

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Auditor-Controller

BOARD AGENDA # 6:35 p.m.

Urgent Routine

AGENDA DATE May 20, 2008

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval to Adopt the Property Tax Administration Cost Recovery Plan

STAFF RECOMMENDATIONS:

1. Adopt the Property Tax Administration Cost Recovery Plan.
2. Approve the report determining the Property Tax Administration Costs for Fiscal Year 2006/2007 are \$6,291,129 and establishing the proportion of said costs attributable to incorporated cities and other jurisdictions in Fiscal Year 2007/2008.
3. Authorize the collection of said costs pursuant to the provisions of the Revenue and Taxation Code Sections 95.3 and 97.75, and Stanislaus County Ordinance Code Section 4.44.010.

FISCAL IMPACT:

Adoption of the report and authorizing recovery of Property Tax Administration fees will provide \$1,753,251 of revenues to the Property Tax Administration Departments.

BOARD ACTION AS FOLLOWS:

No. 2008-366

On motion of Supervisor DeMartini, Seconded by Supervisor Grover
and approved by the following vote,

Ayes: Supervisors: O'Brien, Grover, DeMartini and Chairman Mayfield

Noes: Supervisors: None

Excused or Absent: Supervisors: Monteith

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

Approval to Adopt the Property Tax Administration Cost Recovery Plan

DISCUSSION:

With the passage of the State Budget for 1990/1991, funding for Stanislaus programs was cut. To partially make up these cuts and avoid significant reduction in health, criminal justice and social service programs, the Legislature and the Governor granted counties authority under SB2557 to recover the cost of property tax administration and jail booking fees from other jurisdictions.

During the 1991/1992 regular session of the State Legislature, a change was made to Revenue and Taxation Code Section 97(f) to exempt school districts, community college districts, and county offices of education from property tax administration cost recovery.

During the 1992/1993 session of the State Legislature, various provisions of the Revenue and Taxation Code were changed to allow shifting a portion of the property tax revenue due to local government jurisdictions to the Schools Educational Revenue Augmentation Fund. Revenue and Taxation Code Section 97.5 (d) was then modified to allow the County to recover the property tax administration costs related to the shifted revenue.

The 1994/1995 session of the State Legislature repealed section 97 dealing with property tax administration cost recovery and replaced it with Revenue and Taxation Code Section 95.2, which continued the provisions of the repealed sections. The new section added the legislative intent that recognized that the County was bearing a disproportionate share of property tax administration and provided for collection from local agencies of the proportionate share of those costs.

Revenue and Taxation Code Section 95.3 has superseded section 95.2. The new section eliminates the authority of the County to charge the Educational Revenue Augmentation Fund for property tax administration costs. It also allows the Auditor-Controller to include the Assessments Appeals Board expenses in calculating costs. In addition, it provides for offsetting property tax allocations in the amount of the recovery costs as opposed to invoicing, as had been the practice in the past. It also affirms that costs are to be allocated based on the proportionate share of property taxes allocated to taxing agencies.

SB1096 (Budget Act of 2004) dramatically altered State and local government funding. Beginning in Fiscal Year 2004/2005, the collection and distribution of certain sales tax and in lieu vehicle license fees received by local agencies was changed dramatically. These revenues were partially eliminated and replaced by property tax revenue now administered by the counties. To fund the distribution of these revenues, the law provided for the transfer of property taxes from the Educational Revenue Augmentation Fund (ERAF) to the local agencies. Previously local agencies received these revenues directly from the State. As a result of these changes, the County and cities began receiving a larger portion of funds generated from property taxes and consequently are required under Revenue & Taxation Code 95.3 to pay a larger share of the property tax administration cost.

Approval to Adopt the Property Tax Administration Cost Recovery Plan

DISCUSSION (continued):

The legislature, recognizing the potential impact of the higher property tax administrative fee for cities, prohibited the imposition of the fee for the fiscal years 2004/2005 and 2005/2006. The legislature also recognized that as part of ERAF III and the associated Property Tax Administrative costs, that these costs would not be a charge against the taxing agencies, including cities.

There has been and continues to be a difference of opinion in the application of Revenue & Taxation Code 97.68, 97.70, and 97.75. The cities have interpreted these sections to limit the recovery of costs to "marginal" expenses for the implementation of the "Triple Flip" (SB 1096). Since the adoption of the property tax fees last year, a series of meetings and communications have taken place between the California State Association of Counties (CSAC), the League of California Cities, the State Controller's Office, and the County Counsels' Association in an attempt to resolve this difference of opinion. To date a resolution and consensus has not been reached between CSAC and the League of California Cities.

We have attached a copy of an opinion, which was prepared by the County Counsels' Association in support of the Property Tax Administrative Fee Guidelines. These guidelines were developed by the State Association of County Auditor-Controller's, with broad participation from representatives from the State Controller's Office, the League of California Cities, and others. Our attached report, including those changes from the implementation of the "Triple Flip", was prepared in conformity with the adopted statewide property tax administrative guidelines.

The total calculated net property tax administration costs for fiscal year 2006/2007 is \$6,291,129. The distribution of those costs to each jurisdiction is also provided. Of this amount, \$2,939,559 relates to schools and these costs by law are not recoverable by the County.

PROPERTY TAX ADMINISTRATION COSTS SUMMARY

County General Fund	\$1,584,967
Schools (not recoverable)	2,939,559
Cities	1,089,671
Redevelopment Agencies	460,496
Special Districts	216,436
TOTAL	\$6,291,129

Approval to Adopt the Property Tax Administration Cost Recovery Plan

DISCUSSION (continued):

RECOVERY AMOUNTS TO BE ALLOCATED TO:

Assessor's Office	\$1,370,104
Auditor-Controller's Office	93,835
Tax Collector's Office	264,693
Assessment Appeals Board	24,619
TOTAL	\$1,753,251

POLICY ISSUES:

The Stanislaus County Code Section 4.44.010 requires the Auditor-Controller to submit a final report of Property Tax Administration costs for the review of the Board of Supervisors and the affected agencies. A copy of the final report was mailed to all affected agencies on April 28, 2008.

