



Cow get curious - Daniel Jang



California Property Taxes 101

By Rita A. Woodard

**Tulare County Auditor-Controller/ Treasurer-Tax
Collector**

July, 2017

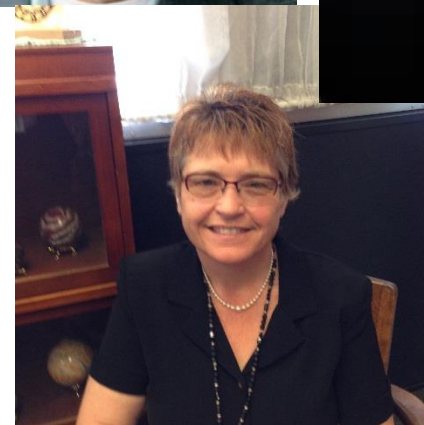
E-mail: rwoodard@co.tulare.ca.us

Website: <http://www.tularecounty.ca.gov/treasurertaxcollector/index.cfm/property-tax-accounting/>
559-636-5200

Property Tax Bills coming soon to a home near you



Some of our Famous Taxpayers





THIS IS HOW COUNTY TAXES WORK!

RECOGNIZED ARTIST -
JOY SHAW, FISCAL ASST. II
EL DORADO COUNTY



Property Tax Overview

- Who does what? (Simple picture)
- The Assessor's Parcel Number (APN)
- Proposition 13 before & after
- Who does what? – after Prop 13
- Supplemental Taxes
- Calculation details (AB8, RDAs, etc)
- Who Gets the \$1?
- RDA Dissolution
- Important Dates
- Contact information

Who does What? Assessor

- Finds property
- Creates APNs
- Finds owners
- Values property
- Grants exemptions
- Creates Assessment Roll
- Delivers Assessment Roll to Auditor



Jackalope



Kennedy Meadows Flamingo



Who does What? Auditor

- Calculates tax rates
- Receives Assessor Roll
- Receives State Utility Roll
- Receives Assessment Rolls
 - Special Districts and Cities
- Receives Independent Tax Rates
 - Joint County districts, some bonds
- Creates Property Tax Roll and Bills



Who Does What? Tax Collector

- Mails Tax Bills
- Collects Taxes
- Sends delinquent notices
- Conducts Tax Sales
- Reports Collections to Auditor



Who Does What? Auditor

- Calculates tax rates/AB8
- Accepts/processes Roll Changes
 - Assessor
 - Board of Equalization
 - Courts
 - Others
- Balances with Tax Collector
- Distributes Tax Collections
 - Cities, Schools, Special Districts
- Reports, reports, reports...



The APN

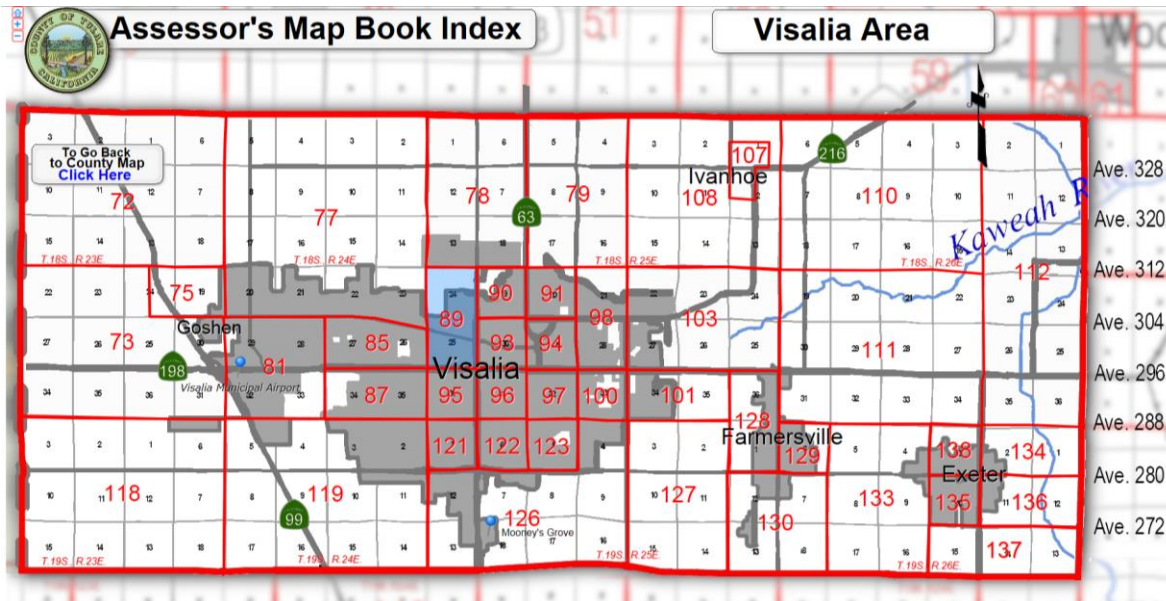
- In order to identify and maintain all real property in the County, all APNs were created with a specific numbering scheme relating directly to an Assessor map
- This numbering scheme correlates directly with the fee parcel number printed on the Tax Bill that a property owner receives annually



Example APN

- For this presentation APN: 089-112-008-000 will be used as the example
- This APN is for the County Court House located in Visalia
- This is a government exempt property (does not pay property tax), but all real property APNs will appear on the Assessor's Maps regardless of tax exemption status

