REVENUE AND TAXATION CODE - RTC

DIVISION 1. PROPERTY TAXATION [50 - 5911] *(Division 1 enacted by Stats. 1939, Ch. 154.)*

PART 0.5. IMPLEMENTATION OF ARTICLE XIII A OF THE CALIFORNIA CONSTITUTION [50 - 100.96] *(Part 0.5 added by Stats. 1979, Ch. 242.)*

CHAPTER 6. Allocation of Property Tax Revenue [95 - 100.96] *(Chapter 6 repealed and added by Stats. 1994, Ch. 1167, Sec. 3.)*

ARTICLE 1. Definitions and Administration [95 - 95.5] *(Article 1 added by Stats. 1994, Ch. 1167, Sec. 3.)*

95. For purposes of this chapter:

(a) "Local agency" means a city, county, and special district.

(b) "Jurisdiction" means a local agency, school district, community college district, or county superintendent of schools. A jurisdiction as defined in this subdivision is a "district" for purposes of Section 1 of Article XIII A of the California Constitution.

For jurisdictions located in more than one county, the county auditor of each county in which that jurisdiction is located shall, for the purposes of computing the amount for that jurisdiction pursuant to this chapter, treat the portion of the jurisdiction located within that county as a separate jurisdiction.

(c) "Property tax revenue" includes the amount of state reimbursement for the homeowners' exemption. "Property tax revenue" does not include the amount of property tax levied for the purpose of making payments for the interest and principal on either of the following:

(1) General obligation bonds or other indebtedness approved by the voters prior to July 1, 1978, including tax rates levied pursuant to Part 10 (commencing with Section 15000) of Division 1 of, and Sections 39308 and 39311 and former Sections 81338 and 81341 of the Education Code, and Section 26912.7 of the Government Code.

(2) Bonded indebtedness for the acquisition or improvement of real property approved by two-thirds of the voters on or after June 4, 1986.

(d) "Taxable assessed value" means total assessed value minus all exemptions other than the homeowners' and business inventory exemptions.

(e) "Jurisdictional change" includes any change of organization, as defined in Section 56021 of the Government Code and a reorganization, as defined in Section 56073 of the Government Code. "Jurisdictional change" also includes any change in the boundary of those special districts that are not under the jurisdiction of a local agency formation commission.

"Jurisdictional change" also includes a functional consolidation where two or more local agencies, except two or more counties, exchange or otherwise reassign functions and any change in the boundaries of a school district or community college district or county superintendent of schools.

(f) "School entities" means school districts, community college districts, the Educational Revenue Augmentation Fund, and county superintendents of schools.

(g) Except as otherwise provided in this subdivision, "tax rate area" means 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.

In the case of a jurisdictional change pursuant to Section 99, the area subject to the change shall constitute a new tax rate area, except that if the area subject to change is within the same combinations of local agencies and school entities as an existing tax rate area, the two tax rate areas may be combined into one tax rate area.

Existing tax rate areas having the same combinations of local agencies and school entities may be combined into one tax rate area. For the combination of existing tax rate areas, the factors used to allocate the annual tax increment pursuant to Section 98 shall be determined by calculating a weighted average of the annual tax increment factors used in the tax rate areas being combined.

(h) "State assistance payments" means:

(1) For counties, amounts determined pursuant to subdivision (b) of Section 16260 of the Government Code, increased by the amount specified for each county pursuant to Section 94 of Chapter 282 of the Statutes of 1979, with the resultant sum reduced by an amount derived by the calculation made pursuant to Section 16713 of the Welfare and Institutions Code.

(2) For cities, 82.91 percent of the amounts determined pursuant to subdivisions (b) and (i) of Section 16250 of the Government Code, plus for any city an additional amount equal to one-half of the amount of any outstanding debt as of June 30, 1978, for "museums" as shown in the Controller's "Annual Report of Financial Transactions of Cities for Fiscal Year 1977–78."

(3) For special districts, 95.24 percent of the amounts received pursuant to Chapter 3 (commencing with Section 16270) of Part 1.5 of Division 4 of Title 2 of the Government Code, Section 35.5 of Chapter 332 of the Statutes of 1978, and Chapter 12 of the Statutes of 1979.

(i) "City clerk" means the clerk of the governing body of a city or city and county.

(j) "Executive officer" means the executive officer of a local agency formation commission.

(k) "City" means any city whether general law or charter, except a city and county.

(l) "County" means any chartered or general law county. "County" includes a city and county.

(m) "Special district" means any agency of the state for the local performance of governmental or proprietary functions within limited boundaries. "Special district" includes a county service area, a maintenance district or area, an improvement district or improvement zone, or any other zone or area, formed for the purpose of designating an area within which a property tax rate will be levied to pay for a service or improvement benefiting that area. "Special district" includes the Bay Area Air Quality Management District. "Special district" does not include a city, a county, a school district, or a community college district. "Special district" does not include any agency that is not authorized by statute to levy a property tax rate. However, any special district authorized to levy a property tax by the statute under which the district was formed shall be considered a special district. Additionally, a county free library established pursuant to Article 1 (commencing with Section 19100) of Chapter 6 of Part 11 of Division 1 of Title 1 of the Education Code, and for which a property tax was levied in the 1977–78 fiscal year, shall be considered a special district.