STAFFING IMPACT:

Staff in the offices of County Counsel, Auditor-Controller, Treasurer-Tax Collector, Assessor, and Assessment Appeals Board has been involved in the development and accumulation of data required for this report. The staffing level in the Auditor-Controller's Office is sufficient to offset the Property Tax Administration costs of the affected local agencies.



AUDITOR-CONTROLLER

Larry D. Haugh
Auditor - Controller

1010 10TH Street, Suite 5100, Modesto, CA 95354
PO Box 770, Modesto, CA 95353-0770
Phone: 209.525.6398 Fax: 209.525.6487

ACCOUNTANT'S REPORT

Board of Supervisors
Stanislaus County

We have reviewed the accompanying Property Tax Administration Fee Cost Calculation for the year ended June 30, 2007. County of Stanislaus management is responsible for the Property Tax Administration Fee Cost Calculation.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the County of Stanislaus's Property Tax Administration Fee Cost Calculation. Accordingly, we do not express such an opinion.

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair the accountant's independence. However, we believe adequate safeguards and divisions of responsibility exist to enable the reader of this report to rely on the information contained herein.

Based on our review, except for the effects, if any, of the impairment to accountant independence, nothing came to our attention that caused us to believe that the Property Tax Administration Fee Cost Calculation of the County of Stanislaus for the year ended June 30, 2007 is not presented, in all material respects, in conformity with Revenue and Taxation Code Section 95.3.

This report is intended solely for the information and use of the Board of Supervisors and management and is not intended to be and should not be used by anyone other than these specified parties.

Lauren Klein
Certified Public Accountant
Internal Audit Manager
County of Stanislaus

April 17, 2008



Stanislaus County
Property Tax Administration Fee
Cost Calculations

Final Report

For use in Fiscal Year 2007/2008

METHODOLOGY

- I. **PROCESS DEFINED:** Four departments were reviewed for property tax administration costs -- Auditor-Controller, Tax Collector, Assessor, and the Clerk of the Board.

Each department was reviewed and property tax related activities and/or functions were defined. All services that were property tax related were grouped into a "Property Tax" function. Other services (including those allocated in the countywide cost allocation plan) were classified as "All Other". Any function that was administrative in nature was so classified.

- II. **COSTS DISTRIBUTED:** Using the procedures described above, each staff member was categorized in terms of assignments and responsibilities.

This distribution provided an allocation base for salary, benefits, services and supplies, and overhead costs. Certain specialized costs were analyzed separately and spread in a specific manner.

RESULTS

The total 2006/2007 net cost for property tax administration equals \$6,291,129.

Distributing this cost over the Auditor-Controller's apportionment percentages for 2007/2008 results in the calculations shown on the following pages:

**STANISLAUS COUNTY
PROPERTY TAX ADMINISTRATIVE COST
SUMMARY
CHART A
FISCAL YEAR 2006/2007**

	ASSESSOR	TAX COLLECTOR	AUDITOR- CONTROLLER
SALARIES & BENEFITS	\$4,611,795	\$820,999	\$279,775
SERVICES & SUPPLIES	\$659,306	\$164,644	\$25,499
OTHER CHARGES	\$299,897	\$332,289	
GENERAL & A-87 OVERHEAD	\$466,487	\$122,409	\$112,013
DEPARTMENTAL COST :	\$6,037,485	\$1,440,341	\$417,287
ASSESSMENT APPEALS BOARD		\$105,689	
TOTAL COST :		\$8,000,802	
TAX RELATED REVENUES :			
OTHER REVENUES	(\$155,659)	(\$49,586)	
COLLECTION COST		(\$87,460)	
CHARGES FOR CURRENT SERVICES		(\$3,455)	(\$14,456)
ASSESSMENT & TAX COLLECTION FEES		(\$163,517)	
SB 813		(\$1,235,540)	
NET PROPERTY TAX ADMINISTRATIVE COST :		\$6,291,129	

Total revenue offsets :	(\$1,754,198)
General credits this page	\$1,709,673
Direct assessments from chart B	(\$44,525)

**STANISLAUS COUNTY
PROPERTY TAX ADMINISTRATION COST ALLOCATION
CHART B
FISCAL YEAR 2007/2008**

Code	Description	Net AB8 2006/2007 Allocation A+C	Unitary & Operating Non-Unitary B	Sales Tax Triple Flip W/ True-up D	VLF Swap W/ Growth Adjustment E	Adjusted Net Revenue F	Admin. Cost Apportionment Factors G	Admin Cost Less Offsets H	Direct Credit I	Adjusted Administrative Cost j
00010	COUNTY-GENERAL FUND	\$46,560,547.54	\$903,154.77	\$55,357,938.00	\$5,027,966.87	\$107,849,607.18	24.902896560%	\$1,566,673.32	\$44,525.35	\$0.00
00100	CO SUPT OF SCHOOLS	1,768,608.53	15,865.64			1,784,474.17	0.412042073%	25,922.10		
00500	COUNTY FIRE SERVICE	1,246,958.83	12,370.70			1,259,329.53	0.290784118%	18,293.60		18,293.60
06320	CITY OF CERES	2,462,336.49	31,932.43	3,756,180.00	1,331,553.74	7,582,002.66	1.750714100%	110,139.68	(1,960.40)	108,179.28
06321	CITY OF HUGHSON	250,961.79	3,217.73	533,052.00	106,062.69	893,294.21	0.206265131%	12,976.41	(1,418.60)	11,557.81
06322	CITY OF MODESTO	14,483,285.50	180,621.17	15,811,099.00	6,557,120.61	37,032,126.28	8.550862949%	537,945.81	(2,263.20)	535,682.61
06323	CITY OF NEWMAN	738,534.49	11,786.14	906,586.00	138,605.22	1,795,511.85	0.414590716%	26,082.44	(872.60)	25,209.84
06324	CITY OF OAKDALE	1,680,045.76	20,493.20	1,545,249.00	749,318.71	3,995,106.67	0.922485773%	58,034.77	(1,220.20)	56,814.57
06325	CITY OF PATTERSON	3,444,399.45	19,344.44	2,080,455.00	343,865.85	5,888,064.74	1.359577201%	85,532.75	(3,480.40)	82,052.35
06326	CITY OF RIVERBANK	1,501,812.66	17,750.56	1,910,290.00	675,705.04	4,105,558.26	0.947989477%	59,639.24	(816.80)	58,822.44
06327	CITY OF TURLOCK	4,349,845.91	53,367.67	5,374,166.00	2,725,933.40	12,503,312.98	2.887063922%	181,628.91	(1,904.40)	179,724.51
06328	CITY OF WATERFORD	337,864.89	3,949.24	771,874.00	104,147.17	1,217,835.30	0.281202940%	17,690.84	(302.00)	17,388.84
10000	HILLS FERRY CEMETERY	167,103.63	3,075.84			170,179.47	0.039295106%	2,472.11		2,472.11
10050	KNIGHTS FERRY CEMETERY	4,298.08	85.01			4,383.09	0.001012072%	63.67		63.67
10100	PATTERSON CEMETERY	156,840.95	3,105.45			159,946.40	0.036932249%	2,323.46		2,323.46
10150	COUNTY RDA AREA 1 - SALIDA	1,764,655.10	2,605.44			1,767,260.54	0.408067378%	25,672.04		25,672.04
10200	COUNTY RDA AREA 2 - EYEFIVE	143,584.27	264.59			143,848.86	0.033215265%	2,089.62		2,089.62
10250	COUNTY RDA AREA 4 - EMPIRE	315,065.86	426.94			315,492.80	0.072848523%	4,582.99		4,582.99
10300	COUNTY RDA AREA 5 - SEVENTH	55,825.56	83.41			55,908.97	0.012909600%	812.16		812.16
10350	COUNTY RDA AREA 6 - SHACKELFORD	576,204.31	829.52			577,033.83	0.133239371%	8,382.26		8,382.26
10400	COUNTY RDA AREA 7 - GRAYSON	106,116.51	164.56			106,281.07	0.024540715%	1,543.89		1,543.89
10450	COUNTY RDA AREA 8 - KEYES	748,204.23	1,059.32			749,263.55	0.173007887%	10,884.15		10,884.15
10500	COUNTY RDA AREA 9 - AIRPORT	691,959.86	1,294.23			693,254.09	0.160075084%	10,070.53		10,070.53
10550	COUNTY RDA AREA 10 - DENAIR	229,907.17	281.46			230,188.63	0.053151456%	3,343.83		3,343.83
10600	COUNTY RDA AREA 11 - HICKMAN	195,907.10	290.07			196,197.17	0.045302695%	2,850.05		2,850.05
10650	COUNTY RDA AREA 13 - VALLEY HOME	14,928.12	25.19			14,953.31	0.003452778%	217.22		217.22
10700	COUNTY RDA AREA 14 - BUTTE GLENN	851,640.44	1,144.16			852,784.60	0.196911303%	12,387.94		12,387.94
10750	COUNTY RDA AREA 15 - CROWS LANDING	42,315.36	56.83			42,372.19	0.009783905%	615.52		615.52
10800	COUNTY RDA AREA 16 - SHELL	11,015.03	28.32			11,043.35	0.002549953%	160.42		160.42
10850	COUNTY RDA AREA 17 - MONTEREY	40,326.39	38.29			40,364.68	0.009320363%	586.36		586.36
11650	DENAIR COMMUNITY SERVICES DISTRICT	61,318.26	651.06			61,969.32	0.014308958%	900.20		900.20
11700	GRAYSON COMMUNITY SERVICES DISTRICT	4,582.14	139.16			4,721.30	0.001090168%	68.58	(374.40)	0.00
11750	HIGHWAY VILLAGE CSD (CITY OF MODESTO)	38,100.83	337.05			38,437.88	0.008875457%	558.37		558.37
11800	KEYES COMMUNITY SERVICES DISTRICT	12,024.63	227.61			12,252.24	0.002829090%	177.98		177.98
11850	KNIGHTS FERRY COMMUNITY SERVICES DISTRICT	6,475.65	394.58			6,870.23	0.001586363%	99.80		99.80
12000	WATERFORD COMMUNITY SERVICES DISTRICT	33,441.17	1,038.29			34,479.46	0.007961442%	500.86		500.86
12050	WESTLEY COMMUNITY SERVICES DISTRICT	1,219.94	235.48			1,455.42	0.000336063%	21.14		21.14
12100	COUNTY SERVICE AREA 1-FAIRVIEW TRACT	1,112.52	17.25			1,129.77	0.000260869%	16.41		16.41
12900	BURBANK-PARADISE FIRE	135,523.43	1,249.13			136,772.56	0.031581320%	1,986.82	(1,023.40)	963.42
12950	STAN CONSOL FIRE PRO DIST	2,571,050.22	21,020.21			2,592,070.43	0.598519211%	37,653.62	(3,793.80)	33,859.82
13000	CERES FIRE	28,385.64	709.68			29,095.32	0.006718224%	422.65	(234.00)	188.65
13050	DENAIR FIRE	128,844.42	1,088.30			129,932.72	0.030001973%	1,887.46	(571.00)	1,316.46
13150	HUGHSON FIRE	284,798.08	1,877.92			286,676.00	0.066194610%	4,164.39	(675.40)	3,488.99
13200	INDUSTRIAL FIRE	179,640.86	3,119.76			182,760.62	0.042200143%	2,654.87	(1,715.80)	939.07
13250	KEYES FIRE	122,224.75	1,202.83			123,427.58	0.028499911%	1,792.97	(508.80)	1,284.17

