

# LAFCO

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## Santa Barbara Local Agency Formation Commission

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Local Agency Formation Commission  
105 East Anapamu Street  
Santa Barbara CA 93101

### Report regarding Tax Exchange Process and Codes

Dear Members of the Commission

#### RECOMMENDATION

It is recommended that the Commission receive a report regarding the tax exchange process required by state law for an annexation.

#### DISCUSSION

This report provides an overview of the property tax exchange process that is required by state law for an annexation to be completed by LAFCO. Revenue and Taxation (R&T) Code §99 provides the state law that governs the processing of tax exchange agreements for annexations. The R&T Code allows for a Master Agreement to be used by the jurisdictions, or for a separate tax agreement to be negotiated by the city and county. A Master Agreement was adopted by a County of Santa Barbara Resolution in 1981 (Attachment D), which provides for no transfer of property tax revenues where territory is annexed to a County Service Area, Sanitation or Sanitary District, Mosquito Abatement District, or the Santa Barbara Metropolitan Transit District when the purpose of such an annexation is the provision of services not previously provided. No Master Agreement exist between the County and Cities. Even with a Master Agreement, the agreement being negotiated can be modified by the subject jurisdictions.

Special District are subject to tax exchange process only when the type of service includes property tax. Many districts do not normally get a share of the property tax when an annexation is completed by LAFCO. Additionally, Special District under Assembly Bill 3277 (Ad Valorem Bill) amended CKH Act to only perform financial analysis when the agency has not elected to waive any exchange or share of the 1% tax. This bill change

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**Commissioners:** Roger Aceves ♦ Craig Geyer ♦ Joan Hartmann ♦ Dorinne Johnson ♦ James Kyriaco ♦ Roy Lee  
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BUSINESS ITEM No. 3

aims to streamline the process and reduce unnecessary analysis. Also, in a nuance to the R&T Code, the County represents a District in property tax negotiations. A District that does receive a portion of the property tax for a particular service might propose to apply that same rate for an annexation area that they are already receiving in the same general area. However, the County negotiates the property tax agreement on behalf of the District and has discretion over that decision. This report focuses on the City-County property tax exchange process.

## TERMINOLOGY

In negotiating a property tax agreement several terms should be defined. The State Assembly has prepared a document that has a number tax-related definition. The following are some key terms used when negotiating tax agreements:

- **Assessment Roll:** A countywide list of all taxable property. It identifies each property, its owner, and its value for assessment purposes.
- **Base Revenue:** For property tax allocation purposes, the amount of property tax revenues received in the prior year.
- **Educational Revenue Augmentation Fund (ERAF):** The funds created to receive property tax revenues redirected from cities, counties, and special districts to schools and community college districts. The permanent redirection of property taxes reduces the state's Proposition 98 funding obligation to K-14 school districts. The revenue loss to local governments is mitigated by receipt of a half-cent sales tax for public safety purposes.
- **Increment:** For local property tax allocation purposes, the amount of property tax revenue generated by growth in assessed valuation from one year to the next.
- **Property Tax:** A tax on all real and tangible property located in the state and not specifically exempt.
- **Tax Rate:** The ratio of the tax to the tax base. For property tax purposes, the rate is applied to assessed value to determine the amount of the tax. For income and franchise tax purposes, the rate is applied to taxable income to determine the amount of the tax.

**Property Taxes and Proposition 13** – Property tax is an *ad valorem* (i.e., “according to value”) tax that land owners are required to pay on their property. In terms of municipal property tax, land owners in California have their property assessed annually (or upon sale or completion of new construction) by the County Assessor. The assessed value is then used to compute the annual tax, which is levied by the county.

Prior to the passage of Proposition 13, local governments were authorized to set the property tax rates. The tax rate to an individual parcel was the total of the separate rates

levied by each local agency serving the property (i.e., County, city, school district, special districts). As of 1978, with the passage of Proposition 13, the California ad valorem property tax rate was limited by the State Constitution to 1% plus any voter-approved bonded indebtedness, special taxes or benefit assessments. State and local governments were then prohibited from setting tax rates for ad valorem taxes on real property above the 1% level without voter approval.

**AB 8** - Following the passage of Proposition 13, a new method was necessary to allocate taxes since taxing jurisdictions now had to share a piece of the finite pie. In 1979, Assembly Bill 8 (AB 8) was adopted to provide procedures for counties to allocate taxes. The base year for AB 8 was fiscal year 1978-79. The basic premise of AB 8 was to allocate to each taxing jurisdiction the amount it received in the prior year, plus a share of any additional revenues above the prior year that occurred within the agency's boundaries. This established the *property tax increment allocation* percentage for each agency within a Tax Rate Area (TRA).

**Tax Rate Area** - A TRA is a geographical area composed of a unique combination of taxing jurisdictions that provide services to the property. As a result of changes of organization (i.e., annexations, detachments, district formations, city incorporations, etc.) a property may move from one TRA to another. The TRAs are maintained statewide by the California Department of Tax and Fee Administration (CDTFA) in conjunction with information filed by counties, LAFCOs, schools and other taxing jurisdictions.

### **BACKGROUND - PROPERTY TAX AGREEMENT PROCESS**

The property tax exchange process involves several key steps as part of an application for change of organization. This process is generally covered by Sections 99 and 99.01 of the California Revenue and Taxation (R&T) Code. First an applicant needs to submit a completed application form, property owner consent forms, and other required documents. A Reportback (referral) is sent out to all affected agencies for review and comments. The Assessor and Auditor offices are requested to determine the APN assessed property tax valuations and surrounding tax rate areas TRA(s) to estimate tax revenue and allocation total for affected agencies. The total ad valorem property tax revenue subject to negotiation, is then sent to County CEO office to start the negotiation period with the annexing agency. Additional missing information may be requested of LAFCO. Upon annexation, a city takes over service responsibilities for that area and negotiates for a portion of the property tax revenues previously allocated to the county to offset service costs. It should be noted that county service costs for an annexation area may also increase as well with an intensification of land use.

From the date of the Reportback request indicating the application is subject to R&T code 99, the Assessor has a total of 30-days to submit a Notice of Tax Allocation to the Auditor.

Within 45 days of the Reportback, the Auditor submits notification of property tax estimates, which then starts the Negotiation Period to determine the amount of property tax revenues to be exchanged. The negotiaton period shall not exceed 60 days. If a local agency involved in these negotiations notifies the other local agencies, the county auditor, and the local agency formation commission in writing of its desire to extend the negotiating period, the negotiating period shall be 90 days, this extends the period by an additional 30-days. After negotiation, a resolution approving the property tax agreement must be submitted to LAFCO by both the county and city before a Certificate of Filing can be signed. The Certificate of Filing is the document that accepts the application for processing. LAFCO does not have a legally required role in the negotiation process.

If agencies cannot reach agreement, they proceed with a third-party fiscal anaylsis, and if no agreement still is reached, a mediation, and then an arbitration. At the conclusion of the arbitration, the city and county present their last and best offer, one of which the arbitrator will recommend to the governing bodies. If the governing bodies of the city and/or county reject the recommended offer, they must do so at a public hearing and make findings of fact as to why the recommended offer was not accepted. If desired and agreed to by the local agencies additional time may be granted to complete these processes.

## CONCLUSION

For all past city annexations, the property tax exchange agreements were negotiated on a case-by-case basis with each city. Generally, for similar annexations, neighboring agreements were used as the basis for negotiations. LAFCO legally cannot determine the annexation application as complete until an agreement has been reached between the entities. If an agreement cannot be reached, the annexation/reorganization proposal cannot proceed and is terminated.

### Attachments

Attachment A – Related R&T 99 Revenue and Taxation Codes

Attachment B – Government Code 56810 Property Tax Exchange

Attachment C – Master Process Flowcharts

Attachment D – Master Property Tax Agreement 1981

Please contact the LAFCO office if you have any questions.

Sincerely,

*Amber Holderness*

Amber Holderness  
LAFCO Legal Counsel

Sincerely,

*MJP+*

Mike Prater  
Executive Officer

## RELATED SECTIONS IN THE REVENUE AND TAXATION CODE

### **Property tax rates; levy by local agencies and school entities**

**93.** (a) Notwithstanding any other provision of law, except as provided in subdivisions (b) and (c), no local agency, school district, county superintendent of schools, or community college district shall levy an ad valorem property tax, other than that amount which is equal to the amount needed to make annual payments for the interest and principal on general obligation bonds or other indebtedness approved by the voters prior to July 1, 1978 or the amount levied pursuant to Part 10 (commencing with Section 15000) of Division 1 and Sections 39308, 39311, 81338, and 81341 of the Education Code. In determining the tax rate required for the purposes specified in this subdivision, the amount of the levy shall be increased to compensate for any allocation and payment of tax revenues required pursuant to subdivision (b) of Section 33670 and subdivision (d) of Section 33675 of the Health and Safety Code.

(b) A county shall levy an ad valorem property tax on taxable assessed value at a rate equal to four dollars (\$4) per one hundred dollars (\$100) of assessed value, and at an equivalent rate when the ratio prescribed in Section 401 is changed from 25 percent to 100 percent. The revenue from that tax shall be distributed, subject to the allocation and payment as provided in subdivision (d) of Section 33675 of the Health and Safety Code, to local agencies, school districts, county superintendents of schools, and community college districts in accordance with the provisions of the Government Code through the 1978-79 fiscal year and in accordance with applicable provisions of the Revenue and Taxation Code in each fiscal year thereafter. Revenues from property tax delinquency penalties, and accrued legal interest paid on judgments for the recovery of unpaid property taxes rendered by courts of this state, shall be distributed pursuant to Sections 4653.6, 4655.4, and 4658.4 of the Revenue and Taxation Code, or their successors.

(c) Any jurisdiction may levy an ad valorem property tax rate in the excess of the rate permitted in subdivision (b) in order to produce revenues in an amount which is equal to the amount needed to make annual payments for the interest and principal on any bonded indebtedness for the acquisition or improvement of real property which is approved by a two-thirds vote of its voters after June 4, 1986

**97.70.** Notwithstanding any other law, for the 2004-05 fiscal year and for each fiscal year thereafter, all of the following apply:

(a) (1) (A) The auditor shall reduce the total amount of ad valorem property tax revenue that is otherwise required to be allocated to a county's Educational Revenue Augmentation Fund by the countywide vehicle license fee adjustment amount.

(B) If, for the fiscal year, after complying with Section 97.68 there is not enough ad valorem property tax revenue that is otherwise required to be allocated to a county Educational Revenue Augmentation Fund for the auditor to complete the allocation reduction required by subparagraph (A), the auditor shall additionally reduce the total amount of ad valorem property tax revenue that is otherwise required to be allocated to all school districts and community college districts in the county for that fiscal year by an amount equal to the difference between the countywide vehicle license fee adjustment amount and the amount of ad valorem property tax revenue that is otherwise required to be allocated to the county Educational Revenue Augmentation Fund for that fiscal year. This reduction for each school district and community college district in the county shall be the percentage share of the total reduction that is equal to the proportion that the total amount of ad valorem property tax revenue that is otherwise required to be allocated to the school district or community college district bears to the total amount of ad valorem property tax revenue that is otherwise required to be allocated to all school districts and community college districts in a county. For purposes of this subparagraph, "school districts" and "community college districts" do not include any districts that are excess tax school entities, as defined in Section 95.

(2) The countywide vehicle license fee adjustment amount shall be allocated to the Vehicle License Fee Property Tax Compensation Fund that shall be established in the treasury of each county.

(b) (1) The auditor shall allocate moneys in the Vehicle License Fee Property Tax Compensation Fund according to the following:

(A) Each city in the county shall receive its vehicle license fee adjustment amount.

(B) Each county and city and county shall receive its vehicle license fee adjustment amount.

(2) The auditor shall allocate one-half of the amount specified in paragraph (1) on or before January 31 of each fiscal year, and the other one-half on or before May 31 of each fiscal year.

(c) For purposes of this section, all of the following apply:

(1) "Vehicle license fee adjustment amount" for a particular city, county, or a city and county means, subject to an adjustment under paragraph (2) and Section 97.71, all of the following:

(A) For the 2004-05 fiscal year, an amount equal to the difference between the following two amounts:

(i) The estimated total amount of revenue that would have been deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund, including any amounts that would have been certified to the Controller by the auditor of the County of Ventura under subdivision (j) of Section 98.02, as that section read on January 1, 2004, for the distribution under the law as it read on January 1, 2004, to the county, city and county, or city for the 2004-05

fiscal year if the fee otherwise due under the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2) was 2 percent of the market value of a vehicle, as specified in Sections 10752 and 10752.1 as those sections read on January 1, 2004.

(ii) The estimated total amount of revenue that is required to be distributed from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the county, city and county, and each city in the county for the 2004-05 fiscal year under Section 11005, as that section read on the operative date of the act that amended this clause.

(B) (i) Subject to an adjustment under clause (ii), for the 2005-06 fiscal year, the sum of the following two amounts:

(I) The difference between the following two amounts:

(ia) The actual total amount of revenue that would have been deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund, including any amounts that would have been certified to the Controller by the auditor of the County of Ventura under subdivision (j) of Section 98.02, as that section read on January 1, 2004, for distribution under the law as it read on January 1, 2004, to the county, city and county, or city for the 2004-05 fiscal year if the fee otherwise due under the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2) was 2 percent of the market value of a vehicle, as specified in Sections 10752 and 10752.1 as those sections read on January 1, 2004.

(ib) The actual total amount of revenue that was distributed from the Motor Vehicle License Fee Account in the Transportation Tax Fund to the county, city and county, and each city in the county for the 2004-05 fiscal year under Section 11005, as that section read on the operative date of the act that amended this subsubclause.

(II) The product of the following two amounts:

(ia) The amount described in subclause (I).

(ib) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years. For the first fiscal year for which a change in a city's jurisdictional boundaries first applies, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated solely on the basis of the city's previous jurisdictional boundaries, without regard to the change in that city's jurisdictional boundaries. For each following fiscal year, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated on the basis of the city's current jurisdictional boundaries.

(ii) The amount described in clause (i) shall be adjusted as follows:

(I) If the amount described in subclause (I) of clause (i) for a particular city, county, or city and county is greater than the amount

described in subparagraph (A) for that city, county, or city and county, the amount described in clause (i) shall be increased by an amount equal to this difference.

(II) If the amount described in subclause (I) of clause (i) for a particular city, county, or city and county is less than the amount described in subparagraph (A) for that city, county, or city and county, the amount described in clause (i) shall be decreased by an amount equal to this difference.

