AGENDA SHORT TITLE: Increase Low Value Exemptions for Property Tax from $1,500 to $3,000.

REQUESTED BOARD ACTION: Adopt a resolution approving an increase in the property tax exemption amount for properties having low values from $1,500 to $3,000, pursuant to Revenue and Taxation Code Section 155.20.

CURRENT FISCAL YEAR FINANCIAL IMPACT

EXPENDITURES:

- Estimated Cost: $0
- Amount Budgeted: $0
- Other Available Appropriations: $0

ADDITIONAL FUNDS REQUIRING BOARD APPROVAL:

- Contingencies: $0
- Unanticipated Revenue: $0
- Other Transfers: $0

Explanation (if required): Under R&T Code Section 155.20 an exemption for low value assessments is allowed if the cost to assess and collect is greater than the taxes collected. It is estimated that for assessments of $3,000 or less the cost to assess and collect is well over the $30.00 in property taxes collected.

Prior Board Action: In 1983 the Board of Supervisors authorized a low value exemption pursuant to Revenue and Taxation Code Section 155.20 for real and personal property with a base year value or full value of $1,500 or less, and in 1988 Resolution No. 88-0235 directed that the exemption remain in effect for succeeding fiscal years.

Alternatives – Results of Non-Approval: Sonoma County will continue to exempt low value properties at $1,500 and below and continue to assess properties between $1,501 and $3,000 at a net loss to the county.
Background:

Revenue and Taxation Code Section 155.20 allows a County Board of Supervisors, with certain limitations, to exempt from property taxation real property with a base year value, as adjusted by an annual inflation factor pursuant to subsection (f) of Section 110.1 of the Revenue and Taxation Code Section, or personal property with a full value so low that, if not exempt, the total taxes, special assessments, and applicable subventions on the real or personal property would amount to less than the cost of assessing and collecting them.

In 1983 the Board of Supervisors authorized a low value exemption pursuant to Revenue and Taxation Code Section 155.20 for real and personal property with a base year value or full value of $1,500 or less, and in 1988 directed that the exemption remain in effect for succeeding fiscal years;

Revenue and Taxation Code Section 155.20 has been amended several times since 1988, and presently limits the exemption to real or personal property with an adjusted base year value of no more than $10,000, except that this limitation is increased to $50,000 in the case of a possessory interest for a temporary and transitory use, in a publicly owned fairground, convention, or cultural facility, as those facilities are defined by Section 155.20.

The Tax Collector/Auditor’s offices along with the Assessor’s office desire to increase the threshold value for the low value exemption consistent with Revenue and Taxation Code 155.20, in recognition of the increased costs of assessment and collection. The most recent cost analysis indicates that the cost for all county offices to assess and collect properties with a value of $3,000 or less is greater than the $30.00 collected in taxes for those assessments. The cost study is attached for reference. The $3,000 cap would apply to all secured and unsecured assessments which include but are not limited to real property, possessory interests, personal property and small watercraft.

Based on the 2011-12 assessment roll there are approximately 3,001 assessments with a value between $1,501 and $3,000. The total assessed value of those assessments translates into $6,707,638 in assessed value, and $67,076 in total property taxes collected. Of the $67,076 in property taxes, the County of Sonoma share is approximately $18,781.

Attachments: Resolution. Low Value Cost Analysis

On File With Clerk:

CLERK OF THE BOARD USE ONLY

Board Action (If other than “Requested”)   Vote: