

Tax Transfer between County of Santa Barbara and County Fire Protection District

Santa Barbara County Board of Supervisors
May 1, 2012



Tax Transfer Overview

- California Revenue and Taxation Code Section 99.02

As the County Board & District Board . . .

- Conduct hearing on effect of tax transfer

As County Board . . .

- Consider and adopt transfer policy, effect findings, resolution and Gann Limit change

As District Board . . .

- Consider and accept tax transfer and Gann Limit change

Property Tax Transfer from County of Santa Barbara to County Fire Protection District



Effect Findings I

- Revenues are available for this purpose because:
 - Unencumbered reserves and designations of \$XX million available
 - Tax transfer payment (\$5.9M) is equal to proposed allocation to the Fire Department in FY2012-13
- No increase in the fee to revenue ratio because:
 - Fees limited to the cost of delivering the service
 - Fees are updated and approved as the cost of service delivery increases
 - No new fees are resulting from this transfer



Effect Findings II

- The transfer will not impair the ability to provide existing services because:
 - The tax transfer is 0.7% of total County revenues
 - Departments have service funding available
 - The County retains 75-80% of incremental growth
 - Future property tax dollars have not been allocated and do not impact current available funding
- The transfer will not result in a reduction of property tax revenues to school entities.



Tax Transfer Decision Points

- Policy decision resulting from findings and hearing
 - Consider and confirm that 16-17% funding is needed and that tax transfer is preferred method
- Consider and adopt effect findings
- Select one tax transfer option & resolution
 - 16 or 17% base plus 20 or 25% of future increment
- Consider and adopt Gann Limit changes
 - Decreasing the County's and increasing the District's



Tax Transfer Options

- \$5.9M property tax shift in FY2012-13 and after
- 20 or 25% share of property tax increment starting in FY2013-14
- Up to 16 or 17% of the allocable taxes from all the tax rate areas in the Fire District

Option	County	Fire District
16%	9 years	7 years
17%	13 years	10 years

16%

9 years

7 years

17%

13 years

10 years



Gann Appropriation Limit Change

- Gann Amendment (1979) set a limit on the growth of expenditures more than base year plus inflation
- Constitutional and statutory provision to change when financial responsibility for services are transferred
- District's limit will increase, County's decrease



Recommendations

As County Board of Supervisors . . .

- Consider policy on Fire District funding by a property tax transfer to 16 or 17% is preferred
- Consider proposed findings and hearing results
- Consider one property tax transfer resolution
- Consider Gann Appropriation Limit change

As District Board of Directors . . .

- Consider accepting property tax transfer
- Consider Gann Appropriation Limit change



Questions

