

Adopted: 8/24/89
Amended: 4/28/95
Amended: 1/29/10

Amendment to Parameters and Guidelines

Revenue and Taxation Code Section 98.9

Statutes 1987, Chapter 921

Countywide Tax Rates

05-PGA-27 (CSM-4355)

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

I. Summary of Mandate

Chapter 921 statutes of 1987 amended section 98.9 of the Revenue and Taxation Code. This section requires counties to allocate property tax revenue attributable to unitary and operating nonunitary property commencing with the 1988-89 fiscal year on the basis of a new formula. In addition, counties are required to establish a single countywide tax rate area to which the assessed value of all unitary and operating nonunitary property will be assigned, and to issue each state assessee, other than a regulated railway company, a single tax bill for such property.

II. Commission on State Mandates Decision

On August 24, 1989, the Commission on State Mandates determined that section 98.9 of the Revenue and Taxation Code as amended by chapter 921, Statutes of 1987, contains reimbursable state-mandated costs.

III. Eligible Claimants

Counties that incur costs as the result of the mandate.

IV. Period of Reimbursement

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

Chapter 921, Statutes of 1987, became effective September 21, 1987 as an urgency measure. Government Code Section 17557 states that a test claim must be submitted on or before November 30 following a given fiscal year to establish eligibility for that fiscal year. The test claim for this mandate was filed by the County of Fresno on September 6, 1988. Therefore, reimbursement claims may be filed for costs incurred on or after September 21, 1987.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Section 17561 (d)†(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs per claimant for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise provided by Government Code Section 17564.

V. Reimbursable Costs

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

A. Scope of Mandate

Counties will be reimbursed for costs incurred pursuant to Section 98.9 of the Revenue and Taxation Code as amended by Chapter 921, Statutes of 1987.

For each eligible claimant meeting the above criteria, the following costs items are reimbursable.

B. Reimbursable Activities

Implementation Costs

1. Creation of a new allocation formula used to assess the value attributable to unitary and operating nonunitary property.
2. Establishment of a single countywide tax rate area for the assignment of the assessed value of all unitary and operating nonunitary property in each county.

On-Going Costs

3. Issuance to each state assessee, other than a regulated railway company, of a single tax bill in the county.
4. Computation of each year's unitary tax rates for all unitary and operating nonunitary property.
5. Additional tax roll processing, e.g., application of Special Assessments, necessary to specifically process the unitary utility assessments received from the State Board of Equalization.

6. Calculation of each year's, allocation formulas, and subsequent distribution of collected unitary tax revenues.
7. Correcting tax bills for assessments erroneously placed in the Countywide Tax Rate Area by the State Board of Equalization.
8. Research and explanations to local agencies or to assessee, (e.g. either in the application of special assessments to unitary utility properties, or when unitary utility properties subsequently change.)

Allowable costs include, but are not limited to, salaries and benefits, services and supplies, postage, travel, workshops, contracted or uncontracted consultation services, computer analysis, programming, computer machine time, microcomputer hardware and software, and overhead and related costs, all of which are attributable to the implementation and on-going maintenance required to comply with the provisions of this mandate.

VI. Claim Preparation and Submission

Reimbursement claims should show the actual increased costs incurred by the local agency in complying with this mandate. Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each item for which reimbursement is claimed. Claimed costs should be supported by the following:

A. Employee Salaries and Benefits

Identify the employee(s); show the classification of the employee(s) involved; describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

B. Services, Supplies and Equipment

Only expenditures which can be identified as a direct cost of the mandate can be claimed (including contract and consultant services). List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

C. Allowable Overhead Costs

Indirect costs may only be claimed in the manner described by the State Controller in his claiming instructions.

VII. Record Retention

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that

¹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

the audit is commenced. All documents used to support the reimbursable activities, as described in Section V, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VIII. Offsetting Savings and Other Reimbursement

Any offsetting savings that a claimant experiences as a direct result of this statute must be deducted from the costs claimed. This includes any actual savings resulting from a reduction in the number of tax bills created, processed and mailed due to this mandate. In addition, reimbursement specifically received for this mandate from any non-local source (e.g., federal or state grant) shall be identified and deducted so only net local costs are claimed.

IX Controller’s Office Required Certification

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury;

THAT the foregoing is true and correct;

THAT section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of law have been complied with; and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

Signature of Authorized Representative

Date

Title

Telephone Number