(C) For the 2006-07 fiscal year and for each fiscal year thereafter, the sum of the following two amounts:

(i) The vehicle license fee adjustment amount for the prior fiscal year, if Section 97.71 and clause (ii) of subparagraph (B) did not apply for that fiscal year, for that city, county, and city and county.

(ii) The product of the following two amounts:

(I) The amount described in clause (i).

(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years. For the first fiscal year for which a change in a city's jurisdictional boundaries first applies, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated solely on the basis of the city's previous jurisdictional boundaries, without regard to the change in that city's jurisdictional boundaries. For each following fiscal year, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated on the basis of the city's current jurisdictional boundaries.

(2) Notwithstanding paragraph (1), "vehicle license fee adjustment amount," for a city incorporating after January 1, 2004, and on or before January 1, 2012, means the following:

(A) For the 2017-18 fiscal year, the quotient derived from the following fraction:

(i) The numerator is the product of the following two amounts:

(I) The sum of the most recent vehicle license fee adjustment amounts determined for all cities in the county.

(II) The population of the incorporating city.

(ii) The denominator is the sum of the populations of all cities in the county.

(B) For the 2018-19 fiscal year, and for each fiscal year thereafter, the sum of the following two amounts:

(i) The vehicle license fee adjustment amount for the prior fiscal year.

(ii) The product of the following two amounts:

(I) The amount described in clause (i).

(II) The percentage change from the prior fiscal year to the current fiscal year in gross taxable assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment roll for those fiscal years.

(3) For the 2013-14 fiscal year, the vehicle license fee adjustment amount that is determined under subparagraph (C) of paragraph (1) for the County of Orange shall be increased by fifty-three million dollar (\$53,000,000). For the 2014-15 fiscal year and each fiscal year thereafter, the calculation of the vehicle license fee adjustment amount for the County of Orange under subparagraph (C) of paragraph (1) shall be based on a prior fiscal year amount that reflects the full amount of this one-time increase of fifty-three million dollars (\$53,000,000).

(4) "Countywide vehicle license fee adjustment amount" means, for any fiscal year, the total sum of the amounts described in paragraphs (1), (2), and (3) for a county or city and county, and each city in the county.

(5) On or before June 30 of each fiscal year, the auditor shall report to the Controller, in an electronic format provided by the Controller, the vehicle license fee adjustment amount for the county and each city in the county for that fiscal year. The Controller shall make the information available to the public in a readily accessible compiled electronic file via the Controller's internet website on or before September 1 of each year.

(d) For the 2005-06 fiscal year and each fiscal year thereafter, the amounts determined under subdivision (a) of Section 96.1, or any successor to that provision, shall not reflect, for a preceding fiscal year, any portion of any allocation required by this section.

(e) For purposes of Section 15 of Article XI of the California Constitution, the allocations from a Vehicle License Fee Property Tax Compensation Fund constitute successor taxes that are otherwise required to be allocated to counties and cities, and as successor taxes, the obligation to make those transfers as required by this section shall not be extinguished nor disregarded in any manner that adversely affects the security of, or the ability of, a county or city to pay the principal and interest on any debts or obligations that were funded or secured by that city's or county's allocated share of motor vehicle license fee revenues.

(f) This section shall not be construed to do any of the following:

(1) Reduce any allocations of excess, additional, or remaining funds that would otherwise have been allocated to county superintendents of schools, cities, counties, and cities and counties pursuant to clause (i) of subparagraph (B) of paragraph (4) of subdivision (d) of Sections 97.2 and 97.3 or Article 4 (commencing with Section 98) had this section not been enacted. The allocations required by this section shall be adjusted to comply with this paragraph.

(2) Require an increased ad valorem property tax revenue allocation or increased tax increment allocation to a community redevelopment agency.

(3) Alter the manner in which ad valorem property tax revenue growth from fiscal year to fiscal year is otherwise determined or allocated in a county.

(4) Reduce ad valorem property tax revenue allocations required under Article 4 (commencing with Section 98).

(g) Tax exchange or revenue sharing agreements, entered into prior to the operative date of this section, between local agencies or between local agencies and nonlocal agencies are deemed to be modified to account for the reduced vehicle license fee revenues resulting from the act that added this section. These agreements are modified in that these reduced revenues are, in kind and in lieu thereof, replaced with ad valorem property tax revenue from a Vehicle License Fee Property Tax Compensation Fund or an Educational Revenue Augmentation Fund.

**Jurisdictional changes; city  
Incorporation or  
disincorporation; district  
formation**

**99.** (a) For the purposes of the computations required by this chapter:

(1) In the case of a jurisdictional change, other than a city incorporation, city disincorporation, or a formation of a district as defined in Section 2215, the auditor shall adjust the allocation of property tax revenue determined pursuant to Section 96 or 96.1, or the annual tax increment determined pursuant to Section 96.5, for local agencies whose service area or service responsibility would be altered by the jurisdictional change, as determined pursuant to subdivision (b) or (c).

(2) In the case of a city incorporation or disincorporation, the auditor shall assign the allocation of property tax revenues determined pursuant to Section 56810 of the Government Code and the adjustments in tax revenues that may occur pursuant to Section 56815 of the Government Code to the newly formed city or district and shall make the adjustment as determined by Section 56810 or 56813 in the allocation of property tax revenue determined pursuant to Section 96 or 96.1 for each local agency whose service area or service responsibilities would be altered by the incorporation.

(3) In the case of a formation of a district as defined in Section 2215, the auditor shall assign the allocation of property tax revenues determined pursuant to Section 56810 of the Government Code to the district and shall make the adjustment as determined by Section 56810, or for the disincorporated city or dissolved district as determined by Section 56813, in the allocation of property tax revenue determined pursuant to Section 96 or 96.1 for each local agency whose service area or service responsibilities would be altered by the change of organization.

(b) Upon the filing of an application or a resolution pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of

2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code), but prior to the issuance of a certificate of filing, the executive officer shall give notice of the filing to the assessor and auditor of each county within which the territory subject to the jurisdictional change is located. This notice shall specify each local agency whose service area or responsibility will be altered by the jurisdictional change.

(1) (A) The county assessor shall provide to the county auditor, within 30 days of the notice of filing, a report which identifies the assessed valuations for the territory subject to the jurisdictional change and the tax rate area or areas in which the territory exists.

(B) The auditor shall estimate the amount of property tax revenue generated within the territory that is the subject of the jurisdictional change during the current fiscal year.

(2) The auditor shall estimate what proportion of the property tax revenue determined pursuant to paragraph (1) is attributable to each local agency pursuant to Sections 96.1 and 96.5.

(3) Within 45 days of notice of the filing of an application or resolution, the auditor shall notify the governing body of each local agency whose service area or service responsibility will be altered by the jurisdictional change of the amount of, and allocation factors with respect to, property tax revenue estimated pursuant to paragraph (2) that is subject to a negotiated exchange.

(4) Upon receipt of the estimates pursuant to paragraph (3), the local agencies shall commence negotiations to determine the amount of property tax revenues to be exchanged between and among the local agencies. Except as otherwise provided, this negotiation period shall not exceed 60 days. If a local agency involved in these negotiations notifies the other local agencies, the county auditor, and the local agency formation commission in writing of its desire to extend the negotiating period, the negotiating period shall be 90 days.

