



BA

**Berkson
Associates**

Urban Economics
Policy Forensics & Forecasting
Planning & Policy Analysis



Overview

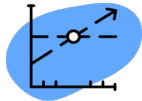
Property Taxes

COLLECTION, ALLOCATION & USE

Presentation to La Jolla Shores Association
July 12, 2023

2023-07-12

ABOUT BERKSON ASSOCIATES



Extensive Urban Economics & Governance Experience

- **30+ years** preparing budget forecasts, fiscal analysis, reorganizations, incorporations
- **Estimate property taxes** as one of several revenue sources to public agencies
- **Assisting The Association for the City of La Jolla** in preparing an incorporation feasibility analysis

PROP. 13 GOVERNS PROPERTY TAXES

APPROVED BY VOTERS IN 1978

- **1% of assessed value** (plus voter-approved "overrides": assessments, bonds, etc.)

AGENCY	RATE / CONTACT #	TAX AMOUNT
1% TAX ON NET VALUE	1.00000	7453.17
VOTER-APPROVED BONDS AND TAXES:		
SD ZOO MAINTENANCE	NET 0.00500	37.27
UNIFIED SCHOOL	NET 0.17260	1286.41
COMMUNITY COLLEGE	NET 0.03526	262.79
METRO WATER DISTRICT	NET 0.00350	26.08
TOTAL ON NET VALUE	1.21636	9065.72
FIXED CHARGE ASSMTS: PHONE #		
MOSQUITO SURVEILLANCE	800-273-5167	3.00
VECTOR DISEASE CTRL	800-273-5167	8.36
MWD WTR STANDBY CHRG	866-807-6864	11.50
CWA WTR AVAILABILITY	858-522-6691	10.00
TOTAL AMOUNT		9098.58