**STANISLAUS COUNTY
PROPERTY TAX ADMINISTRATION COST ALLOCATION**

CHART B

FISCAL YEAR 2007/2008

13400 MOUNTAIN VIEW FIRE	73,675.78	1,278.12			74,953.90	0.017307150%	1,088.82	(260.20)	828.62
13450 OAKDALE FIRE	443,930.36	7,371.58			451,301.94	0.104207384%	6,555.82	(911.00)	5,644.82
13550 SALIDA FIRE	674,348.58	3,748.82			678,097.40	0.156575344%	9,850.36	(1,365.00)	8,485.36
13600 TURLOCK FIRE	135,845.26	3,064.69			138,909.95	0.032074852%	2,017.87	(407.40)	1,610.47
13750 WESTPORT FIRE	61,787.54	588.86			62,376.40	0.014402956%	906.11	(299.40)	606.71
13800 WEST STANISLAUS FIRE	325,795.14	12,933.67			338,728.81	0.078213809%	4,920.53	(973.60)	3,946.93
13850 WOODLAND AVE FIRE	169,557.27	2,276.71			171,833.98	0.039677140%	2,496.14		2,496.14
13950 PATTERSON HOSPITAL DISTRICT	1,069,041.54	17,799.86			1,086,841.40	0.250955934%	15,787.96	(1,918.40)	13,869.56
14000 WESTSIDE HOSPITAL DISTRICT	117,451.97	2,011.25			119,463.22	0.027584524%	1,735.38	(873.00)	862.38
14050 AIRPORT NEIGHBORHOOD LIGHT	6,704.56	236.39			6,940.95	0.001602692%	100.83	(102.80)	0.00
14150 COUNTRY CLUB ESTATES LIGHTING	1,608.64	13.72			1,622.36	0.000374609%	23.57		23.57
14200 CROWS LANDING LIGHTING	1,710.53	157.97			1,868.50	0.000431445%	27.14		27.14
14300 DENAIR LIGHTING	4,996.12	64.90			5,061.02	0.001168609%	73.52	(241.20)	0.00
14350 EMPIRE LIGHTING	12,282.96	233.16			12,516.12	0.002890021%	181.81	(195.00)	0.00
14400 FAIRVIEW TRACT LIGHTING	3,919.48	55.88			3,975.36	0.000917925%	57.75	(50.00)	7.75
14800 MANCINI PARK LIGHTING	385.15	3.33			388.48	0.000089700%	5.64	(39.80)	0.00
14850 MONTEREY PARK LIGHTING	847.66	4.67			852.33	0.000196807%	12.38	(15.60)	0.00
15000 OLYMPIC TRACT LIGHTING	4,347.58	73.00			4,420.58	0.001020730%	64.22	(65.60)	0.00
15200 RICHLAND TRACT LIGHTING	2,487.49	32.36			2,519.85	0.000581842%	36.60	(31.00)	5.60
15350 SALIDA LIGHTING	9,379.43	522.13			9,901.56	0.002286309%	143.83	(859.40)	0.00
15600 SUNSET OAKS LIGHTING	6,536.37	120.51			6,656.88	0.001537100%	96.70	(68.00)	28.70
15650 SYLVAN VILLAGE NO 2 LIGHTING	2,389.85	20.97			2,410.82	0.000556668%	35.02		35.02
15700 TEMPO PARK LIGHTING	3,500.91	26.28			3,527.19	0.000814443%	51.24		51.24
15750 WATERFORD LIGHTING	20,792.24	506.95			21,299.19	0.004918066%	309.40	(378.20)	0.00
15950 EASTSIDE MOSQUITO ABATEMENT	2,053,077.23	18,220.01			2,071,297.24	0.478270643%	30,088.62		30,088.62
16000 TURLOCK MOSQUITO ABATEMENT	1,628,569.81	18,959.09			1,647,528.90	0.380420874%	23,932.77		23,932.77
16250 CENTRAL IRRIGATION DISTRICT	59,809.78	1,170.16			60,979.94	0.014080507%	885.82		885.82
16300 OAKDALE IRRIGATION DISTRICT	1,932,698.82	17,620.07			1,950,318.89	0.450336269%	28,331.24	(131.40)	28,199.84
16350 TURLOCK IRRIGATION DISTRICT	1,451,053.38	11,999.19			1,463,052.57	0.337824566%	21,252.98		21,252.98
16400 WEST STANISLAUS IRRIGATION DISTRICT	293,613.88	4,302.88			297,916.76	0.068790146%	4,327.68		4,327.68
16450 STORM DRAIN NO 1	642.06	48.20			690.26	0.000159384%	10.03		10.03
16700 STORM DRAIN NO 6	2,421.97	66.38			2,488.35	0.000574569%	36.15		36.15
16800 STORM DRAIN NO 8	72,816.23	112.76			72,928.99	0.016839588%	1,059.40		1,059.40
16900 STORM DRAIN NO 10	482.18	6.88			489.06	0.000112927%	7.10		7.10
16950 SHERWOOD FOREST DRAIN	1,789.00	25.06			1,814.06	0.000418874%	26.35		26.35
17050 EAST STANISLAUS RESOURCE CONSERVATION	2,384.27	13.49			2,397.76	0.000553652%	34.83		34.83
17100 RECLAMATION DISTRICT NO 2063	40,329.81	888.26			41,218.07	0.009517414%	598.75	(148.60)	450.15
17150 RECLAMATION DIST NO 2091	3,559.19	30.45			3,589.64	0.000828862%	52.14		52.14
17200 WEST STANISLAUS RESOURCE CONSERVATION	37,303.03	40.19			37,343.22	0.008622696%	542.46		542.46
17550 EMPIRE SANITARY	28,235.64	540.66			28,776.30	0.006644560%	418.02		418.02
17600 SALIDA SANITARY	30,152.42	3,405.14			33,557.56	0.007748571%	487.47	(973.80)	0.00
17700 CHATOM ELEM-GEN	1,529,960.75	25,212.04			1,555,172.79	0.359095486%	22,591.16		22,591.16
17750 ERAF	65,111,396.56	35,100.85	-88,046,889.00	-17,760,279.30	-40,660,670.89	-9.388708107%	-590,655.73		-590,655.73
17800 EMPIRE ELEM-GEN	5,978,479.37	29,077.10			6,007,556.47	1.387168310%	87,268.55	(1,568.40)	85,700.15
17900 HART RANSOM-GEN	892,603.85	9,448.04			902,051.89	0.208287313%	13,103.62		13,103.62
18050 KEYES ELEM-GEN	1,014,800.20	30,619.21			1,045,419.41	0.241391435%	15,186.25		15,186.25
18200 MODESTO ELEM-GEN	18,706,440.63	241,904.36			18,948,344.99	4.375247047%	275,252.43		275,252.43
18300 PARADISE ELEM-GEN	289,130.47	7,808.82			296,939.29	0.068564445%	4,313.48		4,313.48
18450 SALIDA ELEM-GEN	4,404,903.92	17,385.43			4,422,289.35	1.021123925%	64,240.22		64,240.22
18500 SHILOH ELEM-GEN	213,676.79	10,295.51			223,972.30	0.051716081%	3,253.53		3,253.53
18550 STANISLAUS ELEM-GEN	8,219,162.68	45,522.40			8,264,685.08	1.908348144%	120,056.64		120,056.64

