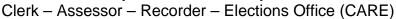


COUNTY OF SAN MATEO

Inter-Departmental Correspondence





DATE: March 8, 2010

BOARD MEETING DATE: March 23, 2010

SPECIAL NOTICE/HEARING: N/A
VOTE REQUIRED: 4/5

TO: Honorable Board of Supervisors

FROM: Warren Slocum, Chief Elections Officer &

Assessor-County Clerk-Recorder

SUBJECT: Ordinance Change to Raise the Exemption Limit for Low Value

Business/Personal Property Taxation from \$5,000 to \$7,500

RECOMMENDATION:

Approve a resolution to amend Ordinance No. 03696 to raise the Exemption Limit for Low Value Business Personal Property from \$5,000 to \$7,500 pursuant to Revenue and Taxation Code section 155.20.

BACKGROUND:

Businesses are required to file Business Property Statements annually with the Assessor declaring the value of the equipment, fixtures, boats and other business/personal property if the business/personal property is worth more than \$5,000. Business/personal property worth less than \$5,000 in any given year is exempt from filing a Business Property Statement. These annual business/personal property statements are reviewed and audited by the Assessor's Office. The purpose of this resolution is to raise the current \$5,000 business/personal property tax exemption limit to \$7,500.

The intent of the state legislation that established the Low Value Exemption Limit for business/personal property tax was to reduce the reporting requirements on small businesses and individuals, and to relieve Assessors of the responsibility of appraising and auditing these small dollar business and personal property accounts valued at less than \$5,000. In 1996, your honorable Board adopted Ordinance No. 03696 that exempted low valued business/ personal property of \$5,000 or less from filing a Business Property Statement. At that time, \$5,000 was the maximum exemption limit allowed by law. In 2009, the Governor signed Senate Bill 822 (Stats. 2009, Ch. 204) that increased the dollar limit on filing Business Property Statements to \$10,000.

DISCUSSION:

The Assessor's Office conducted an analysis of business/personal property accounts to determine the feasibility and fiscal impact of raising the existing business/personal

property exemption limit. The findings from that analysis determined that increasing the Low Value Limit Ordinance from \$5,000 to \$7,500 would be in the County's best interest. Approximately 1500 small businesses in San Mateo County would be exempted from filing a Business Property Statement and the net effect on revenue collections in the unsecured property tax roll would be de minimus.

County Counsel has reviewed the Board Memo and Ordinance as to form.

Approval of this Resolution will contribute to the Shared Vision 2025 outcome of collaboration as leaders are forging a partnership, promoting a regional solution on behalf of informed and engaged residents and supporting the outcome of fiscal accountability and concern for future impacts.

FISCAL IMPACT:

The net fiscal impact of this recommended ordinance change is a loss of \$20,350 to the County's General Fund and \$72,150 spread among the local taxing agencies in San Mateo County.