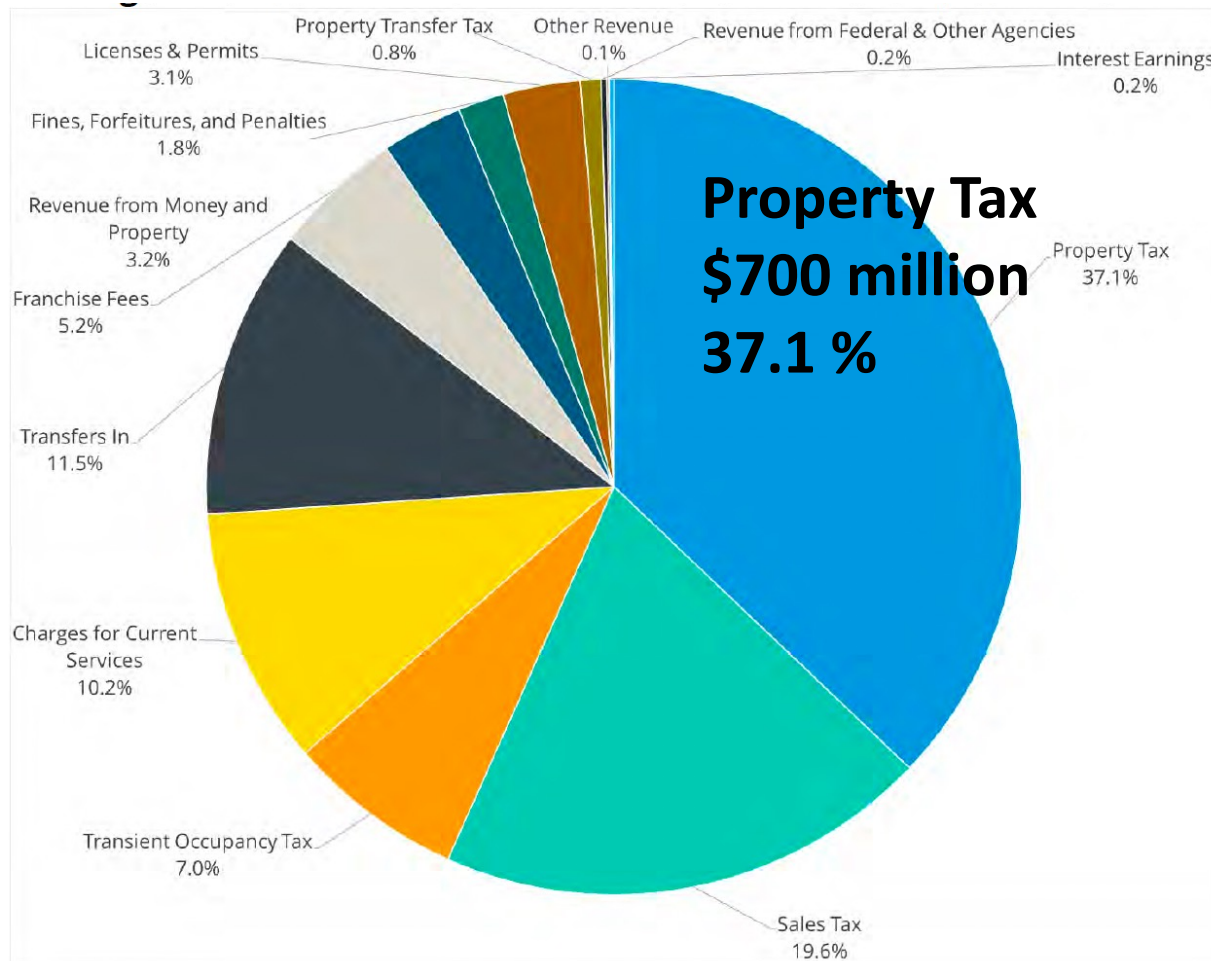
PROP. 13 GOVERNS PROPERTY TAXES

CONTINUED

- **Annual increase capped at 2%** or inflation if less
- **Remodel** can trigger increase in assessed value
- **Sale triggers re-assessment** at sales price
- **Secured and unsecured property** are taxed
- **Homeowners qualify for an exemption** (\$7k off assessed value)

