



# Board Agenda Item 22

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DATE: September 24, 2024

TO: Board of Supervisors

SUBMITTED BY: Oscar J. Garcia, CPA, Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Approve Resolution Establishing the Tax Rates and Levying Taxes for the Fiscal Year 2024-25

RECOMMENDED ACTION(S):

**Adopt Resolution establishing tax rates, and levying taxes on the secured roll at the countywide rate of 1%, and taxes for voter approved indebtedness, ad valorem taxes for revenue districts, and unitary taxes in Fresno County for the FY 2024-25.**

Approval of the recommended action will establish and levy the countywide property tax rate at 1% and establish and levy other property tax rates in Fresno County for FY 2024-25, as set forth in the resolution, including for all school district and community college district bonds, for all voter-approved indebtedness including ad valorem taxes for bonded indebtedness for all revenue districts, and for the unitary taxes. This item is countywide.

ALTERNATIVE ACTION(S):

There are no viable options available as failure to adopt the recommended resolution would result in no revenue from property taxes and no revenue to make debt service payments.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended action; however, failure to adopt the recommended resolution would cause severe adverse effects for all taxing agencies in Fresno County because there would be no revenue from property taxes and no revenue to make debt service payments.

DISCUSSION:

Under Government Code, section 29100, your Board is required to adopt by resolution the tax rates on the countywide secured roll on or before October 3 of each year. The tax rate is not to exceed the 1% limitation as specified in Article XIII A of the State Constitution (Proposition 13).

Under Education Code, section 15250, for all of the schools or community college districts that the Fresno County Superintendent of Schools has jurisdiction over, your Board must levy a tax for each year upon the property in those districts for the interest and redemption of all their outstanding bonds. Your Board must make that levy at the same time as the levy of general property taxes. The school tax shall not be less than sufficient to pay the principal and interest on the bonds as they become due and to provide a sinking fund for the payment of the principal on or before maturity and may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies.

Certain special districts, listed on Schedule A to the recommended resolution, may levy an ad valorem tax rate to make annual payments on any bonded indebtedness. Water districts have reduced rates because they have elected to proceed under Water Code sections 36577-36579, by which they forego a property tax allocation under Revenue and Taxation Code section 95 and following. The Assessment Rates that are used by pest control districts are authorized by Food and Agriculture Code sections 8601-8610 and are approved by each district's board of directors.

For school and community college districts whose boundaries lie in multiple counties, Education Code, section 15260 provides that each board of supervisors must levy upon the property of the district that is within its own county the rate of tax that will be sufficient to raise not less than the amount needed to pay the interest and any portion of the principal of the bonds that is in proportion to the assessed value of district property within the county and to become due during the year.

Furthermore, under Revenue and Taxation Code sections 100, 755, and 756, your Board is authorized to levy the unitary tax, which is assessed by the State Board of Equalization, within the County.

For purposes of railroad property that is subject to taxation under Revenue and Taxation Code section 100, which includes all property in Tax Rate Area 000-002, the rate of the unitary tax levied under the recommended resolution complies with *BNSF Railway Company v. County of Alameda, et al.* (9th Cir. 2021) 7 F.4th 874. In that case, the federal 9th Circuit Court of Appeals held that a tax rate applied to railroad property under Revenue and Taxation Code section 100 that exceeds the countywide average tax rate as calculated by the State Board of Equalization every year under Revenue and Taxation Code section 11403 (known for this purpose as the Benchmark Rate) violates the federal Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law No. 94-210) (4-R Act), specifically as codified at Title 49 of the United States Code, section 11501. For Fiscal Year 2024-25, the rate under Revenue and Taxation Code section 100 would be 1.520526 percent, while the Benchmark Rate is 1.212000. Therefore, to comply with the 4-R Act, the recommended resolution sets the tax levy at the Benchmark Rate for all railroad property in Tax Rate Area 000-002.

Adoption of recommended resolution will establish and levy the countywide property tax rate at 1% and establish and levy other property tax rates in Fresno County for FY 2024-25, as set forth in Schedule A to the resolution, including for all school district and community college district bonds, all voter-approved indebtedness including ad valorem taxes for bonded indebtedness for all revenue districts, and for the unitary taxes, within the County.

REFERENCE MATERIAL:

BAI #27, September 19, 2023

BAI #23, September 6, 2022

BAI #28, September 7, 2021

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Resolution & Schedule A

CAO ANALYST:

Paige Benavides