

# Property Tax Apportionment

County of San Diego

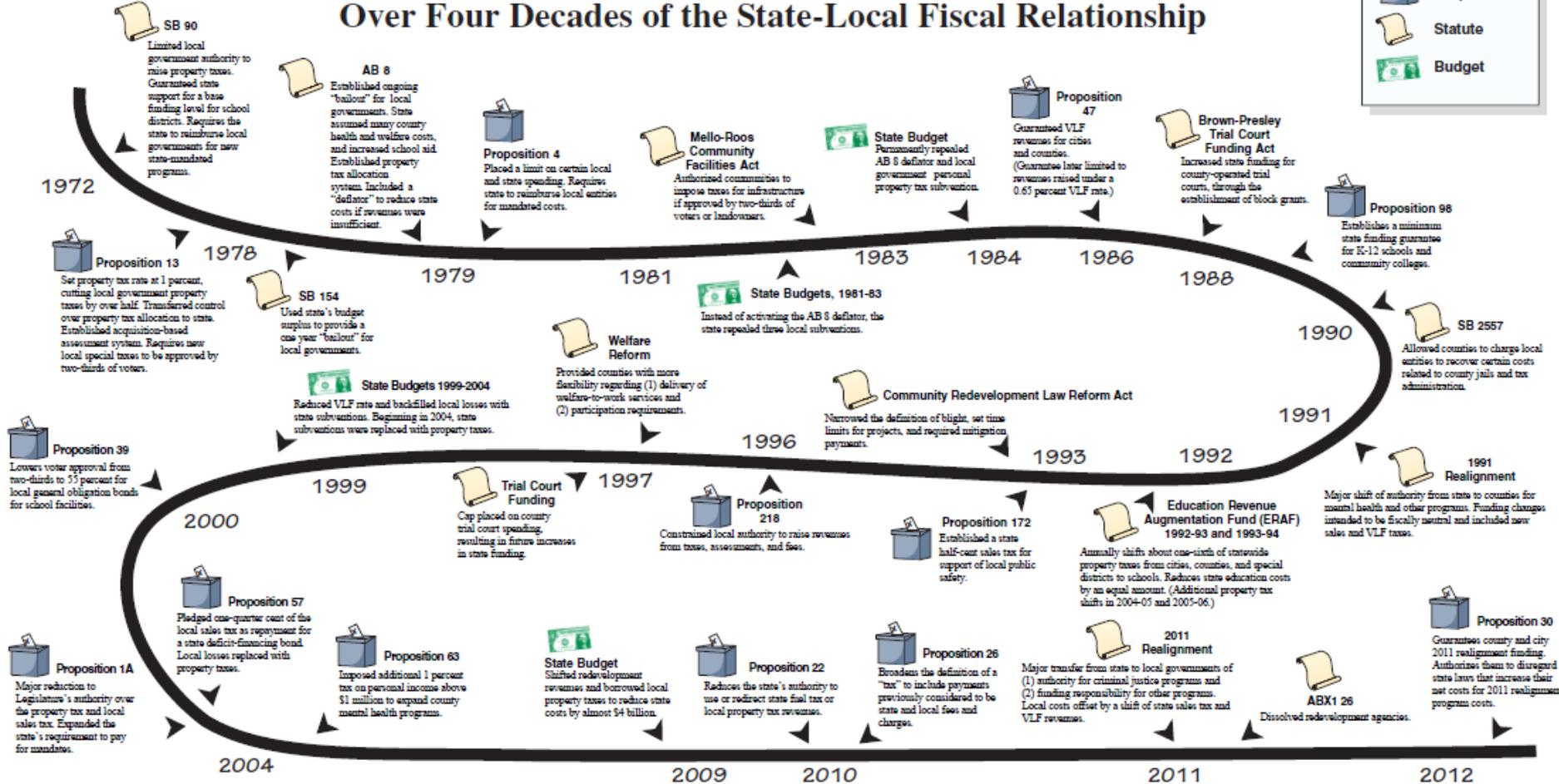
September 2015

# Agenda

- Overview of Major Property Tax Milestones
- Estimated 1% Property Tax Revenue Allocation FY 2014-15
- What is Tax Apportionment?
- Through what channels do the cash funds flow?
- How are Tax Apportionments calculated?
- Educational Revenue Augmentation Fund (ERAF) – Background
- What is the timing of the distributions?

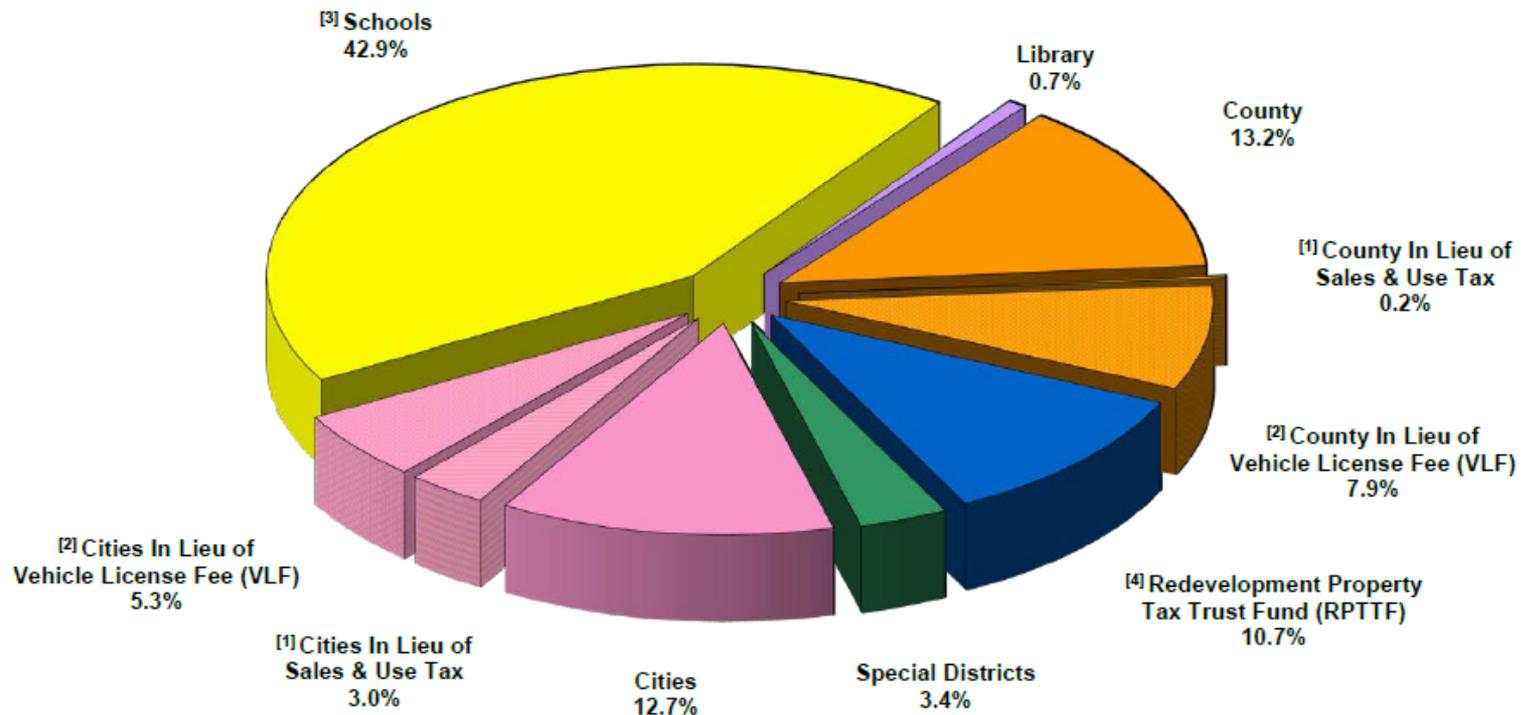
# Major Milestones: Over Four Decades of the State-Local Fiscal Relationship

 **Proposition**  
 **Statute**  
 **Budget**



# ESTIMATED 1% PROPERTY TAX REVENUE ALLOCATION FY 2014-2015

**TOTAL REVENUE \$4,190,918,690**



<sup>[1]</sup> Represents the exchange of Property Tax for Cities and County Sales and Use Tax as authorized under Assembly Bill 1766, chaptered August 2, 2003.

<sup>[2]</sup> Represents the exchange of Property Tax for Cities and County Vehicle License Fees as authorized under Senate Bill 1096, chaptered August 5, 2004.

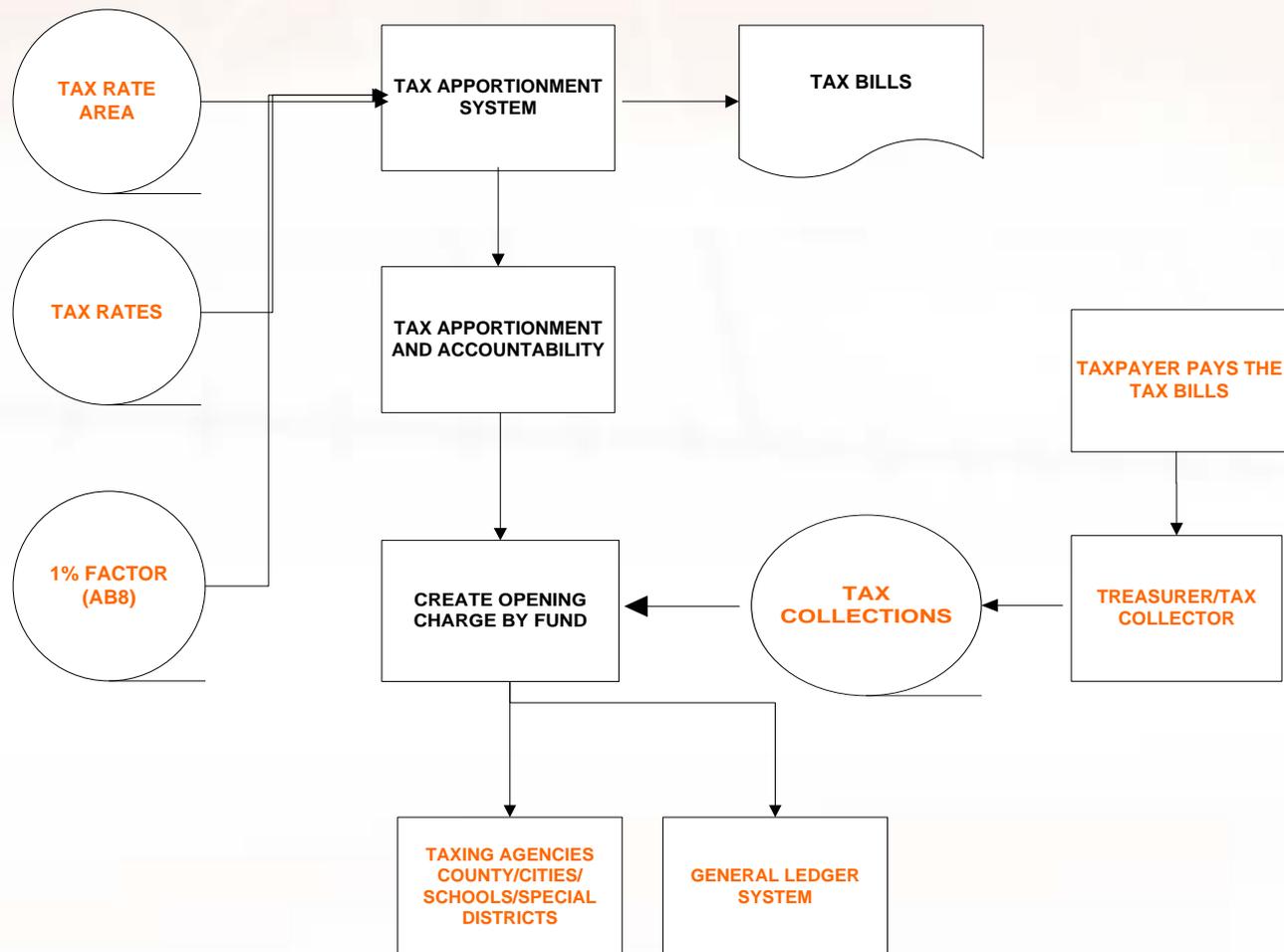
<sup>[3]</sup> Revenue for Schools has been reduced by the ERAF deficit as authorized under Senate Bill 1096, chaptered August 5, 2004.

<sup>[4]</sup> Effective February 1, 2012, Redevelopment Agencies were dissolved and related revenue is allocated to Redevelopment Successor Agencies, County, Schools, Cities, Special Districts, and the State Controller's Office as provided by Health & Safety Code, Division 24, Part 1.85.

# What is Tax Apportionment?

- Apportionment is the process of allocating property tax revenues to taxing jurisdictions. Revenue and Taxation Code generally provides for the manner in which property taxes are apportioned.

# Through What Channels Do the Cash Funds Flow ?

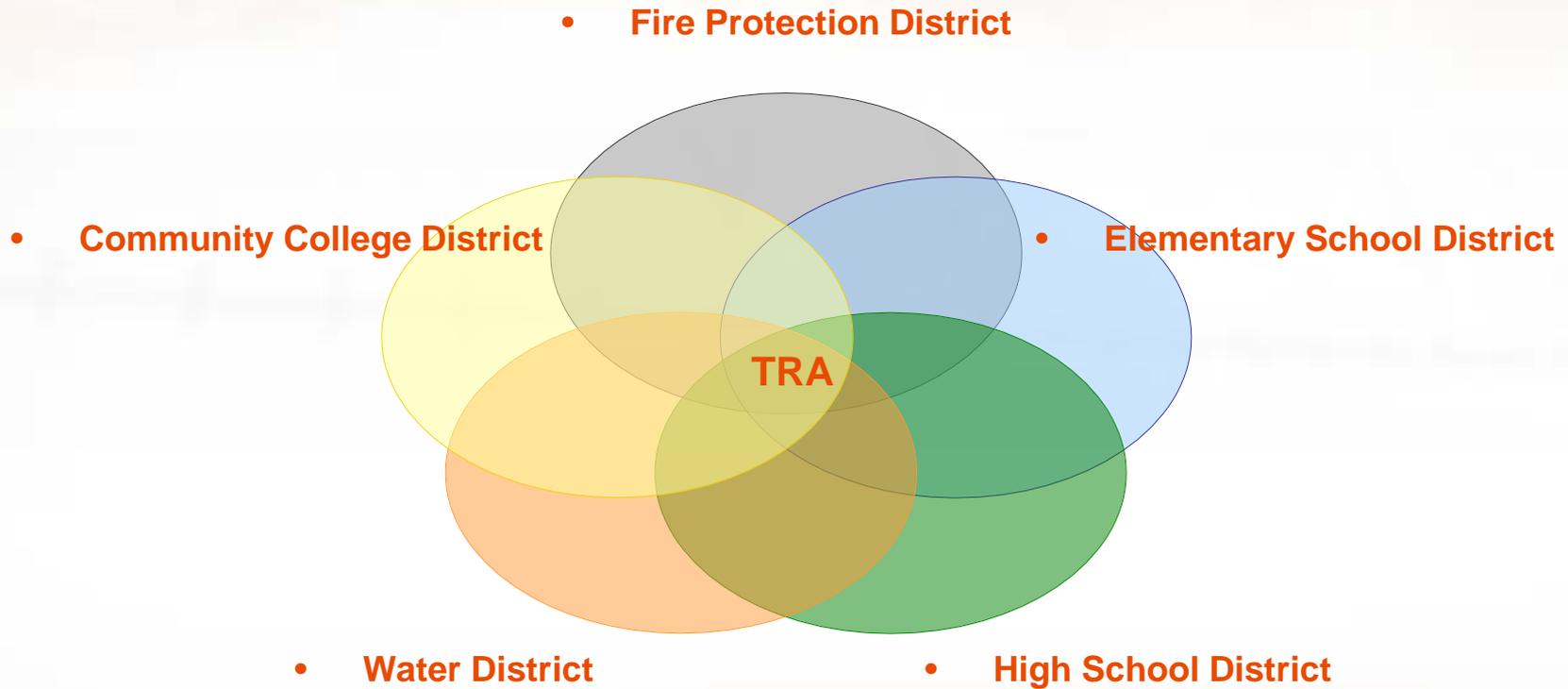


# How are Tax Apportionments Calculated?

- Tax Rate Area (TRA)

- A specific geographic area all of which is within the jurisdiction of the same combination of local agencies and school entities for the current fiscal year. The TRA system is administered by State Board of Equalization (Board) and used by counties for the proper allocation of property tax revenues between counties, cities, schools and special districts.
- 5,112 TRAs in the County of San Diego
- Each TRA is composed of the following jurisdictions:
  - County
  - City (incorporated territory)
  - School Districts (Elem, HS, Unified SD, COE, College)
  - Special Districts