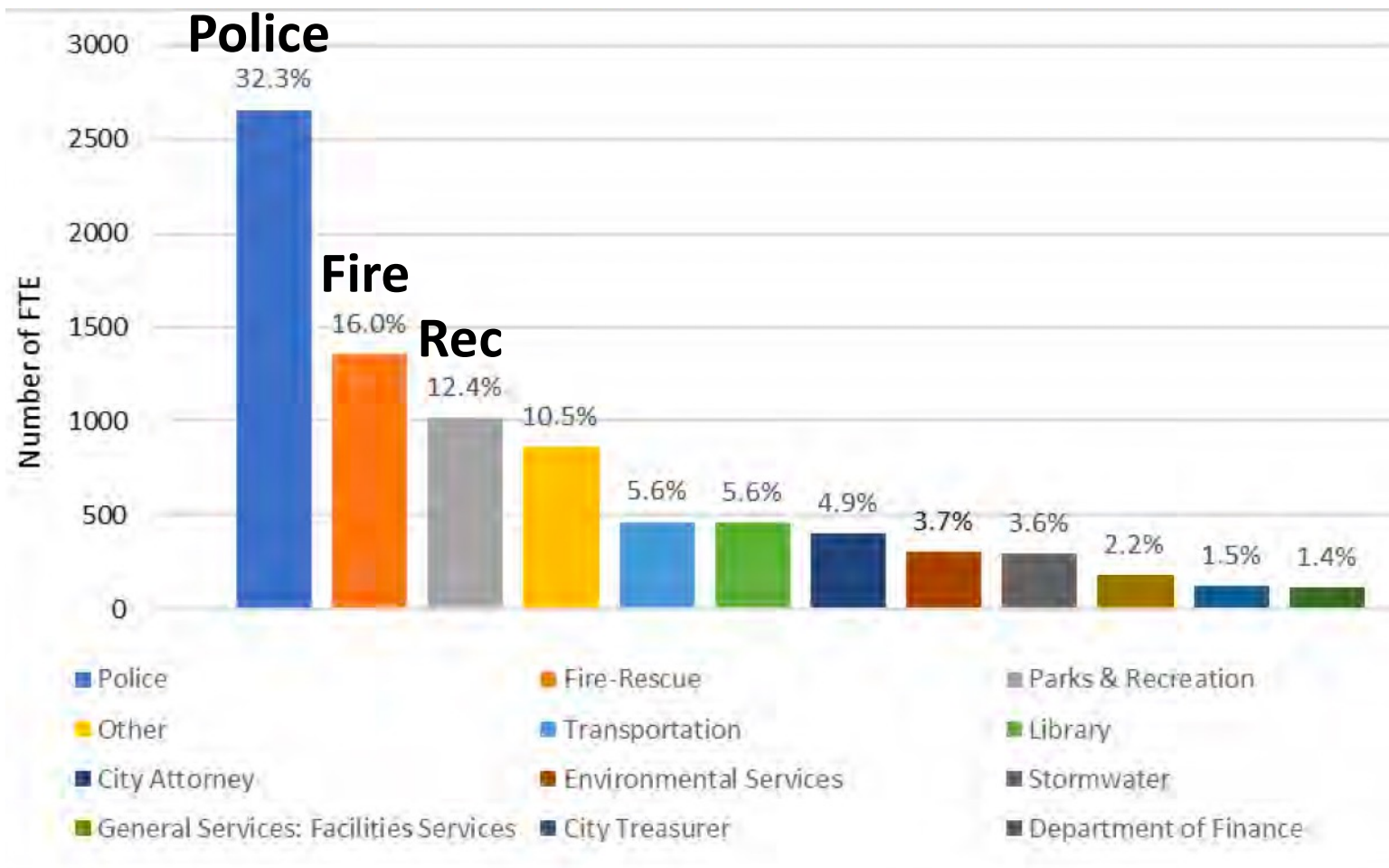
PROPERTY TAXES ARE A MAJOR REVENUE FOR PUBLIC AGENCIES

PROPERTY TAX IS 37% OF SAN DIEGO'S \$1.9 BILLION GENERAL FUND



PROPERTY TAXES HELP PAY EMPLOYEES

CHART ILLUSTRATES CITY OF SAN DIEGO EMPLOYEES BY CATEGORY



TOTAL PROPERTY TAXES GROW OVER TIME

SEVERAL FACTORS AFFECT TOTAL TAXES TO AGENCIES

- **2% annual increase** in assessed values
- **Property re-sales** (e.g., 5-15% "turnover")
- **Real estate markets** and a.v. increase to sales price (esp. for older properties)
- **In total** these factors can contribute to a 4-6% annual increase to public agencies property tax revenue (in "normal" times)