(n) "Excess tax school entity" means an educational agency for which the amount of the state funding entitlement determined under subdivision (e), (f), or (g) of Section 2575, or Section 84750.5 or 84751 of the Education Code, as appropriate, is zero, and as described in subdivision (o) of Section 42238.02 of the Education Code, as implemented by Section 42238.03 of the Education Code.

(Amended by Stats. 2013, Ch. 47, Sec. 113. Effective July 1, 2013.)

95.2. (a) (1) Notwithstanding any other provision of law, for the 1990–91 fiscal year, for the purposes of the computations required by Section 96.1 or its predecessor section, the amount of property tax presumed to have been received by the county in the prior year shall be increased by the amount of 1989–90 property tax administrative costs proportionately attributable to incorporated cities as determined pursuant to paragraph (2).

(2) The auditor shall determine the 1989–90 fiscal year property tax administrative costs proportionately attributable to incorporated cities by adding the 1989–90 fiscal year property tax-related costs of the assessor, tax collector, and auditor, including applicable administrative overhead costs as permitted by federal Office of Management and Budget Circular A-87 standards, and multiplying the sum of those amounts by the ratio of property tax revenue received by all incorporated cities divided by the total property tax revenue for all local jurisdictions in the county for that fiscal year.

(3) The county shall use the additional revenue received pursuant to this subdivision only to fund the actual costs of assessing, collecting, and allocating property taxes. At least once each fiscal year, the county auditor shall report the amount of these actual costs and allowable overhead costs to the legislative body and any other jurisdiction or person that requests the information. To the extent that actual costs for assessing,

collecting, and allocating property taxes plus allowable overhead costs are less than the amount determined pursuant to paragraph (2), the county auditor shall apportion the difference to each incorporated city as otherwise required by this section.

(4) The county may retain up to one-half of any increased property tax allocation to which a jurisdiction may be otherwise entitled, until the county receives its additional revenues pursuant to this subdivision.

(5) It is the intent of the Legislature in enacting this subdivision to recognize that since the approval 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 cities. It is further the intent of the Legislature that the adjustments provided for by this subdivision shall constitute charges by a county for the assessment, collection, and allocation of property taxes and shall not exceed the actual costs reasonably borne by a county for those activities.

(b) If so directed by the board of supervisors, the auditor shall determine the 1989–90 fiscal year property tax administrative costs proportionately attributable to local jurisdictions other than the county or city and county, and cities, by adding the property tax-related costs of the assessor, tax collector, and auditor, including applicable administrative overhead costs as permitted by federal Office of Management and Budget Circular A-87 standards, and multiplying the sum of those amounts by the ratio of property tax revenue received by jurisdictions other than the county, city and county, and cities, divided by the total property tax received by all local jurisdictions in the county for that fiscal year. Notwithstanding any other provision of law, this amount may be calculated for each fiscal year commencing with the 1989–90 fiscal year, and the auditor shall, commencing in the 1990–91 fiscal year, if so directed by the board of supervisors, submit an invoice to these jurisdictions for services rendered in the prior fiscal year.

(c) Notwithstanding subdivision (b), no invoice as described in that subdivision shall be submitted to any school district, community college district, or county office of education, nor shall any of those entities be required to pay any invoice, for property tax administrative costs for services rendered in the 1990–91 fiscal year, or in any subsequent fiscal year. This subdivision shall not be construed to prevent the auditor of any county from collecting from school districts, community college districts, and county offices of education, in accordance with subdivision (b), property tax administrative costs for services rendered to those entities in the 1989–90 fiscal year.

(Amended by Stats. 2006, Ch. 538, Sec. 607. Effective January 1, 2007.)

95.3. (a) Notwithstanding any other provision of law, for the 1990–91 fiscal year and each fiscal year thereafter, the auditor shall divide the sum of the amounts calculated with respect to each jurisdiction, Educational Revenue Augmentation Fund (ERAF), or community redevelopment agency pursuant to Sections 96.1 and 100, or their predecessor sections, and Section 33670 of the Health and Safety Code, by the countywide total of those calculated amounts. The resulting ratio shall be known as the “administrative cost apportionment factor” and shall be multiplied by the sum of the property tax administrative costs incurred in the immediately preceding fiscal year by the assessor, tax collector, county board of equalization and assessment appeals boards, and auditor to determine the fiscal year property tax administrative costs proportionately attributable to each jurisdiction, ERAF, or community redevelopment agency. For purposes of this paragraph, property tax administrative costs shall also include applicable administrative overhead costs allowed by the federal Office of Management and Budget Circular A-87 standards, but shall not include any amount reimbursed pursuant to Section 75.60 and former Section 98.6, or include any amount in excess of the amounts reimbursable pursuant to Section 75.60, unless a county meets the conditions of paragraph (2) of subdivision (b) of Section 75.60. However, no amount of funds appropriated to counties for purposes of property tax administration in Item 9100-102-001 of the Budget Act of 1994 or any subsequent Budget Act shall result in any deduction from those property tax administrative costs that are eligible for reimbursement pursuant to this subdivision.

(b) (1) Each proportionate share of property tax administrative costs determined pursuant to subdivision (a), except for those proportionate shares determined with respect to a school entity or ERAF, shall be deducted from the property tax revenue allocation of the relevant jurisdiction or community redevelopment agency, and shall be added to the property tax revenue allocation of the county. For purposes of applying this paragraph for the 1990–91 fiscal year, each proportionate share of property tax administrative costs shall be deducted from those amounts allocated to the relevant jurisdiction or community redevelopment agency after January 1, 1991.

(2) It is the intent of the Legislature that the portion of those shares of property tax administrative costs that are calculated by the auditor for each fiscal year pursuant to subdivision (a) for school entities and the county's ERAF, that is attributable to the county's costs in providing boards and hearing officers for the review of property tax assessment appeals, be calculated by local officials and reimbursed by the state in the time and manner specified by a future act of the Legislature that makes an appropriation for purposes of that reimbursement.

(c) Reductions made pursuant to this section to property tax revenue allocations shall be made without regard to Section 907 of the Government Code.

(d) Any additional amounts of property tax revenue allocated to the county pursuant to this section shall be used only to fund costs incurred by the county in assessing, equalizing, and collecting property taxes, and in allocating property tax revenues, and shall constitute charges for those services, not exceeding the actual and reasonable costs incurred by the county in performing those services.

(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.

(f) Commencing with the 1992–93 fiscal year and each fiscal year thereafter, this section shall supersede and replace Section 95.2, as authority for a county to recover property tax administrative costs.

(g) This section shall apply to the entire 1993–94 fiscal year, regardless of the operative date of the act adding the predecessor to this section, and to each fiscal year thereafter.

(Amended by Stats. 1996, Ch. 1073, Sec. 2. Effective September 30, 1996.)

95.31. (a) (1) Notwithstanding any other provision of law, any eligible county may, upon the recommendation of the county assessor, and by resolution of the board of supervisors of that county adopted not later than December 1 of the fiscal year for which it is to first apply, elect to participate in the State-County Property Tax Administration Loan Program.

(2) Except as specified in paragraph (3), for the purposes of this section, an eligible county shall mean a county in which additional property tax revenue allocated to school entities would reduce the amount of General Fund moneys apportioned to school entities. However, eligibility shall be terminated when, in combination with resources in the Educational Revenue Augmentation Fund, additional property tax revenues allocated to school entities will not result in a reduction in the General Fund apportionments.

(3) Notwithstanding paragraph (2), both the County of Solano and the County of San Benito shall be deemed eligible counties that may, upon the recommendation of the county assessor, and by resolution of the board of supervisors of the county adopted on or before March 31, 1996, elect to participate in the State-County Property Tax Administration Loan Program.

(4) Notwithstanding paragraph (1), any county in which a new assessor is elected in 1998 may, upon the recommendation of the county assessor, and by resolution of the board of supervisors of the county adopted on or before January 31, 1999, elect to participate in the State-County Property Tax Administration Loan Program commencing with the 1998–99 fiscal year.

(b) (1) In each fiscal year from the 1995–96 fiscal year to the 2001–02 fiscal year, inclusive, an eligible county participating in the State-County Property Tax Administration Loan Program may receive a loan for up to the amount listed in paragraph (3). The loan shall be repaid by June 30 of the fiscal year following the year in which the loan is made. However, at the discretion of the Director of Finance, the loan may be renewed once for an additional 12-month period at the request of the participating county board of supervisors. For the Counties of Fresno, Orange, San Benito, and Solano any loan agreement signed on or before July 31, 1996, shall be deemed a loan agreement for the 1995–96 fiscal year for the purposes of this section. For any county in which a new assessor is elected in 1998, any loan agreement signed on or before January 31, 1999, shall be deemed a loan agreement for the 1998–99 fiscal year for the purposes of this section.

(2) If an eligible county elects to participate in the State-County Property Tax Administration Loan Program, it shall enter into a contractual agreement with the Department of Finance. At a minimum, the contractual

agreement shall include the following:

(A) The loan amount, as determined by the Director of Finance.

(B) Repayment provisions, including the interception of Motor Vehicle License Fee Account moneys apportioned pursuant to Section 11005 to repay the General Fund.

(C) A listing of the proposed use of the additional resources including, but not limited to:

(i) Proposed new positions.

(ii) Increased automation costs.

(D) An agreement to provide to the Department of Finance, by March 31 of the fiscal year in which the loan is made, a report projecting the impact of the increased funding in the current and subsequent fiscal year.

(3) Upon request of the Department of Finance, the Controller shall provide a loan to the following counties for up to the amount specified by the Director of Finance, not to exceed the following amounts:

Jurisdiction	Amount
Alameda	$ 2,152,429
Alpine	3,124
Amador	80,865
Butte	381,956
Calaveras	109,897
Colusa	53,957
Contra Costa	2,022,088
Del Norte	36,203
El Dorado	302,795
Fresno	1,165,249
Glenn	59,197
Humboldt	210,806
Imperial	231,673
Inyo	100,080
Kern	1,211,318
Kings	138,653
Lake	117,376
Lassen	54,699
Los Angeles	13,451,670
Madera	212,991
Marin	790,490
Mariposa	46,476
Mendocino	160,435
Merced	298,004
Modoc	24,022

Mono	47,778
Monterey	795,819
Napa	366,020
Nevada	234,292
Orange	6,826,325
Placer	628,047
Plumas	80,606
Riverside	2,358,068
Sacramento	1,554,245
San Benito	90,408
San Bernardino	2,139,938
San Diego	5,413,943
San Francisco	1,013,332
San Joaquin	818,686
San Luis Obispo	736,288
San Mateo	2,220,001
Santa Barbara	926,817
Santa Clara	4,213,639
Santa Cruz	565,328
Shasta	342,399
Sierra	7,383
Siskiyou	91,164
Solano	469,207
Sonoma	1,035,049
Stanislaus	866,155
Sutter	147,436
Tehama	97,222
Trinity	24,913
Tulare	501,907
Tuolumne	126,067
Ventura	1,477,789
Yolo	278,309
Yuba	88,968

(4) The Department of Finance shall consider any or all of the following items in determining the extent to which a county has satisfied the terms and repaid the loan, pursuant to the contract, as offered under this part:

(A) County performance as indicated by the State Board of Equalization's sample survey required pursuant to Section 15640 of the Government Code.

