Blog | Beaumont Audit XXII - Fund 3 - Gas Tax

Gas Tax Is A Waste Of Taxpayer Money

Posted by Libi Uremovic, May 18, 2013 at 10:39 am



The first thing a Californian notices when they travel out of state is that the fuel prices drop as soon as they cross the border. Currently fuel prices run \$3.50- \$3.60/gal in California, \$3.27

in Nevada, and \$3.00 in Arizona.

Why is fuel higher in Cali? Because we have additional state taxes attached to the price of our fuel.

The 1st fuel tax in California was established in 1923 at \$.02/galto fund the state highway system. In 1963 fuel tax increased to \$.07/gal with \$.05 going to counties. In 1983 state gas tax was raised to \$.09/gal.

In 1990 the state raised gas tax to \$.14/gal to 'reduce traffic congestion & expand public transportation' (sin tax) and by 1994 gas tax was \$.18/gal with the excuse of rebuilding after the Northridge earthquake. State Gas Tax is only to be used for 'transportation-related needs'.

In 2004 voters realized the gas tax money was not being used for the attended purposes and enacted Prop 42 to limit use of funds for 'nontransportation-related needs'.

Part of the State requirements for gas tax revenue is that the cities must have separate funds established to track the money. Beaumont uses 'Fund 3', but the account is in such disarray it is of little value use as a reference. From July, 2010 to January, 2013 the Bank Statements show that the City of Beaumont has received \$2,912,551.98 in gas tax funds, but the City only lists receiving \$1,492,964.02 on the General Ledger.

In the last three years there is not one entry for any road-related work in Fund 3. The only expenses the City of Beaumont shows in Fund 3 is \$86,333.00 for 'Administrative Overhead' and \$363,018.56 paid to 'Urban Logic Consultants'.

Page 8 of the State Controller's 'Guidelines to Gas Tax Expenditures' states: "Overhead will only be allowed via an approved cost allocation plan or an equitable and auditable distribution of overhead to all departments." The City can not claim \$1/2 Million in overhead when there was no work performed.

Unfortunately the City of Beaumont is no different than ever other California city. Every City seems to be wasting the Gas Tax Funds instead of using the money for its intended purposes. The City of Imperial Beach receives \$2 Million/year from Gas Tax, but only \$300,000 can be traced to items such as 'street signs' and 'asphalt patch'. The other \$1.7 Million disappears. Although Citizens have made repeated request, the City of Imperial Beach refuses to do any road repairs. Last year an alley was so deteriorated that the neighbors took it upon themselves to pay for gravel. The City fined them \$1,000.00 for the citizens' attempt to repair the alley themselves.

The current fuel tax rate is \$.36/gal. In 2010 the decision to raise fuel taxes were taken from the Taxpayer and given to the California Board of Equalization. The Board has voted to raise gas taxes to \$.395/gal on July 1, 2013. The excuse for the increase is "...a \$157 Million shortfall in gas-tax revenue in fiscal 2012 and a 'projection' that California drivers will consume less."

The Board of Equalization did not look to see if the current tax revenue money was spent wisely nor consider how the additional increase would impact the citizenry. Their only focus was want of money.

Taxes are collected for specific purposes, but when those purposes are not addressed by the tax increase the correct action would be to stop the taxes, not increase them. Please contact your State Representatives to stop the additional Gas Tax taking effect on July 1, 2013 and the elimination of additional taxes given to local governments. If local funding is needed it can be voted on by the local voter.

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Jeremiah Price May 16, 2013 at 12:22 pm

Good report, Libi! This fuel tax thing has been a sore point with me for many years. "..a \$157 Million shortfall in gas-tax revenue in fiscal 2012 and a 'projection' that California drivers will consume less." This statement shows the government sees this as an income center and is going to protect that income at all costs even when fuel consumption drops.

I was under the impression that the oil in the ground is the property of all citizens and is supposed to be managed for us by the government. Has anyone here (with the exception of Alaska) ever seen a dime for their share of the oil petroleum companies pump out of the ground and export to other countries in order to get the highest profits? While they continue to import petroleum to fill the supply shortage caused by their exports? Then on top of that, we have to pay taxes on our oil which NEVER go for what they are supposed to. We are being raped and robbed of our commodities so that large financial interests can

profit - and our government supports them because it is owned by them. This is the best evedence of that - yet people are so involved in facebooking and twittering and their own lives they pay no attention and allow it to happen. Even our own Patch here has sold out to Facebook Comments and ditched our very good commenting section and increased the advertising pane to cover almost 1/2 the page. Jeremiah Jeremiah

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Ken May 16, 2013 at 08:15 pm

No wonder everything at the Federal, State and Local level is awash in red ink. Every hand out imaginable and then they go and do as they please. No accountability and no penalty for ignoring the accountability part.

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Libi Uremovic May 17, 2013 at 08:04 am

The City of La Habra Heights receives \$200,000/yr from State Gas Tax, but the General Ledger shows only a few thousand can be traced back to road maintenance. \$37,000/yr goes to wages & health care for unknown employees, Maricela Medina, and A.Q. Engineering Consultants who is listed under 'City Engineer'. There is no justification for any wages to be funneled through the La Habra Heights Gas Tax Fund.

General Ledger for the Fiscal Year 2011 shows La Habra Heights spent only \$34,727.42 in additional expenses: \$9,190.61 for 'Street Lights', and \$8,800.00 to 'California Arborists', \$1,157.64 to 'Zumar, Inc', \$10,100.53 to the City of Santa Fe Springs, and \$2,098.00 to a grant assistance company called 'Bucknam' & Associates'. Fiscal Year 2012 shows La Habra Heights spent \$116,189.80 through the Gas Tax Fund, but \$50,626.16 was paid the following Consultants: \$27,083.66 to NBS, \$18,980.00 to Winzler & Kelley, \$1,650.00 to GHD Inc, and \$1,300.00 to Harrell & Company.

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Nancy Gall May 17, 2013 at 06:50 pm

Libi, I think the city streets in Beaumont are much worse than surrounding cities.as taxes Since the city has received funds for this, it is disgraceful that they haven't recapped any. Also for no reason they have removed streetlights on our street. The council voted twice to put at least 3 streetlights on the longer blocks. My longer street has no light. It had three to start with. So , in Beaumont, for our gas taxes, we don't get our streets repaired, and we can't even see to wander into holes and cracks on our streets. Let's all buy our gas out of town until this situation is righted.

Libi Uremovic May 17, 2013 at 08:56 pm

it won't help to buy your fuel out of town - the money is collected and redistributed to the counties in different percentages....

the state controller told to track the fuel tax the 1st time i spoke to him because they know it's being wasted..

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Libi Uremovic May 18, 2013 at 10:45 am

in related 'throw the bums out' stories - the imperial beach city attorney tried to get a restraining order to block the grand jury from seeing the bills they've charged the city of ib....unprecedented.....you'll see me mentioned in the article....apparently i was 'referenced' several times during the proceedings http://imperialbeach.patch.com/groups/breaking-news/p/judge-stops-city-ofimperial-beach-effort-to-gag-grand-jury

the story has been picked up by abc, but 'papa doc' at the union tribune is protecting his buddies reporters begged him to allow the story to go to print when i testified before the grand jury and the state froze the cities assets, but papa doc refused....

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ATC May 20, 2013 at 07:22 am

Although California's gas tax is higher than most states, another big reason for the higher prices here in Cali is because Cali uses a different blend of gas than the rest of the country, and that blend is refined ONLY here. That's also why a single Cali refinery fire can and does cause a 25-50 cent hike in our gas prices nearly overnight; that refinery's shorrtfall is not buffered by nationwide supplies, but rather only Cali supplies. To make matters worse, the California blend, while supposedly cleaner burning, results in lower MPG, so you are actually burning more fuel per mile.

BTW Libi, just where the heck are you finding Cali gas at \$3.50-\$3.60 per gallon? Here in the pass it is currently \$3.95 and up.

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