**STANISLAUS COUNTY
PROPERTY TAX ADMINISTRATION COST ALLOCATION**

CHART B

FISCAL YEAR 2007/2008

18600 SYLVAN ELEM-GEN	15,875,801.75	100,777.77			15,976,579.52	3.689054764%	232,083.19		
18850 MODESTO HIGH-GEN	41,791,571.24	299,731.14			42,091,302.38	9.719046519%	611,437.74		
19000 CERES UNIFIED-GEN	14,937,117.19	100,627.65			15,037,744.84	3.472274161%	218,445.24		
19050 DENAIR UNIFIED-GEN	4,303,525.25	23,022.05			4,326,547.30	0.999016711%	62,849.43		
19100 HUGHSON UNIFIED SCHOOL DISTRICT-GEN	4,059,182.02	22,477.17			4,081,659.19	0.942471088%	59,292.07		
19150 HUGHSON(GRATTON) UNIFIED SCHOOL DISTRICT-GEN	129,417.06	757.16			130,174.22	0.030057737%	1,890.97		
19200 HUGHSON(HICKMAN) UNIFIED SCHOOL DISTRICT-GEN	288,574.68	2,391.03			290,965.71	0.067185122%	4,226.70		
19250 HUGHSON(LA GRANGE) UNIFIED SCHOOL DISTRICT-GEN	60,576.36	1,056.08			61,632.44	0.014231172%	895.30		
19300 HUGHSON(ROBERTS FERRY) UNIFIED SCHOOL DISTRICT-GEN	170,502.14	7,298.28			177,800.42	0.041054813%	2,582.81		
19350 NEWMAN-CROWS LANDING UNIFIED SCHOOL DISTRICT-GEN	5,839,907.75	114,209.15			5,954,116.90	1.374828904%	86,492.26		
19400 OAKDALE UNIFIED SCHOOL DISTRICT-GEN	13,774,040.77	135,374.04			13,909,414.81	3.211738339%	202,054.60		
19450 OAKDALE(KNIGHTS FERRY) UNIFIED SCHOOL DISTRICT-GEN	199,378.66	4,776.05			204,154.71	0.047140122%	2,965.65		
19500 OAKDALE(VALLEY HOME) UNIFIED SCHOOL DISTRICT-GEN	381,542.37	16,625.83			398,168.20	0.091938596%	5,783.98		
19550 PATTERSON UNIFIED SCHOOL DISTRICT-GEN	10,015,524.44	153,331.20			10,168,855.64	2.348028581%	147,717.50		
19600 RIVERBANK UNIFIED SCHOOL DISTRICT-GEN	3,558,317.92	46,323.05			3,604,640.97	0.832325713%	52,362.68	(146.20)	
19625 TURLOCK JT(SB1537) UNIFIED SCHOOL DIST - GEN	23,062,181.82	181,444.59			23,243,626.41	5.367044344%	337,647.68	(254.80)	
19650 WATERFORD UNIFIED SCHOOL DISTRICT-GEN	2,911,750.15	44,016.30			2,955,766.45	0.682498046%	42,936.83		
19700 YOSEMITE COMMUNITY COLLEGE DISTRICT-GEN	31,630,302.11	264,065.83			31,894,367.94	7.364534433%	463,312.35		
19750 COUNTY SCHOOL SERVICE FUND	12,850,789.07	202,427.34			13,053,216.41	3.014038776%	189,617.06		
19800 SCHOOLS-EQUALIZATION AID	7,644,905.08	5,549.67			7,650,454.75	1.766519955%	111,134.05		
19850 SCHOOLS-TUITION	4,353,472.58	3,976.18			4,357,448.76	1.006151979%	63,298.32		
30000 CERES REDEVELOPMENT AGENCY	3,611,765.49	3,630.29			3,615,395.78	0.834809041%	52,518.91	52,518.91	
30050 CERES AMENDED REDEVELOPMENT AGENCY	1,766,618.89	444.68			1,767,063.57	0.408021897%	25,669.18	25,669.18	
30100 MODESTO REDEVELOPMENT AGENCY	350,285.44	6,122.45			356,407.89	0.082295977%	5,177.35	5,177.35	
30300 MODESTO AMENDED REDEVELOPMENT AGENCY	4,743,204.58	6,324.45			4,749,529.03	1.096684849%	68,993.86	68,993.86	
30400 OAKDALE REDEVELOPMENT AGENCY	2,845,335.02	12,934.42			2,858,269.44	0.659985605%	41,520.55	41,520.55	
30500 OAKDALE AMENDED REDEVELOPMENT AGENCY	100,953.92	1,023.95			101,977.87	0.023547089%	1,481.38	1,481.38	
30600 NEWMAN REDEVELOPMENT AGENCY	982,204.26	4,001.29			986,205.55	0.227718723%	14,326.08	14,326.08	
30800 TURLOCK REDEVELOPMENT AGENCY	3,323,826.84	5,314.90			3,329,141.74	0.768711862%	48,360.65	48,360.65	
30900 TURLOCK AMENDED REDEVELOPMENT AGENCY	4,317,700.20	3,156.10			4,320,856.30	0.997702637%	62,766.76	62,766.76	
31000 RIVERBANK REDEVELOPMENT AGENCY	1,362,967.50	0.00			1,362,967.50	0.314714532%	19,799.10	19,799.10	
31100 PATTERSON REDEVELOPMENT AGENCY	388,368.15	406.60			388,774.75	0.089769612%	5,647.52	5,647.52	
31200 STAN/CERES REDEVELOPMENT AGENCY	1,213,514.99	1,504.71			1,215,019.70	0.280552806%	17,649.94	17,649.94	
31300 WATERFORD REDEVELOPMENT AGENCY	314,333.62	424.58			314,758.20	0.072678901%	4,572.32	4,572.32	
31400 HUGHSON REDEVELOPMENT	537,392.30	527.94			537,920.24	0.124207890%	7,814.08	7,814.08	
	\$429,399,510.28	\$3,681,062.96	\$0.00	\$0.00	\$433,080,573.24	100.000000000%	\$6,291,128.90	\$0.00	\$1,753,251.42
							Direct Credit to non AB8 entities		\$9,112.35

