



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: BC 24-026

February 28, 2024

Introduced: 2/20/2024

Current Status: Agenda Ready

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Matter Type: Budget Committee

- a. Receive the Bi-Annual Report from the Assessor County Clerk Recorder.

RECOMMENDATION:

It is recommended that the Budget Committee:

- a. Receive the Bi-Annual Report from the Assessor County Clerk Recorder.

SUMMARY/DISCUSSION:

The following is a summary report of Supplemental Assessments for the County of Monterey as of December 31, 2023; a projection for next year's assessed valuation; and a summary of income generated by the County of Monterey's Clerk/Recorder's Office at the mid-point of Fiscal Year 2023-2024.

As of January 3, 2024, the Monterey County Assessor's Office had generated 3,046 Supplemental bills with a gross supplemental value of \$1,364,666,050. As of January 19, 2023 the Monterey County Assessor's Office had generated 3,721 Supplemental Assessments with a gross supplemental value of \$1,680,711,603.

Average Supplemental

2007-2008	4,122	\$1,153,782,898	\$279,908
2008-2009	4,023	381,365,198	\$ 94,796
2009-2010	3,882	243,241,016	\$ 62,658
2010-2011	4,588	274,904,424	\$ 59,918
2011-2012	4,717	308,600,807	\$ 65,423
2012-2013	4,937	336,328,705	\$ 68,124
2013-2014	5,163	594,432,725	\$115,133
2014-2015	3,955	777,646,576	\$196,623
2014-2015	4,072	\$1,013,440,117	\$248,880
2015-2016	4,107	911,803,144	\$222,012
2016-2017	4,791	\$1,117,597,559	\$233,270
2017-2018	4,555	\$1,250,246,605	\$274,478
2018-2019	3,682	844,520,974	\$229,365
2019-2020	3,338	\$1,058,396,647	\$317,075
2020-2021	3,584	\$1,644,286,514	\$458,785
2021-2022	3,953	\$1,849,707,602	\$467,925
2022-2023	3,721	\$1,680,711,603	\$451,683

As of January 1, 2024, the Local Secured Assessment Roll total for the County of Monterey was \$84,390,416,548 compared to last year's July 1, 2023, value of \$83,065,897,716 **an**

increase of 1.6%. The Assessor's Office projects an additional 3924 anticipated supplemental assessments with a value of approximately \$1,757,952,000, **an increase of 2.1%.**

For the roll being prepared 3,005 properties with Prop 8 reductions already in place will be reviewed. In 1978, California voters passed Proposition 8, a constitutional amendment to Article XIII A that allows a temporary reduction in assessed value when real property suffers a decline in value. It is estimated that this review will increase the Local Assessment Roll by another \$68,000,000 **a small increase of .08%**

Revenue and Taxation Code section 51 provides that base year values determined under section 110.1 shall be compounded annually by an inflation factor, not to exceed 2 percent. Section 51(a)(1)(C) provides that, for any assessment year commencing on or after January 1, 1998, the inflation factor shall be the percentage change, rounded to the nearest one-thousandth of 1 percent, from October of the prior fiscal year to October of the current fiscal year in the California Consumer Price Index (CCPI) for all items, as determined by the California Department of Industrial Relations.

For the coming year the inflation factor that will be used is **2.00%.**

Based upon the information above the Assessor now predicts an overall increase of **5.70%** in the assessment roll from 2022-2023 to 2023-2024.

Monterey County Recorder County Clerk

For Fiscal year 2023-2024 the Monterey County Recorder County Clerk projected \$3,011,000, in revenue. At midyear, actual income generated is \$815,338. (See Attachment A)

Documentary Transfer Tax revenue is collected by the Monterey County Recorder but is not reflected in their budget. Through the first 6 months of fiscal year 2023-2024 the County of Monterey Recorder has collected \$2,492,418 in documentary tax. The County of Monterey's share totals \$1,739,7493. At midpoint last year the County had received \$1,893,179

The Recorder's Office experienced a 38% decrease in document recordings in 2022, and in 2023 the document recordings further decreased reaching a 54% document recording decrease resulting in revenue decrease. In 2022 the decreased recordings were due to multiple mortgage interest rate increased changes from 2.96% to 5.34%. In 2023, we saw the same trend, mortgage interest rate increased to 7.78%. January 2024, we saw a promising small mortgage interest rate reduction reaching below 7%; however, the interest rates continue to fluctuate making it difficult to predict or anticipate Total Deed recordings today. Prior to 2022, Total Deed recordings "norm" have always been between 75,000- 95,000, except for 2001-2005, when the economy real estate market crashed. In 2023 a total of 45,068 Deed were recorded, approximately 16.5% lower than the total of Deeds recorded in 2021.

Year	Deed Total
2021	86,463
2022	53,952
2023	45,068

The Recorder's Office continues to experience document recording decreases due to mortgage interest rate instability and the economy in general. Additional recurring factors that cause increases in the department expenses continue to be wage study findings, negotiated salaries and benefits. While the mortgage interest rates appear to be on a downward trend, it may not be enough to generate the necessary revenue expected to help reduce the anticipated budget revenue for the current Fiscal year. To help mitigate the loss in revenue, we plan to fill existing vacancies at a lower step for the last three months of the Fiscal year. Finally, the Board of Supervisor's recently approved to increases the fees for the Assessor's office and the Clerk's office, and we anticipate these increases will help increase revenue for the department and help meet the GFC.

OTHER AGENCY INVOLVEMENT:

None

FINANCING:

No impact to the County General Fund by receiving this report.

Prepared and Approved by:

Xochitl Marina Camacho, Assessor-Clerk/Recorder
(831) 755-5874

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Marina Camacho
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Attachments:

Exhibit A - FY 2023-2024 Monterey County Clerk-Recorder Fee Report