



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

County Manager's Office

DATE: June 13, 2001

BOARD MEETING DATE: June 26, 2001

TO: Honorable Board of Supervisors

FROM: Paul T. Scannell, Assistant County Manager

SUBJECT: Property Tax Exchange – Town of Hillsborough

Recommendation

Adopt a resolution authorizing a property tax exchange between San Mateo County and the Town of Hillsborough for the proposed annexation of the Lands of Stonebridge

Background

We have received from LAFCo the proposed annexation of the Lands of Stonebridge to Town of Hillsborough. The annexation is dependent upon th County and the Town agreeing to the amount of property tax that will be transferred.

The Town of Hillsborough has approved this development including an Environmental Impact Report. Only a small portion of the proposed development is presently located in the unincorporated area and the necessary annexation to the Town, will be considered by LAFCo, after approval of this property tax exchange. The plan is to build 14 single-family residences.

Discussion

The undeveloped property now yields approximately \$10,000 in property taxes to three County agencies: The County General Fund; the County Fire Protection District and the County Library. Upon completion of the annexation, the Town will provide fire and library services, so those agencies will transfer their entire share of property tax to the Town. The County's share of the property tax will be reduced from approximately 27% to 23%.

The Town of Hillsborough will receive approximately 15.3% of the property tax and the County 23%. These shares are before the shift to ERAF and the benefit to the Town of Hillsborough and the County will be reduced by each agency's ERAF contribution. County and Town staffs have successfully concluded negotiations on the terms of the property tax transfer and approval of the Board of Supervisors and the Town Council are necessary before approving action by LAFCo. The property tax formula will give the County and the Town of Hillsborough slightly less than the share of property tax received in the rest of the respective agencies.

Fiscal Impact

If the development achieves full buildout, at the estimated price per residence the County would benefit approximately \$80,000 annually before the shift to ERAF.

cc: Tom Huening, Controller
Martha Poyatos, LAFCo
Tony Counstatouros, Town Manager, Hillsborough

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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**RESOLUTION OF COUNTY OF SAN MATEO MAKING DETERMINATION OF
PROPERTY TAX EXCHANGE PURSUANT TO THE PROVISIONS OF CHAPTER 282,
SECTION 59, PART 0.5, IMPLEMENTATION OF ARTICLE XIII A OF THE
CALIFORNIA CONSTITUTION, COMMENCING WITH SECTION 95, DIVISION 1,
OF THE REVENUE AND TAXATION CODE**

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of
California, that

WHEREAS, state law requires that the County of San Mateo and the Town of
Hillsborough agree to a property tax exchange as a result of the proposed annexation of the
Lands of Stonebridge to the Town of Hillsborough;

WHEREAS, the County and the Town have agreed on certain other matters relating to
the proposed annexation;

WHEREAS, the subject determination has been made prior to and as a condition
precedent to the Executive Officer of the Local Agency Formation Commission issuing the
Certification of Filing on said proposal;

WHEREAS, the County of San Mateo in making this determination has reviewed the
proposed property tax exchange and the amount of said exchange;

WHEREAS, it has been agreed that property tax revenue produced by an incremental
factor of .0732160476 for the affected properties will be transferred between the County Fire
Protection District (Tax Code Area 78002) and the Town of Hillsborough;

WHEREAS, it has been agreed that property tax revenue produced by an incremental factor of .0393795355 for the affected properties will be transferred between the Free Library (Tax Code Area 78002) and the Town of Hillsborough;

WHEREAS, it has been agreed that property tax revenue produced by an incremental factor of .0401440609 for the affected properties will be transferred between the County of San Mateo (Tax Code Area 78002) and the Town of Hillsborough; and

**NOW THEREFORE, THE COUNTY OF SAN MATEO DOES HEREBY
RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

1. The property tax incremental factor to be transferred from the County Fire Protection District (Tax Code Area 78002) to the Town of Hillsborough is .0732160476.
2. The property tax incremental factor to be transferred from the Free Library (Tax Code Area 78002) to the Town of Hillsborough is .0393795355.
3. The property tax incremental factor to be transferred from the County of San Mateo (Tax Code Area 78002) to the Town of Hillsborough is .0401440609.

In accordance with Section 3a of Article XIII B of the State Constitution, the appropriation limit of the Town of Hillsborough shall be increased by amounts indicted above, and the appropriation limits of the transfer or entities described above shall be decreased by the same amount. The exchange of said revenues is approved conditioned upon the completion of the proposed annexation of the Lands of Stonebridge to the Town of Hillsborough and is effective immediately upon completion of the annexation.

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