

June 28, 2005

Marin County Board of Supervisors  
3501 Civic Center Drive  
San Rafael, CA 94903

**SUBJECT:** Approve Agreement for State-County Property Tax Administration Grant Program

Dear Supervisors:

**RECOMMENDATION:**

Approve and authorize the Chairman to sign agreement to participate in the State-County Property Tax Administration Grant Program (AB 589) between the County of Marin and State of California Department of Finance (DOF), in the amount of \$790,490 for FY 2004-2005.

**SUMMARY:** The Governor signed AB 589 on October 4, 2001, adding Section 95.35 to the California Revenue and Taxation Code. It provides grants to be made by the State to eligible Counties for fiscal years 2002-2003 through 2006-2007. This grant program follows the unqualified success of the State-County Property Tax Loan Program (AB 818).

In 1995, the Legislature passed AB 818, State-County Property Tax Loan Program, for eligible Counties to request a loan allowing additional funding for Assessors to help reduce their backlog of work. The loan was considered successful if the State's cost for local schools (Educational Revenue Augmentation Fund (ERAF)) was reduced as a result of increased property tax receipts. Marin applied in fiscal year 1999-2000 for consideration in this loan program.

Upon receipt of the County's application and pursuant to several lengthy discussions with DOF, DOF concluded that Marin (along with San Mateo County) was producing excess property tax revenue even after the State's fiscal obligation was met. As a consequence, any additional increased assessment activity (funded with the Property Tax Loan Program) would not have reduced the State's school funding obligation. Any increases in "excess" ERAF would only add to local special education programs while the State's fiscal obligation would remain fixed. According to DOF, the State had no incentive to help Marin. Therefore, Marin (and San Mateo County) was considered not eligible for the loan and subsequently the grant program.

On June 6, 2005, the Budget Conference Committee withdrew its May Revision proposal that has prohibited Marin and San Mateo County from participating in the State-County Property Tax Administration Grant program. The Assessor and the County now have the opportunity to participate in and apply for the 2004-2005 fiscal year state allocation grant amount of \$790,490.

The County understands and agrees that should the County be approved to participate in this program, the County must maintain a base staffing and total funding level in the Assessor's Office, independent of the grant proceeds, equal to the levels in the 1993-94 fiscal year. The 1993-94 budgeted levels were \$3,546,274 with 71 budgeted positions and .5 Extra Hire position.

The State requires that funds received by the County, including accrue interest, pursuant to this program, be deposited into the Property Tax Administration Program trust fund to be used as required by Revenue and Taxation Code Section 95.35. Any funds remaining in the account at the end of each annual term may be rolled over to the next fiscal year or returned to the state.

**FISCAL/STAFFING IMPACT:** There is no cost to participate in this program. However, without Board approval of agreement, Marin County will not be eligible to participate in the Property Tax Administration Grant program and if approved, receive \$790,490 as provided in AB 589.

<b>REVIEWED</b>	(X)	Auditor-Controller	( )	N/A
	(X)	County Counsel	( )	N/A
	( )	Human Resources	(X )	N/A

Respectfully submitted,

Joan C. Thayer  
Assessor-Recorder

JCT: rl  
Attachments

Cc: Jack Govi, County Counsel  
Richard S. Arrow, Auditor-Controller  
Samantha Klein, Principal Administrative Analyst