



County of El Dorado

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Date: September 16, 2009
To: County, Cities, and Special Districts
From: Sally Zutter, Accounting Division Manager
RE: **Estimate of Your Local Agency's Mandatory Loan to the State**

As a followup to my letter dated 8/18/09, enclosed are the **estimates** for your local agency's **mandatory loan** of local property taxes to the State. These **estimates** are based upon the most currently available information regarding which revenues are included/excluded. However, the list of included/excluded revenues is currently in first draft form and was presented on 8/15/09 to the CAAC (California Auditor's Association of California), but has not been approved by any authoritative body.

It is imperative that your local agency reads and understands ABX4-15 and SB-67 to determine the effects/options regarding your local agency. The State Senate's website at www.sen.ca.gov has the text of the legislation. CSDA (California Special Districts Association) website at www.csda.net has a FAQ and other pertinent information (including information on the district's option to securitize the loan). The California League of Cities website at www.cacities.org also has information.

The California Statewide Communities Development Authority (the Authority) is a JPA between counties and cities and **may** be the only group with whom you are authorized to securitize your loan (sell your local agency's loan for 100% of its face value and be made "whole" in your property tax receipts for the fiscal year). Please visit their website at cacommunities.org. Their website indicates that Prop 1A securitization is open for enrollment beginning this week. Enrollment doesn't commit your local agency to the securitization program. Your local agency must take the initiative if securitization is desired, and there are deadlines. ABX4-15 does allow the Authority to charge a fee to the local agency, but it is unclear as to whether the Authority will actually do so – please check with the Authority if you are inclined to securitize your loan.

If your local agency decides to hold the loan, you will need to contact the State Department of Finance (DOF) (a good contact person might be Chris Hill) to determine their plans on how the DOF will have your local agency redeem the loan when the time comes. The DOF will probably not have this type of information for **at least** a couple of months since their focus will be on processing the hardships, calculating the statewide loan proceeds, and processing the cash for the loan proceeds.

Basic timeframes are as follows

Please read the dates below carefully, as they affect your timeframe to make decisions and take action. The dates in normal font are from existing legislation ABX4-15. The dates in italics are from the proposed "cleanup" language from SB-67 and would change certain key dates/information contained in ABX4-15. At this point, CSAC (California State Association of Counties) is indicating that Counties should follow the earliest of any conflicting dates until it becomes certain that SB-67 has passed and been signed by the Governor.

- **By 9/15/09** – *County Auditor's Property Tax Division will prepare a list of each taxing agency within the county containing the name of the taxing agency and the estimated amount of the Proposition 1A receivable for each taxing agency. The list shall be available on request. Please note that the Auditor completed this task on 9/15/09, and while not required by law to automatically send to all affected local agencies, the computation is enclosed and is based on the most currently available information regarding what revenues are included/excluded. The amounts shown are not final due to potential re-allocation due to hardships approved by the DOF.*

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- **Prior to 10/15/09** – County Auditor's Property Tax Division will communicate with your local agency regarding your local agency's calculated loan amount. Please be aware that this calculated loan amount may not be "final" due to any "extreme hardship" filings with the State. This deadline doesn't actually exist in ABX4-15, but is inferred.
- **10/15/09** – Your local agency's deadline to file an "extreme hardship" with the State Director of Finance. Please see the requirements of ABX4-15 to determine if your local agency may qualify.
- **10/26/09** – Your local agency's earliest deadline to offer to sell your loan amount to the Authority.
- **10/30/09** – *County Auditor's Property Tax Division will prepare a list of each taxing agency within the county containing the name of the taxing agency and the final certified amount of the Proposition 1A receivable for each taxing agency. The list shall be available on request.*
- **11/2/09** – *Your local agency's deadline to reallocate all or part of your loan with another local agency and to notify the County Auditor's Property Tax Division of the agreement in writing (via resolutions/ordinances).*
- **11/2/09** – *City of South Lake Tahoe only – deadline for your RDA to notify the County Auditor that the RDA will pay all or a portion of the loan on your behalf. If so, the Auditor will deduct the indicated amount from the RDA in January and May.*
- **11/3/09** – *Your local agency's deadline to offer to sell your loan amount to the Authority.*
- **11/15/09** – Your local agency's deadline to reallocate all or part of your loan with another local agency and to notify the County Auditor's Property Tax Division of the agreement in writing (via resolutions/ordinances).
- **11/15/09** – State Director of Finance's deadline to certify to the County Auditor's Property Tax Division any partially/fully approved "extreme hardship" filings (including the amount of reduction). If there are any, the Auditor must reallocate the amount to the remaining local agencies.
- ***The EARLIER of 30 days after the issuance of GC\$6590 bonds OR 12/1/09*** – *Your local agency's deadline to file an "extreme hardship" with the State Director of Finance only to the extent that the agency did not receive bond proceeds for the full amount of Proposition 1A receivables that it offered for sale under Government Code §6588.6.*
- **12/1/09** – *City of South Lake Tahoe only – deadline for your RDA to notify the County Auditor that the RDA will pay all or a portion of the loan on your behalf. If so, the Auditor will deduct the indicated amount from the RDA in January and May.*
- **12/10/09** – *State Director of Finance's deadline to certify to the County Auditor's Property Tax Division any partially/fully approved "extreme hardship" filings (including the amount of reduction). If there are any, the Auditor must reallocate the amount to the remaining local agencies.*
- **Prior to 1/15/10** – County Auditor's Property Tax Division will communicate with your local agency regarding the "final" calculated loan amount after reallocating any reductions approved from the "extreme hardship" filings to the remaining local agencies on a pro-rata basis. This deadline doesn't actually exist in ABX4-15, but is inferred.
- **By 1/15/10** – County Auditor (Property Tax Division) to transfer first ½ of the "final" calculated loan amount from your local agency. If you securitize your loan, you will receive the in-kind amount from the Authority on the same day.
- **By 5/1/10** – County Auditor (Property Tax Division) to transfer remaining ½ of the "final" calculated loan amount from your local agency. If you securitize your loan, you will receive the in-kind amount from the Authority on the same day.
- ***Before 6/6/2013-6/13/2013*** – *Full repayment of loan by the State.*
- **Before 6/30/2013** – Full repayment of loan by the State.