

Adopted: 5/24/95
Amended: 1/29/10

Amendment to Parameters and Guidelines

Revenue and Taxation Code Sections 97, 97.01, 97.02, 97.03, 97.035, 97.5, 98, and 99

Statutes 1992, Chapters 697, 699, 700, 899 and 1369

Statutes 1993, Chapters 66, 68, 904, 905 and 1279

Allocation of Property Tax Revenues

05-PGA-24 (CSM-4448)

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

I. SUMMARY OF THE SOURCE OF THE MANDATES

The provisions of Revenue and Taxation Code sections 97, 97.01, 97.02, 97.03, 97.035, 97.5, 98, and 99, as added and amended by Chapter 697, Statutes of 1992, Chapter 699, Statutes of 1992, Chapter 700, Statutes of 1992, Chapter 899, Statutes of 1992, Chapter 1369, Statutes of 1992, Chapter 66, Statutes of 1993, Chapter 68, Statutes of 1993, Chapter 904, Statutes of 1993, Chapter 905, Statutes of 1993, and Chapter 1279, Statutes of 1993 requires counties to plan, implement, report, distribute administer and account for new property tax revenue allocations to school districts, without authority to charge schools districts for associated administrative costs.

II. COMMISSION ON STATE MANDATES' DECISION

At its July 21, 1994 hearing, the Commission on State Mandates determined that the provisions of Revenue and Taxation Code sections 97, 97.01, 97.02, 97.03, 97.035, 97.5, 98, and 99, as added and amended by Chapter 697, Statutes of 1992, Chapter 699, Statutes of 1992, Chapter 700, Statutes of 1992, Chapter 899, Statutes of 1992, Chapter 1369, Statutes of 1992, Chapter 66, Statutes of 1993, Chapter 68, Statutes of 1993, Chapter 904, Statutes of 1993, Chapter 905, Statutes of 1993, and Chapter 1279, Statutes of 1993 impose upon counties a reimbursable state mandated program, limited to those administrative costs that apply to school districts because counties are specifically prohibited from charging such administrative costs to school districts.

III. ELIGIBLE CLAIMANTS

Counties.

IV. PERIOD OF REIMBURSEMENT

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

Chapter 697, Statutes of 1992 was approved by the Governor on September 14, 1992, and became operative on January 1, 1993.

Chapter 699, Statutes of 1992 was approved by the Governor on September 14, 1992, and, as an urgency statutes, became operative on September 14, 1992.

Chapter 700, Statutes of 1992 was approved by the Governor on September 14, 1992, and, as an urgency statute, became operative on September 14, 1992.

Chapter 899, Statutes of 1992 was chaptered on September 24, 1992, and, as an urgency statute, became operative on September 24, 1992.

Chapter 1369, Statutes of 1992 was approved by the Governor on September 27, 1992, and, as an urgency statute, became operative on September 27, 1992.

Chapter 66, Statutes of 1993 was chaptered on June 30, 1993, and, as an urgency statute, became operative on June 30, 1993.

Chapter 68, Statutes of 1993 was chaptered on June 30, 1993, and, as an urgency statute, became operative on June 30, 1993.

Chapter 904, Statutes of 1993 was chaptered on October 8, 1993, and, as an urgency statute, became operative on October 8, 1993.

Chapter 905, Statutes of 1993 was chaptered on October 8, 1993, and, as an urgency statute, became operative on October 8, 1993.

Chapter 1279, Statutes of 1993 was chaptered on October 11, 1993, and as an urgency statute, became operative on October 11, 1993.

County costs incurred on or after the operative dates for each of the above statutes are eligible for reimbursement as the subject test claim was timely filed by the County of Los Angeles on December 21, 1993. In accordance with Section 17557 of the Government Code, when a test claim is filed on or before December 31, costs incurred during the prior fiscal year are eligible for reimbursement. In this case, costs incurred in the 1992-93 and subsequent fiscal years, on or after the above statutory operative dates, are eligible for reimbursement.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to section 17561, subdivision (d) (3) of the Government Code, all claims for reimbursement of cost shall be submitted within 120 days of notification by the State Controller of the enactment of the claim bill.