(B) Performance measures adopted by the California Assessors' Association.

(C) Reduction of backlog of assessment appeals and Proposition 8 declines in value.

(D) County compliance with mandatory audits required by Section 469.

(E) Reduction of backlogs in new construction, changes in ownership, and supplemental roll.

(F) Other measures, as determined by the Director of Finance.

(5) The Director of Finance shall notify the Controller of any participating county that fails to comply with the terms of the agreement, including the repayment of the loan. When the Controller receives notice from the Director of Finance, the Controller shall make an apportionment to the General Fund on behalf of the participating county in the amount of that required payment for the purpose of making that payment. The Controller shall make that payment only from moneys credited to the Motor Vehicle License Fee Account in the Transportation Tax Fund to which the participating county is entitled at that time under Chapter 5 (commencing with Section 11001) of Part 5 of Division 2, and shall thereupon reduce, by the amount of the payment, the subsequent allocation or allocations to which the county would otherwise be entitled under that chapter.

(c) (1) Funds appropriated for purposes of this section shall be used to enhance the property tax administration system by providing supplemental resources. Amounts provided to any county as a loan pursuant to this section shall not be used to supplant the current level of funding. In order to participate in the State-County Property Tax Administration Loan Program, a participating county shall maintain a base staffing, including contract staff, and total funding level in the county assessor's office, independent of the loan proceeds provided pursuant to this act, equal to the levels in the 1994–95 fiscal year exclusive of amounts provided to the assessor's office pursuant to Item 9100-102-001 of the Budget Act of 1994. However, in a county in which the 1994–95 funding level for the assessor's office was higher than the 1993–94 level, the 1993–94 fiscal year staffing and funding levels shall be considered the base year for purposes of this section. Commencing with the 1996–97 fiscal year, if a county was otherwise eligible but was unable to participate in this program in the 1995–96 fiscal year because it did not meet the funding level and staffing requirements of this paragraph, that county shall maintain a base staffing, including contract staff, and total funding level in the county assessor's office equal to the levels in the 1995–96 fiscal year.

(2) Prior to the assessor's recommendation for participation in the State-County Property Tax Administration Loan Program, the assessor shall consult with the county tax collector, and any other county agency directly involved in property tax administration, to discuss the needs of the program for the duration of the contractual agreement.

(d) A participating county may establish a tracking system whereby a work or function number is assigned to each appraisal or administrative activity. That system should provide statistical data on the number of production units performed by each employee and the positive and negative change in assessed value attributable to the activities performed by each employee.

(e) Notwithstanding Section 95.3, no amount of funds provided to an eligible county pursuant to this section shall result in any deduction from those property tax administrative costs that are eligible for reimbursement pursuant to Section 95.3.

(f) At the request of the Department of Finance, the board shall assist the Department of Finance in evaluating contracts entered into pursuant to this section.

(Amended by Stats. 2000, Ch. 602, Sec. 1. Effective January 1, 2001.)

95.35. (a) The Legislature finds and declares that there is a significant and compelling state financial interest in the maintenance of an adequately funded system of property tax administration. This financial interest derives from the fact that 53 percent of all property tax revenues collected statewide serve to offset the General Fund obligation to fund K–12 schools, and extends not only to assessment and maintenance of the tax rolls, but also to all aspects of the system which include, but are not limited to, collection, apportionment, allocation, and processing and defending appeals. The Legislature further finds and declares that the combination of limitations on county revenue authority, increasing county financial obligations, and the shift of county property taxes to schools has created a financial disincentive for counties to adequately fund property tax administration. This disincentive is most clearly evidenced by the fact that counties, on average, receive 19 percent of statewide property tax revenues while they are obligated to pay an average of 73 percent of the costs of administration. The Legislature also finds and declares that the State-County Property Tax Loan Program contained in Section 95.31 was in recognition of the state's financial interest, and the success of that program has demonstrated the appropriateness of an ongoing commitment of state funds to reduce the burden of property tax administration on county finances. Therefore, it is the intent of the Legislature, in enacting this act, to establish a grant program known as the State-County Property Tax Administration Grant Program that will continue the success of the State-County Property Tax Loan Program and maintain the commitment to efficient property tax administration.

(b) Notwithstanding any other provision of law, in the 2002–03 fiscal year and each fiscal year thereafter to the 2006–07 fiscal year, inclusive, any county board of supervisors may, upon the recommendation of the assessor, adopt a resolution to elect to participate in the State-County Property Tax Administration Grant Program. Any resolution so adopted shall comply with the terms and conditions contained in paragraph (2) of subdivision (c). If adopted, a copy of the resolution shall be sent to the Department of Finance, which shall, upon approval, transmit a copy of the resolution to the Controller.

(c) (1) Any county electing to participate in this program may be qualified to receive a grant in an amount, up to and including, the applicable amount listed in paragraph (3). However, the grant eligibility of a county may be terminated at the discretion of the Department of Finance if a county does not meet the conditions specified in paragraph (4).