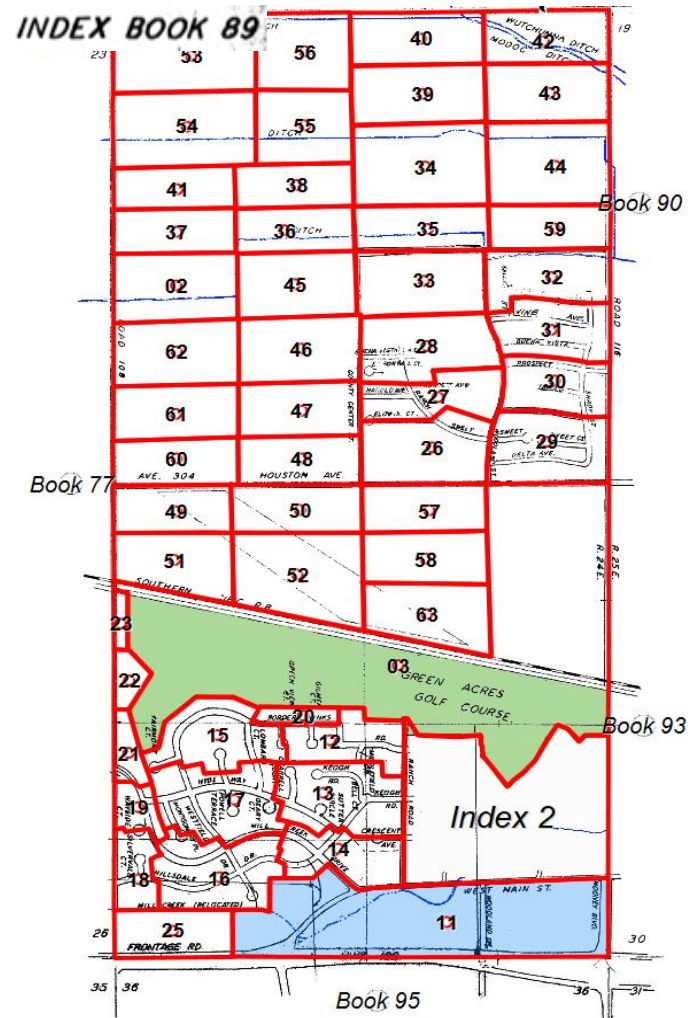
Assessor's Map Index



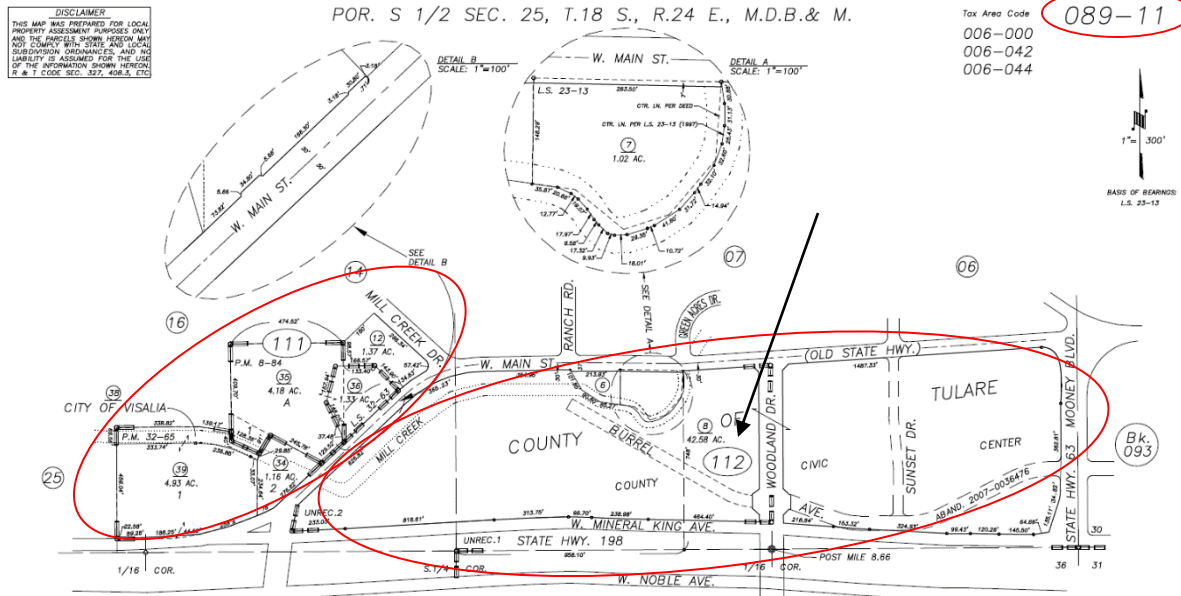
- APN: 089-112-008-000
- Each APN starts with a map book number
- The entire land area lying within the county boundary has been divided into approximately 210 map books

Locating Detail Page

- APN: 089-112-008-000
- Map Book 089 has approx. 50 Detail Pages
- Each bold number corresponds to one detail page and relates directly to the first two digits of the second section of numbers in an APN (11)

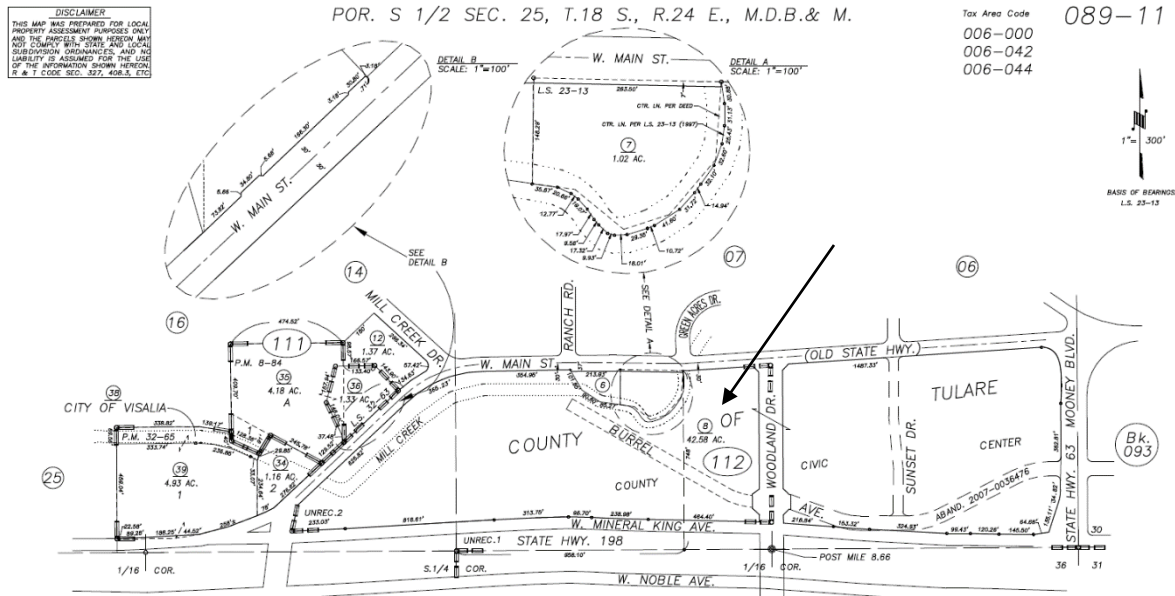


Locating Block



- APN: 089-112-008-000
- As Detail Pages get larger (mainly urban areas) they are farther split into Blocks, 089-11 has two
- Each oval enclosed number corresponds to one detail page/block & relates directly to the last digit of the second section of numbers in an APN (2)
- If the last number in this section is zero, the detail page has no blocks, all parcels are contained in the one detail page

Locating Parcel



- APN: 089-112-008-000
- Each individual assessment has been assigned a three digit number
- Each small circled number corresponds to one parcel and relates directly to the last digits of the third section of numbers in an APN (008)

Final Three Digits

- APN: 089-112-008-000
- Currently not used in Assessor's mapping and will not appear on the maps
- The Auditor & Tax Collector use them to differentiate escape property tax bills and/or refunds
- Example: APN 111-222-333-000 may have an escape bill 111-222-333-100 for some property missed during the time it was originally assessed



Before Proposition 13:

- Taxes were levied by each agency
- Tax rates were based on budget need
- Taxing agencies were in control of their tax revenue
- Property was assessed annually on value (ad valorem)
- Ownership was as of March 1 lien date
- Double-digit inflation and skyrocketing housing prices resulted in people being taxed out of their homes!



Proposition 13 – Benefits were to be:

- Reduce property tax payments by more than half
- Taxpayers no longer taxed on the unrealized paper gain of property value
- Taxpayers protected by a maximum 2% growth (no cap on negative)
- Predictable property taxes
- Greater stability & predictability in revenue flow to local agencies

After Proposition 13:

- Tax rate limit of \$1/100 assessed value (AV)
 - Plus GO bonds approved by voters
 - Plus Flat rate direct benefit assessments
- Vote of Legislature to increase state taxes
- Vote of electorate to increase local special taxes
- Acquisition value assessment
 - Parcel's AV @ 1975 base level unless sold or new construction
- Limited assessed value growth
 - Max of 2% per year (except personal & utility property)
- State Legislature enacted AB8 for distribution of \$1 property tax



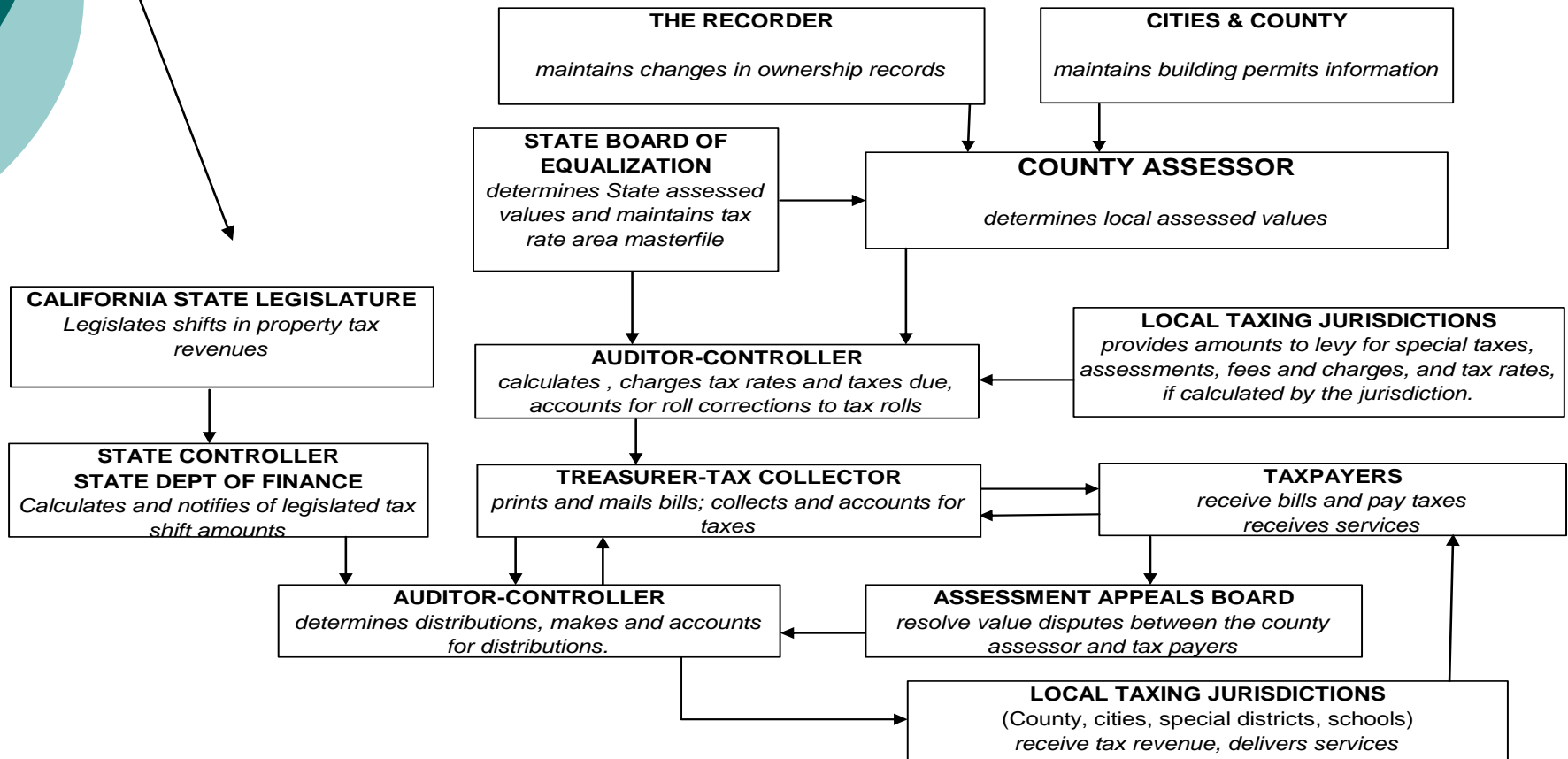
Who does What? – State added

- State Legislature has power to shift tax revenues among local government agencies
- State also changed part of Sales Tax & Vehicle License Fees to be Property Tax Revenue for growth calculations & includes these in Shifts
- Tax revenue technically cannot leave the County
- Therefore, State shifts the property tax revenues to School Districts, then State does not have to back-fill them as much....
- End run.....\$ still gets to State's hands....local agency revenue stability now questionable

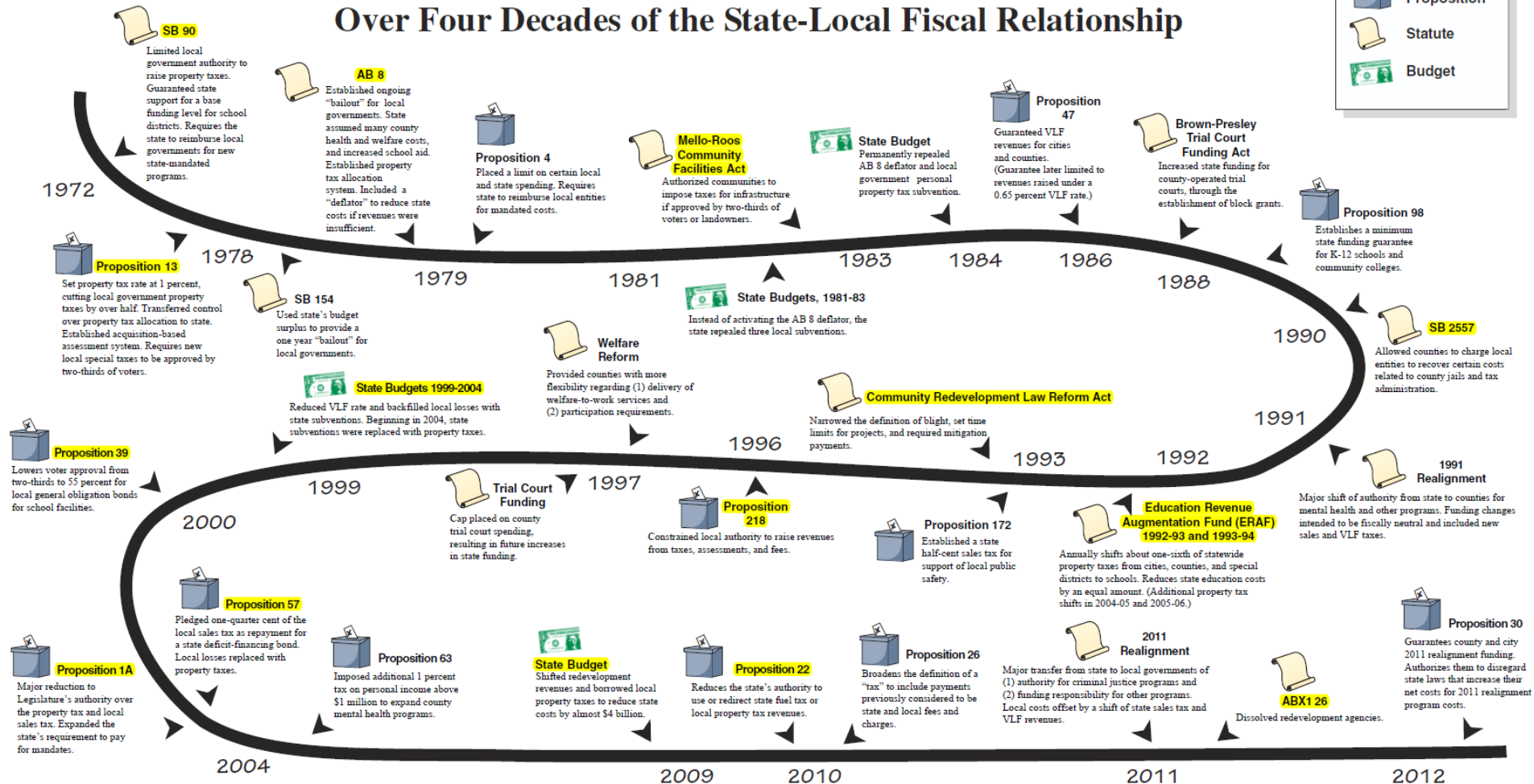
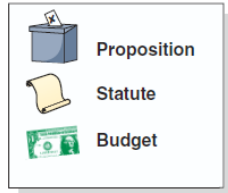
Proposition 13 added State of California as a player:

The Property Tax System

An Overview



Major Milestones: Over Four Decades of the State-Local Fiscal Relationship



Types of Property Taxes:

1% of Assessed Value:

- Secured Land & Improvements
- Unitary State Assessed Utilities/
Rail Road
- Unsecured Business Equip, Planes,
Boats
(not attached to land)

1% of Increase in Assessed Value:

- Supplemental Additional Secured
& Unsecured

Supplemental Taxes

AUDITOR'S BILLING - Bills created based on Assessor's Lien Date of January 1st

The roll value on January 1st is the value that generates the Auditor's Secured Bills on the Roll Being Prepared.

Original owner's value = \$100,000

1. NO SUPPLEMENTAL EVENT.
2. Possible value increase capped at 2% based on the Consumer Price Index (CPI).
3. All exhibits assume a yearly change in valuations of 2%, where applicable.

YEAR ONE		YEAR TWO		YEAR THREE	
100,000	2% Increase	102,000	2% Increase	104,040	
SECURED		SECURED		SECURED	
July 1st....	Jan 1st	July 1st	Jan 1st	July 1st	Jan 1st June 30th

(EXHIBIT 1)

1st Event - Before Lien Date

Oct 1st construction completed
Construction Value: 50,000

1. ONE SUPPLEMENTAL BILL CREATED FOR THE INCREASED VALUE (A)
2. No change to the year one Secured bill.
3. The values are combined for year two. No CPI increase included.
4. The CPI increase resumes in year three.

YEAR ONE		YEAR TWO		YEAR THREE	
150,000		150,000		153,000	
100,000	(A) SUPP	SECURED		SECURED	
SECURED		SECURED		SECURED	
July 1st....	Oct 1st Jan 1st	July 1st	Jan 1st	July 1st	Jan 1st June 30th

(EXHIBIT 2)

Supplemental Taxes

1st Event - After Lien Date

Mar 28th Change in Ownership (CIO)
New Value: 200,000

1. TWO SUPPLEMENTAL BILLS CREATED FOR THE INCREASED VALUE
- (A) for year one (100,000), and (B) for year two (98,000).
2. The year one Secured bill is prorated due to the CIO. This is done in escrow.
3. The year two Secured bill receives the CPI increase and is incorporated into the 2nd supp.
4. The values are combined and the CPI increase is applied for year three.

YEAR ONE			YEAR TWO			YEAR THREE		
200,000			200,000			204,000		
100,000			100% Proration					
			2nd SUPP					
Prorate			SECURED			SECURED		
July 1st....	Jan 1st	Mar 28th	July 1st	Jan 1st		July 1st	Jan 1st	June 30th
..... Old owner Newowner.....>					

(EXHIBIT 3)

1st Event

Oct 1st construction completed

2nd Event

Mar 28th CIO

1. MULTIPLE NEW SUPPLEMENTAL ASSESSMENTS.
2. 1st supp is prorated into (A) & (B) due to 2nd supp (C); (A) becomes unsecured if ownership changes.
3. The 1st supp value is included in the Secured bill for year two. No CPI increase included.
4. The 2nd supp value is included and the CPI increase is applied to the Secured bill for year three.

YEAR ONE			YEAR TWO			YEAR THREE		
250,000			250,000			255,000		
150,000			100% Proration					
100,000			2nd SUPP					
(A) Prorate SUPP			SECURED			SECURED		
Prorate								
July 1st....	Oct 1st	Jan 1st	July 1st	Jan 1st		July 1st	Jan 1st	June 30th
..... Old owner Newowner.....>					

(EXHIBIT 4)

Supplemental Taxes - negative

1st Event

Mar 28th CIO (negative assessment)

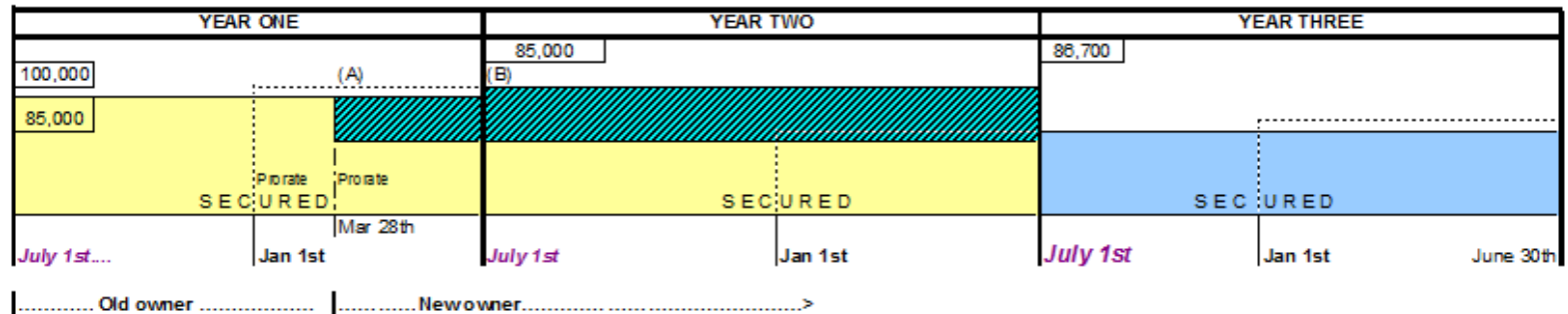
1. TWO SUPPLEMENTAL BILLS CREATED FOR THE NEGATIVE VALUE

- (A) for year one (-15,000), and (B) for year two (-17,000).

2. The year one Secured bill is prorated due to the CIO. This is done in escrow.

3. The year two Secured bill receives the CPI increase and is incorporated into the 2nd supp.

4. The values are combined and the CPI increase is applied for year three.



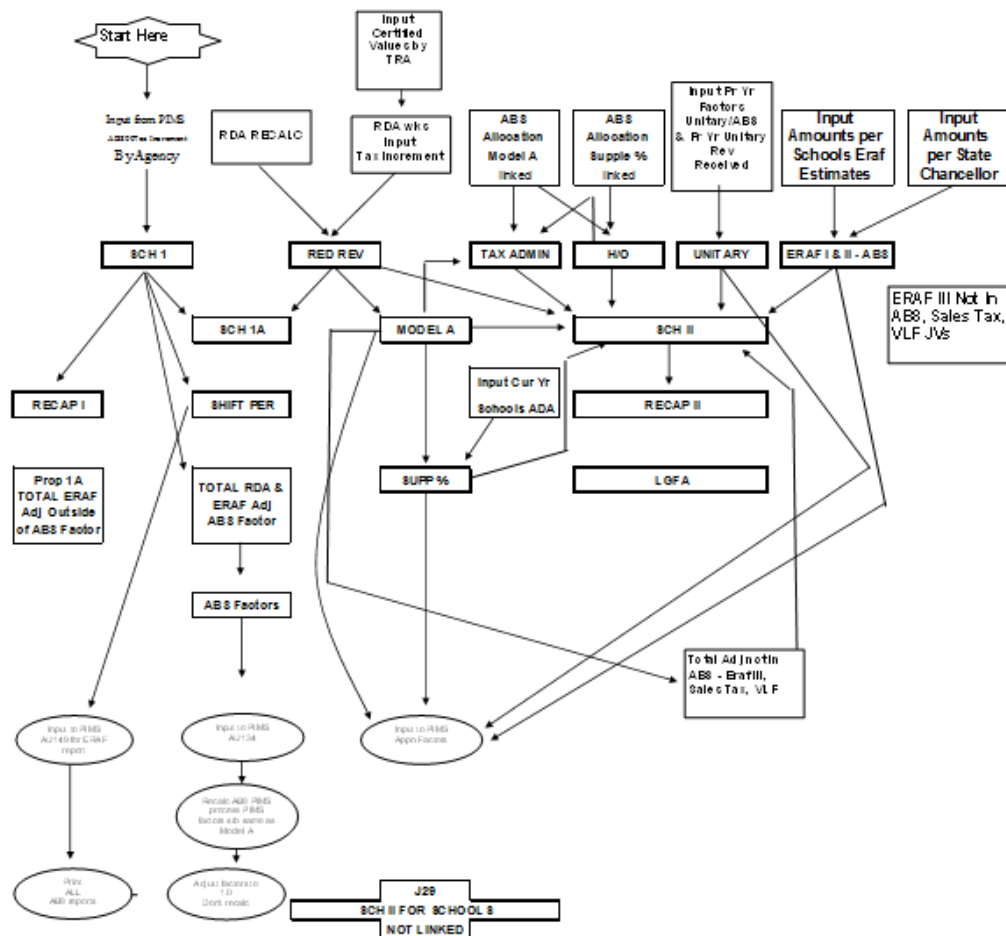
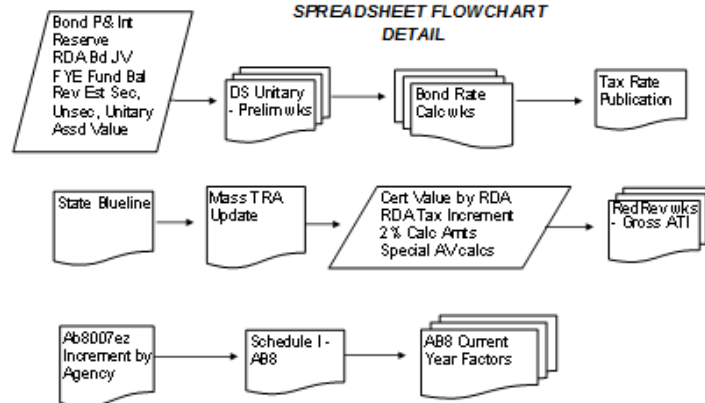
(EXHIBIT 5)



The Property Tax Allocation: AB8

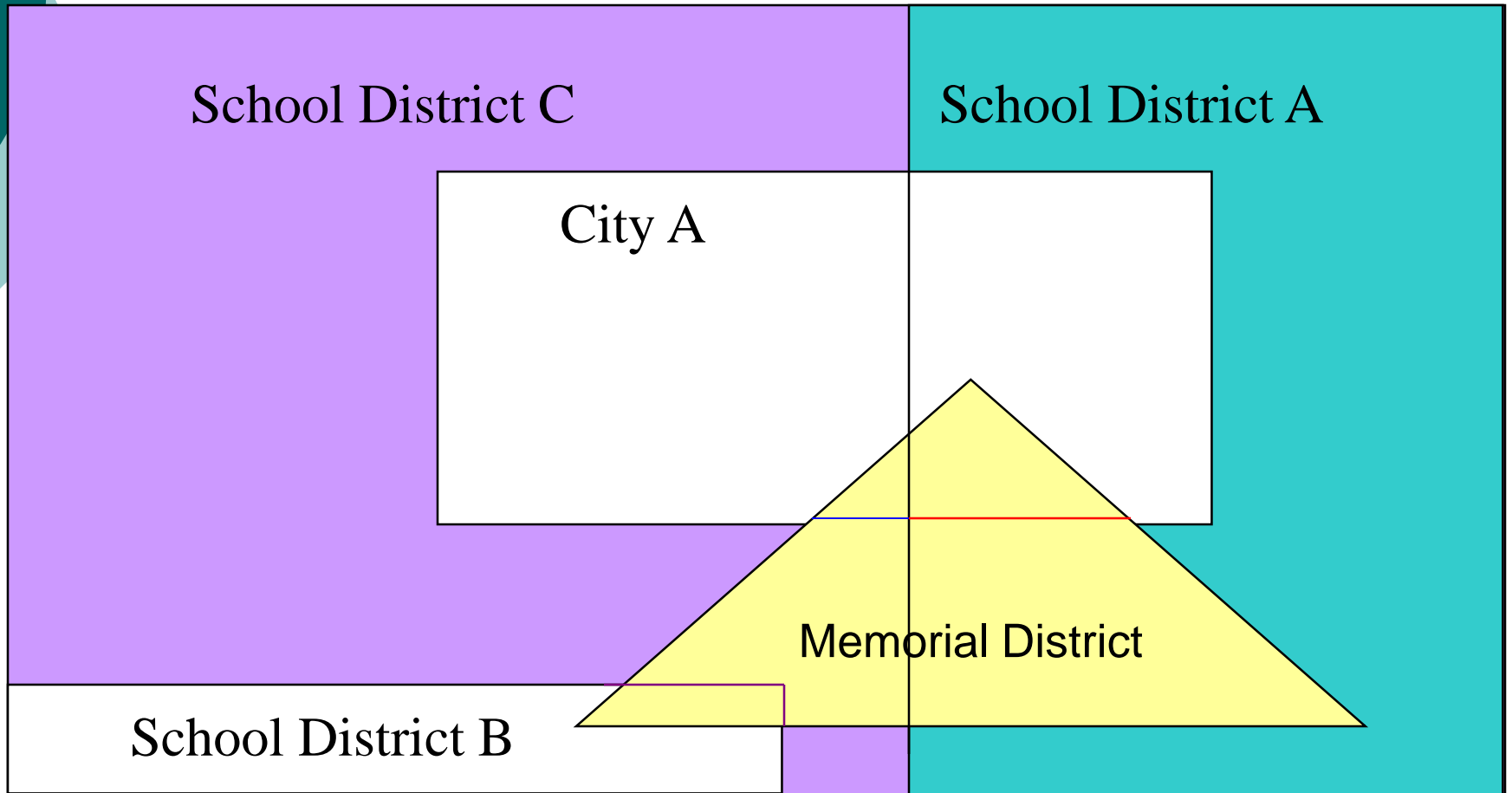
- Revised the allocation of property tax \$1 tax rate using base tax revenue received in 1978/79
- Ties allocation of property tax growth to assessed value on a situs basis
- Introduced concepts of tax rate area (TRA) and annual tax increment

**ABS MODEL -
SPREADSHEET FLOWCHART
DETAIL**

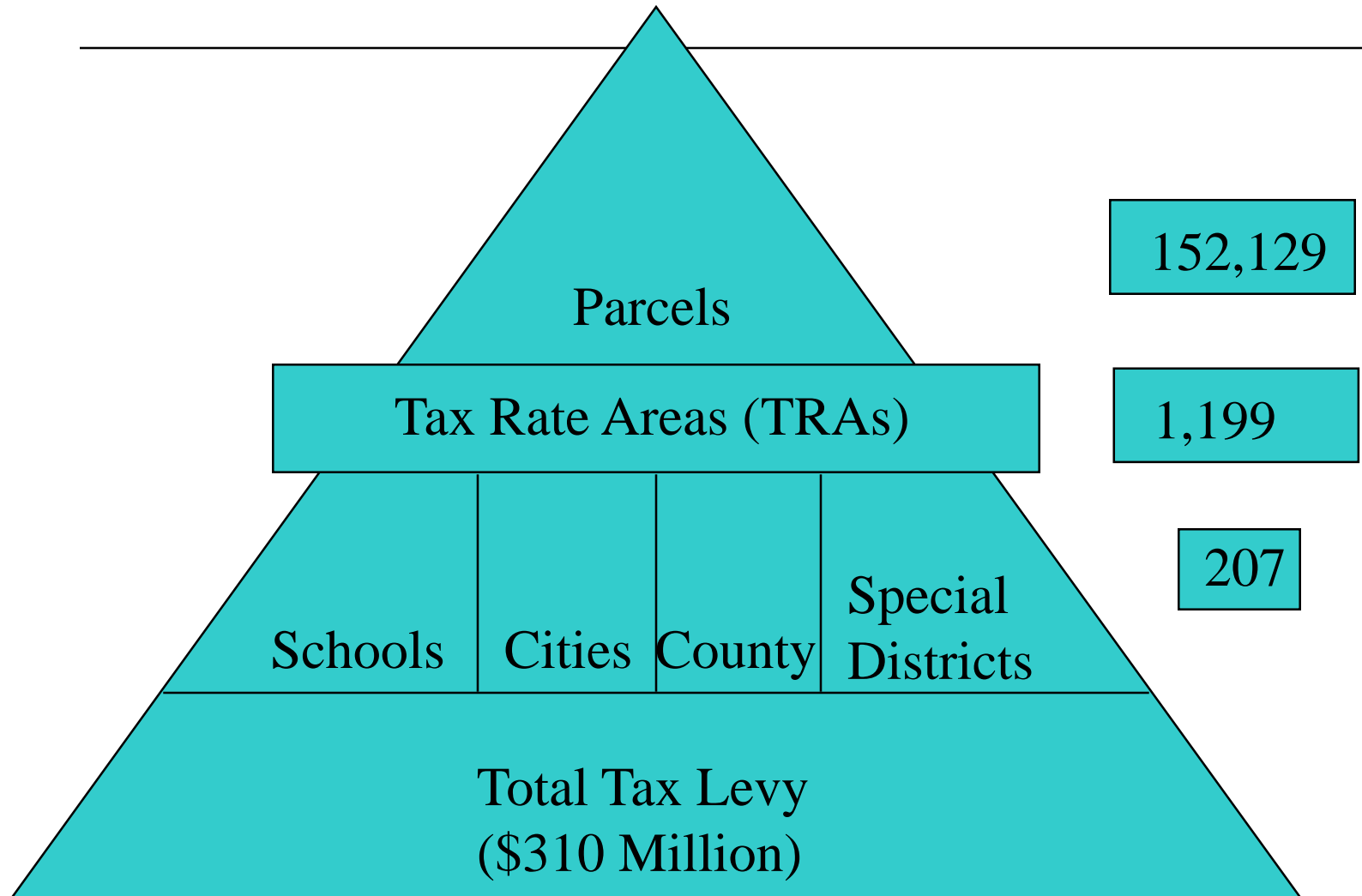


What is a tax rate area (TRA)?

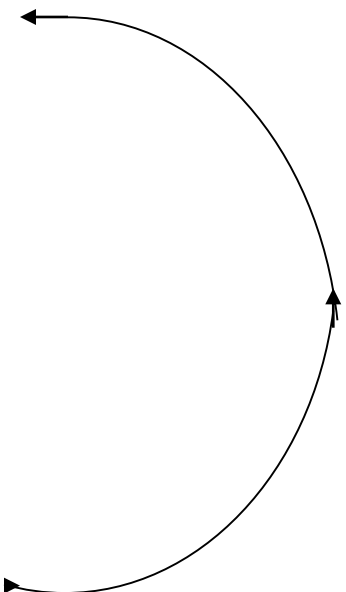
County General Fund is in all TRAs.



Property Tax Pyramid



The Tax Allocation Formula:

$$\begin{array}{l} \text{Last Year's Allocation} \\ + \text{ or } - \\ \text{Jurisdictional Changes} \\ + \\ \text{Agency's share of AV growth} \\ \text{for area not in RDA} \\ + \text{ or } - \\ \text{State shifts} \\ = \\ \text{This Year's Allocation} \\ + \text{ or } - \\ \text{Triple Flip, ERAF I, II, VLF/ Swap} \\ = \\ \text{This Year's Revenue} \end{array}$$


Next Year

Prop 13 & AB8 Consequences:

- New homeowners can pay 10-20 times the taxes of neighbor's identical house
- More than 40% of the property-tax relief went to corporations & landlords
- No longer a local tax, State set rate & base
- Allocation formulas cause large variations and are outdated, based on pre-1978 ratios
- The share of base property taxes does not change
- Reallocation of property tax revenues is a zero sum game – for each winner there is a loser – the total tax to be collected remains the same, \$1



Other factors in tax distribution:

- Annexations
- Redevelopment may receive all growth in an area
- Pass-through agreements/laws & RDA Dissolution
 - Agencies may receive \$ back from RDAs
- State Bailout - Special District Augmentation Fund (Gone after ERAF II)
- Educational Revenue Augmentation Fund (ERAF)
 - ERAF Shift I (92/93), ERAF Shift II (93/94), ERAF Shift III (04/05 & 05/06)
- Triple Flip/VLF Swap, SRAF, SERAF



Development of allocation formula:

- The revenue collected was tabulated by district in each tax rate area
- “Frozen” factors were calculated for each district in a TRA, based on their % of revenue
- Total of the factors in a TRA is 100%
- AV growth per TRA is distributed by the “frozen” factor in each TRA

Frozen factors for a TRA:

District	TRA ONE			TRA TWO			TRA THREE			TOTAL
	1978 Revenue	Frozen Factor	Growth Revenue	1978 Revenue	Frozen Factor	Growth Revenue	1978 Revenue	Frozen Factor	Growth Revenue	Growth Revenue
County	320	32.00%	32	575	46.00%	23	750	30.00%	150	205
City A	110	11.00%	11		0.00%	0		0.00%	0	11
City B		0.00%	0	200	16.00%	8	425	17.00%	85	93
Fire District A	40	4.00%	4	25	2.00%	1	100	4.00%	20	25
School A	500	50.00%	50		0.00%	0		0.00%	0	50
School B		0.00%	0	325	26.00%	13	1000	40.00%	200	213
Cemetery District	20	2.00%	2	25	2.00%	1	75	3.00%	15	18
Conservation District		0.00%	0	50	4.00%	2		0.00%	0	2
Memorial District	10	1.00%	1	50	4.00%	2	150	6.00%	30	33
Total	1000	100.00%	100	1250	100.00%	50	2500	100.00%	500	650

Countywide AB8:

District	Prior Year Revenue	Growth Revenue	New Year Appropriation	New Year Distribution Factor
County	3,750	205	3,955	0.352339
City A	250	11	261	0.023252
City B	1,250	93	1,343	0.119644
Fire District A	300	25	325	0.028953
School A	1,475	50	1,525	0.135857
School B	2,750	213	2,963	0.263964
Cemetery District	250	18	268	0.023875
Conservation District	100	2	102	0.009087
Memorial District	450	33	483	0.043029
Total	10,575	650	11,225	1.000000

Jurisdictional Changes & Annexations

8 Cities:

- All have same Master Agreement negotiated after Proposition 13
- Base revenue amount stays with Original Agency
- All growth goes to City based on “like” TRA
- County Island Annexation agreements with some cities – base also moves to City
 - Currently all are expired

Special Districts

- All covered under Board Resolution
- Base revenue amount stays with original agency
- All growth goes to new agency, per “like” TRA
- New district – gets no part of \$1 tax distribution

Jurisdictional Changes & Annexations

	Before Annexation		After Annexation		New Annexation - \$100 growth			
District	Base Revenue	Frozen Factor	Base Revenue	Frozen Factor	Base Revenue	Growth	Frozen Factor	Total Revenue
County	420	42%	420	32%	420	32	32%	452
School District A	500	50%	500	50%	500	50	50%	550
City	0	0%	0	15%	0	15	15%	15
Memorial District	10	1%	10	1%	10	1	1%	11
Fire District	50	5%	50	0%	50	0	0%	50
Cemetery District	20	2%	20	2%	20	2	2%	22
	1,000	100%	1,000	100%	1,000	100	100%	1,100

Redevelopment

- Purpose: to clean up blight, help economic development in specific areas
- Tax distributions:
 - Taxing agencies frozen at base year \$
 - Redevelopment agency receives all growth after base year (up to 45 years!)
 - RDA must set-aside 20% for low income housing
- Pass through (back) agreements/mandates
 - Pre-AB1290 negotiated (terms vary)
 - Post AB1290 mandated three tiers, 25% tier I, 21% tier II, and 14% tier III

Redevelopment gets all growth

	Before Annexation		After Annexation		New Annexation & New RDA - \$100 growth			
District	Base Revenue	Frozen Factor	Base Revenue	Frozen Factor	Base Revenue	Growth	Frozen Factor	Total Revenue
County	420	42%	420	32%	420		32%	420
School District A	500	50%	500	50%	500		50%	500
City	0	0%	0	15%	0		15%	0
Memorial District	10	1%	10	1%	10		1%	10
Fire District	50	5%	50	0%	50		0%	50
Cemetery District	20	2%	20	2%	20		2%	20
	1,000	100%	1,000	100%	1,000		100%	1,000
New RDA						100	100%	100
	1,000		1,000		1,000	100		1,100

Triple Flip



FISCAL YEAR

2014/15

TRIPLE FLIP, SB1096, AB2115

ERAF III - FUND #519
JV via Rev Line #1020
Contra Revenue
For 04/05 & 05/06 only

County	0
Cities	0
Special Dist	0
RDA's	0



ERAF - FUND #519	
ERAF I & II	64,377,449 a
ERAF III	0
VLF	-70,754,610
SALES TAX	-14,953,670
Total	-21,330,831

ERAF I & II
Amounts Included in
AB8 Factor Calculation
92/93 & 93/94
Property Taxes

64,377,449 a
Schedule II
10.25.14
(with delinquency factor)
per Model A
certified
65,723,327

SCHOOLS JV via Revenue Line #4058	
Property Taxes	(-)= REVERSE APPORTION
R&T 97.70(B)	-21,330,831

STATE TO BACKFILL SCHOOLS

VLF COMP FUND #311
Grows as AV Grows
Jan & May pmts

70,754,610

VLF IN LIEU - JV via
Revenue Line #4011

Jan & May pmts	
County	48,498,101
Cities	22,256,509
	70,754,610

SALES COMPENSATION FUND #310
Ends when State Bond
is paid off (sunsets)
Jan & May pmts

14,953,670

SALES TX IN LIEU - JV
via Revenue Line #4038

Jan & May pmts	
County	2,488,826
Cities	12,464,844
	14,953,670

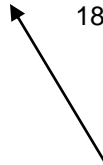
Recap ERAF:	
Secured	59,905,423
Unitary all	16,551
Supp	301,692
Unsec	3,383,909
HO	729,874
	64,337,449 a

Tax Revenue does not Equate to Assessed Value Since Proposition 13.

Memorial District Property Tax Revenue Analysis

September, 2004

MEMORIAL DISTRICT	YEAR	PROPERTY TAX REVENUES RECEIVED	GROWTH (WITH ADJUSTS)	ERAF ADJUST	RDA ADJUST	PROP/TAX REVENUES (WITHOUT ADJUSTS)	GROWTH (WITH OUT ADJUSTS)	ASSESSED VALUE	AV GROWTH
DINUBA	2003/04	50,469	2.17%	18,235	18,468	87,172	5.42%	1,246,484,024	4.58%
	2002/03	49,398	1.66%	14,893	18,401	82,692	3.51%	1,191,940,590	4.16%
	2001/02	48,591	1.80%	13,379	17,919	79,889	2.86%	1,144,359,781	2.70%
	2000/01	47,733	5.85%	12,252	17,683	77,668	8.22%	1,114,273,861	8.51%
	1999/00	45,096		10,028	16,644	71,768		1,026,900,380	
OROSI	2003/04	28,159	6.96%	5,910	5,839	39,908	6.54%	409,992,101	5.10%
	2002/03	26,327	2.42%	5,574	5,559	37,460	4.46%	390,103,701	5.89%
	2001/02	25,705	-1.13%	4,838	5,316	35,859	-0.04%	368,395,387	-0.36%
	2000/01	25,999	2.65%	4,471	5,404	35,874	3.50%	369,716,392	3.95%
	1999/00	25,329		4,097	5,234	34,660		355,682,962	
TULARE	2003/04	293,264	6.81%	40,135	42,834	376,233	7.14%	2,949,460,105	5.30%
	2002/03	274,567	2.60%	35,440	41,158	351,165	6.53%	2,801,115,997	8.60%
	2001/02	267,621	3.89%	22,576	39,454	329,651	4.57%	2,579,208,743	4.07%
	2000/01	257,605	6.00%	19,343	38,288	315,236	6.00%	2,478,368,372	6.01%
	1999/00	243,016		18,241	36,132	297,389		2,337,806,498	





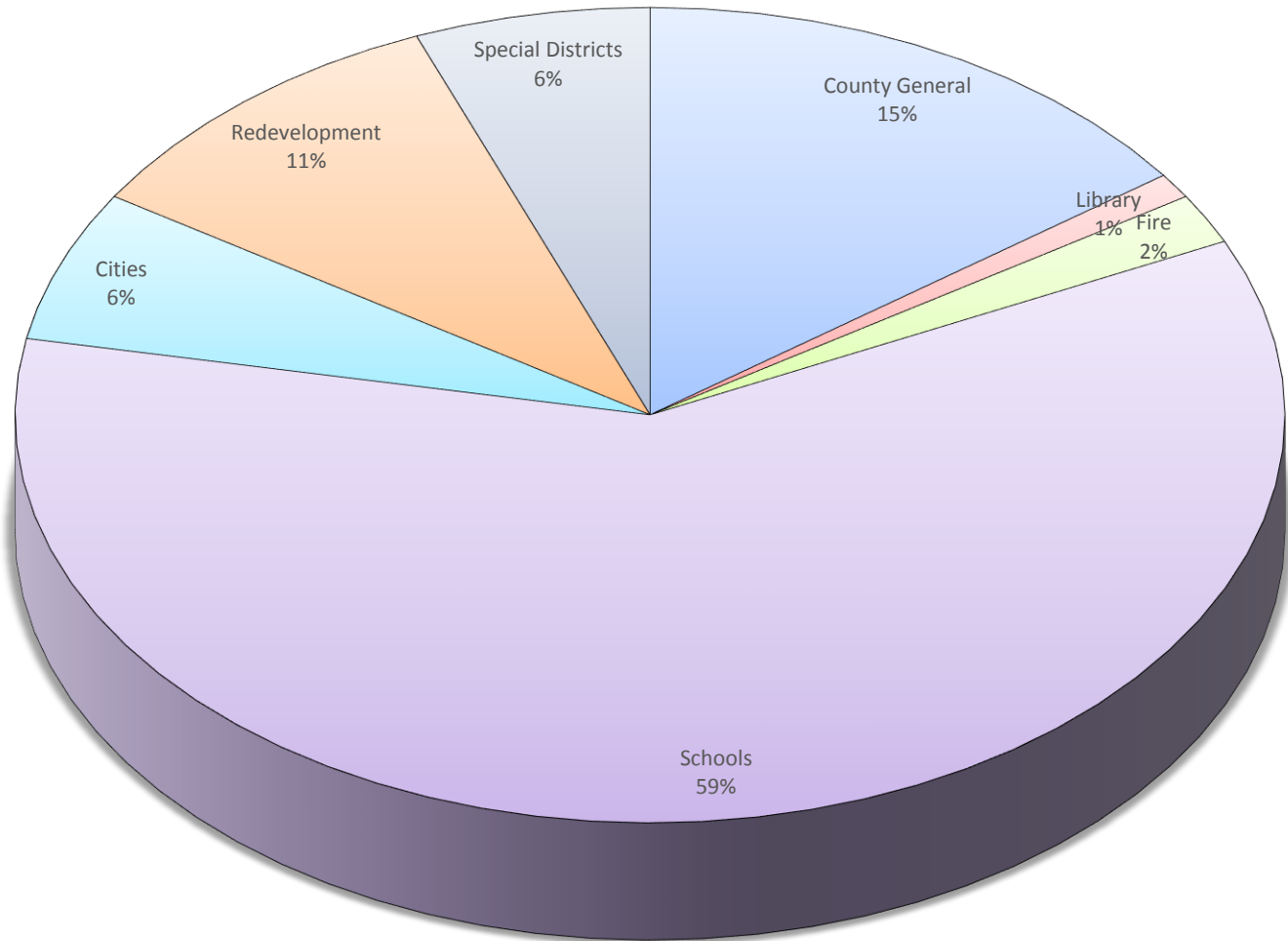
What this really meant:

- District's base property tax revenue now based on prior revenue not assessed value
- Only growth is based on assessed value
- \$1 tax rate to be distributed to all taxing agencies on base + growth
- State given power to shift revenues between taxing jurisdictions
- Lien date January 1

Who Gets What – After Proposition 13

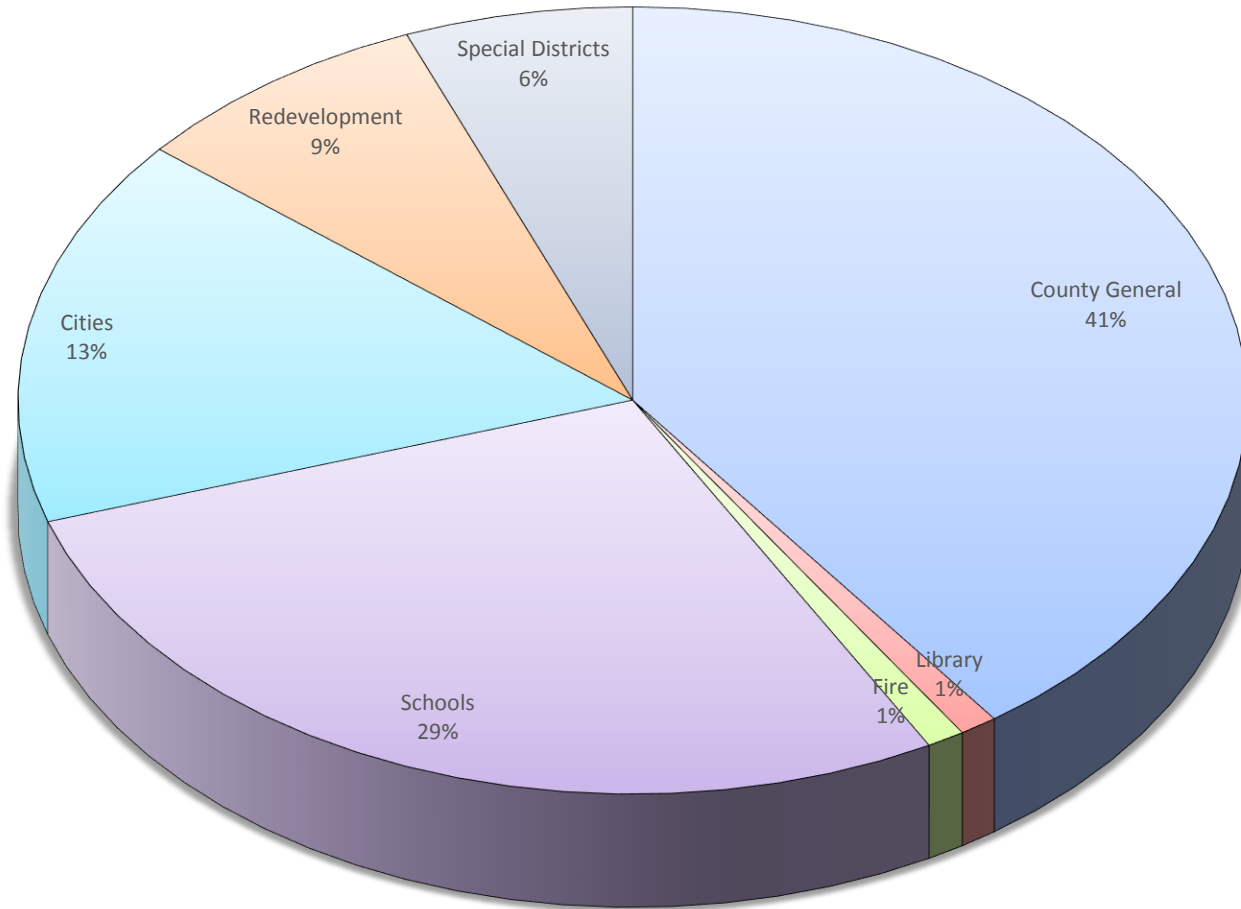
With ERAF I & II shifts

Without Vehicle License Fee:



