

FISCAL CONSTRAINTS AND THE LOSS OF HOME RULE

The Long-Term Impacts of California's Post-Proposition 13 Fiscal Regime

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The passage of Proposition 13 in 1978 was a watershed event that ushered in both a new era and a new fiscal regime for California's local governments. The authors argue that in the wake of follow-on initiatives, a protracted recessionary period, and the state's use of newly authorized revenue-transfer powers, this still-evolving regime entered a new phase in the 1990s. This article analyzes the primary impacts of and responses to the changes in California's post-Proposition 13 fiscal regime in the 1990s in five local jurisdictions. The results reveal that the most significant long-term impacts of this regime have been an altered fiscal structure and an unintended decrease in local home rule. These impacts, in turn, have led to cuts in nonessential services, the expansion of sales tax-generating redevelopment efforts, implementation of new taxes and user service fees, and increased reliance on one-time fiscal measures.

Despite dire claims that Proposition 13 would wreak havoc on local government budgets, California's taxpayers' revolt of the mid to late 1970s clearly did not signal the end of local government. As a result of a combination of government restructuring, entrepreneurial budgeting, and state bailouts, local government finances and service delivery in fact continued at levels at least approximating those in the pre-Proposition 13 era.

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