

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF MERCED, STATE OF CALIFORNIA

In the Matter of

AMEND AND REINSTATE PROPERTY)	
TAX SHARING AGREEMENT)	RESOLUTION NO. 2016-
BETWEEN THE CITY OF LOS BANOS)	
AND THE COUNTY OF MERCED)	

WHEREAS, on June 6 1978 the voters of the State of California amended the California Constitution by adding Article XIII A thereto which limited the total amount of property taxes which could be levied on property by local taxing agencies having such property within their territorial jurisdiction to one percent (1%) of full cash value; and

WHEREAS, following such constitutional amendment the California Legislature added Section 99 to the California Revenue and Taxation Code which requires a city seeking to annex property to its incorporated territory and a county affected by such annexation to agree upon an exchange of property taxes which are derived from such property and available to the county and city following annexation of the property to the incorporated territory of the city; and

WHEREAS, on October 21, 1997 County of Merced (County) and City of Los Banos (City) entered into a Property Tax Sharing Agreement (referred to herein as the "Original Agreement") in accordance with Section 99 to the California Revenue and Taxation Code; and

WHEREAS, annexation will not decrease the County's responsibilities for providing municipal/county-wide services in the areas of county administration, adult and juvenile detention and correction, health and human services, libraries, and office of emergency services; and

WHEREAS, annexation could decrease the County's responsibilities for providing unincorporated area services in the areas of police patrol, fire protection, planning, roads, building inspection and parks; and

WHEREAS, annexation causes certain revenues to automatically shift from the County to the City, such as sales tax, motor vehicle in-lieu tax, trailer coach in-lieu tax, transient occupancy tax, real property transfer tax, vehicle code fines, gasoline tax, and other fees and licenses; and

WHEREAS, annexation will increase the City's responsibilities for providing city services in newly annexed areas such as city administration, police and fire protection, planning, streets, water and sewer, garbage collection, storm drainage, parks and recreation.

WHEREAS, County and City now wish to amend and restate the Original Agreement to establish a fair and equitable approach in the sharing of real property ad valorem taxes imposed and collected as authorized by the Revenue and Taxation Code in order to encourage sound urban development and economic growth and to maximize each party's ability to finance the delivery of essential governmental services in areas annexed to City; and

WHEREAS, it is the purpose of this Agreement to serve as a Property Tax Sharing Agreement pursuant to Section 99 of the California Revenue and Taxation Code; and

WHEREAS, it is a further purpose of this Agreement to provide for mutual cooperation and

coordination to avoid conflict with each party's General Plan goals, objectives, and policies.

NOW THEREFORE, BE IT RESOLVED that in consideration of the mutual covenants and promises herein contained, the County and City hereby agree that the original Agreement is, as of the effective date first written above, amended and restated in its entirety and states that for each annexation Merced County will retain the base property tax for the County General Fund and the City will retain the base property tax for the County Fire Fund in accordance with California Revenue and Taxation Code Section 96.1. Pursuant to Section 96.5 of the Revenue and Taxation Code, the County will receive 75% and the City shall receive 25% of the the incremental property tax rate for the County General Fund. The City will retain the incremental property tax rate for the County Fire Fund.

BE IT FURTHER RESOLVED that the same allocation set forth above shall be applicable to certain tax rate areas as identified in the "Amend and Restated Property Tax Sharing Agreement Between the City of Los Banos and County of Merced", with the exception of the allocation of base property tax for the County Fire Fund, commencing the fiscal year 2016-2017, or at the time a new tax rate area is established for undeveloped areas.

BE IT FURTHER RESOLVED that the same allocation set forth above shall be applicable to certain tax rate areas as identified in the "Amend and Restated Property Tax Sharing Agreement Between the City of Los Banos and County of Merced", with the exception of the allocation of base property tax for the County Fire Fund, commencing the fiscal year 2016-2017, or at the time a new tax rate area is established for undeveloped areas.

BE IT FURTHER RESOLVED that all other agencies involved shall receive the tax increment attributable to that agency pursuant to California Revenue and Taxation Code Sections 96-98.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately upon the adoption of Exhibit A "Amend and Restated Property Tax Sharing Agreement Between the City of Los Banos and County of Merced" by both the County and the City.

I, JAMES L. BROWN, Clerk of the Board of Supervisors of the County of Merced, do hereby certify that the foregoing Resolution was regularly introduced, passed, and adopted by said Board at a regular meeting thereof held on this 7th day of June, 2016 by the following vote:

SUPERVISORS:

AYES:

NOES:

ABSENT:

WITNESS my hand and the Seal of this Board this _____ day of _____, 2016.

JAMES L. BROWN, CLERK

By: _____
DEPUTY