



Inter Office Memo

File #1044
December 20, 1983
Resolution #83-726

Date: December 20, 1983
To: Board of Supervisors
From: Marvin L. Panter, LAUCO Executive Officer
Subject: RESOLUTION APPROVE MASTER PROPERTY TAX ALLOCATION AGREEMENT AND PROCEDURES FOR SPECIAL DISTRICT BOUNDARY CHANGES IN SPECIAL DISTRICTS

RECOMMENDATION

Adopt resolution on Master Property Tax Agreement and procedures.

JUSTIFICATION:

Existing law sets forth a cumbersome procedure to be followed for property tax exchanges related to special district boundary changes. The law also allows adoption of master property tax agreements by the Board of Supervisors. A master property tax agreement for special district boundary changes is recommended, allowing for property tax exchanges to be negotiated where desired, but also providing a streamlined procedure where property tax exchange is not desired.

BACKGROUND:

As a result of the passage of Proposition 13 and following State legislation both implementing and dealing with the effects of the proposition, each jurisdictional change (annexation, etc.) requires an agreement or resolution of instruction to the County Auditor giving instruction on how property taxes are to be allocated following completion of that change. These resolutions or agreements follow procedures outlined under the Revenue and Taxation Code Section 99 and 99.1 and allow adoption of master property tax agreements that can apply to all such jurisdictional changes. As an example, all 15 cities and the County have agreements as to how property taxes are allocated following any city annexation.

If there is no master property tax agreement, a rather lengthy process is undergone, requiring the collection of assessment values and property tax data by the County Assessor and Auditor, after which a cumbersome property tax negotiation must be completed. The time period involved is a minimum of 75 days, sometimes taking six months or more.

DISCUSSION OF RECOMMENDED AGREEMENT:

The proposed resolution establishes a formula, but also provides for an option to the affected district, allowing the district to proceed under Section 99 or 99.1 and negotiate for a share of the property tax.

The process would work like this:

1. A proposal for a change in boundaries is made (annexation, detachment, dissolution).

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- 2. The LAECO Office will notify each district affected by the change in boundaries of their option to negotiate for a share of the property tax in the affected area. They would have 15 days from receipt of the notice to respond.
- 3. If the affected districts desire to negotiate, the process of gathering tax information will begin (taking 75 days or longer). If no response is received from the districts, the standard formula will apply and hearings on the boundary change will proceed.

The standard formula in the recommended resolution provides for an exchange of property tax for three situations as follows:

- 1. If the change involved is an annexation where a new service is added, no property tax transfer will occur (unless negotiated under the optional procedure). This includes base and increment.
- 2. When a district takes over service from another district, a property tax transfer shall occur based on the property tax received from that area by the reduced district transferred to the new district to serve that area.
- 3. When a district is dissolved or detached and no district is taking over service, the property tax from that district is distributed to all other agencies in that area based on their existing portions in that area.

The recommended agreement does not take away any rights for negotiation from special districts, but does add a streamlined process where negotiation is not desired or necessary.

Marvin L. Panter

MARVIN L. PANTER
Executive Officer

- cc: Max Robinson, County Counsel's Office
- Tom Riggs, County Counsel's Office
- Bob Jones, County Auditor's Office
- Dan Sparks, County Assessor's Office
- Tom Gardner, County Administrative Office

REVIEWED FOR AGENDA:

By *[Signature]*
Administrative Office

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December 20, 1983
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1 BEFORE THE BOARD OF SUPERVISORS
2 OF THE COUNTY OF FRESNO
3 STATE OF CALIFORNIA

4 IN THE MATTER OF) RESOLUTION ADOPTING MASTER
5 PROPERTY TAX EXCHANGES) PROPERTY TAX ALLOCATION
6) AGREEMENT AND PROCEDURE FOR
7) JURISDICTIONAL CHANGES
) AFFECTING SPECIAL DISTRICTS

8 WHEREAS, existing law sets forth a cumbersome procedure
9 to be followed for property tax exchanges related to special
10 district boundary changes; and

11 WHEREAS, the law also allows adoption of master property
12 tax agreements by this Board; and

13 WHEREAS, a master property tax agreement for special
14 district boundary changes would allow for property tax exchanges
15 to be negotiated where desired, but would also provide a
16 streamlined procedure where property tax exchange is not desired;
17 and

