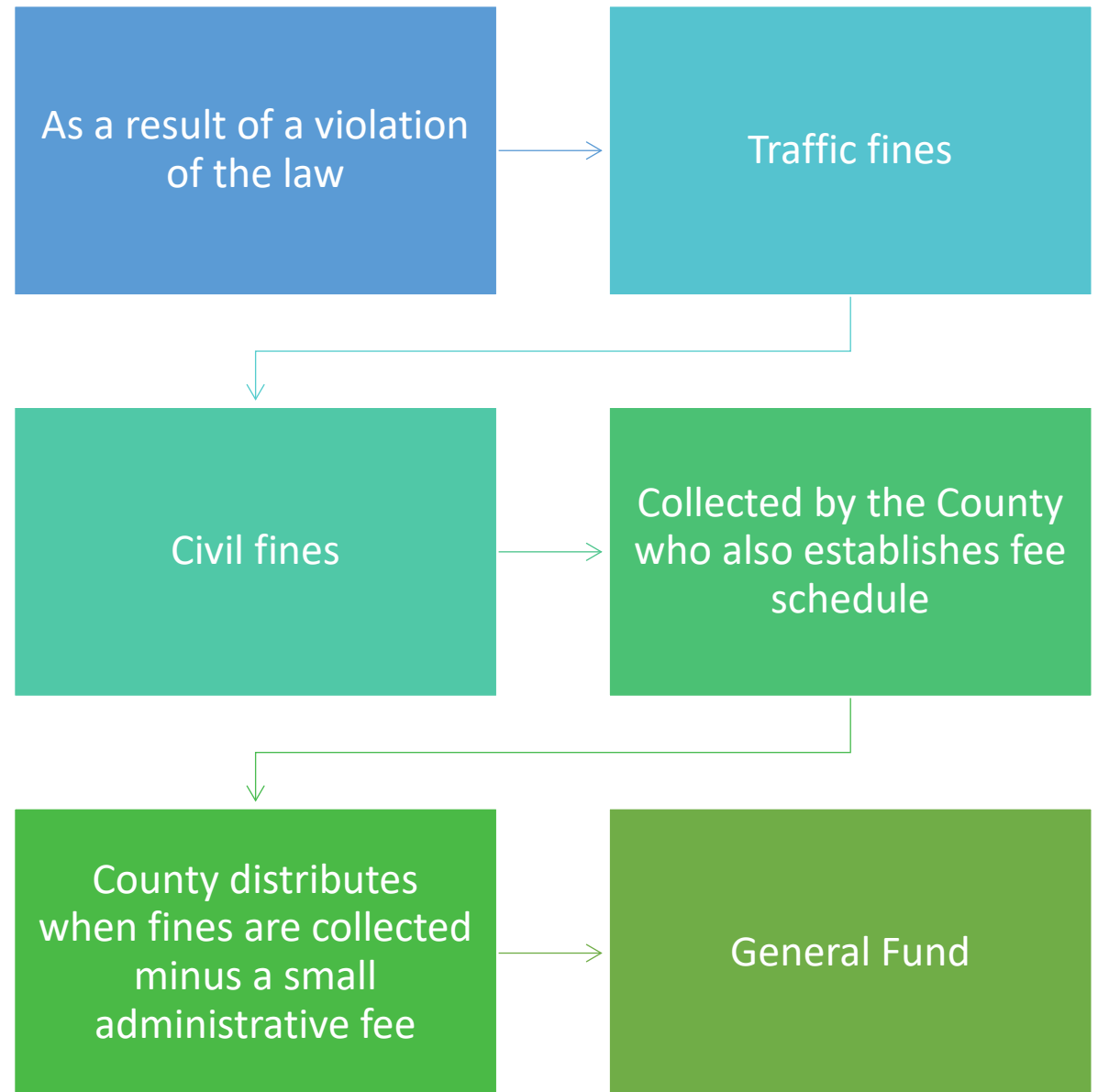
User Fees – 15% of General Fund Revenues



User Fees

- Is it a Fee or is it a Tax?
 - User Fees must comply with Prop 218 and 26
 - Proposition 218 (1996)
 - Defined a “general tax” and “special tax” and steps to implement them
 - New taxes, increases, or property-related assessment subject to vote of the electorate or property owners
 - The amount of the fee may not produce revenues that exceed the reasonable cost of providing the service
 - Proposition 26 (2010)
 - Defined “tax” as any levy, charge, or exaction of any kind imposed by a local government
 - Establishes 7 exceptions for a fee to be increased and not to be considered a “tax”
- General Fund

Fines & Forfeitures



State Subventions

Gas Tax (Highway Users Tax)

Road Maintenance and Reimbursement
Account (RMRA) – SB1

State Public Safety Sales Tax

COPS Grant

Federal and State Grants and Aid

Use of Money and Property

Interest allocated to all funds via average cash balance

Use of Money & Property			
Amount	Bank	Rate	Authority
\$ 19,726,076	Schwab	4.31%	Investment Policy
\$ 1,756,357	LAIF	3.87%	Investment Policy
\$ 1,152,224	Tech CU	3.93%	Investment Policy
\$ 22,634,657	Total		

Transfers & Contributions

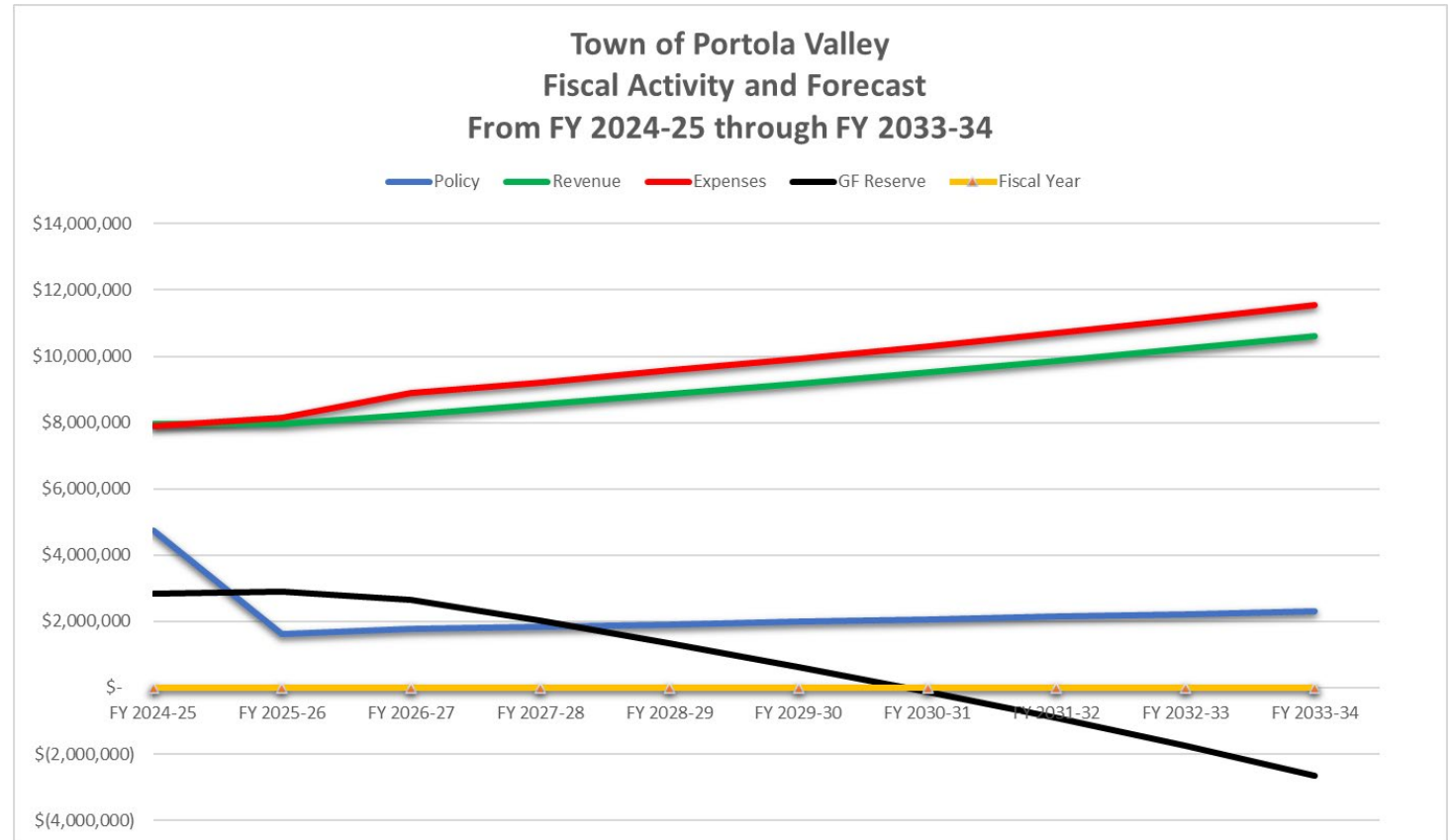
Transfers are interfund usually for capital projects or gas tax maintenance of effort provisions

Contributions, or donations, will be used for general purposes or project specific expenses

Donation & Gift Acceptance Policy

Fiscal Forecast

- GF Reserve will be below 20% policy level by the end of FY 2027-28
- GF Reserve will be in a deficit position by the end of FY 2030-31
- Sheriff Contract increase of \$408K for FY 2026-27
 - \$197K increase in contract
 - \$211K expired credit



Fiscal Forecast – Without New Revenue

Reduction in Services

Town Staff

Sheriff Patrols

Fire Mitigation - WFPD

Cap on Consultant Hours

New Revenue

Adopt a Town Charter and
increase Real Property Transfer
Tax

Impose a Parcel Tax

Modify UUT reallocating 2% from
Open Space to General Fund

Discussion & Direction