The exchange may be limited to an exchange of property tax revenues from the annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change. The final exchange resolution shall specify how the annual tax increment shall be allocated in future years.

(5) In the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the board of supervisors of the county or counties in which the districts are located shall, on behalf of the district or districts, negotiate any exchange of property tax revenues. Prior to entering into negotiation on behalf of a district for the exchange of property tax revenue, the board shall consult with the affected district. The consultation shall include, at minimum, notification to each member and executive officer of the district board of the pending consultation and provision of adequate opportunity to comment on the negotiation.

(6) Notwithstanding any other provision of law, the executive officer shall not issue a certificate of filing pursuant to Section 56658 of the Government Code until the local agencies included in the property tax revenue exchange negotiation, within the negotiation period, present resolutions adopted by each such county and city whereby each county and city agrees to accept the exchange of property tax revenues.

(7) In the event that the commission modifies the proposal or its resolution of determination, any local agency whose service area or service responsibility would be altered by the proposed jurisdictional change may request, and the executive officer shall grant, 30 days for the affected agencies, pursuant to paragraph (4), to renegotiate an exchange of property tax revenues. Notwithstanding the time period specified in paragraph (4), if the resolutions required pursuant to paragraph (6) are not presented to the executive officer within the 30-day period, all proceedings of the jurisdictional change shall automatically be terminated.

(8) In the case of a jurisdictional change that consists of a city's qualified annexation of unincorporated territory, an exchange of property tax revenues between the city and the county shall be determined in accordance with subdivision (e) if that exchange of revenues is not otherwise determined pursuant to either of the following:

(A) Negotiations completed within the applicable period or periods as prescribed by this subdivision.

(B) A master property tax exchange agreement among those local agencies, as described in subdivision (d).

For purposes of this paragraph, a qualified annexation of unincorporated territory means an annexation, as so described, for which an application or a resolution was filed on or after January 1, 1998, and on or before January 1, 2028.

(9) No later than the date on which the certificate of completion of the jurisdictional change is recorded with the county recorder, the executive officer shall notify the auditor or auditors of the exchange of property tax revenues and the auditor or auditors shall make the appropriate adjustments as provided in subdivision (a).

(c) Whenever a jurisdictional change is not required to be reviewed and approved by a local agency formation commission, the local agencies whose service area or service responsibilities would be altered by the proposed change, shall give notice to the State Board of Equalization and the assessor and auditor of each county within which the territory subject to the jurisdictional change is located. This notice shall specify each local agency whose service area or responsibility will be altered by the jurisdictional change and request the auditor and assessor to make the determinations required pursuant to paragraphs (1) and (2) of subdivision (b). Upon notification by the auditor of the amount of, and allocation factors with respect to, property tax subject to exchange, the local agencies, pursuant to the provisions of paragraphs (4) and (6) of subdivision (b), shall determine the amount

of property tax revenues to be exchanged between and among the local agencies. Notwithstanding any other provision of law, no such jurisdictional change shall become effective until each county and city included in these negotiations agrees, by resolution, to accept the negotiated exchange of property tax revenues. The exchange may be limited to an exchange of property tax revenue from the annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change. The final exchange resolution shall specify how the annual tax increment shall be allocated in future years. Upon the adoption of the resolutions required pursuant to this section, the adopting agencies shall notify the auditor who shall make the appropriate adjustments as provided in subdivision (a). Adjustments in property tax allocations made as the result of a city or library district withdrawing from a county free library system pursuant to Section 19116 of the Education Code shall be made pursuant to Section 19116 of the Education Code, and this subdivision shall not apply.

(d) With respect to adjustments in the allocation of property taxes pursuant to this section, a county and any local agency or agencies within the county may develop and adopt a master property tax transfer agreement. The agreement may be revised from time to time by the parties subject to the agreement.

(e) (1) An exchange of property tax revenues that is required by paragraph (8) of subdivision (b) to be determined pursuant to this subdivision shall be determined in accordance with all of the following:

(A) The city and the county shall mutually select a third-party consultant to perform a comprehensive, independent fiscal analysis, funded in equal portions by the city and the county, that specifies estimates of all tax revenues that will be derived from the annexed territory and the costs of city and county services with respect to the annexed territory. The analysis shall be completed within a period not to exceed 30 days, and shall be based upon the general plan or adopted plans and policies of the annexing city and the intended uses for the annexed territory. If, upon the completion of the analysis period, no exchange of property tax revenues is agreed upon by the city and the county, subparagraph (B) shall apply.

(B) The city and the county shall mutually select a mediator, funded in equal portions by those agencies, to perform mediation for a period of not to exceed 30 days. If, upon the completion of the mediation period, no exchange of property tax revenues is agreed upon by the city and the county, subparagraph (C) shall apply.

(C) The city and the county shall mutually select an arbitrator, funded in equal portions by those agencies, to conduct an advisory arbitration with the city and the county for a period of not to exceed 30 days. At the conclusion of this arbitration period, the city and the county shall each present to the arbitrator its last and best offer with

respect to the exchange of property tax revenues. The arbitrator shall select one of the offers and recommend that offer to the governing bodies of the city and the county. If the governing body of the city or the county rejects the recommended offer, it shall do so during a public hearing, and shall, at the conclusion of that hearing, make written findings of fact as to why the recommended offer was not accepted.

(2) Proceedings under this subdivision shall be concluded no more than 150 days after the auditor provides the notification pursuant to paragraph (3) of subdivision (b), unless one of the periods specified in this subdivision is extended by the mutual agreement of the city and the county. Notwithstanding any other provision of law, except for those conditions that are necessary to implement an exchange of property tax revenues determined pursuant to this subdivision, the local agency formation commission shall not impose any fiscal conditions upon a city's qualified annexation of unincorporated territory that is subject to this subdivision.

(f) Except as otherwise provided in subdivision (g), for the purpose of determining the amount of property tax to be allocated in the 1979-80 fiscal year and each fiscal year thereafter for those local agencies that were affected by a jurisdictional change which was filed with the State Board of Equalization after January 1, 1978, but on or before January 1, 1979. The local agencies shall determine by resolution the amount of property tax revenues to be exchanged between and among the affected agencies and notify the auditor of the determination.

(g) For the purpose of determining the amount of property tax to be allocated in the 1979-80 fiscal year and each fiscal year thereafter, for a city incorporation that was filed pursuant to Sections 54900 to 54904, inclusive, of the Government Code after January 1, 1978, but on or before January 1, 1979, the amount of property tax revenue considered to have been received by the jurisdiction for the 1978-79 fiscal year shall be equal to two-thirds of the amount of property tax revenue projected in the final local agency formation commission staff report pertaining to the incorporation multiplied by the proportion that the total amount of property tax revenue received by all jurisdictions within the county for the 1978 -79 fiscal year bears to the total amount of property tax revenue received by all jurisdictions within the county for the 1977-78 fiscal year. Except, however, in the event that the final commission report did not specify the amount of property tax revenue projected for that incorporation, the commission shall by October 10, determine pursuant to Section 54790.3 of the Government Code the amount of property tax to be transferred to the city.

The provisions of this subdivision shall also apply to the allocation of property taxes for the 1980-81 fiscal year and each fiscal year thereafter for incorporations approved by the voters in June 1979.

(h) For the purpose of the computations made pursuant to this section, in the case of a district formation that was filed pursuant to Sections 54900 to 54904, inclusive, of the Government Code after January 1,

1978, but before January 1, 1979, the amount of property tax to be allocated to the district for the 1979-80 fiscal year and each fiscal year thereafter shall be determined pursuant to Section 54790.3 of the Government Code.

(i) For the purposes of the computations required by this chapter, in the case of a jurisdictional change, other than a change requiring an adjustment by the auditor pursuant to subdivision (a), the auditor shall adjust the allocation of property tax revenue determined pursuant to Section 96 or 96.1 or its predecessor section, or the annual tax increment determined pursuant to Section 96.5 or its predecessor section, for each local school district, community college district, or county superintendent of schools whose service area or service responsibility would be altered by the jurisdictional change, as determined as follows:

(1) The governing body of each district, county superintendent of schools, or county whose service areas or service responsibilities would be altered by the change shall determine the amount of property tax revenues to be exchanged between and among the affected jurisdictions. This determination shall be adopted by each affected jurisdiction by resolution. For the purpose of negotiation, the county auditor shall furnish the parties and the county board of education with an estimate of the property tax revenue subject to negotiation.

(2) In the event that the affected jurisdictions are unable to agree, within 60 days after the effective date of the jurisdictional change, and if all the jurisdictions are wholly within one county, the county board of education shall, by resolution, determine the amount of property tax revenue to be exchanged. If the jurisdictions are in more than one county, the State Board of Education shall, by resolution, within 60 days after the effective date of the jurisdictional change, determine the amount of property tax to be exchanged.

(3) Upon adoption of any resolution pursuant to this subdivision, the adopting jurisdictions or State Board of Education shall notify the county auditor who shall make the appropriate adjustments as provided in subdivision (a).

(j) For purposes of subdivision (i), the annexation by a community college district of territory within a county not previously served by a community college district is an alteration of service area. The community college district and the county shall negotiate the amount, if any, of property tax revenues to be exchanged. In these negotiations, there shall be taken into consideration the amount of revenue received from the timber yield tax and forest reserve receipts by the community college district in the area not previously served. In no event shall the property tax revenue to be exchanged exceed the amount of property tax revenue collected prior to the annexation for the purposes of paying tuition expenses of residents enrolled in the community college district, adjusted each year by the percentage change in population and the percentage change in the cost of living, or per capita personal income, whichever is lower, less the amount of revenue received by

the community college district in the annexed area from the timber yield tax and forest reserve receipts.

(k) At any time after a jurisdictional change is effective, any of the local agencies party to the agreement to exchange property tax revenue may renegotiate the agreement with respect to the current fiscal year or subsequent fiscal years, subject to approval by all local agencies affected by the renegotiation.

**Jurisdictional changes;  
services by special district to  
area not previously served by  
local agency**

**99.01.** (a) For the purposes of Section 99, in the case of a jurisdictional change that will result in a special district providing one or more services to an area where those services have not been previously provided by any local agency, the following shall apply:

(1) The special district referred to in this subdivision and each local agency that receives an apportionment of property tax revenue from the area shall be considered local agencies whose service area or service responsibility will be altered by the jurisdictional change.

(2) The exchange of property tax among those local agencies shall be limited to property tax revenue from the annual tax increment generated in the area subject to the jurisdictional change and attributable to those local agencies.

(3) Notwithstanding the provisions of paragraph (5) of subdivision (b) of Section 99, any special district affected by the jurisdictional change may negotiate on its own behalf, if it so chooses.

(4) If a special district involved in the negotiation (other than the district which will provide one or more services to the area where those services have not been previously provided) fails to adopt a resolution providing for the exchange of property tax revenue, the board of supervisors of the county in the area subject to the jurisdictional change is located shall determine the exchange of property tax revenue for that special district.

(b) The provisions of subdivisions (a), (b), (c), (d), and (j) of Section 99 not in conflict with this section shall apply. The jurisdictional changes described in subdivisions (e), (f), (g), (h), and (i) of Section 99 shall not be affected by the provisions of this section.

**Annexation development plan;  
plan for financing services**

**99.3.** (a) The plan for financing services that is included with a resolution of application for change of organization or reorganization filed by a local agency pursuant to Section 56653 of the Government Code for a disadvantaged, unincorporated community may include an annexation development plan that has been adopted pursuant to subdivision (c).

**Definitions**

**"Local agency"**

(b) For purposes of this section, the following definitions apply:

(1) "Local agency" means a local agency as defined by subdivision (a) of Section 95, and does not include any school entity as defined in subdivision (f) of Section 95.

**"Consenting local agency"**

(2) "Consenting local agency" means a local agency that has adopted a resolution of its governing body consenting to the annexation

<b>"Territory"</b>	<p>development plan.</p> <p>(3) "Territory" means all or part of the land that is included in the resolution of application for change of organization or reorganization filed by the local agency.</p>
<b>"Certificate of completion"</b>	<p>(4) "Certificate of completion" is defined as provided in Section 56020.5 of the Government Code.</p>
<b>"Disadvantaged unincorporated community"</b>	<p>(5) "Disadvantaged, unincorporated community" is defined as provided in Section 56033.5 of the Government Code.</p> <p>(c) A local agency that files a resolution of application for a change of organization or reorganization, and one or more other consenting local agencies that will improve or upgrade structures to serve a disadvantaged, unincorporated community subject to that resolution of application, may agree on an annexation development plan for financing services and structures pursuant to this section.</p> <p>(d) The annexation development plan agreed upon pursuant to subdivision (c) may contain a provision that taxes levied upon taxable property in the area included within the territory each year by or for the benefit of the local agency and one or more other consenting local agencies that consent to the annexation development plan, be divided as follows:</p>
<b>Property tax increment financing</b>	<p>(1) That portion of the taxes that would have been produced by the rate upon which the tax is levied each year by or for each of the consenting local agencies upon the total sum of the assessed value of the taxable property in the territory as shown upon the assessment roll used in connection with the taxation of the property by the consenting local agency, last equalized prior to the effective date of the certification of completion, and that portion of taxes by or for each school entity, shall be allocated to, and when collected shall be paid to, the respective consenting local agencies and school entities as taxes by or for the consenting local agencies and school entities on all property are paid.</p> <p>(2) That portion of the levied taxes each year specified in the annexation development plan adopted pursuant to subdivision (c) for the city and each consenting local agency that has agreed to participate pursuant to this section, in excess of the amount specified in paragraph (1), shall be allocated to, and when collected shall be paid into a special fund of a special district formed or reorganized with the special district's consent pursuant to subdivision (c) of Section 56653 of the Government Code that will finance the infrastructure improvements, including, but not limited to, water, wastewater, and stormwater systems and local streets, roads, and sidewalks, to serve the disadvantaged, unincorporated community. A consenting local agency may advance funds to the special district that is formed or reorganized pursuant to paragraph (2) of subdivision (c) of Section 56653 of the Government Code. The special district shall use those advanced funds solely for the purposes specified in the annexation development plan adopted pursuant to subdivision (c) and shall repay</p>

the consenting local agency with revenue from the taxes received pursuant to this subdivision.

**Annexation development plan;  
issuance of indebtedness**

(e) An annexation development plan adopted pursuant to subdivision (c) shall specify a date upon which the division of taxes described in subdivision (d) shall terminate.

(f) An annexation development plan adopted pursuant to subdivision (c) may include a provision for the issuance of indebtedness. Any indebtedness shall be issued in conformity with Articles 4.5 (commencing with Section 53506) and 5 (commencing with Section 53510) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code or the principal act of the special district.

