

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

154



FROM: Larry Ward, Assessor-County Clerk-Recorder

SUBMITTAL DATE:
July 16, 2014

SUBJECT: Adoption of Resolution 2014-172 Authorizing the County Assessor to Submit an Application with the California Department of Finance for Participation in a Three-year State-County Assessors' Partnership Agreement Program, All Districts [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2014-172 authorizing the County Assessor to submit an application, in the form and manner specified by the California Department of Finance, for participation in a three-year State-County Assessors' Partnership Agreement Program.

BACKGROUND:

Summary

In the most recent State of California Budget bill (SB854), Section 95.5 of the Revenue & Taxation Code was added which creates the State-County Assessors' Partnership Agreement Program (SCAPAP) for the 2014-15 fiscal year to the 2016-17 fiscal year, inclusive, to provide for more funding for California Assessor's offices.

Departmental Concurrence

FORM APPROVED COUNTY COUNSEL
BY: *[Signature]* DATE: 7/17/14
L. ALEXANDRA FONG

[Signature]

Peter Aldana for Larry Ward,
Assessor-County Clerk-Recorder

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: N/A	Budget Adjustment: N/A
APPROVE	For Fiscal Year: N/A

C.E.O. RECOMMENDATION:

BY: *[Signature]*
Karen L. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- Positions Added
- Change Order
- 4/5 Vote
- Vote

Prev. Agn. Ref.: | **District:** All | **Agenda Number:**

3-14

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Summary (continued)

In recognition that over 50% 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.

It was the intent of the California Legislature (LEGIS) to establish a three-year pilot program limited to nine competitively selected county assessors' offices to provide county assessors with state grants to improve their ability to perform essential property tax administration duties.

The success of the SCAPAP 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.

SCAPAP requires that each participating county shall annually match, on a dollar-for-dollar basis, the program funds apportioned to their county assessor's office.

SCAPAP funds provided to 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 (FINANCE). The staffing level for the Assessor as of June 30, 2014 was 181; the general fund support for the Assessor for the fiscal year 2014/15 was \$5,761,714.

It is the intent of LEGIS that FINANCE seeks to ensure that the county applicants selected to participate in SCAPAP consist of a representative cross section of the state's county assessor's offices. Therefore, it is the intent of LEGIS that FINANCE considers factors other than revenue generating potential when reviewing applications.

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, FINANCE shall instruct the office of the State Controller to remit to each participating county the appropriate sum accordingly.

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 FINANCE:

1. The payment of salaries and benefits to assessor staff hired or otherwise funded subsequent to FINANCE approval of the assessor's program participation application pursuant to 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.

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- 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 Revenue & Taxation Code 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 and/or funded pursuant to SCAPAP.
3. Procuring office supplies and related items for staff hired and/or funded pursuant to this Program.
4. Procuring information technology systems and software to assist with the activities that increase efficiencies and effectiveness of property tax administration associated with SCAPAP. The following exclusions apply: desktop computers, portable computers, tablet computers, and mobile phones, unless specifically authorized by FINANCE.

The ASSESSOR requests authority to apply for this grant funding in order to enhance business processes and apply best practices. The primary emphasis will include:

1. Additional staffing to:
 - a. Enroll new construction and modifications to new construction as growth is anticipated from additional permit activity and tract maps being recorded.
 - b. Enroll change of ownerships promptly, decreasing the amount of time that it takes between the recording of a deed to the issuance of the supplemental tax notice.
 - c. Respond to assessment appeals quickly, decreasing the amount of time that it takes between the filing of an assessment appeal to the hearing date and/or resolution date of the appeal.
 - d. Conduct additional property tax audits for newly discovered businesses in Riverside County.
 - e. Establish a countywide field canvass program that allows for newly discovered businesses to be enrolled.
2. Procure aerial imagery that enables the Assessor to use oblique imagery and measurement analytics to identify property improvement additions and changes. Comparing this information with other Geographic Information Systems (GIS) layers will enhance ASSESSOR business processes.
3. Procure and implement new technologies to enhance existing systems.

Impact on Citizens and Businesses

The implementation of the State-County Assessors' Partnership Agreement Program will provide direct and indirect benefits to the citizens and businesses of Riverside County, as well as needed funding for the County Assessor to fairly and efficiently administer the County property tax roll. Its successful implementation will be measured by marginal growth in revenues generated for K-14 schools and county offices of education, which yield immeasurable social and economic benefits to citizens of this County. The County, cities, special districts and various other agencies would likewise benefit from the resulting revenue increase as this would be additional resources that would be available to administer public services and programs.

The program funds would increase the Assessor's capacity to provide timely services, enforce provisions of property tax regulations and resolve property tax appeals. The funding would also be utilized to enhance efforts in identifying new business establishments and properties that have escaped taxation.

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The program funds would enable the Assessor's office to provide education and outreach to county businesses regarding the assessment of business personal property. These efforts, which are consistent with the county's vision to be more business-friendly and customer-centric, would improve reporting compliance and reduce unnecessary business costs resulting from tax penalties and litigations.

SUPPLEMENTAL:

Additional Fiscal Information

If selected to participate in the program, the county is eligible to receive at least 25 percent of the amount annually appropriated for SCAPAP, not to exceed the amount of \$1,875,000 annually, for each fiscal year 2014-15 through 2016-17, inclusive. As a program condition, the participating county is required to provide matching funds, on a dollar-for-dollar basis, in each fiscal year that the Assessor's Office participates in the SCAPAP.

The primary objective of SCAPAP is to provide the Assessors with state grants to improve their ability to fairly and efficiently administer the county property tax rolls and related essential duties. It is anticipated that a successful implementation of the program will result in increase in property tax revenue that will more than offset the program costs.

The amount of net county cost provided to the Assessor has been significantly reduced in recent years, from a high of \$11.1M in 2006/07 to \$5.8 M in the current fiscal year 2014/15.

Contract History and Price Reasonableness

Not applicable

2 RESOLUTION NO. 2014 172

3 ADOPTION OF THE RESOLUTION AUTHORIZING APPLICATION TO PARTICIPATE IN
4 THE STATE-COUNTY ASSESSORS' PARTNERSHIP AGREEMENT PROGRAM

5
6 **WHEREAS**, the California Legislature has established a three-year pilot program limited to nine
7 competitively selected county assessors' offices to quantify the benefit of providing county assessors with
8 state grants to improve their ability to fairly and efficiently administer the county property tax rolls, and
9 related essential duties.

10 **WHEREAS**, the State-County Assessors' Partnership Agreement Program (SCAPAP) was created
11 to be administered by the California Department of Finance (FINANCE).

12 **WHEREAS**, all counties shall be eligible to apply to participate in SCAPAP,

13 **WHEREAS**, a maximum of two program participants shall be selected from counties of the first or
14 second class, inclusive, as defined by Government Code sections 28022 and 28023, respectively.

15 **WHEREAS**, the selected county belonging to the first or second class is eligible to receive at least
16 25 percent of the amount annually appropriated for SCAPAP, not to exceed the amount of \$1,875,000
17 annually for each fiscal year 2014-2015 through 2016-17, inclusive;

18 **WHEREAS**, the selected county is required to provide matching funds to its Assessor's Office, on
19 a dollar for dollar basis;

20 **WHEREAS**, SCAPAP funds provided by FINANCE and matching funds provided by county shall
21 be used to supplement, and not supplant, existing funding to the Assessor.

22 **WHEREAS**, the county assessors' offices that elect to participate in the SCAPAP shall submit an
23 application, in the form and manner specified by FINANCE and to transmit to FINANCE a resolution of
24 the County Board of Supervisors that states the county agrees to provide the Assessor's Office with
25 matching funds, on a dollar-for-dollar basis, in each year that the Assessor's Office participate in the
26 SCAPAP, no later than September 15, 2014;

27 **WHEREAS**, the Riverside County Assessor's Office (ASSESSOR) elects to apply to participate
28 in the SCAPAP pursuant to Revenue and Taxation Code Section 95.5.

1 WHEREAS, Riverside County (RIVCO) has a population of 2.25 million as of January 2014 and
2 is categorized as a county of the second class (Government Code Section 28023);

3 WHEREAS, RIVCO is eligible to apply for and receive at least 25 percent of the amount annually
4 appropriated for SCAPAP, not to exceed \$1,875,000 annually for each fiscal year 2014-2015 through
5 2016-17, inclusive; and

6 WHEREAS, it is in the best interest of RIVCO to participate in SCAPAP because the additional
7 property tax revenue to be generated from improved efficiency and added resources is anticipated to be
8 greater than the net county cost.

9 NOW, THEREFORE, BE IT RESOLVED, FOUND, DETERMINED, AND ORDERED, in
10 regular session assembled on _____, that the Board of Supervisors authorizes
11 ASSESSOR, to submit an application to participate in SCAPAP, in the form and manner specified by
12 FINANCE, and hereby states that RIVCO agrees to provide the ASSESSOR with matching funds on a
13 dollar for dollar basis, in each fiscal year (2014-15, 2015-16, and 2016-17) that the ASSESSOR
14 participates in the program, in accordance with Revenue and Taxation Code section 95.5.

15 BE IT FURTHER RESOLVED, FOUND, DETERMINED, AND ORDERED that this resolution
16 shall remain operative until rescinded, but in no event shall it remain operative beyond June 30, 2017,
17 unless otherwise permitted or authorized by law.

18 Dated: _____ COUNTY OF RIVERSIDE

20 By _____
21 Jeff Stone
22 Chairman, Board of Supervisors

23 ATTEST:
24 KECIA HARPER-IHEM
25 Clerk to the Board

26 By
27 Deputy
28 (SEAL)

FORM APPROVED COUNTY COUNSEL
BY: L. ALEXANDRA FONG DATE 7/17/14