



County of Santa Cruz

0209

BOARD OF SUPERVISORS

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JANET K. BEAUTZ
FIRST DISTRICT

ELLEN PIRIE
SECOND DISTRICT

MARDI WORMHOUDT
THIRD DISTRICT

TONY CAMPOS
FOURTH DISTRICT

JEFF ALMQUIST
FIFTH DISTRICT

AGENDA: 6/4/02

May 22, 2002

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

RE: RESOLUTION IN SUPPORT OF SENATE BILL 1509

Dear Members of the Board:

The Board was recently asked to endorse legislation that would reimburse local governments for revenues lost through property tax exemption allowed for affordable housing developments.

As the Board is aware, local governments are financially responsible for ERAF contributions allowed through property tax exemptions for affordable housing projects. This lost revenue can sometimes be a disincentive for cities and counties and could become the determining factor for future affordable housing projects in a financially challenging period.

Senate Bill 1509 compensates local governments for revenues lost through property tax exemptions for affordable housing projects. The provisions of Senate Bill 1509 parallel our Board's commitment to affordable housing and would greatly benefit our community.

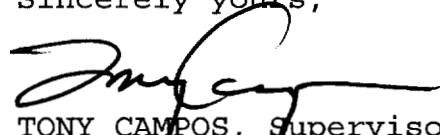
Accordingly, I recommend that the Board of Supervisors take the following actions:

1. Adopt the attached resolution in support of Senate Bill 1509.
2. Direct the Chairperson to write to Senator Dunn conveying the Board's support for Senate Bill 1509
3. Direct the Clerk of the Board to distribute the resolution as indicated.

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May 21, 2002
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4. Direct the County Administrative Officer to place the Bill in our legislative tracking system.

Sincerely yours,



TONY CAMPOS, Supervisor
Fourth District

TC:lg

1080S4

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO.

On the motion of Supervisor
Duly seconded by Supervisor
The following resolution is adopted

RESOLUTION IN SUPPORT OF SENATE BILL 1509

WHEREAS, Senator Joseph L. Dunn has introduced Senate Bill 1509 into the California State Legislature; and

WHEREAS, local government entities that support affordable housing projects through property tax exemption incentives lose local property tax revenues; and

WHEREAS, Senate Bill 1509 compensates cities and counties for the amount of property tax lost through exemptions allowed for affordable housing projects; and

WHEREAS, reimbursements allowed through Senate Bill 1509 would serve as a reward and incentive for encouraging further construction of housing for low-income families; and

WHEREAS, the provisions of Senate Bill 1509 would greatly benefit the County of Santa Cruz and our residents.

NOW, THEREFORE, BE IT RESOLVED that the Santa Cruz County Board of Supervisors hereby supports the passage of Senate Bill 1509.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this _____ day of _____, 2002, by the following vote:

AYES : SUPERVISORS
NOES : SUPERVISORS
ABSENT: SUPERVISORS

JANET K. BEAUTZ, Chairperson
Board of Supervisors

ATTEST: _____
Clerk of said Board

Approved as to form:


County Counsel

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DISTRIBUTION: Senator Joseph Dunn
Senator Bruce McPherson
Assembly Member Fred Keeley
Assembly Member Simon Salinas
Governor Davis
County Counsel

1080S4

BILL NUMBER: SB 1509 AMENDED
BILL TEXT

AMENDED IN SENATE MAY 16, 2002
AMENDED IN SENATE APRIL 1, 2002

0213

INTRODUCED BY Senator Dunn

FEBRUARY 19, 2002

An act to add Section 97.48 to the Revenue and Taxation Code,
relaxing to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1509, as amended, Dunn. Property tax revenue shifts:
exemption: affordable housing developments.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992-93 and 1993-94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education.

This bill would, for the 2003-04 fiscal year and each fiscal year thereafter, reduce the reduction and transfer amounts of qualified local agencies, as defined, by the property taxes lost as a result of the granting of a specified exemption from property taxes for affordable housing developments that are put into service on or after January 1, 2003. This bill would require that the reduction, resulting from this prohibition, in the amounts of ad valorem property tax revenue deposited in the county's Educational Revenue Augmentation Fund, be applied exclusively to reduce the amounts of ad valorem property tax revenue allocated from that fund to school districts and county offices of education. By imposing additional duties upon local tax officials in the apportionment of the allocation reductions required by this bill, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

0214

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 97.48 is added to the Revenue and Taxation Code, to read:

97.48. (a) (1) Notwithstanding any other provision of this chapter, the auditor shall, in allocating property tax revenue for the 2003-04 fiscal year and each fiscal year thereafter, decrease the total amount of property tax revenue that is allocated to the county's Educational Revenue Augmentation Fund rather than a qualified local agency, as a result of the reductions calculated for that local agency pursuant to Section 91.2 or 97.3, by that local agency's share of those property tax revenues lost as a result of exemption from tax under subdivision (f) or (g) of Section 214 of affordable housing developments that are put into service in the county on or after January 1, 2003.

(2) *Any increase in the amount of ad valorem property tax revenues that are allocated to a qualified local agency as a result of the implementation of paragraph (1) may not exceed the amount of any reduction in the amount of ad valorem property tax revenues allocated to the qualified local agency pursuant to Sections 97.2 and 97.3.*

(b) For the purposes of this section:

(1) "Qualified local agency" means a city, for a development in an incorporated area, or a county, for a development in an unincorporated area only, that has an adopted housing element that the Department of Housing and Community Development has determined, pursuant to Section 65585 of the Government Code, to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code *on the date that certificates of occupancy are issued for the dwellings contained within the affordable housing development*.

(2) A qualified local agency's share of lost property tax revenues is that additional amount of property tax revenue that would be allocated to that local agency if affordable housing developments, exempted from tax as described in subdivision (a), were instead subject to taxation.

(c) Any reduction in the amount of ad valorem property tax revenues deposited in the county's Educational Revenue Augmentation Fund resulting from the implementation of subdivision (a) shall be applied exclusively to reduce the amounts that are allocated from that fund to school districts and county offices of education, and may not be applied to reduce the amounts of ad valorem property tax revenues that are allocated from that fund to community college districts.

SEC. 2. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for

reimbursement does not exceed one million dollars (\$1,000,000),
reimbursement shall be made from the State Mandates Claims Fund.

0215