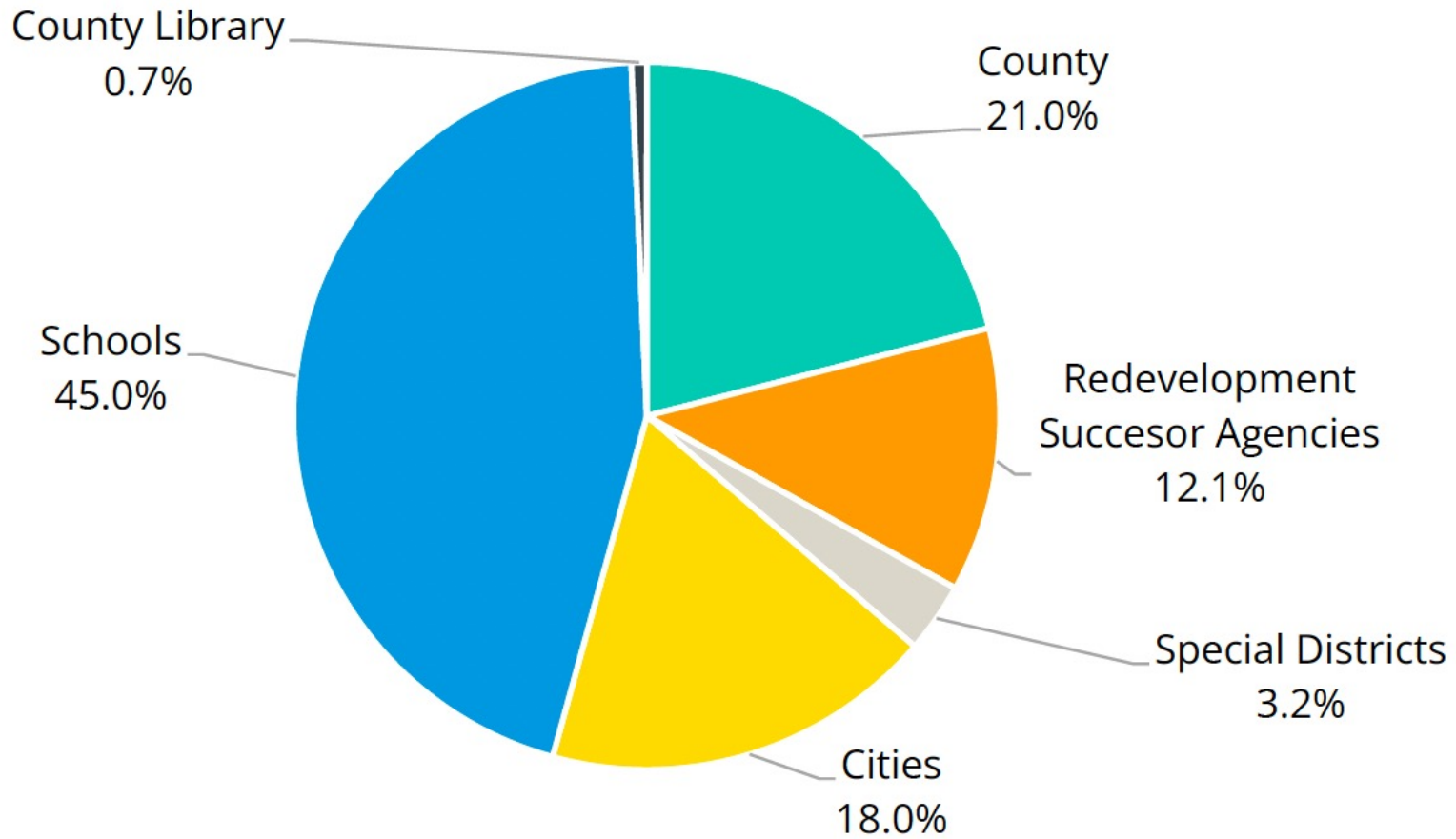
ALLOCATIONS OF 1% PROPERTY TAX

TAX ALLOCATION FACTORS DETERMINE SHARES TO AGENCIES

- Counties include hundreds of "Tax Rate Areas"
- Each Tax Rate Area (TRA) is a set of taxing agencies that serve a geographic area
- Agencies include county, city, school districts, mosquito abatement, special districts, others
- Each get a share of the 1% property tax in TRA
- Allocations from all TRAs are added for totals to each agency

ALLOCATIONS OF 1% PROPERTY TAX

CONTINUED



San Diego County Property Tax Services

GOVERNANCE CHANGES MAY ALTER ALLOCATIONS

FORMATION OF NEW CITIES, ANNEXATIONS TO AGENCIES, REORGANIZATION

- Creation of a new city triggers a complex city/county property tax sharing formula
- Secession/incorporation will shift prior city property taxes to new city (share of 1%; no change to "overrides")
- Annexations determined by tax share agreement

QUESTIONS?