

FILED

DEC 9 - 1980

MASTER PROPERTY TAX TRANSFER AGREEMENT
BETWEEN THE COUNTY OF ORANGE AND THE CITY OF
ORANGE

TO PROVIDE FOR PROPERTY TAX EXCHANGE
IN AREAS ANNEXED BY THE CITY

JUNE ALEXANDER, Clerk
of the Board of Supervisors
Deputy

THIS AGREEMENT is entered into this 28th day of October,
1980, by and between the County of Orange, hereinafter "COUNTY", and the
City of Orange, hereinafter "CITY", as follows:

1. The purpose of this Agreement is to provide a uniform and pre-
dictable method of exchanging property tax revenues between CITY, COUNTY,
and certain special districts governed by the Board of Supervisors when
CITY annexes an area previously unincorporated. This Agreement is
entered into pursuant to section 99(d) of the Revenue and Taxation Code.
(Hereafter statutory references are to the Revenue and Taxation Code
unless otherwise indicated.)

2. This Agreement covers any completed and effective annexations to
CITY filed with the State Board of Equalization between January 2, 1978,
and July 24, 1979, as well as those pending uncompleted and future annexa-
tions subject to the tax reallocation provisions of section 99. Any
annexations completed on or before July 24, 1979 which have heretofore
been assigned to an existing tax rate area by the State Board of Equali-
zation are excluded from this Agreement.

3. For any annexations to CITY filed with the State Board of Equali-
zation between January 2, 1978 and January 1, 1979 and between January 2,
1979 and July 24, 1979 which were made effective on the tax rolls respec-
tively for fiscal years 1979-80 and 1980-81 the redistribution of taxes
will first be effected beginning with the proceeds of the fiscal 1980-81
tax roll.

For any annexations filed with the State Board of Equalization

1 after July 24, 1979 the redistribution of property tax revenues will begin
2 in the fiscal year in which the tax roll is first changed to reflect the
3 annexation, i.e., the fiscal year in which the annexation is effective for
4 property tax purposes pursuant to Government Code Section 54902.

5 4. This agreement may be amended at any time by the mutual consent
6 of the parties. Any such amendment will apply only to those annexations
7 completed thereafter.

8 5. The historic tax ratio between CITY and COUNTY shall be used as
9 a basis to redistribute property tax revenues among the County general
10 fund, certain special districts and CITY.

11 The historic CITY-COUNTY tax ratio is .50810395530:.49189604470. It
12 was arrived at in the following manner:

13 a. The County Auditor-Controller has determined the 1979-80
14 property tax allocations to various jurisdictions in accordance with
15 section 97.5.

16 b. The total property tax allocation for CITY and the total
17 property tax allocation for the County general fund within CITY were
18 calculated. The above ratio represents the percentage of each to the
19 total of the two.

20 The above historic tax ratio shall remain constant through-
21 out the term of this Agreement and is to be used for all annexations
22 covered by this Agreement without regard to the year they take place.

23 6. For the purpose of determining the redistribution of property
24 tax revenues in newly annexed areas pursuant to this Agreement, property
25 contained in each proposed annexation shall be determined to be developed/
26 substantially developed or undeveloped in accordance with the procedure
27 set forth in this paragraph.
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1 a. Annexations filed with the Local Agency Formation Commission
2 after the effective date of this Agreement:

3 Prior to the filing of a resolution or petition for annexa-
4 tion with the Local Agency Formation Commission, the property
5 proposed for annexation shall be determined to be developed/substan-
6 tially developed or undeveloped as follows:

7 (1) (a) If the property is residential in nature, is wholly
8 subdivided and at least 75 percent of the subdivided lots
9 have existing residential structures on them, the property
10 shall be deemed developed/substantially developed.

11 (b) If the property is wholly residential in nature, is
12 wholly subdivided and less than 25 percent of the subdivided
13 lots have existing residential structures on them; and there
14 are no parks, park sites, school sites, or other public
15 improvements or facilities on the property (excluding streets,
16 highways, utility lines), the property shall be deemed
17 undeveloped.

18 (c) If the entire property is being used for agricultural
19 purposes, the property shall be deemed undeveloped.

20 (d) If the property has no parks, park sites, school
21 sites, oil exploration or production facilities, or other
22 structures, improvements or facilities on it, whether public
23 or private, it shall be deemed undeveloped.

24 (2) If the property fails to fall into any of the categories
25 defined in subparagraph a.(1) above, then the property shall be
26 deemed and treated developed/substantially developed or undeve-
27 loped if the County Administrative Officer and the City Manager,
28 or their designees, agree in writing.

1 (3) If such written agreement is not reached within thirty
2 days following the City Manager's written request to the County
3 Administrative Officer and the annexation is under one hundred
4 acres, then the Local Agency Formation Commission shall determine
5 whether or not the property is to be deemed and treated as deve-
6 loped/substantially developed or undeveloped. Such determination
7 may be made by the Local Agency Formation Commission at the time
8 of its final determination regarding the annexation. In making
9 the above determination regarding the status of the property the
10 Local Agency Formation Commission shall consider the recommenda-
11 tions of both COUNTY and CITY, if any, and shall consider the
12 following factors if applicable:

13 (a) The ratio of assessed value of improvements to
14 assessed value of land;

15 (b) The density of population;

16 (c) The extent of commercial, residential and industrial
17 development;

18 (d) The extent of public facilities, improvements and
19 properties;

20 (e) Existing COUNTY and proposed CITY land use standards
21 for the property to be annexed and surrounding areas; and

22 (f) Any other factors it deems appropriate.

23 CITY and COUNTY shall file resolutions with the Local
24 Agency Formation Commission pursuant to section 99(b) agreeing
25 to be bound by its determination whether the property is deve-
26 loped/substantially developed or undeveloped.

