



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: 4/22/2014
Placement: Departmental
Estimated Time:
Continued Item: 15 minutes
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department

Director(s): Mona Miyasato, County Executive Officer, 568-3400

Contact Info: Dennis Bozanich, Assistant to the CEO, 568-3400

SUBJECT: Follow-up Report on Proposition 90 – Local Option Potential Impacts

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Clerk, Recorder, Assessor: Yes

Recommended Actions:

That the Board of Supervisors:

- Receive additional information on estimated tax revenue impacts that may result from implementing a Proposition 90 Local Option in Santa Barbara County.

Summary Text:

Proposition 90 was approved by California voters in 1988. It permits persons over 55 years of age to transfer a property tax base value from one county to another county if a "local option" ordinance has been adopted in the "receiving" county.

On September 10, 2013, the Board directed staff to return with additional information on the Departmental Agenda. Staff is returning with additional information and estimates of Proposition 90 local option impacts. Additionally staff was asked to notify entities that receive property tax disbursements in order to elicit comments.

Background:

Impacts to Property Tax Revenue

Clerk, Recorder, Assessor staff surveyed three other counties that have implemented a Proposition 90 Local Option. The table below details the findings of that county survey.

County	Average # of Prop.90 Claims	Average Base Value Reduction	Total Parcels	SBC % of Parcels	Estimate of claims for SBC
Santa Clara	56	\$398,000	476,602	0.27	15
Ventura	72	NA	252,476	0.51	37
Alameda	54	\$401,000	434,102	0.30	16
Average		\$400,000 ¹			23 ¹

¹ Rounded

Using the average property tax base valuation and the number of annual Proposition 90 claims filed from these sample counties pro-rated to the number of parcels in Santa Barbara County, Clerk Recorder, Assessor's staff estimates the impact to Santa Barbara County property tax receiving entities to be:

- Twenty-three annual Proposition 90 claims,
- \$400,000 average Proposition 90 base property value reduction,
- \$9.2 million total estimated Proposition 90 property value reduction,
- \$92,000 annual property tax reduction based on 1% assessed tax rate, and
- \$920,000 potential total property tax reduction over a ten year period.

Impacts to Santa Barbara County Entities that Receive Property Tax

In Santa Barbara County, the 1% general property tax rate is distributed into three broad categories with roughly 60% goes to schools, 20% to cities/special districts and 20% to the county. Given the potential annual property tax reduction of \$920,000 ten years from now schools would receive \$552,000 less property tax, cities and special districts would receive \$184,000 less property tax as would the county if a Proposition 90 Local Option ordinance is adopted by the County of Santa Barbara.

As requested by the Board in September, the County Executive Office initiated outreach to property tax receiving entities, including cities, schools and special districts. Sixty-two entities were informed of the Proposition 90 Local Option discussion and offered an opportunity to comment. Nine entities responded, including:

- City of Guadalupe
- City of Goleta
- City of Santa Maria
- City of Solvang
- Hope School District
- Santa Ynez River Water Conservation District
- Santa Ynez Community Services District
- Goleta Sanitary District
- Carpinteria-Summerland Fire Protection District.

Attachment A provides copies of those responses. Eight of the responding entities opposed the implementation of a Proposition 90 Local Option. One entity took a neutral position due to the small amount of property tax received relative to their user-charges.

Riverside County: Implementation of a Recently Re-adopted Proposition 90 Local Option

One benefit of presenting this follow up information to the Board of Supervisors at this time is that the County of Riverside re-approved a Proposition 90 Local Option in September 2013. County Executive Office staff requested and received implementation data from the County of Riverside. Given the variance in property values between Riverside and Santa Barbara as well as high volume driven by a newly implemented ordinance, inclusion in property tax impact analysis didn't seem warranted. The Riverside County Proposition 90 Local Option implementation data may provide insight into potential implementation impacts to Clerk, Recorder, Assessor's staff if the County of Santa Barbara implemented a Local Option.

County of Riverside received 130 Proposition 90 applications between September 16, 2013 implementation date and the end of February. Of those 130 applications, eighteen were approved, sixty were denied and fifty-two were pending. Most denials were due to the Proposition 90 replacement property being purchased prior to the effective date of Riverside's ordinance according to Riverside County staff. The average base assessed value reduction in Riverside during this initial period averaged \$192,000. If that rate continues, their annual total number of applications will be 282 by September 2014. Pro-rated for Santa Barbara County that would equate to forty-three Proposition 90 claim applications.

Performance Measure:

None

Fiscal and Facilities Impacts:

Budgeted: Select_Budgeted

Fiscal Analysis:

Narrative: Fiscal impacts of a Proposition 90 Local Option are identified above.

Key Contract Risks (if applicable):

NA

Staffing Impacts:

Legal Positions: 0

FTEs: 0

Special Instructions:

Attachments:

Attachment A – Proposition 90 Comment Letters from property tax receiving entities

Authored by: Dennis Bozanich, Assistant to the County Executive Officer, (805) 568-3400

CC: