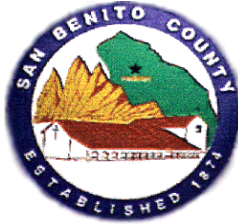


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## COUNTY OF SAN BENITO

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Date: August 21, 2018

To: Honorable Members of the Board of Supervisors

From: Tom Slavich, Assessor

Subject: Adoption of Resolution Authorizing the County Assessor to Submit an Application with the California Department of Finance for Participation in a three-year State-Supplementation For County Assessors' Program.

### Summary

In the most recent State of California Budget bill (AB 1817), Section 95.50 was added to the Revenue & Taxation Code. Section 95.50 creates the State Supplementation For County Assessors Program (SSCAP) for the 2018-19 fiscal year to the 2020-21 fiscal year, inclusive, to provide more funding for California Assessor's Offices.

### Recommendation

It is recommended that the Board of Supervisors adopt Resolution No. 2018-\_\_\_\_\_ authorizing the County Assessor to submit an application, in the form and manner specified by the California Department of Finance, for participation in a three-year State Supplementation For County Assessor's Program.

### Discussion

In recognition that over 50% of annual property tax revenues accrue to K-14 schools and county offices of education, and thereby help to offset the state's General Fund obligation to those entities, the state has a vested financial interest in ensuring that county assessors have the resources necessary to fairly and efficiently administer the county property tax rolls. Fair and efficient administration includes, but is not limited to, the expeditious enrollment of properties that are newly constructed or that change ownership, the timely levying of supplemental assessments when ownership changes occur, the timely reassessment of property to reflect market values, and the defense of assessed valuations that county assessors believe have been improperly appealed.

It is the intent of the California Legislature to establish a three-year pilot program to competitively selected county assessors' offices to provide county assessors with state grants to improve their ability to perform essential property tax administration duties by hiring new assessment staff and improve IT Systems.

The success of the SSCAP pilot program shall be determined based on whether the assessment activities funded with pilot program funds in each county have enhanced countywide equalization by properly valuing property, and have thereby generated property tax revenues for K-14 schools and county offices of education in an amount that is not less than the total amount of General Fund revenues expended to fund the pilot program in each participating county.

SSCAP requires that each participating county shall annually match, one dollar (\$1) for each two dollars (\$2) in program funds the county receives.

SSCAP funds provided to participating county assessors shall be used to supplement, and not supplant, existing funding.

The Department of Finance shall review the applications, select the program participants on the strength of those applications, and notify the participants of their selection no later than October 1, 2018. Finance shall instruct the State Controller's Office to remit program funds to participants by October 10, 2018, and each September 1, thereafter.

County assessors' offices shall use program funds only for the following purposes.

1. The payment of salaries and benefits to assessor's staff hired or otherwise funded subsequent to the Department of Finance's approval of the assessor's program participation application pursuant to the following performance categories:
  - a. Assess and enroll new construction.
  - b. Reassess real property that has changed ownership.
  - c. Process supplemental assessments for real property.
  - d. Reassess existing real property that has been modified.
  - e. Reassess real and personal property that has escaped assessment.
  - f. Reassess property that has been reduced under Proposition 8.
  - g. Respond to real property assessment appeals
  - h. Conduct property tax audits pursuant to Sections 469 and 470.
  - i. Discover real and personal property not previously assessed.
2. Program funds can be used for IT Systems to assist assessment activities.

The Assessor requests authority to apply for this grant funding in order to enhance business processes and apply best practices. The primary emphasis will include:

Additional staffing to:

- a. Enroll new construction and modifications to new construction as growth is anticipated from additional permit activity and tract maps being recorded.
- b. Enroll changes of ownership promptly, decreasing the amount of time that it takes between the recording of a deed to the issuance of the supplemental tax notice.
- c. Respond to assessment appeals quickly, decreasing the amount of time that it takes between the filing of an assessment appeal to the hearing date and/or resolution date of the appeal.
- d. Conduct additional property tax audits for newly discovered businesses in San Benito County.
- e. Establish a countywide field canvass program that allows for newly discovered businesses to be enrolled.

San Benito was one of nine counties chosen to participate in the 2014 (SCAPAP) State-County Assessor's Partnership Agreement Program (a 3 year grant program from 2014 to 2017.)

### **Impact on Community**

The implementation of the new State-Supplementation for County Assessors' Program (SSCAP) will provide direct and indirect benefits to the Community of San Benito County, as well as needed funding for the County Assessor to fairly and efficiently administer the County property tax roll. Its successful implementation will be measured by marginal growth in revenues generated for K-14 schools and county office of education, which yield immeasurable social and economic benefits to citizens of this County. The County, cities, special districts and various other agencies would likewise benefit from the resulting revenue increase as this would be additional resources that would be available to administer public services and programs.

The program funds would increase the Assessor's capacity to provide timely services, enforce provisions of property tax regulations and resolve property tax appeals more efficiently. The funding would also be utilized to enhance efforts in identifying new business establishments and properties that have escaped taxation.

### **Other Agency Involvement**

The County Counsel's Office reviewed this agenda item and resolution.

## **Financial Considerations**

If selected to participate in the program, the county is eligible to receive up to 15% percent of the amount annually appropriated for SSCAP, not to exceed the amount of \$250,000 annually, for each fiscal year 2018-19 through 2020-21, inclusive. As a program condition, the participating county is required to provide matching funds, of one dollar (\$1) for each 2 dollars (\$2) in grant funds the county receives, in each fiscal year that the Assessor's Office participates in the SSCAP.

The primary objective of SSCAP is to provide the Assessors with state grants to improve their ability to fairly and efficiently administer the County property tax rolls and related essential duties. It is anticipated that a successful implementation of the program will increase property tax revenue that will more than offset the program costs.