(g) An annexation development plan adopted pursuant to subdivision (c) shall not result in a reduction of property tax revenues allocated to any school entity as defined in subdivision (f) of Section 95.

(h) Any plan adopted pursuant to this section shall not include any portion of a redevelopment project area which is or has been previously created pursuant to Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code.

(i) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

**Motor vehicle license fees**

**11005.** After payment of refunds therefrom and after making the deductions authorized by Section 11003 and reserving the amount determined necessary by the Pooled Money Investment Board to meet the transfers ordered or proposed to be ordered pursuant to Section 16310 of the Government Code, the balance of all motor vehicle license fees and any other money appropriated by law for expenditure pursuant to this section and deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund and remaining unexpended therein at the close of business on the last day of the calendar month, shall be allocated by the Controller by the 10<sup>th</sup> day of the following month in accordance with the following:

(a) On and after July 1, 2011, to the Local Law Enforcement Services Account in the Local Revenue Fund 2011, as established by Section 30025 of the Government Code, for allocation to cities, counties, and cities and counties.

(b) On or after July 2, 2004, but before July 1, 2011:

(1) First, to the County of Orange. For the 2004—05 fiscal year, that county shall be allocated fifty-four million dollars (\$54,000,000) in monthly installments. For the 2005—06 fiscal year and each fiscal year thereafter, that county shall receive, in monthly installments, an amount equal to the amount allocated under this section for the prior fiscal year, adjusted for the percentage change in the amount of revenues credited to the Motor Vehicle License Fee Account in the Transportation Tax Fund from the revenues credited to that account in the prior fiscal year. Moneys allocated to the County of Orange under this subdivision shall be used first for the service of indebtedness as

(d) The anticipated costs, including all direct and indirect costs, to the entities proposed to assume the obligations of the city proposed for disincorporation in the provision of services to the area proposed for disincorporation.

(e) When determining costs, the executive officer shall also include all direct and indirect costs of any public services that are proposed to be transferred to state agencies for delivery.

(f) The revenues of the city proposed for disincorporation during the three fiscal years immediately preceding the initiation of the disincorporation proposal.

(g) All current and long-term liabilities, including, but not limited to, debt obligations, of the city proposed for disincorporation, including the balance of the restricted and unrestricted funds available to extinguish the obligations and liabilities.

(h) The potential financing mechanism or mechanisms to address any shortfalls and obligations for those responsibilities identified in this section, including, but not limited to, taxes or assessments.

(i) Any other information and analysis needed to make the findings required by Section 56770.

## **Article 2. Property Tax Exchange**

### **Property tax exchange for incorporation or formation**

**56810.** (a) (1) If the proposal includes the incorporation of a city, as defined in Section 56043, the commission shall determine the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section and Section 56815.

### **Commission determination**

(2) If the proposal includes the formation of a district, as defined in Section 2215 of the Revenue and Taxation Code, **the and if the applicant is seeking a share of the 1 percent ad valorem property taxes, the** commission shall determine the amount of property tax to be exchanged by the affected local agency pursuant to this section.

(b) The commission shall notify the county auditor of the proposal and the services which the new jurisdiction proposes to assume within the area, and identify for the auditor the existing service providers within the area subject to the proposal.

(c) If the proposal would not transfer all of an affected agency's service responsibilities to the proposed city or district, the commission and the county auditor shall do all of the following:

### **Auditor's determination**

(1) The county auditor shall determine the proportion that the amount of property tax revenue derived by each affected local agency pursuant to subdivision (b) of Section 93 of the Revenue and Taxation Code bears to the total amount of revenue from all sources, available for general purposes, received by each affected local agency in the prior fiscal year. For purposes of making this determination and the determination required by paragraph (3), "total amount of revenue from all sources available for general

purposes" means the total amount of revenue which an affected local agency may use on a discretionary basis for any purpose and does not include any of the following:

(A) Revenue which, by statute, is required to be used for a specific purpose.

(B) Revenue from fees, charges, or assessments which are levied to specifically offset the cost of particular services and do not exceed the cost reasonably borne in providing these services.

(C) Revenue received from the federal government which is required to be used for a specific purpose.

**Commission determination of total net cost; definition**

(2) The commission shall determine, based on information submitted by each affected local agency, an amount equal to the total net cost to each affected local agency during the prior fiscal year of providing those services which the new jurisdiction will assume within the area subject to the proposal. For purposes of this paragraph, "total net cost" means the total direct and indirect costs that were funded by general purpose revenues of the affected local agency and excludes any portion of the total cost that was funded by any revenues of that agency that are specified in subparagraphs (A), (B), and (C) of paragraph (1).

**Calculation**

(3) The commission shall multiply the amount determined pursuant to paragraph (2) for each affected local agency by the corresponding proportion determined pursuant to paragraph (1) to derive the amount of property tax revenue used to provide services by each affected local agency during the prior fiscal year within the area subject to the proposal. The county auditor shall adjust the amount described in the previous sentence by the annual tax increment according to the procedures set forth in Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code, to the fiscal year in which the new city or district receives its initial allocation of property taxes.

**Separate county fund(s)**

(4) For purposes of this subdivision, in any county in which, prior to the adoption of Article XIII A of the California Constitution, and continuing thereafter, a separate fund or funds were established consisting of revenues derived from the unincorporated area of the county and from which fund or funds services rendered in the unincorporated area have been paid, the amount of property tax revenues derived pursuant to paragraph (3), may, at the discretion of the commission, be transferred to the proposed city over a period not to exceed 12 fiscal years following its incorporation. In determining whether the transfer of the amount of property tax revenues determined pursuant to paragraph (3) shall occur entirely within the fiscal year immediately following the incorporation of the proposed city or shall be phased in over a period not to exceed 12 full fiscal years following the incorporation, the commission shall consider each of the following:

(A) The total amount of revenue from all sources available to the proposed city.

(B) The fiscal impact of the proposed transfer on the transferring agency.

(C) Any other relevant facts which interested parties to the exchange may present to the commission in written form.

The decision of the commission shall be supported by written findings setting forth the basis for its decision.

**Auditor's determination**

(d) If the proposal would transfer all of an affected agency's service responsibilities to the proposed city or district, the commission shall request the auditor to determine the property tax revenue generated for the affected service providers by tax rate area, or portion thereof, and transmit that information to the commission.

(e) The executive officer shall notify the auditor of the amount determined pursuant to paragraph (3) of subdivision (c) or subdivision (d), as the case may be, and, where applicable, the period of time within which and the procedure by which the transfer of property tax revenues will be effected pursuant to paragraph (4) of subdivision (c), at the time the executive officer records a certificate of completion pursuant to Section 57203 for any proposal described in subdivision (a), and the auditor shall transfer that amount to the new jurisdiction.

(f) The amendments to this section enacted during the 1985-86 Regular Session of the Legislature shall apply to any proposal described in subdivision (a) for which a certificate of completion is recorded with the county recorder on or after January 1, 1987.

**Prior fiscal year defined**

(g) For purposes of this section, "prior fiscal year" means the most recent fiscal year for which data on actual direct and indirect costs and revenues needed to perform the calculations required by this section are available preceding the issuance of the certificate of filing.

**Action to contest**

(h) An action brought by a city or district to contest any determinations of the county auditor or the commission with regard to the amount of property tax revenue to be exchanged by the affected local agency pursuant to this section shall be commenced within three years of the effective date of the city's incorporation or the district's formation. These actions may be brought by any city that incorporated or by any district that formed on or after January 1, 1986.

(i) This section applies to any city that incorporated or district that formed on or after January 1, 1986.

(j) The calculations and procedures specified in this section shall be made prior to and shall be incorporated into the calculations specified in Section 56815.

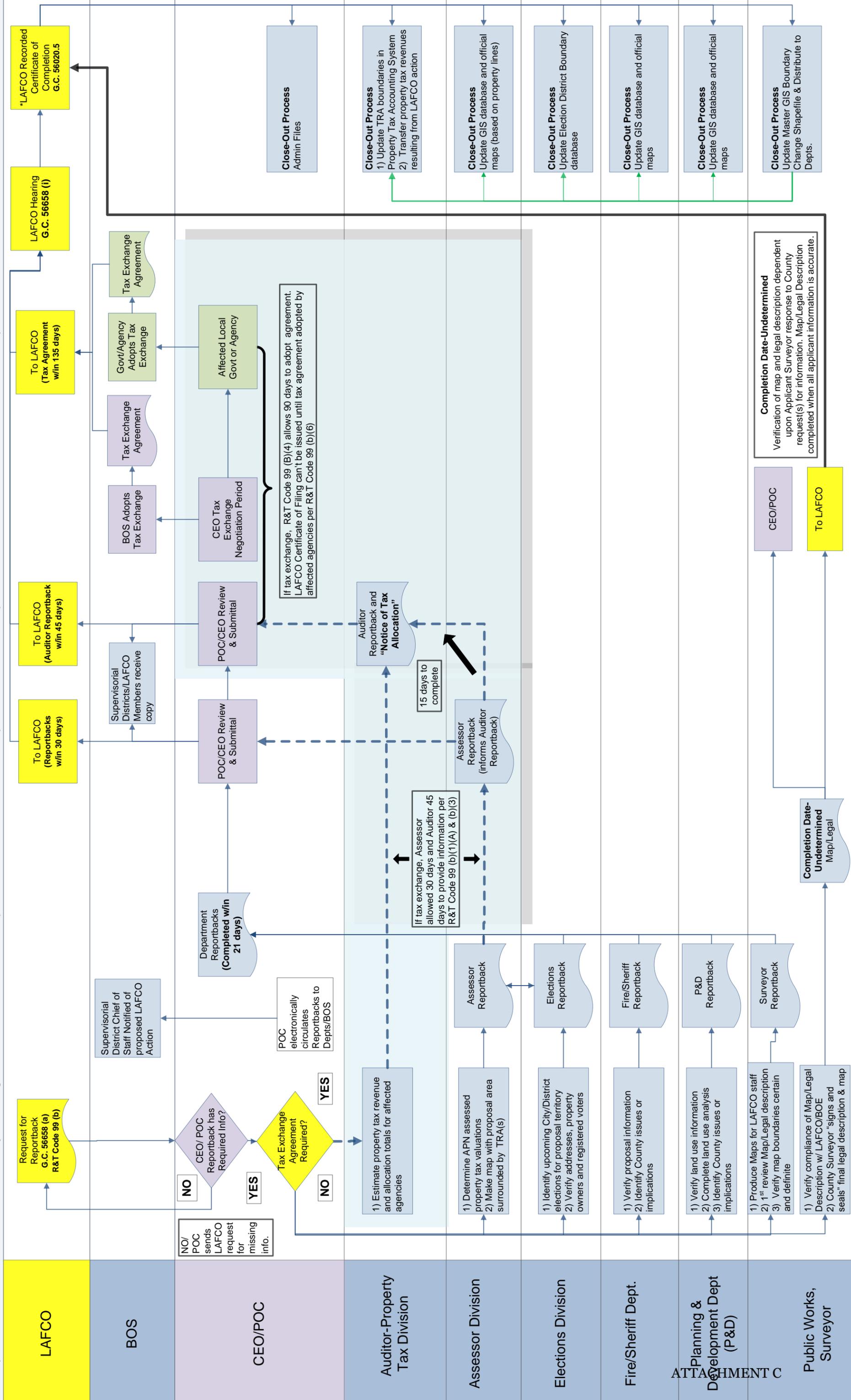
**(Amended by Stats. 2024, Ch. 70)**

START

LAFCO Coordination Process

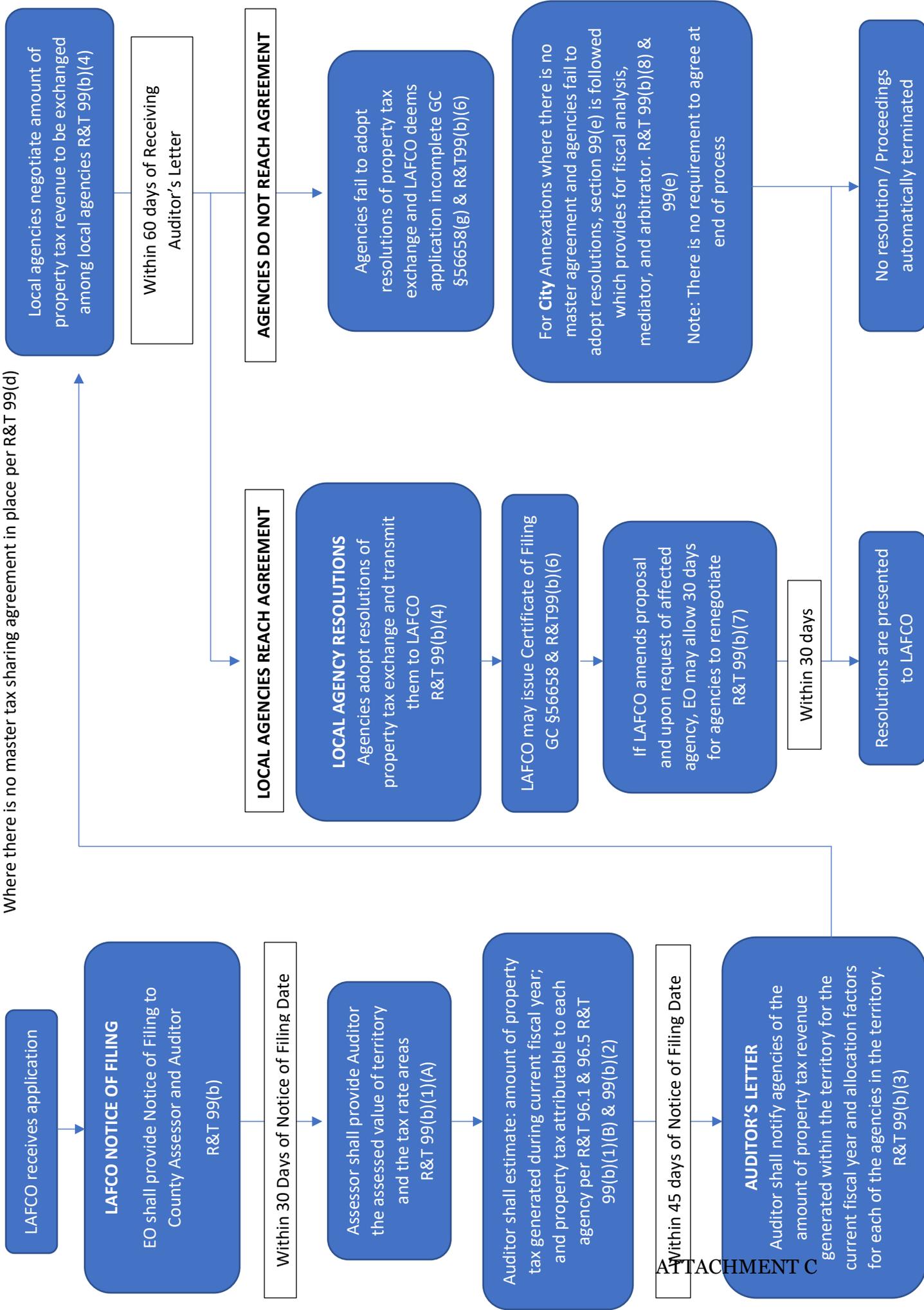
FINISH

Day 1 (LAFCO Packet Received) 2 Days through.....21 Days 30 Days 45 Days 135 Days