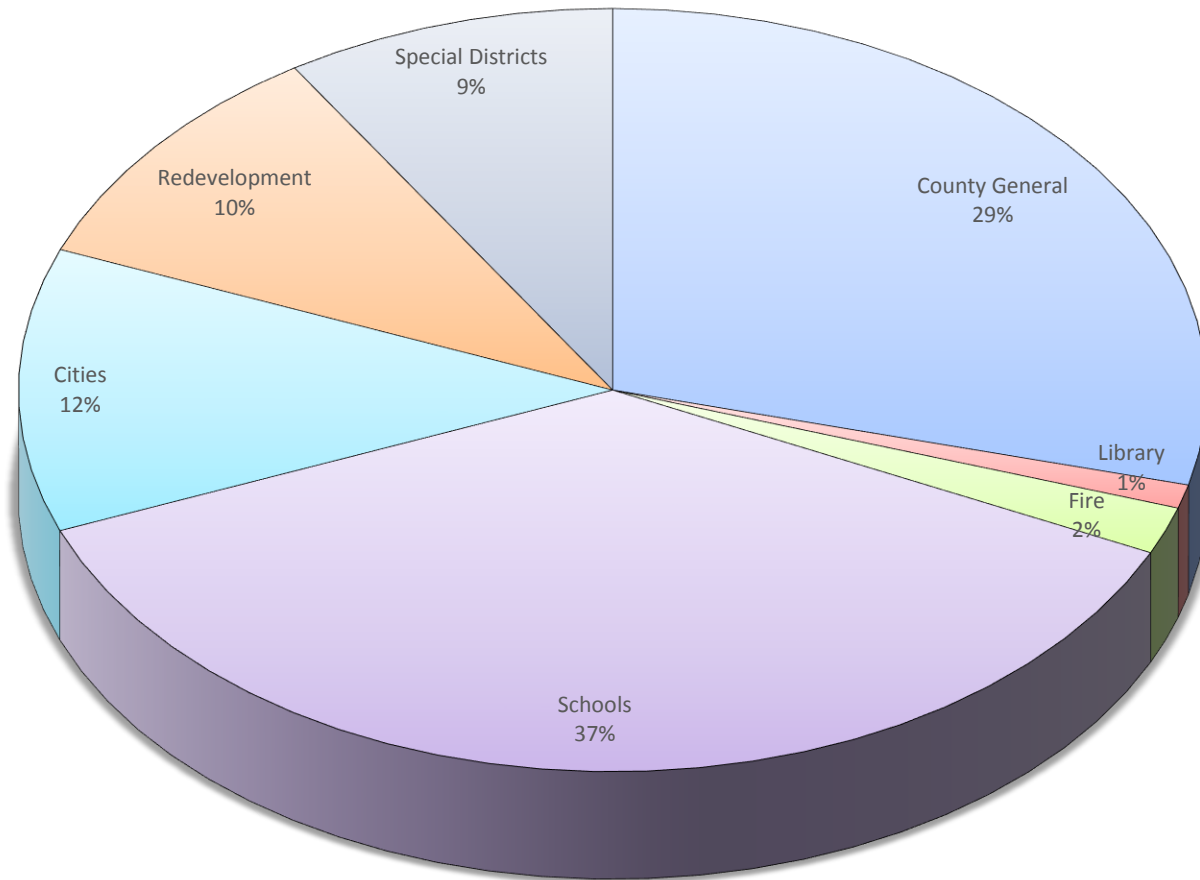
Who Gets What – Before State Shifts

(Includes \$1 tax, Vehicle License Fees)



Who Gets What - After State Shifts

(Includes \$1 tax, Vehicle License Fees)





Redevelopment Dissolution

- On December 29, 2011 all RDAs were dissolved when the Supreme Court upheld ABx1 26
- Per ABx1 26 the Auditor must put all redevelopment funds in a Redevelopment Property Tax Trust Fund (RPTTF)
- The former RDAs became Successor Agencies (SA)
- The SA must prepare a Recognized Obligation Payments Schedule (ROPS) delineating enforceable obligations of the former RDA every six months
- The ROPS is subject to approval by both a local Oversight Board and the Department of Finance
- The Auditor is responsible for paying all Pass Thrus, admin fees, and approved ROPS items from the RPTTF
- Any remaining funds in the RPTTF are returned to the Affected Taxing Entities (ATEs) as Residual

RDA Dissolution (cont'd)

- The State Controller's Office (SCO) must audit the former RDA assets
- The SA must return any unencumbered funds it has in its General Fund and Low and Moderate Income Housing Fund (LMIHF) as determined by the SCO to the Auditor for distribution to the ATEs
- The SA must also Sale the Assets of the former RDA

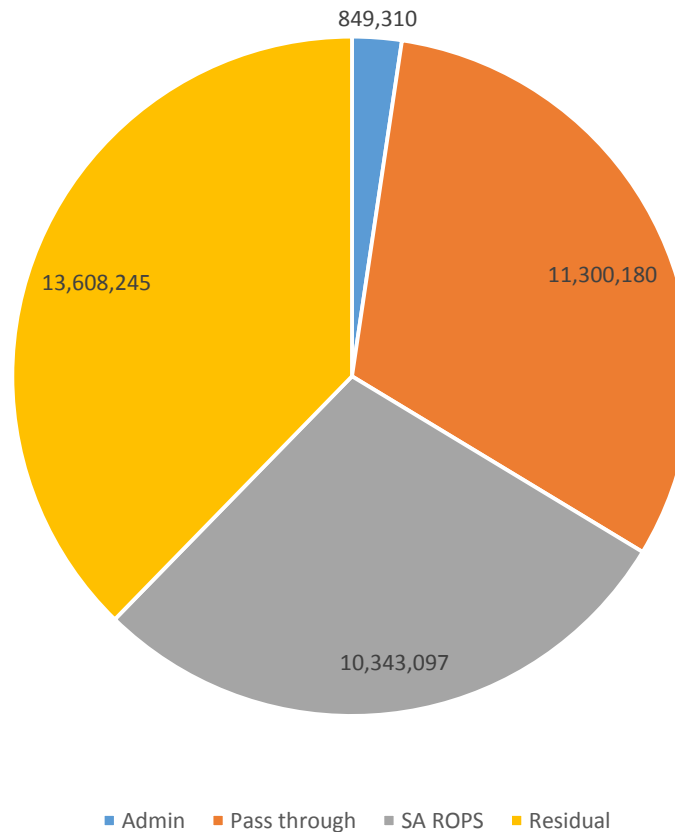


RDA Dissolution Statistics

- LMIHF – SAs ordered to remit \$7.77M, all received, final payment made in 2014/15
- Other Funds – SAs ordered to remit \$9.94M, all received, final payment made in 2014/15
- Sale of Assets – \$350.4K
(Dinuba, Lindsay, & Woodlake)

RDA Dissolution Statistics – 2016/17 Only

RPTTF Distribution





RDA Dissolution Future changes

- Pending Legislative approval
- SAs to provide a last-and-final ROPS for all future distributions
- All Oversight Boards to be consolidated into one Countywide
 - The Auditor's Office will assume all Oversight board responsibilities

Important Dates to Remember:

- January 1 Lien date
- April 1 Business property statements due to Assessor
- July 1 Fiscal year starts (July 1–June 30)
- July 31 Unsecured tax bills mailed & due
- August 31 Unsecured Taxes Delinquent
- November 1 Secured bills must be mailed
- November 1 Secured 1st installment due
- November 30 Last day to file for Assessment Appeal
- December 10, midnight Secured 1st installment delinquent
- February 1 Secured 2nd installment due
- April 10, midnight Secured 2nd installment delinquent
- July 1, 12:01 AM Secured property Defaults (not paid, not yours any more!)
- June 30 + 5 years Eligible for Tax Sale
- June, 1st week Tax Sale usually held (new date)

Important to do:

- If you move, notify the Assessor of your new address
 - Not just the Post office!
- If you change your name, notify the Assessor
- If you buy new property, file for Homeowners Exemption – save \$70+ per year
- If you buy property, notify the Assessor
 - Check your mailing address on recorded documents!
- If you disagree with the assessed value on your tax bill, contact the Assessor right away
 - 559-636-5100
- If you still disagree, file an assessment appeal by November 30 at Board of Supervisors – costs \$30
- Pay your tax bill timely, penalties are steep!



Contact Information:

- Tulare County Assessor
 - 221 S. Mooney Blvd, Room 102E
 - Visalia, CA 93291
 - 559-636-5100, fax 559-737-4468
- Tulare County Auditor – Property Tax Accounting
 - 221 S. Mooney Blvd., Room 101E
 - Visalia, CA 93291
 - 559-636-5280, fax 559-730-2547
 - E-Mail: TaxDiv1@co.tulare.ca.us
- Tulare County Tax Collector
 - 221 S. Mooney Blvd, Room 103E
 - Visalia, CA 93291
 - 559-636-5250, FAX 559-733-6988
 - E-Mail: taxhelp@co.tulare.ca.us



For more information

- Demystifying the California Property Tax Apportionment System: A Step-by-Step Guide Through the AB 8 Process (Prepared by David G. Elledge, Santa Clara County Controller-Treasurer, 2006)
- It can be downloaded from CSAC website: Counties.org