

General Property Tax Information

Overview

California schools, counties, cities and special districts depend on property tax as a primary source of revenue. The information in this document is intended to provide an overview of the property tax process in Placer County. It includes a broad description of the functions of various county departments from the generation of property taxes through the distribution to local government agencies.

Historical Tax Rate Information

Prior to the passage of Proposition 13, tax rates were established independently by each taxing entity. Those entities forwarded their tax rates to the Auditor to apply to the properties within their respective taxing jurisdictions. The total of the tax rates for a property was unlimited by the State Constitution.

Two types of tax rates were set in Placer County prior to 1978/79:

1. For the ongoing maintenance and operation of a taxing entity
2. For the entity's voter-approved general obligation bonds and other indebtedness

Proposition 13 was approved by California voters on June 6, 1978. It is the basis for the current property tax process. Proposition 13 limits the property tax rate to 1% of assessed value, plus any additional ad valorem (based on value) tax rate necessary to fund local voter-approved bonds and other indebtedness. The entities that formerly set a tax rate for maintenance and operations (M&O) were given a proportional percentage of the taxes generated by the 1% countywide tax rate¹. In Placer County, this includes about 100 different entities encompassing schools, cities, the County and special districts.

Assembly Bill 8 (AB8) was passed by the California legislature and became law, effective in 1979/80. This provided the ongoing legal structure for distributing the 1% tax rate allocations initially created by Proposition 13. Since the passage of Proposition 13, the California legislature, the courts and the voters have continually altered, interpreted and implemented changes to the property tax laws. For more detailed information, please see the link on our office's main Property Tax web page to the write-up titled [Demystifying the California Property Tax Apportionment System](#). Also see the Property Tax Distribution section below.

The portion of the pre-Proposition 13 tax rates set to cover the entity's general obligation bonds and other indebtedness could be passed by a majority vote. Proposition 13 changed this by requiring a two-thirds vote. In the November 2000 election, voters approved Proposition 39 allowing the voting threshold for school general obligation bonds to be lowered to 55%, if the school board so chooses.

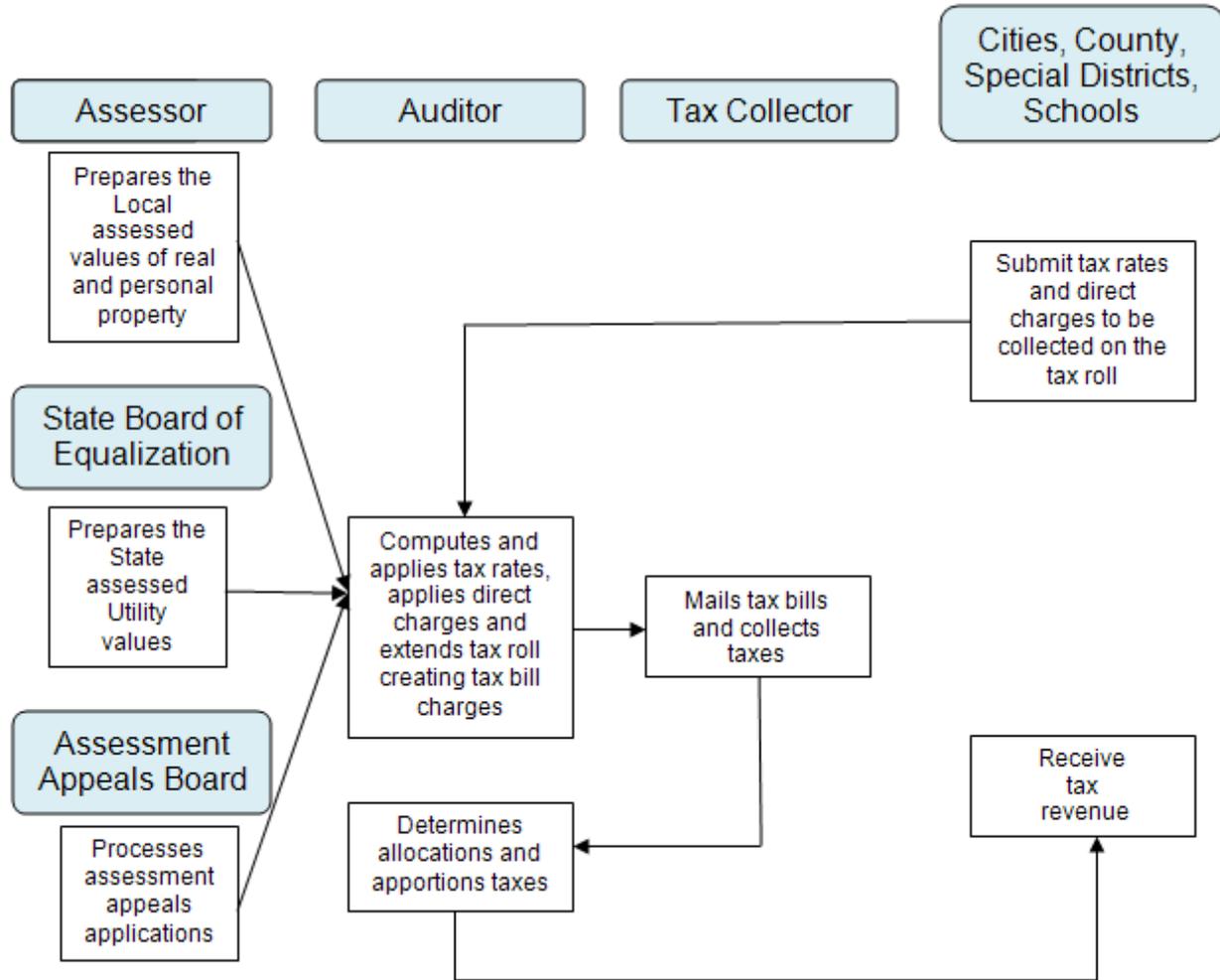
In 1998, a new law permitted the formation of School Facility Improvement Districts (SFIDs) with a two-thirds vote. In 2001, this threshold was lowered to 55% for certain SFID bonds.

The Placer County Auditor-Controller has tax rates for each year dating back to 1963/64.

Direct Charges

Direct charges are non-ad valorem (not based on value) amounts levied on a per parcel basis. The Auditor-Controller performs the ministerial duty of placing these direct charges on the annual tax bills, as legally authorized within the boundaries of the taxing entities determining these charges. Direct charges are levied for a number of purposes. For a complete current-year list of them, please visit the link on our office's main Property Tax web page.

Property Tax Process



Taxable property is assessed (valued) by the Assessor each year as of January 1st (called the lien date) to generate tax revenue for the fiscal year that begins on the upcoming July 1st. The Assessor delivers an assessment roll to the Auditor by July 1st of each year.

The Auditor-Controller computes the amount of tax due by multiplying the taxable value of the property by the appropriate ad valorem tax rate, then adding any applicable direct charges to determine the amount of tax. This tax extension occurs after the County Board of Supervisors has adopted the tax rates for the current year. These tax rates are also applied to the valuation assessed by the State on utility property.

The Tax Collector mails the tax bills and collects the amount due.

It is the Auditor-Controller's responsibility to determine the allocation of and to distribute the property taxes to the various taxing entities within the County in accordance with California law.

Throughout the year, the Assessor sends roll changes to the Auditor for processing. The Auditor calculates the revised tax amount and either notifies the Tax Collector to send a new bill or processes a refund. Notification of tax roll changes needed is also received from the Tax Collector, the County Assessment Appeals Board and the State Board of Equalization (BOE).

Tax Roll Types

In California, there are three different tax rolls - secured, unsecured, and supplemental. Although the same basic tasks are applied to all three rolls (valuation, extension, collection, distribution and

maintenance), there are different time frames. The following provides a brief summary of these tax types. More information can be found on the Tax Collector's web site.

- **Secured Tax Roll**

The term "Secured" means taxes that are assessed against real property, (e.g., land or structures). The tax is a lien that is "secured" by the land/structure even though no document was officially recorded. This means that if the taxes remain unpaid after a period of 5 years, the property may be sold to cover the taxes owed.

