

*Before the Board of Supervisors  
County of Monterey, State of California*

**Resolution No. 23-256**

Approve Property Tax Transfer for the proposed )  
“Gloria Road Agricultural Cooler Reorganization”  
Involving annexation of 48.97 acres )  
to the City of Gonzales and detachment from )  
the Gonzales Rural Fire Protection District )

**WHEREAS**, Government Code Section 56425(b) requires that prior to updating of a city’s Sphere of Influence, representatives of the city and county shall meet to discuss the proposed sphere and its boundaries and explore methods to reach agreement on the boundaries, development standards and zoning requirements within the area; and

**WHEREAS**, the city and county approved a Memorandum of Agreement consistent with the requirements of Government Code Section 56425(b) on March 15, 2016; and

**WHEREAS**, the Revenue and Taxation Code Section 99 (Assembly Bill 8, Chapter 282) Statutes 1979, as amended by Senate Bill 180 (Chapter 801) provides for the Monterey County Board of Supervisors to determine an appropriate tax transfer for all jurisdictional changes of organization occurring within Monterey County and for the city council of any affected City to concur on the transfer prior to the proposal being considered by the Local Agency Formation Commission (LAFCO); and

**WHEREAS**, the City of Gonzales has submitted a resolution of application to LAFCO for the “Gloria Road Agricultural Cooler Reorganization” involving annexation of 48.97 acres to the City and detachment from the Gonzales Rural Fire Protection District; and

**WHEREAS**, pursuant to Revenue and Taxation Code Section 99(b) (6), the Executive Officer of LAFCO shall not issue a Certificate of Filing (Government Code Section 56828) for a change of organization until an exchange of property tax revenue is negotiated; and

**WHEREAS**, the Monterey County Board of Supervisors adopted as policy a set of formulas to be used for all jurisdictional changes of organization on April 29, 1980 (Resolution #80-249); and

**WHEREAS**, the current distribution of property taxes within tax rate area 076-001 is as follows:

27.72%	-	Monterey County’s Share
1.51%	-	Affected District’s Share
<u>70.77%</u>	-	Non-affected District’s Share
100.00%	-	Total; and

**WHEREAS**, the Revenue and Taxation Code Section 99 (Senate Bill 180, Chapter 801) requires that non-affected local agencies percentage share will remain constant; and

**WHEREAS**, the County of Monterey and the City of Gonzales wish to agree to a fair share distribution of remaining property tax revenues; and

**WHEREAS**, the County of Monterey has realized a 41% reduction and the City has realized a 13% reduction in property tax revenue imposed by the State under Senate Bill 617, Chapter 699, Statutes 1992; and

**WHEREAS**, each year thereafter both the County and the City continue to shift revenues to the Education Revenue Augmentation Fund (ERAF);

**NOW, THEREFORE, BE IT RESOLVED** that the Monterey County Board of Supervisors does hereby agree to the following formulas for property tax base and increment distribution within Tax Rate Area 076-001 after change of organization/reorganization.

**Tax Rate Area 076-001**

**A. DISTRIBUTION OF PROPERTY TAX BASE:**

Property tax base is the property tax revenue that is available prior to change of organization/reorganization.

Prior to Change of Organization/Reorganization:

(City of Gonzales, Tax Rate Area 007-018)

		<u>Current Ratio</u>
City of Gonzales	- 14.63%	50.03%
Monterey County	- 14.61%	49.97%

Based on existing Tax Rate Area 076-001, Monterey County’s share of property tax reduced by 41% is equal to 16.35%. The total property tax available for distribution in the proposal area is equal to 16.35%.

After Change of Organization/Reorganization:

(New Tax Rate Area – To Be Assigned)

16.35% - Property Tax Available for Distribution

1. City of Gonzales’s Share of Total Property Taxes Collected:

	16.35%	-	Property Tax Available for Distribution
X	50.03%	-	City of Gonzales's Current Ratio
=	8.18%		
+	1.51%	-	Fire District Share
=	9.69%		

2. Monterey County's Share of Total Property Taxes Collected:

	16.35%	-	Property Tax Available for Distribution
X	49.97%	-	Monterey County's Current Ratio
=	8.17%		

plus

	11.37%	-	The Adjustment for State Tax Shift
=	19.54%		

Formula for property tax base allocation to the City of Gonzales from Tax Rate Area 007-018 after change of organization/reorganization.

City of Gonzales's Property Tax Revenue =

Total Property Taxes Collected X 9.69% X  
Full Months Remaining in Tax Year Divided by 12.

**B. DISTRIBUTION OF PROPERTY TAX INCREMENT:**

Property tax increment is the increase in property tax revenue above the base resulting from the increase in assessed value of property after the change in organization/reorganization.

The formula recognizes that all future growth will be subject to a shift to ERAF in the amount of 41% for the County and 13% for the City. After the shift, the County and the City will be in the same relative position as before dividing the remainder.

Prior to Change of Organization/Reorganization:

(City of Gonzales, Tax Rate Area 007-018)

	<b>Current Rate</b>	<b>÷</b>	<b>ERAF Adjustment</b>	<b>=</b>	<b>Resulting Rate</b>	<b>Resulting Ratio</b>
City of Gonzales	14.63%		87.0%		16.82%	40.44%
Monterey County	14.61%		59.0%		24.76%	59.56%

Based on existing Tax Rate Area 076-001, Monterey County's share of property tax is 27.72%. The total property tax available for distribution in the proposal area is 27.72%. The new Resulting Ratio calculated above is applied to the increment.

After Change of Organization/Reorganization

(New Tax Rate Area to be Assigned)

27.72% = Property Tax Available for Distribution

1. City of Gonzales's Share of Property Tax Increment:

	27.72%	-	Property Tax Available for Distribution
X	40.44%	-	City of Gonzales's New Resulting Ratio
=	11.21%	-	
+	1.51%	-	Fire District Share
=	12.72%		

2. Monterey County's Share of Property Tax Increment:

	27.72%	-	Property Tax Available for Distribution
X	59.56%	-	Monterey County's New Resulting Ratio
=	16.51%		

Formula for property tax increment to the City of Gonzales from Tax Rate Area 007-018 after change of organization/reorganization:

City of Gonzales's Property Tax Increment =  
 Total Property Tax Increment Collected X 12.72% X  
 Full Months Remaining in Tax Year Divided by 12.

**PASSED AND ADOPTED** on this 25<sup>th</sup> day of July 2023, by roll call vote:

AYES: Supervisors Alejo, Church, Lopez, Askew, and Adams

NOES: None

ABSENT: None

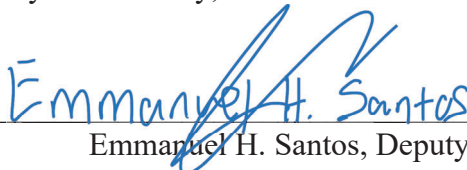
I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 82 for the meeting on July 25, 2023.

Dated: August 7, 2023

File ID: 23-618

Agenda Item No. 53

Valerie Ralph, Clerk of the Board of Supervisors  
County of Monterey, State of California

  
Emmanuel H. Santos, Deputy