If total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

V. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

A. Scope of Mandate

Counties shall be reimbursed for costs incurred to comply with new state requirements for allocating property tax revenues pursuant to certain provisions of Revenue and Taxation Code sections 97, 97.01, 97.02, 97.03, 97.035, 97.5, 98, 99, as added and amended by Chapter 697, Statutes of 1992, Chapter 699, Statutes of 1992, Chapter 700, Statutes of 1992, Chapter 899, Statutes of 1992, Chapter 1369, Statutes of 1992, Chapter 66, Statutes of 1993, Chapter 68, Statutes of 1993, Chapter 904, Statutes of 1993, Chapter 905, Statutes of 1993, Chapter 1279, Statutes of 1993, hereafter referred to as the subject law.

B. The following local government costs for planning, implementing, state reporting, distributing funds, administering, and accounting necessary to comply with the subject law (These costs should only be the Property Tax Reallocation Administrative Costs, which cannot be charged to the school districts):

1. For planning:
 - a. Meeting and conferring with state and local officials to interpret the subject law and establish local operating guidelines.
 - b. Developing or revising local user requirements for the subject new county system for ancillary property tax revenue allocations.
 - c. Modifying county policies and procedures in compliance with the subject law.

2. For implementation:
 - a. Preparation and review of 1989-90 adjusted prior year Revenue Certification schedules.
 - b. Analysis and identification of relevant prior year revenues and adjustments by type of local unit.
 - c. Computations of factored amounts of relevant prior year revenues and adjustments by type of local unit.
 - d. Computations of 16 factor/column local unit schedules to determine base revenue shift in a form suitable for mandatory state reporting.
 - e. Preparation of property tax revenue reallocation (certification) notices and supporting schedules for all affected local units.
 - f. Development or modification of software or manual procedures necessary to distribute reallocated property tax revenues to schools' Educational Revenue Augmentation Funds (ERAF).
 - g. Inputting relevant tax revenue data into the new processing system.
 - h. Processing State Controller Office reallocation changes such as the increase in Special District property revenue collection reallocations of 5%, from 35% to 40%.
3. For reporting to the State Controller the amount of the property tax revenue reduction to each special district within the county.
4. For distributing ERAF funds, to periodically input and transfer new property tax revenue reallocations to schools' ERAF accounts.
5. For administering new ERAF transactions, to notify all affected local jurisdictions of their account transactions and balances and, upon request, explain, verify, confirm or research particular new property tax revenue reallocations.
6. For accounting, to prepare journal vouchers for custodial account transfers, compute interest earnings for allocations to accounts, reconcile accounts for fiduciary purposes, and document all account processing, subject to audit.

VI. CLAIM PREPARATION AND SUBMISSION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each item for which reimbursement is claimed under this mandate.

Claimed costs would be supported by the following:

A. Employee Salaries and Benefits

Show the name of the employee involved, the classification of the employee, mandated functions performed, number of hours devoted to the function, productive hourly rates and benefits.

B. Services, Equipment and Supplies

Only expenditures which can be identified as a direct cost as a result of the mandate can be claimed. List cost of materials or equipment acquired which have been consumed or expended specifically for the purposes of this mandate.

C. Contract Services

List costs incurred for contract services for the mandated program. Contracting costs are reimbursable to the extent that the function performed requires special skills or knowledge that is not readily available from the claimant's staff. Use of contract services must be justified by the claimant.

D. Fixed Assets

List the cost of fixed assets that have been acquired specifically for the purpose of this mandate. If a fixed asset is acquired for the subject state mandates, but is utilized in some way not directly related to the program, only the pro-rata portion of the asset which is used for purposes of the program is reimbursable.

E. Allowable Overhead Cost

Claimants have the option of using 10% of direct labor as indirect costs or preparing a departmental Indirect Cost Rate Proposal (ICRP) for the program if an indirect cost rate in excess of 10% is claimed. If more than one department is claiming indirect costs for the mandated program, each department must have their own ICRP prepared in accordance with Office of Management and Budget Circular A-87 (OMB A-87).

VII. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section V, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT

Any offsetting savings the claimant experiences as a direct result of the subject statutes must be deducted from the costs claimed. In addition, reimbursements for the subject mandates received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim.

IX. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION

¹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

An authorized representative of the claimant will be required to provide a certification of the claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.