(2) The resolution to participate in this program shall include a detailed listing of the proposed uses by the county of the grant moneys, including, but not limited to:

(A) The proposed positions to be funded.

(B) Any increased automation costs.

(C) The specific tasks and functions that will be performed during the fiscal year with these funds.

(3) Upon transmittal of the electing resolution by the Department of Finance, the Controller shall, provided sufficient moneys have been appropriated by the Legislature for purposes of this section, provide a grant to the electing county for the applicable amount specified in the following schedule:

Jurisdiction	Amount
Alameda	$ 2,152,429
Alpine	3,124
Amador	80,865
Butte	381,956
Calaveras	109,897
Colusa	53,957
Contra Costa	2,022,088
Del Norte	36,203
El Dorado	302,795
Fresno	1,165,249
Glenn	59,197
Humboldt	210,806
Imperial	231,673
Inyo	100,080

Kern	1,211,318
Kings	138,653
Lake	117,376
Lassen	54,699
Los Angeles	13,451,670
Madera	212,991
Marin	790,490
Mariposa	46,476
Mendocino	160,435
Merced	298,004
Modoc	24,022
Mono	47,778
Monterey	795,819
Napa	366,020
Nevada	234,292
Orange	6,826,325
Placer	628,047
Plumas	80,606
Riverside	2,358,068
Sacramento	1,554,245
San Benito	90,408
San Bernardino	2,139,938
San Diego	5,413,943
San Francisco	1,013,332
San Joaquin	818,686
San Luis Obispo	736,288
San Mateo	2,220,001
Santa Barbara	926,817
Santa Clara	4,213,639
Santa Cruz	565,328
Shasta	342,399
Sierra	7,383
Siskiyou	91,164
Solano	469,207

Sonoma	1,035,049
Stanislaus	866,155
Sutter	147,436
Tehama	97,222
Trinity	24,913
Tulare	501,907
Tuolumne	126,067
Ventura	1,477,789
Yolo	278,309
Yuba	88,968

(4) The Department of Finance shall consider the following items in determining whether a county may continue to receive a grant under this section:

(A) The county’s performance as indicated by the State Board of Equalization’s sample survey required by Section 15640 of the Government Code.

(B) Any performance measures adopted by the California Assessors’ Association, the California Association of Clerks and Elections Officials, the State Association of County Auditor-Controllers, and the California Association of County Treasurers and Tax Collectors.

(C) The county’s reduction of backlogs of assessment appeals and declines in taxable value below adjusted base year value.

(D) The county’s compliance with mandatory audits required by Section 469 or the county’s delivery of tax bills as required by Section 2610.5.

(E) The county’s reduction of backlogs of determinations regarding new construction, changes in ownership, and supplemental assessments.

(F) Any other measure, as determined by the Director of Finance and transmitted to a county prior to its receiving a grant.

(d) (1) Funds appropriated for purposes of this section shall be used to enhance the property tax administration system. Amounts provided to any county as a grant pursuant to this section may not be used to supplant the current level of county funding for property tax administration, exclusive of funds received pursuant to the predecessor State-County Property Tax Loan Program. In order to participate in the State-County Property Tax Administration Grant Program, a participating county shall maintain a base staffing, including contract staff, and total funding level in the county assessor’s office, independent of the grant proceeds provided pursuant to this section, equal to the levels in the 1994–95 fiscal year, exclusive of amounts provided to the assessor’s office pursuant to Item 9100-102-001 of the Budget Act of 1994. However, in a county in which the 1994–95 fiscal year funding level for the assessor’s office was higher than the 1993–94 fiscal year level, the 1993–94 fiscal year staffing and funding levels shall be considered the base year for purposes of this section. If a county was otherwise eligible but was unable to participate in the State-County Property Tax Loan Program in the 1995–96 fiscal year because it did not meet the funding level and staffing requirements of this paragraph, that county shall maintain a base staffing, including contract staff, and total funding level in the county assessor’s office equal to the levels in the 1995–96 fiscal year.

(2) Prior to the assessor’s recommendation for participation in the State-County Property Tax Administration Grant Program, the assessor shall consult with the county tax collector, and any other county agency directly involved in property tax administration, to develop an identifiable plan for the use of these funds during the period specified in the resolution by the board of supervisors. This plan shall be subject to modification and approval of the board of supervisors.

(e) In any fiscal year in which the assessor of a county elects not to participate in the grant program or submits to the board of supervisors a grant proposal that is less than the applicable amount specified in paragraph (3) of subdivision (c), any other department of that county that is responsible for the administration, allocation, or adjudication of property tax, as defined in Section 95.3, may submit to the board of supervisors an application for the remainder of the allowable grant amount set forth in paragraph (3) of subdivision (c). Any grant proposal submitted pursuant to this subdivision shall include the information specified in paragraph (2) of subdivision (c), and will be subject to the performance standards set forth in paragraph (4) of subdivision (c).

(f) If the funds appropriated by any Budget Act for the purposes set forth in this section exceed sixty million dollars ($60,000,000), the excess shall be allocated among participating counties in proportion to each county's applicable grant share listed in the schedule set forth in paragraph (3) of subdivision (c). Any additional funds allocated pursuant to this subdivision shall be transferred by the Controller to the boards of supervisors of participating counties at the same time as the transfer of funds pursuant to paragraph (3) of subdivision (c), and the funds transferred shall be available for allocation by the board of supervisors within the county only for the purposes of administration, allocation, or adjudication of property taxes, as defined in Section 95.3. Any county receiving funds pursuant to this subdivision shall be required to comply with the same reporting requirements as those required for grant funds received pursuant to subdivision (c).

(g) A participating county may establish a tracking system whereby a work or function number is assigned to each appraisal or administrative activity. This tracking system should provide statistical data on the number of production units performed by the county and the positive and negative change in assessed value attributable to the activities performed by each employee.

(h) At the request of the Department of Finance, the State Board of Equalization shall assist the Department of Finance in evaluating grants made pursuant to this section.

(i) Notwithstanding Section 95.3, any funds provided to an eligible county pursuant to this section shall not result in any reduction of those county property tax administrative costs that are reimbursable pursuant to Section 95.3.

(Amended by Stats. 2002, Ch. 214, Sec. 1. Effective January 1, 2003.)

95.4. Amounts invoiced pursuant to subdivision (b) of Section 95.2 or its predecessor shall not include the amount of any costs incurred by the county auditor pursuant to Section 33672.5 of the Health and Safety Code.

(Added by Stats. 1994, Ch. 1167, Sec. 3. Effective January 1, 1995.)

95.5. (a) The Legislature finds and declares all of the following:

(1) In recognition of the fact that over 50 percent 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.

(2) It is the intent of the Legislature to establish a three-year pilot program limited to nine competitively selected county assessors' offices to quantify the benefit of providing county assessors with state grants to improve their ability to discharge these, and related essential duties.

(3) The success of the 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.

(b) For the 2014–15 fiscal year to the 2016–17 fiscal year, inclusive, there is hereby created the State-County Assessors' Partnership Agreement Program, to be administered by the Department of Finance.

(1) Program funding shall be subject to appropriation in the annual Budget Act. The program shall be

inoperative in any fiscal year in which an appropriation is not provided.

(2) Each participating county shall annually match, on a dollar-for-dollar basis, the program funds apportioned to their county assessor's office.

(3) Program funds provided to participating county assessors shall be used to supplement, and not supplant, existing funding. For purposes of this paragraph, base staffing and funding levels shall be calculated as of June 30, 2014, unless otherwise authorized by the Department of Finance.

(4) (A) The costs paid under the program shall be both of the following:

(i) Actual administrative costs for purposes of Section 75.60.

(ii) Property tax administrative costs for purposes of Section 95.3.

(B) For purposes of this paragraph, "costs paid under the program" includes both of the following:

(i) Program funds provided to participating county assessor's offices by the state.

(ii) Matching funds provided by the county.

(c) All counties shall be eligible to apply to participate in the program. However, the Department of Finance shall limit program participation as follows:

(1) (A) No more than two program participants shall be selected from counties of the first or second class, inclusive, as defined in Sections 28022 and 28023 of the Government Code.

(B) Each county selected from within the classes specified in subparagraph (A) shall be eligible to receive at least 25 percent of the amount annually appropriated for the program, not to exceed one million eight hundred seventy-five thousand dollars ($1,875,000).

(C) If the number of approved program participants is not sufficient to meet the number of participants allowed under subparagraph (A), the number of program participants under subparagraph (A) of paragraph (2) may be increased by the remaining number of participants from this paragraph. The remaining funds will be added to the funds available within subparagraph (B) of paragraph (2) so that the total program funds will be available for distribution equally among the participants in paragraph (2).

(2) (A) No more than four program participants shall be selected from counties of the 3rd to 12th classes, inclusive, as defined in Sections 28024 to 28033, inclusive, of the Government Code.

(B) Each county selected from within the classes specified in subparagraph (A) shall be eligible to receive at least 11 percent of the amount annually appropriated for the program, not to exceed eight hundred twenty-five thousand dollars ($825,000).

(C) If the number of approved program participants is not sufficient to meet the number of participants allowed under subparagraph (A), the number of program participants under subparagraph (A) of paragraph (3) may be increased by the remaining number of participants from this paragraph. The remaining funds will be added to the funds available within subparagraph (B) of paragraph (3) so that the total program funds set aside will be available for distribution equally among the participants in paragraph (3).

(3) (A) No more than three program participants shall be selected from counties of the 13th to 58th classes, inclusive, as defined in Sections 28034 to 28079, inclusive, of the Government Code.

(B) Each county selected from within the classes specified in subparagraph (A) shall be eligible to receive at least 2 percent of the amount annually appropriated for the program, not to exceed one hundred fifty thousand dollars ($150,000).

(4) County populations for purposes of this subdivision shall be determined based on the most recent January estimate by the population research unit of the Department of Finance.

(d) County assessors' offices that elect to apply to participate in the program shall do all the following on or before September 15, 2014:

(1) Transmit to the Department of Finance a resolution of the county board of supervisors that states the county agrees to provide the assessor's office with matching funds, on a dollar-for-dollar basis, in each year that the assessor's office participates in the program.

(2) Submit to the Department of Finance an application, in the form and manner specified by Department of Finance. The Department of Finance may reject applications not received by the specified date. At a minimum, the application shall include the following:

(A) The staff the county assessor proposes to fund using program funds and matching county funds.

(B) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (A) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (A) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of newly constructed real property that has not yet been enrolled and the estimated rate at which the staff identified in subparagraph (A) will enroll that property.

(C) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (B) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (B) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of real property that has changed ownership and not yet been reassessed and the estimated dollar value of that real property.

(D) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (C) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (C) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of supplemental assessments that have not been issued and the estimated dollar value of those assessments.

(E) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (D) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (D) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of real properties that have not been reassessed upon modification and the estimated dollar value that those modifications will add to the county property tax roll.

(F) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (E) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (E) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of escaped assessments and the estimated dollar value of those assessments.

(G) The estimated value that the staff identified in subparagraph (A) will add to the county property tax roll pursuant to work performed in accordance with subparagraph (F) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (F) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of properties that have not been reassessed to market value subsequent to having their assessed values reduced and the estimated dollar value of those reassessments.

(H) The estimated number of assessment appeals to which the staff identified in subparagraph (A) will respond in accordance with subparagraph (G) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value retained on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (G) of paragraph (1) of subdivision (f).

(ii) The number of assessment appeals to which the county assessor was unable to respond due to staffing shortages in the 2013–14 fiscal year, and the dollar amount by which the county property tax roll was consequently reduced.

(I) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (H) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (H) of paragraph (1) of subdivision (f).

(ii) The estimated amount resulting in change to the county property tax roll due to additional audits completed pursuant to Sections 469 and 470 and the estimated dollar value of those assessments.

(J) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (I) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (I) of paragraph (1) of subdivision (f).

(ii) The estimated amount resulting in a change to the county property tax roll due to discovering taxable property pursuant to Sections 405 and 531, the estimated dollar value of those assessments, and the estimated rate at which the staff identified in subparagraph (A) will issue those assessments.

(K) State the amount of program funds and county matching funds that the county assessor proposes to expend for each of paragraphs (2) and (3) of subdivision (f).

(e) (1) 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 15, 2014. No later than October 22, 2014, and each October 22 thereafter while the program is operative, the Department of Finance shall instruct the office of the State Controller to remit to each participating county the appropriate sum in accordance with subdivision (c).

(2) It is the intent of the Legislature that the Department of Finance seek to ensure that the applicants selected to participate in the program consist of a representative cross section of the state's county assessor's offices. Therefore, it is the intent of the Legislature that the Department of Finance consider factors other than revenue generating potential when reviewing applications.

(f) County assessors' offices shall use program funds only for the following purposes, provided that the funds may be used for additional, related purposes upon the receipt of specific authorization from the Department of Finance:

(1) The payment of salaries and benefits to assessor's office staff hired or otherwise funded subsequent to the Department of Finance's approval of the assessor's program participation application pursuant to subdivision (d), to assist with the following activities:

(A) Assessing and enrolling newly constructed real property.

(B) Reassessing real property that has changed ownership.

(C) Processing supplemental assessments for real property that has changed ownership.

(D) Reassessing existing real property that has been modified in a way that changes its current assessed value.

(E) Reassessing real and personal property that has escaped assessment, as defined in Section 531.

(F) Reassessing to current market value those real properties for which the county assessor previously reduced the assessed valuation pursuant to subdivision (b) of Section 2 of Article XIII A of the Constitution.

(G) Responding to real property assessment appeals pursuant to Part 3 (commencing with Section 1601) of

Division 1.

(H) Conducting property tax audits pursuant to Sections 469 and 470.

(I) Discovering real and personal property not previously assessed.

(2) Procuring office space for staff hired pursuant to paragraph (1).

(3) Procuring office supplies and related items for staff hired pursuant to paragraph (1).

(4) Procuring information technology systems and software to assist with the activities specified in subparagraphs (A) to (G), inclusive, of paragraph (1) by increasing efficiencies and effectiveness of property tax administration, and allowing for appropriate utilization of program receipts. For purposes of this paragraph, "information technology systems and software" shall exclude desktop computers, portable computers, tablet computers, and mobile phones, unless specifically authorized by the Department of Finance.

(g) No later than April 15, 2015, and each subsequent April 15 that the program is operative, each participating county assessor's office shall report the following information to the Department of Finance in the form and manner specified by the Department of Finance:

(1) The matching funds provided by the county in the fiscal year.

(2) A status report for completing the assessment activities using program funds and county matching funds to meet the benchmarks specified in paragraph (2) of subdivision (a) in the next fiscal year.

(h) No later than September 15, 2015, and each subsequent September 15 that the program is operative, each participating county assessor's office shall report the following information to the Department of Finance in the form and manner specified by the Department of Finance:

(1) (A) The matching funds provided by the county in the fiscal year.

(B) If the matching funds provided by the county are less than the amount determined for that year by the Department of Finance pursuant to paragraph (2) of subdivision (b), the Director of Finance shall immediately terminate the county's participation in the program.

(2) The number of staff whose salaries and benefits were paid in full with program grant funds and with county matching funds in the fiscal year.

(3) The number of properties assessed and enrolled in the fiscal year pursuant to subparagraph (A) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total assessed value of those properties. If applicable, the county assessor shall separately report the number of properties assessed and enrolled in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f) and the total assessed value of those properties.

(4) The number of properties reassessed in the fiscal year pursuant to subparagraph (B) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total roll value of those reassessments. If applicable, the county assessor shall separately report the number of properties reassessed in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f) and the total roll value of those reassessments.

(5) The number of supplemental assessments enrolled in the fiscal year pursuant to subparagraph (C) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total roll value of those supplemental assessments. If applicable, the county assessor shall separately report the number of supplemental assessments enrolled in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f) and the total roll value of those supplemental assessments.

(6) The number of properties reassessed in the fiscal year pursuant to subparagraph (D) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f) and the total roll value of those reassessments. If applicable, the county assessor shall separately report the number of properties reassessed in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f) and the total roll value of those reassessments.

(7) The number of escaped assessments enrolled in the fiscal year pursuant to subparagraph (E) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total roll value of those assessments. If applicable, the county assessor shall separately report the number of escaped assessments enrolled in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f) and the total roll value of those assessments.

(8) The number of properties reassessed in the fiscal year pursuant to subparagraph (F) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total roll value of those reassessments. If applicable, the county assessor shall separately report the number of properties reassessed in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f) and the total roll value of those reassessments.

(9) The number of assessment appeals successfully responded to in the fiscal year pursuant to subparagraph (G) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f) and the total value retained on the roll as a result. For purposes of this paragraph, "successfully responded to" means the assessment appeals board did not reduce the assessed value to that claimed by the appellant.

(10) The additional number of property tax audits completed in the fiscal year pursuant to subparagraph (H) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f) and the total value retained on the roll as a result. For purposes of this paragraph, additional audits refers to the number greater than the required volume of pool audits pursuant to Section 469.

(11) The number of properties discovered pursuant subparagraph (I) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f) and the total value retained on the roll as a result.

(i) The Department of Finance shall annually review the information submitted pursuant to subdivision (g), and shall determine for each county whether the work performed using program funds and county matching funds has met the benchmarks specified in paragraph (2) of subdivision (a). Subsequent to the provision of 30 days' notice to the Joint Legislative Budget Committee, the Director of Finance may terminate the participation of a county assessor's office in the program under the following circumstances:

(1) If the program activities of the assessor's office have not met the benchmarks specified in paragraph (2) of subdivision (a), and if the Director of Finance believes the assessor's office does not have a viable plan for performing additional assessment activities that will meet those benchmarks in the next fiscal year.

(2) If the program funds were expended for purposes not authorized in subdivision (f), or as otherwise approved by the Department of Finance pursuant to that subdivision.

(3) If the Director of Finance believes that the county's participation is no longer in the best fiscal or policy interest of the state or of the affected taxing entities.

(j) Upon the request of the Department of Finance, participating county assessors' offices shall provide the Department of Finance with any supplemental information necessary to substantiate the information contained in the report submitted pursuant to subdivision (g).

(k) No later than May 8, 2017, the Department of Finance shall provide the Joint Legislative Budget Committee with a report that, at a minimum, includes the following information for each county and for each fiscal year that the program was in operation:

(1) The assessed value of properties enrolled pursuant to subparagraph (A) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the assessed value of properties enrolled using the information technology systems and software identified in paragraph (4) of subdivision (f).

(2) The increase in assessed value of properties reassessed pursuant to subparagraph (B) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the increase in assessed value of properties reassessed using the information technology systems and software identified in paragraph (4) of subdivision (f).

(3) The total value of the supplemental assessments levied pursuant to subparagraph (C) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the value of the supplemental assessments levied using the information technology systems and software identified in paragraph (4) of subdivision (f).

(4) The increase in assessed value of properties reassessed pursuant to subparagraph (D) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the increase in assessed value of properties reassessed using the information technology systems and software identified in paragraph (4) of subdivision (f).

(5) The increase in assessed value associated with escaped assessments enrolled pursuant to subparagraph (E) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the increase in assessed value associated with escaped

assessments enrolled using the information technology systems and software identified in paragraph (4) of subdivision (f).

(6) The increase in assessed value associated with properties reassessed pursuant to subparagraph (F) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the increase in assessed value associated with properties reassessed using the information technology systems and software identified in paragraph (4) of subdivision (f).

(7) The number of assessment appeals successfully responded to pursuant to subparagraph (G) of paragraph (1) of subdivision (f), using program funds and county matching funds, and the amount of assessed value retained on the roll as a result. For purposes of this paragraph, "successfully responded to" means the assessment appeals board did not reduce the assessed value to that claimed by the appellant.

(8) The increase in assessed value associated with property tax audits pursuant to subparagraph (H) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the increase in assessed value associated with escaped assessments enrolled using the information technology systems and software identified in paragraph (4) of subdivision (f).

(9) The increase in assessed value associated with the discovery of previously unassessed property pursuant to subparagraph (I) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the increase in assessed value associated with escaped assessments enrolled using the information technology systems and software identified in paragraph (4) of subdivision (f).

(10) An estimate of the countywide property tax revenue resulting from the assessed valuation increases identified pursuant to paragraphs (1) to (9), inclusive, and paragraphs (8) and (9).

(11) An estimate of the countywide property tax revenue that was retained as a result of the appeals workload identified in paragraph (7).

(12) An estimate of the amount of revenue identified in paragraphs (10) and (11) that accrued to the following entities:

(A) K–12 school districts.

(B) California Community College districts.

(C) County Offices of Education.

(13) A determination as to whether the program succeeded according to the criteria specified in paragraph (3) of subdivision (a), and a recommendation as to whether the program should be continued in its current form, expanded to include additional county assessors' offices, or terminated in the 2017–18 fiscal year.

(l) The Legislature finds and declares there is a compelling public interest in allowing the Department of Finance to implement and administer the provisions of this section as expeditiously as possible, and to thereby accelerate countywide equalization efforts. The Department of Finance is therefore exempt from the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) for the express purpose of carrying out the duties in this section.

(Added by Stats. 2014, Ch. 28, Sec. 89. Effective June 20, 2014.)