**STANISLAUS COUNTY
ASSESSOR
BREAKDOWN OF EXPENSES BY COST CENTER
CHART C
FISCAL YEAR 2006/2007**

DESCRIPTION	TOTAL COSTS	SUPPORTING COST	PROP TAX ADMIN	ALL OTHER
SALARIES	\$3,332,895		\$3,332,895	
BENEFITS	\$1,278,900		\$1,278,900	
TOTAL SALARIES & BENEFITS	\$4,611,795		\$4,611,795	
MAINTENANCE EQUIPMENT	\$174,697		\$174,697	
FINGERPRINTING	\$160		\$160	
OFFICE SUPPLIES	\$18,030		\$18,030	
CONTRACTS	\$184,251		\$184,251	
EXP. EQUIPMENT - TO \$5,000	\$5,106		\$5,106	
EXP. COMPUTER EQUIP- TO \$5,000	\$30,923		\$30,923	
POSTAGE	\$9,134		\$9,134	
RENTS & LEASES	\$4,728		\$4,728	
PUBLICATIONS AND LEGAL NOTICES	\$13,448		\$13,448	
EDUCATION AND TRAINING	\$4,511		\$4,511	
MISCELLANEOUS	\$15,448		\$15,448	
TRAVEL EXPENSES	\$31,853		\$31,853	
TOTAL SERVICES & SUPPLIES	\$492,289		\$492,289	
TELEPHONE	\$19,929		\$19,929	
INSURANCE	\$10,310		\$10,310	
PRINT/COPY/MAIL/MESSENGER	\$52,158		\$52,158	
SOFTWARE	\$35,453		\$35,453	
DATA PROCESSING	\$168,061		\$168,061	
FLEET SERVICES	\$9,450		\$9,450	
OTHER	\$946		\$946	
STORES-OFFICE SUPPLIES	\$3,590		\$3,590	
TOTAL OTHER CHARGES	\$299,897		\$299,897	
OPERATING TRANSFERS OUT	\$136,115		\$136,115	
UTILITIES	\$30,902		\$30,902	
A-87 OVERHEAD(ACTUAL 2006/07)	\$466,487		\$466,487	
TOTAL ASSESSOR	\$6,037,485		\$6,037,485	

**STANISLAUS COUNTY
TAX COLLECTOR
BREAKDOWN OF EXPENSES BY COST CENTER
CHART D
FISCAL YEAR 2006/2007**

DESCRIPTION	TOTAL COSTS	SUPPORTING COST	PROP TAX ADMIN	ALL OTHER
SALARIES	\$617,420		\$600,425	\$16,995
BENEFITS	\$308,726		\$300,228	\$8,498
TOTAL SALARIES & BENEFITS	\$926,146		\$900,653	\$25,493
MAINTENANCE EQUIPMENT	\$452		\$452	
MEMBERSHIP	\$495		\$495	
OTHER	\$13,349		\$13,349	
OFFICE SUPPLIES	\$74,965		\$74,965	
PUBLICATIONS/LEGAL NOTICES	\$11,847		\$11,847	
POSTAGE	\$77		\$77	
CONTRACTS	\$47,046		\$47,046	
RENTS & LEASES	\$4,345		\$4,345	
EDUCATION & TRAINING	\$3,700		\$3,700	
CREDIT CARD PURCHASES	\$403		\$403	
TRAVEL EXPENSES	\$817		\$817	
TOTAL SERVICES & SUPPLIES	\$157,496		\$157,496	
TELEPHONE	\$5,286		\$5,286	
INSURANCE	\$7,770		\$7,770	
PRINT/COPY/MAIL/MESSENGER	\$68,871		\$68,871	
DATA PROCESSING	\$25,328		\$25,328	
COLLECTIONS	\$212,356		\$212,356	
PICKUP & DELIVERY	\$621		\$621	
STORES-OFFICE SUPPLIES	\$12,057		\$12,057	
TOTAL OTHER CHARGES	\$332,289		\$332,289	
FINANCING USES AND INTRAFUND	(\$79,654)		(\$79,654)	
UTILITIES	\$7,148		\$7,148	
A-87 OVERHEAD(ACTUAL 2006/07)	\$125,874		\$122,409	\$3,465
TOTAL TAX COLLECTOR	\$1,469,299		\$1,440,341	\$28,958

