



Legislation Text

File #: 17-1160, **Version:** 4

Chief Administrative Office recommending the Board approve **Final Passage** (Second Reading) of Ordinance **5070** rescinding County Ordinance 5040 (not codified) and amending County Ordinance 4832 (not codified) both regarding adoption of Proposition 90 - Property Tax Portability in El Dorado County. (Cont. 12/5/17, Item 41)

DEPARTMENT RECOMMENDATION

Chief Administrative Office recommending the Board:

- (1) Approve the Introduction and First Reading of Ordinance 5070 rescinding County Ordinance 5040 (not codified) and amending County Ordinance 4832 (not codified) both regarding adoption of Proposition 90 - Property Tax Portability in El Dorado County; and
- (2) Waive full reading, read by title only, and continue this matter to December 12, 2017 for Second Reading and Final Adoption; in order to change to the current Ordinance establishing Proposition 90 (Property Tax Portability) program in El Dorado County, to discontinue the Proposition 90 program in El Dorado County by setting the date of November 7, 2018 as the date after which Proposition 90 will no longer be in effect for new sale/purchase transactions.

BACKGROUND

At their meeting of December 5, 2017 (Item 41) the Board approved Ordinance 5070 and Continued to December 12, 2017 for Final Passage (Second Reading).

Under Proposition 13, the value of a home for property tax purposes is reassessed at market value whenever a change in ownership takes place. This usually results in higher property taxes for the homebuyers as homes reassess at sale. In November 1988, California voters approved Proposition 90, which provides anyone over the age of 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 that is purchased in the new county is of the same, or lower, value.

Proposition 90 is a "local-option" law which means that each county has the option of participating. If a county has adopted a Proposition 90 ordinance, it accepts transfers of property tax base assessments from other California counties.

Proposition 90 and the related Ordinance applies only to base year transfers from outside of the County into the County. It should be noted that under Revenue and Taxation Code 69.5, individuals over 55 or severely disabled will still be able to transfer their property tax base year value within the County (if they sell a home in the County and buy another home in the County).

The Board of Supervisors adopted Ordinance 4832 on December 15, 2009, implementing Proposition 90 base year value transfers in El Dorado County. The Ordinance implements Revenue and Taxation Code Section 69.5 (Proposition 90) authorizing receipt by the County of El Dorado of inter-county tax base year transfers. County Ordinance 4832 was later modified by Ordinance 5040.

Background - Proposition 90 Application Process

Home buyers wishing to participate in the Proposition 90 program must qualify for the program by satisfying the following:

- (1) One of the buyers be minimum age of 55.
- (2) Sale of an original home outside of El Dorado County that served as a primary residence.
- (3) Purchase of a replacement home in El Dorado County that serves as the primary residence.

The home buyer submits a Proposition 90 program application to the County Assessor only following the qualifying transaction.

It is important to note that submitting an application is not the primary determining factor for a home buyer to qualify for Propositions 90. Furthermore, if a home buyer has satisfied the requirements to qualify, but has not submitted the application, the home buyer will have up to three years to submit the application, and the application will be valid based on the dates of the qualifying sale/purchase transactions.

Current Action

On October 24, 2017, the Board of Supervisors directed the Chief Administrative Office and County Counsel to return to the Board on November 7, 2017, with a recommendation for conceptual approval to discontinue the County's participation in Proposition 90 (Property Tax Portability), including options to phase out the County's participation in the program, with the intent of allowing prospective program participants an opportunity to complete any necessary processes in order to be eligible for the benefit.

On November 7, 2017, the Board directed the Chief Administrative Office to prepare a revised/amending ordinance to phase out the County's Proposition 90 Ordinance, with the effective end date for Proposition 90 eligible transactions to be set at November 7, 2018, providing a one-year "wind down" period.

As previously discussed, applicants who complete the required transactions prior to the November 7, 2018 deadline will have up to three years to submit their application for the value reduction under Proposition 90.

ALTERNATIVES

The Board may provide direction to staff to reflect a different ending date for Proposition 90 transactions, or other direction as determined by the Board.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

Assessor, County Counsel

FINANCIAL IMPACT

It has been estimated in previous reports that the cumulative reduction in property tax revenue (all agencies) is approximately \$1.7 million per year (as of FY 2017-18). The estimated loss to the County General Fund is estimated at \$414,000 per year.

Separately, the Assessor receives a \$500 processing fee for each Proposition 90 application. The FY 2017-18 Assessor Department budget includes \$100,000 in anticipated revenue from this fee. In FY 2016-17, the Department received \$95,905 in application fee revenue.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Upon approval and first reading, place the recommended Ordinance on a subsequent meeting agenda for second reading and adoption.

STRATEGIC PLAN COMPONENT

Good Governance

CONTACT

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