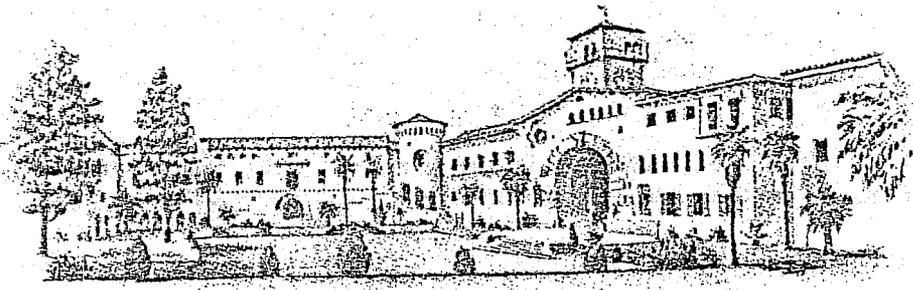


# Property Tax Exchange Process (Annexations & Detachments)

Where there is no master tax sharing agreement in place per R&T 99(d)



LARRY PARRISH  
Administrative Officer  
105 E. Anapamu St.  
Santa Barbara, Calif. 93101  
Telephone 966-1611



DAVID ELBAUM  
~~Administrative Officer~~  
Assistant Administrative Officer

app 8/31/81

ADMINISTRATIVE OFFICE

August 18, 1981

Honorable Board of Supervisors  
County Administration Building  
Santa Barbara, California

Gentlemen:

RE: Master Tax Transfer Agreement for Property Tax Exchanges

Recommendation

Adopt the attached resolution as a "Master Tax Transfer Agreement," which provides for no transfer of property tax revenues where territory is annexed to a County Service Area, Sanitation or Sanitary District, Mosquito Abatement District, or the Santa Barbara Metropolitan Transit District when the purpose of such an annexation is the provision of services not previously provided.

Discussion

On March 3, 1980 your Board adopted Resolution No. 80-92 and on August 3, 1981 re-affirmed its policy relative to the exchange of property taxes involving County Service Areas, Sanitation and Sanitary districts, the Mosquito Abatement District, and the Santa Barbara Metropolitan District; i.e., that where districts propose to annex property where services had not previously been provided, there will be no transfer of the annual increment of property taxes to the annexing jurisdiction.

The attached resolution, authorized by Subdivision (d) of Section 99 of the Revenue and Taxation Code, is a master tax transfer agreement which provides for the following:

1. In cases involving proposals to annex territory to County Service Areas, Sanitation or Sanitary districts, the Mosquito Abatement District, or the Santa Barbara Metropolitan Transit District, which will result in a special district providing one or more services to an area where such services have not been previously provided by any local agency, and where no special district affected by the annexation has chosen to negotiate on its own behalf, there will be no property tax exchange pursuant to Section 99.1 of the Revenue and Taxation Code.
2. When the Administrative Officer of Santa Barbara County determines that no special district has chosen to negotiate on its own behalf, he shall

AUG 31 1981

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

IN THE MATTER OF PROPERTY )  
TAX EXCHANGES RELATING TO )  
ANNEXATIONS TO COUNTY )  
SERVICE AREAS, SANITATION ) RESOLUTION NO. 81-374  
AND SANITARY DISTRICTS, )  
MOSQUITO ABATEMENT DISTRICTS, )  
AND THE SANTA BARBARA )  
METROPOLITAN TRANSIT DISTRICT )

WHEREAS, this Board has by the adoption of Resolutions  
79-647 and 80-92 determined that there shall be no transfer of  
property tax revenues where territory is annexed to a County  
Service Area, Sanitation or Sanitary District, Mosquito Abatement  
District, or the Santa Barbara Metropolitan Transit District,  
when the purpose of said annexation is to provide a service not  
previously provided; and

WHEREAS, after the adoption of said Resolutions the  
procedures for such property tax exchanges has been revised by the  
addition of Section 99.1 of the Revenue and Taxation Code; and

WHEREAS, this Board at its regular meeting of August  
3rd, 1981, reaffirmed policy expressed in Resolutions 79-647 and  
80-92; and

WHEREAS, Section 99.1 of the Revenue and Taxation Code  
authorizes the Board of Supervisors to determine the exchange of  
property tax revenues for special districts which do not elect to  
negotiate for themselves, and also authorizes, by the incorporation  
of the provisions of subdivision (d) of Section 99 of the Revenue  
and Taxation Code, a master tax transfer agreement;

NOW, THEREFORE, BE IT RESOLVED by the Board of  
Supervisors of the County of Santa Barbara as follows:

- 1. In cases involving proposals to annex territory to  
County Service Areas, Sanitation, or Sanitary Districts, Mosquito  
Abatement Districts, or the Santa Barbara Metropolitan Transit

1 District, which will result in a special district providing one or  
2 more services to an area where such services have not been pre-  
3 viously provided by any local agency, and where no special  
4 district affected by the annexation has chosen to negotiate on its  
5 own behalf, there will be no property tax exchange pursuant to  
6 Section 99.1 of the Revenue and Taxation Code.

7 2. When the Administrative Officer of Santa Barbara  
8 County determines that no special district has chosen to negotiate  
9 on its own behalf, he shall notify the Santa Barbara County Local  
10 Agency Formation Commission of that fact, and that in accordance  
11 with the terms of this Resolution there will be no property tax  
12 exchange for the particular annexation.

13 3. This Resolution constitutes a master property tax  
14 transfer agreement authorized by subdivision (d) of Section 99 of  
15 the Revenue and Taxation Code.

16 4. Resolutions 79-647 and 80-92 are repealed.

17 PASSED AND ADOPTED by the Board of Supervisors of the  
18 County of Santa Barbara, State of California, this 31st day of  
19 August, 1981.

20  
21 AYES: David M. Yager, Robert E. Kallman, William B.  
Wallace, DeWayne Holmdahl and Harrell Fletcher

22 NOES: None

23 ABSENT: None

24  
25 W.B. Wallace  
Chairman, Board of Supervisors

26 ATTEST:

27 HOWARD C. MENZEL  
28 COUNTY CLERK-RECORDER

29 By Katherine Maglio  
Deputy Clerk

APPROVED AS TO FORM:

KENNETH L. NELSON  
COUNTY COUNSEL

30 By Don H. Vickers  
DON H. VICKERS