**STANISLAUS COUNTY
AUDITOR-CONTROLLER
BREAKDOWN OF EXPENSES BY COST CENTER
CHART E
FISCAL YEAR 2006/2007**

DESCRIPTION	TOTAL COSTS	SUPPORTING COST	PROP TAX ADMIN	ALL OTHER
SALARIES	\$2,542,500	\$469,456	\$211,429	\$1,861,615
BENEFITS	\$1,094,708	\$202,131	\$68,346	\$824,231
TOTAL SALARIES & BENEFITS	\$3,637,208	\$671,587	\$279,775	\$2,685,846
WARRANT COST	\$1,462			\$1,462
CONTRACTS	\$79,525			\$79,525
OTHER SERVICES & SUPPLIES	\$99,863	\$18,458	\$7,690	\$73,715
DATA PROCESSING	\$100,450	\$11,629		\$88,821
OTHER CHARGES	\$51,019	\$9,420	\$3,924	\$37,675
UTILITIES	\$28,864	\$13,063	\$5,442	\$10,359
INTRAFUND CHARGES	(\$20,064)	\$20,266	\$8,443	(\$48,773)
TOTAL SERVICES & SUPPLIES	\$341,119	\$72,836	\$25,499	\$242,784
A-87 OVERHEAD(ACTUAL 06/07)	\$353,852	\$65,336	\$29,426	\$259,090
RE-ALLOCATE SUPPORT COST		(\$809,759)	\$82,587	\$727,172
TOTAL AUDITOR-CONTROLLER	\$4,332,179		\$417,287	\$3,914,892

STANISLAUS COUNTY
ASSESSMENT APPEALS BOARD
BREAKDOWN OF EXPENSES BY COST CENTER
CHART F
FISCAL YEAR 2006/2007

BOARD	a SALARY COST	b TOTAL SALARY	PERCENT (a/b)	OTHER DEPT. COST	COST	TOTAL APPEALS BOARD
ASSISTANT CLERK	\$83,803.20					
BOARD MEMBER (3) *	\$1,125.00					
TOTAL COST	\$84,928.20	\$417,458.52		\$79,759.47	\$22,291.00	
RATIO			20.34%			
APPEALS BOARD COST	\$84,928			\$16,226	\$4,535	\$105,689

**OFFICE OF THE COUNTY COUNSEL
COUNTY OF SANTA CLARA**

70 West Hedding Street, 9th Floor
San Jose, California 95110-1770
(408) 299-5900
(408) 292-7240 (FAX)



**Ann Miller Ravel
COUNTY COUNSEL**

**Winifred Botha
Robert C. Campbell
Lori E. Pegg
ASSISTANT COUNTY COUNSEL**

February 11, 2008

**Paul McIntosh
Executive Director
California State Association of Counties
1100 K St., Suite 101
Sacramento, CA 95814**

**Edward Harrington, President
State Association of County Auditor-Controllers
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 316
San Francisco, CA 94102**

Re: Property Tax Administration Fee

Dear Mr. McIntosh and Mr. Harrington:

Recently, the Office of the State Controller (SCO) released a copy of a legal opinion regarding the calculation of property tax administration costs resulting from the implementation of SB 1096 (Stats. 2004, ch.211). The opinion was requested by Controller staff as a result of an earlier letter on behalf of the League of California Cities (LCC) raising an objection to the manner in which counties were calculating the property tax administration fee (PTAF) for the 2006-07 fiscal year and beyond. In a meeting with SCO staff to discuss the cities' letter, Jean Hurst, several county auditor-controllers, and I presented the counties' position. The SCO legal opinion disagrees with the position of the counties, and in a letter to all county auditor-controllers, the SCO appears to have officially adopted the conclusions set out in that opinion.

The SCO summarized the legal opinion in the letter to the counties as follows:

As the counties' assessors and treasurer-tax collectors incur no additional costs in implementing Revenue and Taxation Code sections 97.68 and 97.70, SCO legal counsel opined that Sales and Use Tax and Vehicle License Fee adjustment amounts cannot be added to Revenue and Taxation Code section 96.1 and section 100 computed property tax shares in order to determine administrative cost shares. [Section 97.75 of the Revenue and Taxation Code] clearly states that no amount should be charged for administrative services that exceeds the actual cost of providing such services.

**Letter to Paul McIntosh, California State Association of Counties and
Edward Harrington, State Association of County Auditor-Controllers
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As a result of the actions of the SCO, you have requested a written opinion from the County Counsels' Association of California on the question of how, under applicable state law, the PTAF authorized under Section 95.3 of the Revenue and Taxation Code¹ should be calculated. This opinion has been approved for release by the Association.

In reading the SCO legal opinion and the questions from SCO staff that it attempts to answer, it appears that the SCO does not fully understand the issues or the applicable law. On the part of counsel, this may be due to the fact that, as she acknowledges, she did not have, and apparently did not request, a copy of the SB 1096 guidelines or "other pertinent documents or information" that might have assisted in her understanding. Other pertinent information that appears not to have been provided or requested includes information about the counties' position as presented in our meeting with the Controller.

At issue here is the proper calculation of the PTAF which counties are authorized by Section 95.3 to charge local agencies to fund the costs incurred by counties in assessing, equalizing, collecting, and allocating property tax revenues. The intent of the Legislature in enacting Section 95.3 is expressed in subdivision (e):

It is the intent of the Legislature in enacting this section to recognize that since the adoption of Article XIII A of the California Constitution by the voters, county governments have borne an unfair and disproportionate part of the financial burden of assessing, collecting, and allocating property tax revenues for other jurisdictions and for redevelopment agencies. The Legislature finds and declares that this section is intended to fairly apportion the burden of collecting property tax revenues and is not a reallocation of property tax revenue shares or a transfer of any financial or program responsibility.

Section 95.3 sets out the methodology for calculating and allocating the administrative costs associated with property tax administration by the counties. The charges for the property tax administration services are not to exceed the actual and reasonable costs incurred by a county in performing those services.²

The appropriate calculation under Section 95.3 is now an issue because of enactments in 2003 and 2004 resulting from efforts by the state to deal with severe budget deficits. In 2003, the Legislature enacted what came to be known as the "Triple Flip" (Stats. 2003, ch. 13) which in relevant part reduced sales and use tax (SUT) revenues to cities and counties by 0.25 percent

¹All section references are to the Revenue and Taxation Code unless otherwise specified.

²Section 95.3(d).

Letter to Paul McIntosh, California State Association of Counties and
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and replaced those revenues with property tax revenues from the counties Education Revenue Augmentation Fund (ERAF).³ This was not implemented until 2004 with the issuance by the state of economic recovery bonds. The other enactment occurred in 2004 as part of SB 1096. This was the Vehicle License Fee (VLF) "swap."⁴ The loss of VLF revenues was offset in the same way as the SUT exchange, by property tax revenues from each county's ERAF.

Also enacted in SB 1096 was Section 97.75 which provides:

Notwithstanding any other provision of law, for the 2004-05 and 2005-06 fiscal years, a county shall not impose a fee, charge, or other levy on a city, nor reduce a city's allocation of ad valorem property tax revenue, in reimbursement for the services performed by the county under Sections 97.68 and 97.70. For the 2006-07 fiscal year and each fiscal year thereafter, a county may impose a fee, charge, or other levy on a city for these services, but the fee, charge, or other levy shall not exceed the actual cost of providing these services.

In response to these enactments, the California State Association of County Auditors developed, with the active participation of the SCO and LCC, guidelines for the implementation of SB 1096. Included in the guidelines were procedures for application of Section 97.75. The procedure provided that for the 2004-05 and 2005-06 fiscal years, the SUT and VLF property tax replacement revenues would not be included in the calculation of the PTAF but would be included in subsequent years.⁵ Both the SCO and LCC were clearly aware of the position on this issue as expressed in the final guidelines, and neither expressed any concern or disagreement.

The SCO now believes the language of Section 97.75 prohibits counties from including property tax revenues resulting from the application of Section 97.68 and Section 97.70 in the calculation of property tax revenues under Section 95.3. I believe that conclusion is clearly erroneous.⁶

³Section 97.68.

⁴Section 97.70.

⁵It appears that this procedure might have gone beyond what was required by Section 97.75 and resulted in a windfall to the cities. As explained further in this opinion, Section 97.75 doesn't require the exclusion of the SUT and VLF property tax replacement amounts from the property tax administration fee calculated under Section 95.3. It only requires that the cost of services performed under Section 97.68 and 97.70 related to those revenues not be imposed on the cities for the two fiscal years.

⁶The LCC also argued in its letter to the SCO that the revenues from application of Section 97.68 and 97.70 were not property taxes. The SCO opinion does not address that issue

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The SCO, in its request for a legal opinion, asked the question whether VLF and SUT property tax replacement revenues can “be added to section 96.1 and section 100 computed property tax share to determine administrative cost shares?” The opinion provides no analysis of that question but merely concludes that counties cannot include those amounts in the PTAF calculations because Section 97.75 states that “no amount should be added as a charge for providing administrative services that exceeds the actual cost of providing such services.” The SCO incorrectly interprets the plain language of Section 97.75.

Because the statutory language is generally the most reliable indicator of legislative intent, a court will look first at the words themselves, giving them their usual and ordinary meaning and construing them in context. If the plain language of the statute is clear and unambiguous, a court will look no further. If the statutory language contains no ambiguity, the Legislature is presumed to have meant what it said, and the plain meaning of the statute governs.⁷ It is our opinion that the language of Section 97.75 is clear and unambiguous.

Nowhere in the language of Section 97.75 is there a reference, expressed or implied, that the VLF and SUT property tax replacement revenues are not to be included for purposes of Section 96.1 and Section 100 calculations. Those sections both refer to property tax revenues that are allocated to local agencies, including cities. The SUT and VLF property tax replacement revenues are included in those amounts and the allocations made by counties to local agencies. Section 95.3 provides that the sums included in the calculation of the property tax administration fee include the amounts from Section 96.1 and Section 100. That would necessarily include the SUT and VLF property tax replacement revenues.

By its plain language, Section 97.75 is concerned with “a fee, charge, or other levy on a city . . . in reimbursement for the *services* performed by the county *under Sections 97.68 and 97.70.*” (Emphasis added.) There is no reference to the services performed by counties under Section 95.3. By specifying the “services” performed under Section 97.68 and Section 97.70 only, it is clear that the Legislature was concerned only with the incremental costs associated with providing those additional services required by Section 97.68 and Section 97.70 and that the costs of those services not be imposed on cities for the two fiscal years. In enacting Section 97.75, the Legislature did not prohibit the inclusion of the SUT and VLF property tax replacement revenues in the PTAF calculations for purposes of the general property tax services

and clearly appears to assume, correctly, that the revenues are, in fact, property tax revenues. The LCC position is without merit. Under Section 97.68 and Section 97.70, the sales and use tax and VLF replacement revenues come from property tax revenues, and the statutes refer to them as property tax revenues. The legislative analyses also refer to the revenues as property taxes.

⁷People v. Johnson (2002) 28 Cal. 4th 240, 244.

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performed by the counties. If the Legislature had intended such a prohibition, it would have specifically referred to the exclusion of the SUT and VLF property tax replacement revenues in the fee calculation under Section 95.3 rather than merely prohibiting a fee for the narrowly specified "services."

Since it is clear from the applicable statutory language that the SUT and VLF property tax replacement revenues are properly included for purposes of calculating the PTAF under the provisions of Section 97.75, the only remaining question is whether counties are imposing a fee, charge, or levy that exceeds the actual cost of providing the services. Since the calculations for the PTAF must follow the requirements of Section 95.3, counties should be in compliance with the provisions of Section 97.75.

Section 95.3, similar to the language in Section 97.75, requires that the PTAF for costs incurred by counties in assessing, equalizing, collecting, and allocating property tax revenues may not exceed the actual and reasonable costs incurred by counties in performing those services. As a result, in the normal course of calculating the PTAF, a county will comply with the restrictions imposed by Section 97.75.

With regard to the position taken by the SCO in the legal opinion and the letter to the counties, it should be noted that the SCO does not purport to have authority to direct the counties to implement the SCO interpretation. The counties are under no legal obligation to follow the advice of the SCO on this issue, and they should be advised not to do so in this instance given what we believe to be the clearly erroneous interpretation of the applicable statutes by the SCO.

Very truly yours,

ANN MILLER RAVEL
County Counsel



ROBERT C. CAMPBELL
Assistant County Counsel

c: Jean Hurst
Richard Arrow
Rod Dole
John Guthrie
Jennifer Henning