# Tax Rate Area



# How are Tax Apportionments Calculated?

- Tax Rates

– Tax Rate = 1% + Debt Service Tax Rate

- Example:

Tax Rate Area: 017098  
Fiscal Year: 2014/2015

Fund	Fund Description	Rate
501800	COUNTY-PROPOSITION 13	1.00000
307251	PALOMAR HEALTH 2005A - DEBT SERVICE	0.02350
482053	UNIF BOND POWAY-SFID 2007-1,PROP C 2/05/08, SER B	0.00000
482056	UNIF BOND POWAY-SFID 2002-1, PROP U 11/5/02, 2002B	0.00751
482057	UNIF BOND POWAY-SFID 2002-1,PROP U 11/05/02, 2002C	0.00503
482058	UNIF BOND POWAY-SFID 2007-1,PROP C 2/05/08, SER A	0.00000
482059	UNIF BOND POWAY-SFID 2002-1,PROP U 11/5/02,2011REF	0.01826
482060	UNIF BOND POWAY-SFID 2002-1,PROP U, 2014 REF	0.02420
494050	PALOMAR COMMUNITY COLL PROP M 11/07/06, 2006A	0.00874
494051	PALOMAR COMMUNITY COLL PROP M 11/07/06, 2006B	0.00414
672506	MWD D/S REMAINDER OF SDCWA 15019999	0.00350
<b>TOTAL RATE.</b>		<b>1.09488</b>

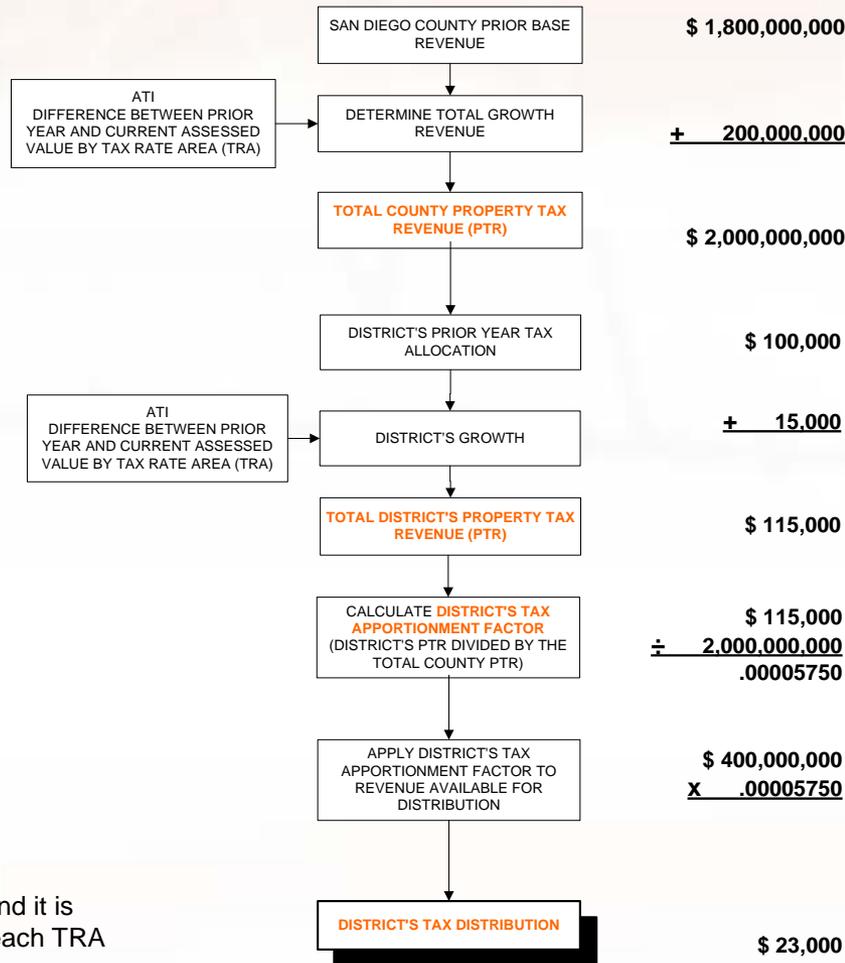
# How are Tax Apportionments Calculated?