18 WHEREAS, a report setting forth in greater detail the
19 advantages of master property tax agreement was presented to this
20 Board by the Executive Officer of the Local Agency Formation
21 Commission, and it is attached hereto and incorporated herein by
22 reference as Exhibit "A";

23 NOW, THEREFORE, BE IT RESOLVED that:

24 A. PURPOSE: This resolution establishes policy of the
25 Board of Supervisors adopting a standard formula and an optional
26 procedure, pursuant to Section 99 or 99.1 of the Revenue and
27 Taxation Code, to allocate property tax revenue upon completion of
28 a jurisdictional change affecting only special districts. The
29 standard formula in Section B shall apply in all instances unless
30 an affected district chooses to have the matter resolved as a
31 separate issue in accordance with Section C.

32 B. PROPERTY TAX ALLOCATION AGREEMENT: Except when an
affected special district chooses to proceed under Section C, the

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1 County Auditor-Controller, upon completion of a jurisdictional
2 change affecting one or more special districts, shall determine
3 and adjust property tax revenues in the following manner:

4 1. When a special district annexes territory to
5 provide a service where such service had not been previously
6 provided by any special district, no property tax revenue shall be
7 transferred.

8 2. When a special district annexes territory to
9 provide a service where such service was previously provided by
10 another special district, the amount of property tax revenue
11 attributable to the reduced district within the area annexed shall
12 be determined and transferred from the reduced district to the
13 annexing district.

14 3. When a special district is dissolved or detaches
15 territory and that service within the area is to be terminated,
16 the amount of property tax revenue attributable to the abandoned
17 service district within the area attached or dissolved shall be
18 determined and transferred from the detaching or dissolved
19 district to all other local agencies which continue to serve
20 within the detached area. Each local agency shall share the
21 transferred revenue and any future annual tax increment in the
22 same proportion which it shares the total property tax revenue
23 from the area dissolved or detached.

24 C. OPERATIONAL PROCEDURE: Any affected special district
25 may, at its option, require that the property tax transfer, if
26 any, be determined as a separate issue in accordance with Section
27 99 or Section 99.1 of the Revenue and Taxation Code, as follows:

28 1. When a proposal for jurisdictional change is
29 submitted to the Local Agency Formation Commission, the Executive
30 Officer so notifies the affected agency or agencies (notification
31 letter is attached as Exhibit "B").
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1 2. Any such affected special district may, within 30
 2 days of the receiving of the Executive Officer's notice, execute
 3 its option by written notice to LAFCO requiring that the
 4 provisions of Section B of this resolution not apply to the
 5 jurisdictional change.

6 3. If so notified by the special district, the
 7 Executive Officer shall proceed only in accordance with the
 8 specific provisions of Section 99 of Section 99.1 of the Revenue
 9 and Taxation Code.

10 D. EFFECTIVE DATE OF ALLOCATION: Property tax transfers
 11 which result from a jurisdictional change which is completed and
 12 filed with the State Board of Equalization prior to January 1st of
 13 any calendar year shall be effective for the next succeeding
 14 fiscal year, beginning July 1st.

15 E. DEFINITION: Affected agency as used in this
 16 resolution shall be those agencies whose service area
 17 or responsibility will be altered by the proposed jurisdictional
 18 change. However, where only new service is proposed to be added,
 19 affected agency shall refer to the annexing agency assuming a new
 20 service.

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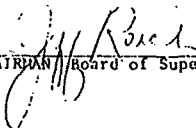
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 FRESNO, CALIFORNIA

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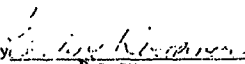
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THE FOREGOING was passed and adopted by the following
vote of the Board of Supervisors of the County of Fresno this
20th day of December, 1983, to-wit:
AYES: Supervisors Roligan, Conrad, Levy, Rasacher, Reich
NOES: None
ABSENT: None


CHAIRMAN Board of Supervisors

ATTEST:
Allan H. Colman, Clerk
of the Board of Supervisors

By: 
Deputy

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Agenda # 11
Resolution #83- 726

RESOLUTION ADOPTING MASTER PROPERTY TAX ALLOCATION
FORMULA AND PROCEDURES FOR
JURISDICTIONAL CHANGE AFFECTING SPECIAL DISTRICTS

BE IT RESOLVED that:

A. PURPOSE: This resolution establishes policy of the Board of Supervisors adopting a standard formula and an optional procedure, pursuant to Section 99 of the Revenue and Taxation Code, to allocate property tax revenue upon completion of a jurisdictional change affecting only special districts. The standard formula in Section B shall apply in all instances unless an affected district chooses to have the matter resolved as a separate issue in accordance with Section C.

