



## Legislation Text

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**File #:** 2019-1298, **Version:** 1

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**To:** Board of Supervisors and the Board of Directors of the Sonoma County Water Agency

**Department or Agency Name(s):** Auditor-Controller Treasurer-Tax Collector

**Staff Name and Phone Number:** Dawn Calahan (707) 565-3294

**Vote Requirement:** Majority

**Supervisorial District(s):** Countywide

**Title:**

Fiscal Year 2019-20 Secured Property Tax Rates

**Recommended Action:**

- A) Adopt Concurrent Resolution of the Board of Supervisors of the County of Sonoma and the Board of Directors of the Sonoma County Water Agency, setting the Fiscal Year 2019-20 secured property tax rates including tax rates for all debt service funds within their jurisdictions.
- B) Adopt Resolution of the Board of Supervisors, County of Sonoma, setting the Fiscal Year 2019-20 unitary, operating non-unitary, and railroad unitary tax rate for voter approved indebtedness.

**Executive Summary:**

California property taxes consist of a base rate of 1% of taxable assessed value, which goes to fund local governments including counties, cities, school districts, and special districts. In addition, voters may approve indebtedness in the form of bonds which are repaid through additional levies on the property tax bill. These additional rates are set based on the amount needed to make principal and interest payments on the indebtedness, and thus may fluctuate slightly from year to year. On or before October 3 of each year, the Sonoma County Board of Supervisors sets secured property tax rates including the countywide base property tax rate of 1% and tax rates for Debt Service Funds within special districts governed by the Boards of Directors (Sonoma County Water Agency and Sanitation Zones) and applicable school districts.

**Discussion:**

Under State law, the Board of Supervisors approves the property tax rates for Sonoma County each year on or before October 3. Once approved by the Board of Supervisors, the tax rates are used to calculate property taxes for individual parcels. These rates include the countywide 1% tax as well as debt service (ad valorem) tax related to agency boundaries (such as school districts) that include the parcel. Thus a parcel that resides in a school district with a 0.0500% rate would have a total tax rate of 1% (base rate) plus 0.0500% (School District Rate) or 1.0500%. The tax bill amount is determined by multiplying the tax rate by the taxable assessed value of each parcel. As an example, a tax rate of 1.0500% will result in a charge of \$1,050 per \$100,000 of assessed value.

Occasionally, debt service tax rates will fluctuate based on scheduled increases in principal and interest

payments, changes to assessed values and adjustments to reserve requirements. In order to keep the tax rates from fluctuating significantly, fund balance may be utilized over future periods in accordance with Section 15250 of the Education Code, State of California to smooth the rates. Exhibit A includes the rates for each jurisdiction being approved by the Board, with footnotes for those that are increasing or decreasing.

In the case of multi-county school districts, the Board of Supervisors adopts the rates equivalent to those approved by the Board of Supervisors of the governing counties. Tax Rates from these counties are unavailable at this time. Approval of this resolution package will set Tax Rates equivalent to those eventually approved by the governing bodies.

In addition, the Board of Supervisors annually adopts a debt service tax rate for unitary, operating non-unitary and railroad unitary property assessed by the State Board of Equalization. Unitary, operating non-unitary, and railroad unitary property classifications are as follows:

- Unitary includes an integrated system of property items owned or leased by the state assessee and used in its primary operation such as the transmission of information by cellular or telephone or the transmission or distribution of electricity.
- Operating non-unitary property is owned by a state assessee, but not used or needed in its primary operation
- Railroad unitary includes rights-of- way, easements for rights-of-way, and railroad property which is being leased to others.

The unitary debt service tax rate is calculated by the Auditor-Controller based on an average of all the debt service rates for the unitary, operating non-unitary, and railroad unitary (utility) tax roll, as required by Section 100 of the Revenue and Taxation Code. The debt service burden is distributed proportionally to public utility companies through the unitary debt service tax rate.

Calculations for these rates are on file at the Auditor-Controller-Treasurer-Tax Collector’s office.

**Prior Board Actions:**

Annually, the Board sets secured property tax rates including for debt service funds and the unitary, operating non-unitary, and railroad unitary tax roll. September 11, 2018, the Board set the rates for debt service funds and the unitary, operating non-unitary, and railroad unitary tax roll for FY18-19.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 19-20 Adopted</b>	<b>FY20-21 Projected</b>	<b>FY 21-22 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			

General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

This tax rate approval process has no impact on revenues currently budgeted in Fiscal Year 2019-20.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

**Attachments:**

Attachment 1 - Resolution approving FY 2019-20 Tax Rates

Attachment 2 - Fiscal Year 2019-20 Tax Rates - Exhibit "A".

Attachment 3 - Resolution approving FY 2019-20 Unitary, Operating Non-Unitary, and Railroad Unitary tax rates

**Related Items "On File" with the Clerk of the Board:**