- **Unsecured Taxes**

The term "Unsecured" refers to property that can be relocated and is not real estate. The tax is assessed against such things as business equipment, fixtures, boats and airplanes. If the unsecured tax is not paid, a personal lien is filed against the owner, not the property.

- **Supplemental Assessment Roll**

A supplemental assessment is created each time property is revalued by the Assessor due to a change in ownership or completion of new construction. The date either of these occurs is called the "date of event".

Supplemental taxes are calculated for the portion of the fiscal year for which the change in value applies. A factor based on the date of event is set by state law and this factor is applied to the tax rate calculation. The Auditor issues refunds when supplemental assessments result in a decreased value.

The value of a supplemental assessment is the difference between the prior and the new assessed values. The taxes are prorated based on the date of event on which the change of ownership occurred or the new construction was completed to the end of the fiscal year on June 30th. Depending on the date of event, either one or two supplemental assessments may be generated. If the event date was between January 1st and June 30th, there are two supplemental assessments because two different tax years are affected. The following show examples of how two assessments might occur. Please remember that taxable property is assessed by the Assessor each year as of the January 1st lien date to generate tax revenue for the fiscal year that begins on the upcoming July 1st.

- If property was purchased in February 2011, then one assessment is for the value difference for the remainder of the 2010/11 fiscal year. The other assessment is for the value difference for the 2011/12 fiscal year since the event occurred after the 1/1/11 lien date for the 2011/12 secured roll. This value difference will not be picked up on the annual secured roll until the 1/1/12 lien date, which is for the 2012/13 tax roll.
- Multiple "Supplement Events" occurred (such as a change in ownership followed by completion of new construction OR multiple completions of new construction) within a fairly short time span. A separate assessment will be calculated for each Supplemental Event.

Property taxes for the various tax rolls are calculated as follows:

- Secured Taxes = (Net Assessed Value x Tax Rate) + Direct Charges
- Unsecured Taxes = (Net Assessed Value x Prior Year Tax Rate) + Direct Charges
- Supplemental Taxes = Net Assessed Value Difference x Tax Rate x Proration Period for each appropriate tax year until the difference is included on the annual secured roll

Tax Rate Areas (TRAs) and Jurisdictional Changes

A Tax Rate Area (TRA) is a geographical area comprised of a unique combination of taxing entities. Placer County currently has over 400 TRAs.

The State Board of Equalization (BOE) maintains an official chart of all TRAs within each county within the State. They also maintain a listing of the taxing entities they track within each TRA. A jurisdictional

change occurs when a taxing entity's boundaries change. The change may be due to such actions as an annexation or detachment of properties from a taxing entity, a reorganization of existing taxing entities or city incorporation. A taxing entity frequently initiates the jurisdictional change process through the County's Local Agency Formation Commission (LAFCo), and the change also is submitted to the BOE and the Auditor-Controller's Office.

TRAs are used to maintain and manage such items as:

- Local special district boundaries. Some districts (called multi-county districts) have boundaries that cross multiple county lines
- School district boundaries. Please note that the TRA structure does not provide information on specific schools within a school district. These intra-district boundaries are maintained by the individual school district. Please contact the school district to confirm the appropriate school district and/or specific school for a particular property.
- City boundaries
- Levying of ad valorem tax rates
- Tax roll extension/tax bill calculation
- AB8 1% property tax, Utility roll, airplane and racehorse tax and former redevelopment agency calculations/allocations
- Determination of the assessed values within a taxing entity

The format of all TRAs in Placer County is XXX-XXX. The first 3 digits (primary) typically represent the elementary/unified school district OR the incorporated city to which the property taxes are allocated. The last 3 digits (secondary) are assigned by the BOE, typically in the chronological order in which the TRA was created. The primary TRAs have the following meaning in Placer County:

- 000 BOE's Utility Rolls (Unitary & Railroad Unitary) and the locally assessed pipelines

Incorporated Areas:

- 001 City of Auburn
- 002 City of Colfax
- 003 City of Lincoln
- 004 City of Rocklin
- 005 City of Roseville
- 006 Town of Loomis

Unincorporated Areas' Principal School District:

- 051 Ackerman Elementary
- 053 Alta-Dutch Flat Elementary
- 056 Auburn Elementary
- 058 Center Joint Unified
- 062 Colfax Elementary
- 065 Dry Creek Elementary
- 067 Elverta Elementary
- 069 Eureka Elementary
- 071 Foresthill Elementary
- 076 Western Placer Unified
- 078 Loomis Elementary
- 081 Newcastle Elementary
- 083 Placer Hills Elementary
- 087 Rocklin Unified
- 088 Roseville Elementary
- 091 Tahoe Truckee Unified
- 095 Pleasant Grove Elementary

Property Tax Distribution

The distribution of property taxes to the individual taxing jurisdictions is based on Proposition 13 (as described above in the Historical Tax Rate Information section) and subsequent legislation. SB 154 was enacted immediately following the passage of Proposition 13. Under SB 154, a local government's share of the property tax was based on the share of the property tax going to that local government before Proposition 13. AB8, enacted in 1979, provides a methodology, whereby, the increase or decrease in a local government's share of the property tax is based on the increase/decrease in property values in that jurisdiction within the County.

These bills provided the method for determining the tax base for each taxing agency with the AB8 1% allocation process. They also established that each agency is entitled to receive this tax base plus (or minus) a proportional share of revenues resulting from the assessed value growth (or decline) above the base for each subsequent year. The combined base plus growth/decline for the current year would then become the following year's base. The Auditor measures the annual assessed value growth (or decline) at the tax rate area (TRA) level resulting from annual changes of property values and other factors, including jurisdictional changesⁱⁱ and any adjustments due to new legislation. This annual growth (or decline) amount is called the annual tax increment (ATI).

Each TRA is comprised of the taxing entities within its boundaries. In the AB8 process, each taxing entity within a TRA has an ATI distribution factor. These factors equal 100% within each TRA and are used to allocate the ATI within a TRA. These factors generally do not change without a negotiated jurisdictional change agreement between affected jurisdictions.

Adding to this already complex tax allocation process, to resolve serious budget deficits in 1992/93 and 1993/94, the State legislature permanently shifted \$3.6 billion of annual AB8 property tax revenue from counties, cities, and special districts statewide to the newly created Educational Revenue Augmentation Fund (ERAF). ERAF also receives its share of each year's ATI. ERAF funds have been used by the State to help school and community college districts meet minimum funding requirements.

In addition to this, legislation (SB1096) was enacted in 2004/05 requiring further allocation changes. For cities and the counties only, SB1096 permanently swaps Motor Vehicle License Fee revenue for Property Taxes (the "VLF Swap") and temporarily exchanges Sales Tax Revenues ("Triple Flip") for Property Taxes. The Triple Flip expires when the State's Economic Recovery Bonds are retired in approximately 15-20 years after their initial issuance in 2004. The legislation specifies that the property tax revenues necessary for the VLF Swap and the Triple Flip are to be taken from ERAF. In 2016/17 the State's Economic Recovery Bonds were retired and the Triple Flip is no longer valid.

Alternative Method of Apportionment (Teeter Plan)

Beginning in 1993/94, Placer County implemented the alternative method of apportionment commonly referred to as the Teeter Plan. The basic concept of the Teeter Plan is that the County apportions to taxing agencies 100% of their secured (and supplemental secured) levy (adjusted for roll changes), with the County owning the delinquent receivables. Placer County "Teeters" all secured ad valorem taxes as well as all direct charges (with the exception of 1915 Act Bond and Mello Roos charges). 55% of the current secured roll is apportioned in December, 40% in April and 5% in June. Also in June, we distribute any adjustments due to roll changes processed during the year.

ⁱ Proposition 13 actually established a 4% tax rate since the "taxable value" at the time was calculated as ¼ of the appraised (market) value of properties. This equated to 1% of appraised value. Effective for 1981/82, the law was changed to simplify this to be a calculation of 1% of assessed (taxable) value.

ⁱⁱ See section on tax rate areas and jurisdictional changes.