1 (4) If such written agreement is not reached within thirty
2 days following the City Manager's request to the County Admini-
3 strative Officer and the annexation is one hundred acres or more,
4 such determination shall be made by the Executive Officer of the
5 Local Agency Formation Commission on the basis of the same
6 matters required to be considered by the Commission. Such deter-
7 mination shall be made prior to the filing of the resolution or
8 petition for annexation with the Commission.

9 b. Annexations completed or filed with the Local Agency Formation
10 Commission on or before the effective date of this Agreement:

11 Attached hereto, Exhibit A, is a list of any annexations
12 covered by this Agreement which have been completed or were filed
13 with the Local Agency Formation Commission on or before the effective
14 date of this Agreement. Said annexations shall be treated as deve-
15 loped/substantially developed or undeveloped as indicated in said
16 exhibit.

17 7. In the case of annexations to CITY of unincorporated areas the
18 following methods will be used to make the section 99 adjustments to the
19 allocation of property tax revenues made pursuant to section 97(a), and
20 the proportions allocated pursuant to section 98(e), to the County general
21 fund; certain special districts governed by the Board of Supervisors; and
22 CITY.

23 a. If the area to be annexed is developed/substantially deve-
24 loped the amount allocated to the CITY and County general fund with
25 respect to each new tax rate area pursuant to section 97.5(a) in the
26 first fiscal year in which the annexation is effective for tax pur-
27 poses is determined as follows. In each new tax rate area within
28 the area annexed the amount which would have been allocated to the

1 County general fund under sections 97(a) and 98(e), assuming CITY is
2 entitled to a zero allocation, shall be divided between CITY and the
3 County general fund on the basis of the CITY-COUNTY historical tax
4 ratio. Additionally in each new tax rate area the amount which would
5 have been allocated, pursuant to sections 97(a) and 98(e), assuming
6 CITY is entitled to a zero allocation, to any special district
7 governed by the Board of Supervisors which transferred complete ser-
8 vice responsibility to CITY as a result of the annexation, shall be
9 determined. Said amount shall be divided between CITY and the County
10 general fund on the basis of the historical CITY-COUNTY tax ratio.
11 In the event any special district governed by the Board of Supervi-
12 sors has transferred partial, but not complete, service responsibi-
13 lity to CITY the transfer to COUNTY and CITY from said district under
14 this paragraph shall be as agreed by CITY and COUNTY.

15 b. If the area to be annexed is undeveloped the amounts alloca-
16 ted to the CITY and County general fund shall be determined in the
17 same manner as subparagraph "a" above, provided that the amount
18 allocated to the County general fund in each new tax rate area
19 pursuant to section 97.5(a) in the first fiscal year and each year
20 thereafter shall be at least equal to the allocation to the County
21 general fund in the same geographical area in the fiscal year prior
22 to that in which the annexation is effective for tax purposes.

23 8. The amounts allocated pursuant to paragraph 7 in the first fis-
24 cal year shall form the basis for allocations in subsequent fiscal years
25 as otherwise provided by sections 97, 97.5 and 98; provided that the

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1 amounts guaranteed to the County general fund in subparagraph 7b shall be
2 ignored in determining the amount of property tax revenue allocated in
3 the prior year for purposes of sections 97(a) and 98(e). Attached hereto,
4 Exhibit B, is an illustration of the calculations contained in paragraphs
5 7 and 8 as applied to a hypothetical annexation.

6 9. Annexations of one hundred acres or more which are developed/
7 substantially developed are excluded from this Agreement. The parties
8 shall negotiate a separate agreement for such annexations.

9 10. Annexations of one hundred acres or more which are undeveloped
10 are subject to this Agreement provided the parties may negotiate a sepa-
11 rate agreement for such annexations.

12 11. The parties shall take all actions necessary to effectuate this
13 Agreement, including the filing of resolutions pursuant to section 99(b)
14 agreeing to accept the exchange of property taxes provided for herein.

15 12. The provisions of this Agreement will determine the adjustments,
16 pursuant to section 99, resulting from annexations to CITY. It is under-
17 stood that any such determination will be subject to subsequent adjust-
18 ment, as provided by applicable statutes, in the event all or any portion
19 of the annexed territory is subsequently included in another jurisdic-
20 tional change.

21 13. This Agreement shall commence the date last executed below and
22 continue in effect until terminated in the following manner. Either
23 party may terminate this Agreement on at least six months' written notice
24 provided that this Agreement will continue to apply to any annexations
25 filed with the Local Agency Formation Commission prior to the date such
26 notice is given.

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1 14. The terms "property tax revenues", "jurisdiction", and "juris-
2 dictional change" as used herein shall have the same meaning as contained
3 in section 95. The term "special district" shall have the same meaning
4 as contained in sections 2215 and 2216.
5

6 IN WITNESS WHEREOF, the parties hereto have executed this Agreement
7 on the day and year dated below:
8

9 Dated: December 9, 1980
10

COUNTY OF ORANGE, a political
subdivision of the State of
California

11 Signed and certified that a copy
12 of this document has been delivered
to the Chairman of the Board

By Ralph B. Clark
Chairman of its Board of
Supervisors

"COUNTY"

13 June Alexander
14 JUNE ALEXANDER
15 Clerk of the Board of Supervisors
16

17 APPROVED AS TO FORM:

18 ADRIAN KUYPER, COUNTY COUNSEL

19 By Victor T. Bellem
20

21 Dated: October 28, 1980
22

23
24 DATED: NOVEMBER 26, 1980

CITY OF ORANGE

25 By James B. Bann
26
27 MAYOR

"CITY"