- **AB8 1% Factor**

AB8 provided procedures for an equitable allocation of 1% property taxes that would change in proportion with the increase or decrease of assessed values. The basic premise of AB8 is to allocate to each taxing jurisdiction the amount it received in the prior year, plus a share of the change that has occurred in the current year within its boundaries.

- Examples of events that would result in changes to assessed valuation for a specific TRA:
  - Annexations or Detachments
  - Formation or Dissolution of Districts
  - City incorporations
  - Negotiated Agreements
  - Legislative changes (e.g. ERAF)

# AB-8 TAX ALLOCATION PROCESS



ATI = Annual Tax Increment and it is calculated annually for each TRA

# How are Tax Apportionments Calculated?

- SAMPLE ATI CALCULATION:**

		2013-14	2012-13	TAX BASE	2013-14
TRA = 001000	ATI RATIO	ATI	TAX BASE	EXCHANGE	TAX BASE
1001-00 COUNTY GENERAL	0.15928411	136,499.69	3,185,016.34		3,321,516.03
4117-01 GEN ELEM CHULA VISTA	0.29035206	248,819.30	5,759,075.61		6,007,894.91
4259-01 HIGH SWEETWATER UNION	0.18779946	160,936.11	3,672,923.90		3,833,860.01
4460-01 SOUTHWESTERN COMMUNITY COLLEGE	0.05062263	43,381.43	992,747.79		1,036,129.22
4535-01 COUNTY SCHOOL SERVICE	0.00783527	6,714.49	148,556.47		155,270.96
4535-04 COUNTY SCHOOL SERVICE-CAPITAL OUTLAY	0.00216716	1,857.16	38,883.54		40,740.70
4535-15 CHILDRENS INSTITUTIONS TUITION	0.00186755	1,600.41	33,147.59		34,748.00
4535-16 REGIONAL OCCUPATIONAL CENTERS	0.00509063	4,362.45	95,444.85		99,807.30
4535-19 CHULA VISTA PROJECT (19/84601)	0.00023731	203.36	3,996.64		4,200.00
4535-22 CHULA VISTA PROJECT (19/84602)	0.00040896	350.46	7,711.36		8,061.82
5022-00 EDUCATIONAL REVENUE AUGMENTATION FUND	0.14682124	125,819.52	2,762,141.90		2,887,961.42
6014-00 CHULA VISTA CITY	0.14374232	123,181.02	2,695,049.76		2,818,230.78
6750-31 CWA SOUTH BAY IRRIGATION	0.00377130	3,231.84	73,014.11		76,245.95
	<b>1.00000000</b>	<b>856,957.24</b>	<b>19,467,709.86</b>		<b>20,324,667.10</b>

# Educational Revenue Augmentation Fund

- ERAF (Educational Revenue Augmentation Fund)
  - ERAF I was implemented in 1992/93 which provided for the transfer of property tax revenues from County, cities and special districts to be allocated to schools. The transfer amount was based on formulas specified in statutes and included an ERAF ATI factor so ERAF would continue to receive funding in future years.
  - ERAF II occurred in 1993/94 which required additional transfer of property tax revenues from County, cities and special districts to be allocated to schools. The required transfer was based on revenues allocated in the prior year without any provisions for growth.
  - ERAF III was implemented for fiscal years 2004/05 and 2005/06. The contribution amount for County, cities and special districts was determined by Dept. of Finance.

# What is the Timing of the Distributions?

- **13 Distributions in a year**
  - One monthly distribution July through May and 2 distributions in June.
- **Distribution**
  - Distribution = Collections plus/minus Refunds and Adjustments
  - Jurisdiction funds are wired to Bank (Cities and some independent districts), or
  - Deposited in County Treasurer Pool/Oracle General Ledger (Schools and some independent districts)
- **Percentage Distributions in December and April**
  - These distributions include regular collection PLUS advanced funds to agencies. The goal is to distribute 40% of the jurisdiction's opening charge in December and 86% in April.
- **Teeter Buyout Distribution in June**
  - County advances the delinquent receivables of agencies participating in the Teeter Plan. When the receivable is paid by taxpayers, the County gets the portion of penalty payment.

# Questions and Answers

- For additional information:
  - Auditor and Controller – Property Tax Services
    - Website: [www.sdpts.com](http://www.sdpts.com)
    - Email: [PTS.FGG@sdcounty.ca.gov](mailto:PTS.FGG@sdcounty.ca.gov)
    - Telephone Number: (858) 694-2901