Legislation Text

File #: 2020-0842, **Version:** 1

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): All

Title:
Fiscal Year 2020-21 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 2020-21 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 2020-21 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 property tax bills. 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 Board of Directors (Sonoma County Water Agency) 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 ad valorem property taxes for individual parcels. These rates include the countywide 1% tax as well as voter-approved debt service taxes for agencies such as school districts. Ad valorem tax amounts are determined by multiplying appliable tax rates by the taxable assessed value of each parcel. Thus a parcel that resides in a school district boundary with a 0.0500% tax rate will have a total tax rate of 1% (countywide) plus 0.0500% (debt service rate) or 1.0500%, and will result in an ad valorem tax amount 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 accordance with Education Code §15250, debt service fund balance may be utilized over future periods to smooth a school district tax rate and prevent significant fluctuations. Exhibit A includes the rates for each jurisdiction being approved by the Board, with footnotes for those that are increasing or decreasing.

For multi-county school districts, the Board of Supervisors of the governing county (the county in which the county superintendent of schools has jurisdiction over the district) shall approve the annual tax rates. Multi-county tax rates for school districts for which Sonoma County is not the governing county are unavailable at this time. Approval of this resolution package will set these multi-county tax rates at the rates eventually approved by the Board of Supervisors of the governing county.

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 Revenue and Taxation Code §100. 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 10, 2019, the Board set the rates for debt service funds and the unitary, operating non-unitary, and railroad unitary tax roll for FY 2019-20.

FISCAL SUMMARY

Expenditures	**FY 20-21 Adopted**	**FY 21-22 Projected**	**FY 22-23 Projected**
Budgeted Expenses			

Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

This tax rate approval process has no impact on revenues currently budgeted in FY 2020-21.

Staffing Impacts:			
Position Title (Payroll Classification)	**Monthly Salary Range (A-I Step)**	**Additions (Number)**	**Deletions (Number)**

Narrative Explanation of Staffing Impacts (If Required):

Attachments:

Attachment 1 - Resolution approving FY 2020-21 Tax Rates

Attachment 2 - Fiscal Year 2020-21 Tax Rates - Exhibit “A”.

Attachment 3 - Resolution approving FY 2020-21 Unitary, Operating Non-Unitary, and Railroad Unitary tax rates

Related Items “On File” with the Clerk of the Board: