

My Turn: Balancing the El Dorado County budget

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There are not very many opportunities for the El Dorado County Board of Supervisors to easily add to the revenue side of the balance sheet without adding additional expenditures.

The board has made a major commitment to obligate the residents of El Dorado County to a \$2.6 million per year bond payment for the next 40 years to build a much-needed sheriff's building so we can continue to provide public safety to our residents. The supervisors have asked Chief Administrative Officer Don Ashton to work with the department heads and find "operational efficiencies" to pay for this \$2.6 million annual commitment.

We have nearly depleted our Capital Improvement Project funds of \$12 million to renovate the county buildings that have been neglected for years. Our roads are deteriorating while the road funds diminish and we struggle with allocating General Fund dollars to repair them. Public safety and roads were the top two priorities for our residents based on the survey conducted by the county last year. Needless to say, the unfunded liabilities for our retiree health benefits of \$60 million are not even on our radar but will need to be dealt with in the not too distant future.

At our Aug. 16 Board of Supervisors meeting we had an agenda item to renew the Proposition 90 ordinance that expires on Sept. 30. Proposition 90 is a "local-option" law that provides anyone older than age 55 with relief from reassessment by allowing them to move from one county to another without undergoing a change in their base property taxes, provided that the home purchased in the new county is of the same or lower value.

This ordinance, approved by the Board of Supervisors, has been in place for the past six years, during which the housing market was down with a high inventory of homes on the market. El Dorado County is one of the 11 out of 58 counties in California that has adopted the Prop. 90 ordinance.

The report submitted by staff shows that El Dorado County has received \$1.2 million less in property taxes in the past six years due to Prop. 90 incentives to these new homebuyers. The loss to the county General Fund is \$300,000 and the other \$900,000 is the lost revenue for schools, special districts, fire districts and the county's two cities — Placerville and South Lake Tahoe. So the county has forgone \$1.2 million in revenue by incentivizing a small group to buy a home in El Dorado County.

The argument for supporting the Prop. 90 extension is that these homebuyers have a higher purchasing power and spend more money, hence benefiting our county.

However, there are no solid data that this group of homebuyers contributes more to our local economy than other local homebuyers. If these people in fact have higher purchasing power than other homebuyers, then a logical sense of fairness would dictate that they pay their fair share of taxes as younger people buying a similar home.

The Board of Supervisors approved the Prop. 90 extension for another five years. Assuming that the number of homebuyers who take advantage of this program stays the same as in 2015-16, this policy will cause an additional \$2 million in property taxes losses over the next five years. About \$500,000 is revenue lost to the El Dorado County General Fund to provide services to our residents. The other \$1.5 million revenue loss will impact schools, special districts, fire districts and the two cities. This is in addition to carrying the revenue loss of \$1.2 million from the past six years of incentives.

El Dorado County still needs to provide the services required for these new residents but current residents subsidize the new homebuyers. We all receive the same level of services and should pay our fair share.

El Dorado County should put more emphasis on creating jobs and bringing businesses to our county; any incentives should be allocated to these efforts.

El Dorado County should welcome every homebuyer to our county, including young families who at times struggle to purchase a home and raise their children. It is unfair that a 30-year-old person buying a home in El Dorado County will pay property taxes on the current, full-assessed value of that home while his 55-year-old neighbor can buy an identical home and have his property tax based on the value of a home he bought 30 years ago in another county. Two people purchase identically priced homes on the same day but one pays thousands of dollars more in property taxes each year for as long as they each own their homes?

We should also be thoughtful of other agencies in our county when making policy decisions. The struggling schools and fire districts can't afford the revenue loss and El Dorado County will see an increase in the number of requests from fire districts, cities and special districts to help fund their programs.

The Board of Supervisors should start saying no to some of the special interest groups instead of giving away the farm. Otherwise we put El Dorado County residents in a position to pay more taxes or receive inferior services from their county government. We need to get serious about balancing our budget with strong reserves for future years and not kick the can down the road.

Shiva Frentzen is the District 2 representative on the El Dorado County Board of Supervisors.