G. PROPERTY TAX ALLOCATION AGREEMENT: Except when an affected special district chooses to proceed under Section C, the County Auditor-Controller, upon completion of a jurisdictional change affecting one or more special districts, shall determine and adjust property tax revenues in the following manner:

1. When a special district annexes territory to provide a service where such service had not been previously provided by any special district, no property tax revenue shall be transferred.
2. When a special district annexes territory to provide a service where such service was previously provided by another special district, the amount of property tax revenue attributable to the reduced district within the area annexed shall be determined and transferred from the reduced district to the annexing district.
3. When a special district is dissolved or detaches territory and that service within the area is to be terminated, the amount of property tax revenue attributable to the abandoned service district within the area detached or dissolved shall be determined and transferred from the detaching or dissolved district to all other local agencies which continue to serve within the detached area. Each local agency shall share the transferred revenue and any future annual tax increment in the same proportion which it shares the total property tax revenue from the area dissolved or detached.

C. OPTIONAL PROCEDURE: Any special district affected by a jurisdictional change covered herein may, at its option, require that the property tax transfer, if any, be determined as a separate issue in accordance with Section 99 or Section 99.1 of the Revenue and Taxation Code, as follows:

1. When a proposal for jurisdictional change is submitted to the Local Agency Formation Commission, the Executive Officer so notifies each agency whose service area or responsibility would be affected (notification letter is attached as Exhibit "A").
2. Any such affected special district may, within 15 days of the receiving the Executive Officer's notice, execute its option by written notice to LAFCO requiring that the provisions of this resolution not apply to the jurisdictional change.

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3. If so notified by the special district, the Executive Officer shall proceed only in accordance with the specific provisions of Section 99 or Section 99.1 of the Revenue and Taxation Code.

D. EFFECTIVE DATE OF ALLOCATION: Property tax transfers which result from a jurisdictional change which is completed and filed with the State Board of Equalization prior to January 1st of any calendar year shall be effective for the next succeeding fiscal year, beginning July 1st.

APPROVED AS MODIFIED TO INCLUDE CHANGES TO
RESOLUTION AS SUGGESTED BY STAFF AND TO CHANGE
REVIEW PERIOD FROM 15 TO 30 DAYS.

ADOPTED by the Fresno County Board of Supervisors this
20th day of December, 1983, by the following vote, to-wit:

AYES: Supervisors Rolligian, Conrad, Levy, Ramacher, Reich

NOES: None

ABSENT: None

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Exhibit "A"

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COMMUNITY DEVELOPMENT
PROGRAMS

Local Agency
Formation Commission
Marvin L. Panter
Executive Officer

TO: (Affected Special District)
FROM: Marvin L. Panter, Executive Officer
SUBJECT: NOTIFICATION OF OPTION FOR PROPERTY TAX EXCHANGE NEGOTIATION

Section 99 of the Revenue and Taxation Code provides that property tax revenue may be reallocated among local agencies upon completion of a jurisdictional change which affects the service area or responsibility of a district. The enclosed memo to the County Auditor-Controller and the Assessor initiates a procedure which will determine the specific amounts of property tax revenue to be considered.

With the limited exceptions, the law directs that the County Board of Supervisors act on behalf of a special district in this matter. In order to facilitate processing, the Board of Supervisors has adopted a resolution which provides a standard formula to be used unless the affected district chooses to follow an optional procedure. Please refer to the attached board resolution for details.

The above jurisdictional change will be processed in accordance with the standard formula as adopted by the Board of Supervisors unless your district notifies the LAFCO Executive Officer that the district chooses to proceed under the optional procedure. Your notice to LAFCO must be in writing, be received within 15 days of your receipt of this letter, and specify that processing is to be under Section 99 or Section 99.1 of the Revenue and Taxation Code.

If requested under the optional procedure, the Auditor-Controller will notify the listed local agencies within 45 days as to the estimated amount of property tax revenue and/or increment affected by the change. This notice will begin a 30-day maximum negotiation period to determine property tax exchange.

If you have any questions regarding the above procedure, please contact the LAFCO Office, Marvin Panter, Executive Officer.

HLP:kg

Proposal Name:
File Number: