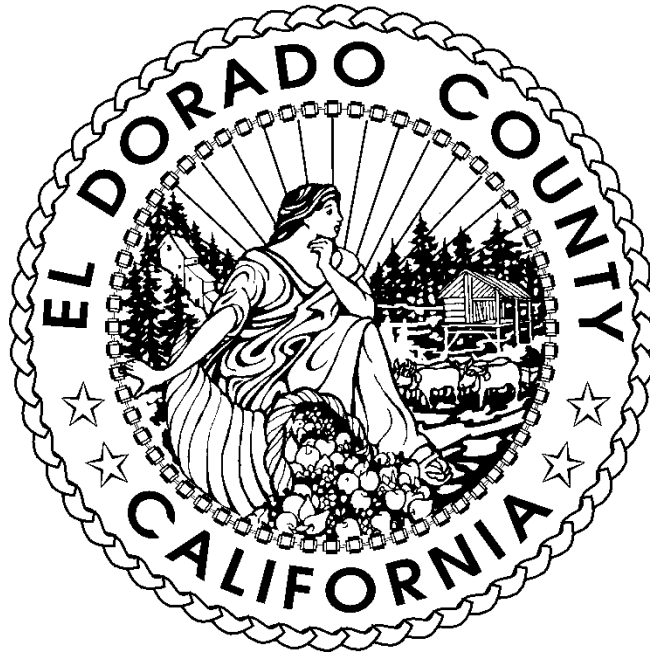


***County of El Dorado  
Office of Auditor-Controller***



***Direct Charges Manual***

***Revised: June 2021***

# TABLE OF CONTENTS

1	INTRODUCTION
1	DIRECT CHARGE TAX CODE ASSIGNMENT
2	GENERAL RESPONSIBILITIES OF THE DISTRICT
3	USE OF CONSULTANTS AS PROXY ADMINISTRATORS
3	DEADLINE TO SUBMIT DIRECT CHARGES TO THE AUDITOR
4	DIRECT CHARGE CYCLE
5	AUTHORITY FOR LEVY AND COMPLIANCE WITH LAW
5	General Information
6	Governing Authorization Certification form (Annually)
7	Proposition 218 Certification form (Annually)
8	Local Agency Special Tax & Bond Accountability Act–Response form (Annually)
8	Secured/Unsecured Tax Roll Certification form (Annually)
9	Direct Charge Information Sheet (Annually)
9	Annual Certification of Levy and Data Submission form (Annually)
10	LEGALLY REQUIRED ACCOUNTABILITY AND REPORTING
10	Local Agency Special Tax or the Bond Accountability Act
10	AB-2109 “Parcel Tax” Reporting (GOV§12463.2)
11	AB-2476 “Parcel Tax” Notice (GOV§54930)
11	TAX RATE AREA(s) (TRAs) ASSIGNED TO DISTRICTS
12	FEE NUMBER VERSUS ASSESSMENT NUMBER (AN)
13	ASSESSMENT NUMBER (AN) CONFIGURATION
14	CHANGES IN ANs FROM ONE ROLL YEAR TO THE NEXT
14	DIRECT CHARGES ON UTILITY PROPERTIES
15	REAL PROPERTY WITH MULTIPLE ANs
15	Administrative ANs
16	Split-Interest ANs
16	Timeshares (ANs ≥ 500-xxx-xxx-xxx through 599-xxx-xxx-xxx)
17	UNSECURED POSSESSORY INTEREST (PI) & IMPROVEMENTS ON REAL ESTATE OF OTHERS (IREO)
17	Mobile Homes (ANs 910-xxx-xxx-xxx)
17	Forest Service Cabins (ANs 920-xxx-xxx-xxx)
17	Other Possessory Interest Types (860-xxx-xxx-xxx & 920-xxx-xxx-xxx)
18	Improvements on Real Estate of Others (850-xxx-xxx-xxx)
18	ANs WITH NO BILLS
18	Public Agency-Owned Property
18	Common Area
18	Open Space/Greenbelt
19	SUBMISSION OF DATA RECORDS BY DISTRICTS

20	LEVYING DIRECT CHARGES ON THE UNSECURED TAX ROLL
21	ADDITIONS-DELETIONS-CHANGES BEFORE TAX ROLL EXTENDED
21	DUE DATES AND DELINQUENCY DATES FOR BILLS
22	BILL COLLECTION AND CASH DISTRIBUTIONS
22	REPORTING TO DISTRICTS
22	Property Tax System
23	General Ledger
23	CANCELLATION OF TAX BILLS AFTER TAX ROLL EXTENDED
23	ADDITIONS-DELETIONS-CHANGES AFTER TAX ROLL EXTENDED
25	LEVIES ON TAX ROLL PAID DIRECTLY TO DISTRICT
25	Proper Manner
26	Improper Manner
26	ANs ADDED TO TAX ROLL AFTER JULY 1
27	PROPERTY ACQUIRED BY PUBLIC ACQUISITION
27	DELINQUENT AND DEFAULTED BILLS
27	JUDICIAL FORECLOSURES
29	COST RECOVERY AMOUNTS
31	INFORMATION AVAILABLE ON ASSESSOR’S WEBSITE
31	INFORMATION AVAILABLE ON TAX COLLECTOR’S WEBSITE
32	GLOSSARY

EXHIBITS (located on the Auditor’s website, rather than integrated as part of this document)

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct\\_charge\\_information\\_for\\_districts.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct_charge_information_for_districts.aspx)

1 – Direct charge data upload format

2 – Sample of memo to district confirming/rejecting enrollment of direct charge levies

FORMS (located on the Auditor’s website, rather than integrated as part of this document)

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct\\_charge\\_information\\_for\\_districts.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct_charge_information_for_districts.aspx)

- Governing Authorization Certification form
- Proposition 218 Certification form
- Local Agency Special Tax & Bond Accountability Act - Response form
- Direct Charge Information Sheet form
- Annual Certification of Levy and Data Submission form
- Consultant Authorization form
- Direct Charge Levy – Error Correction form

## INTRODUCTION

This manual has been created for use by the various public agencies (districts) that submit their direct charge levies to the El Dorado County Auditor-Controller (Auditor) for inclusion on the current year tax roll.

Questions regarding any portion of these procedures should be directed to the Auditor-Controller, Property Tax Division at (530) 621-5470.

A checklist of requirements for the specific roll year can be found at the Auditor’s website:

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct\\_charge\\_information\\_for\\_districts.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct_charge_information_for_districts.aspx)

Early receipt is suggested to provide adequate processing time for both the County and the district. The necessary information/documents must be received, in its entirety, for the Auditor to begin processing. Per state statutes, August 10 at 5pm is the **last** day that the Auditor may process any direct charge additions, deletions, and/or changes prior to the extension of the secured tax roll (absent the Auditor’s rare procurement of an extension from the State Controller [SCO]). This enables a secured tax roll to be created and bills available to the public by the middle of the August. Additions/changes/deletions subsequent to the deadline may occur if authorized by state statute (at \$15 cost recovery per parcel).

For any district planning to levy on the unsecured roll, the deadline to submit is generally the end of the first week in July. Please contact the Auditor if your district has this situation.

Clearly notate the applicable direct charge tax code on all correspondence and send the information directly to the staff member assigned to the district (see the *Direct Charge Information Sheet* form). Clearly identifying the district’s correspondence and documents will help ensure the district’s charges are appropriately placed on the tax roll (our small staff works with over 70 different districts with approximately 250 different types of direct charges comprising over 670,000 line items which are added to tax bills in a matter of a few weeks).

A cost recovery is charged to any district placing items on the tax roll. Please review section titled *COST RECOVERY AMOUNTS* for more details.

## DIRECT CHARGE TAX CODE ASSIGNMENT

The Auditor assigns the 5-digit direct charge tax code for each new authorization within a master structure that is designed to last the next 30+ years (through 2050). The master structure is summarized as below:

1 <sup>st</sup> Digit	2 <sup>nd</sup> Digit	3 <sup>rd</sup> , 4 <sup>th</sup> , and 5 <sup>th</sup> Digits
5 = Special Taxes 6 = Assessments 7 = Fees & Charges 8 = Delinquent Fees & Charges 9 = Abatements	1 = County 2 = City 3 = Dependent Special District 4 = Independent Special District 5 = School 6 = JPA 7 = RDA/IFD/EIFD 8 = Unitary	Varies. There are certain pre-assigned groupings within the 1 <sup>st</sup> and 2 <sup>nd</sup> digit groupings.

Frequently, an authorization expires (sunsets) and a new/replacement authorization is approved. In this scenario, the previous direct charge tax code will expire for new levies; but any accounts receivable will continue to be collected under that retired direct charge tax code number. The new authorization will be assigned a new direct charge tax code.

For any new direct charge tax codes, contact the Auditor before August 10 to arrange for initial setup.

A crosswalk from the 2017/18 tax code assignments from the legacy system (M204) to the 2018/19 assignments under Megabyte are available on the Auditor Property Tax Division webpage.

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/Pages/direct\\_charges.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/Pages/direct_charges.aspx)

## GENERAL RESPONSIBILITIES OF THE DISTRICT

It is the district's responsibility to determine the validity and accuracy of the direct charges levies for both the Assessment Numbers (AN) and the amount. The County is not responsible for the validity or the computation of the direct charge levies. If districts need to place a direct charge levy on property that doesn't have a valid and billable AN for the applicable roll year, it is the district's responsibility to directly bill and collect from the party liable for the levy.

Some districts use the Assessor's use code and/or unit count to assist in determining the application of the district's direct charge levies. The ability to access these property characteristics is public information. However, the district may not agree with the Assessor's determination regarding use code and/or unit count. While errors do occur in the Assessor's database, and the Assessor is willing to review these characteristics, the Assessor will maintain the database as needed for ad valorem taxation purposes as required by Revenue and Taxation (R&T) Code.

In order to improve customer service to taxpayers, the district agrees to:

- Respond to taxpayers' inquiries in a timely and efficient manner.
- Refrain from instructing taxpayers to "not pay their bill". If this happens, the district may be liable for 10% penalties, cost, redemption penalties, etc. for the entire bill. The district does not have authority to waive penalties for a tax bill. However, the district may refund any penalties paid directly to a taxpayer using the district's funds (this activity would not involve the Auditor, Property Tax Division).
- Refrain from referring taxpayers to the County staff regarding removal or correction of the direct charge levies, as this is a district function. See sections titled *ADDITIONS-DELETIONS-CHANGES BEFORE TAX ROLL EXTENDED* and *ADDITIONS-DELETIONS-CHANGES AFTER TAX ROLL EXTENDED*.
- Provide a written request, via a *Direct Charge Levy – Error Correction* form, for any addition, removal or correction of the district's direct charge levy due to error. See sections titled *ADDITIONS-DELETIONS-CHANGES BEFORE TAX ROLL EXTENDED* and *ADDITIONS-DELETIONS-CHANGES AFTER TAX ROLL EXTENDED* for more details.
- Provide a cover letter and a copy of the recorded Notice of Intent to Remove Delinquent Assessment Installment/Special Tax Installment from the Tax Roll, for a judicial foreclosure.
- Reimburse the Auditor for its cost in processing the addition, removal, or correction of the district's direct charge levy due to error or judicial foreclosure. Please refer to the *COST RECOVERY AMOUNTS* section.

## USE OF CONSULTANTS AS PROXY ADMINISTRATORS

The district's decision to use a third-party administrator for any of the district's direct charges is at the sole discretion of the district and any applicable legal requirements. The procedures in this manual also apply to any third-party consultants.

The district may use the *Consultant Authorization* form to indicate what activities the district's consultant provides as the district's proxy administrator (AKA agent) along with the termination date, if any, for which the consultant will be providing such services. The Auditor will presume the consultant is authorized to provide/complete the activities indicated until the termination date and/or until further written correspondence is received from the district.

The *Consultant Authorization* form does NOT need to be submitted each year. Submit a new form only when the exiting authorization expires or there are changes to services provided by the proxy administrator, when the district adds additional types of direct charges, or changes proxy administrators.

A district's decision to use a third-party administrator doesn't relieve the district of its responsibilities to ensure proper determination of which ANs should be levied and the corresponding calculation of the levy amount.

## DEADLINE TO SUBMIT DIRECT CHARGES TO THE AUDITOR

The statutory deadline for districts to submit all necessary direct charge information is **August 10**. August 10 is the **last** day that the Auditor will make additions, deletions, and changes to the direct charges submitted prior to the creation and publication of the secured tax roll. The August 10 deadline date may be extended in the rare situation when the Assessor uses an extension (granted by the State Board of equalization) in the time period to deliver their lien date assessment roll to the Auditor and the Auditor obtains an extension from the SCO.

The direct charge data upload format (Exhibit 1 on the website) and other required documents must conform to certain requirements. The necessary information/documents must be received, in its entirety, for the Auditor to begin processing. The final deadline is August 10 at 5pm. The Auditor's Office will not begin processing until the entire package of information/documents is received.

Early receipt is suggested to provide adequate processing time for both the County and the district. Please write the applicable direct charge tax code on the top of all correspondence and send the information directly to the staff member assigned to the district (see the *Direct Charge Information Sheet form*). Clearly identifying all of the district's correspondence and documents will help ensure that the district's charges are appropriately placed on the tax roll (our small staff works with over 70 different districts with approximately 250 different types of direct charges comprising over 670,000 line items which are added to tax bills in a matter of a few weeks).

## DIRECT CHARGE CYCLE

Timeframe	Activity
September – July	Districts prepare direct charges for the next year’s tax roll.
	Districts may request the Auditor to provide assignment of new direct charge tax code for any new authority of direct charges to be placed on the next year’s roll.
July – August	Assessor typically delivers the lien date assessment roll on the Monday of, or following, July 1.
	Districts submit direct charge levy information to the Auditor for the tax year beginning July 1. Processing will not begin until the Auditor receives the entire package of information/documents and the lien date assessment roll has been delivered by the Assessor.
	The statutory deadline for districts to submit all necessary direct charge levy information for the unsecured tax roll varies, is generally the end of the first week in July on a separate data file from the secured levies. Most districts don’t have direct charges for the unsecured roll. If the district needs to levy on the unsecured roll, please contact the Auditor for additional information not contained in this document.
	The statutory deadline for districts to submit all necessary direct charge levy information for the secured tax roll is 5pm <b>August 10</b> . This is the <b>final</b> day that the Auditor’s Office will be making additions, deletions, and/or changes prior to the creation and publication of tax bills. The information must be received in the Auditor’s Office by August 10. If the deadline date falls on a weekend, the deadline will be extended to the next working day. The August 10 deadline date may be extended in the rare situation when the Assessor uses an extension (granted by the State Board of equalization) in the time period to deliver their lien date assessment roll to the Auditor and the Auditor obtains an extension from the SCO.
	Auditor prepares the new secured tax roll with direct charges as provided by the districts. Reports generated and sent to districts as necessary. See <i>SUBMISSION OF DATA RECORDS BY DISTRICTS</i> for further details on what the reports validate.
	Auditor extends the lien date assessment roll (creates tax bills) into an unsecured tax roll in early July and a secured tax roll in the middle of August. The Auditor charges the Tax Collector with collection and the bills are made available to the public via the website. The Tax Collector begins work to print and mail the tax bills.
	Tax Collector begins collections of the current year unsecured tax roll and the current year secured tax roll.
	October
November	Bills are mailed by the statutory deadline of November 1. Usually, they are mailed in September.
December	The Auditor’s direct charge cost recovery is booked.
October – May	Districts submit any changes permitted by statutes (generally due to error, escaped levies, or judicial foreclosure) to the current year tax roll by using the <i>Direct Charge Levy – Error Correction</i> form (or recorded Notice of Intent to Remove Delinquent Assessment Installment/Special Tax Installment from the Tax Roll, if applicable).
Year Round	Districts submit any changes permitted by statutes (generally due to error, escaped levies, or judicial foreclosure) to the prior year tax roll(s) by using the <i>Direct Charge Levy – Error Correction form</i> (or recorded Notice of Intent to Remove Delinquent Assessment Installment/Special Tax Installment from the Tax Roll, if applicable).
	Collections and/or Apportionments may occur.

# AUTHORITY FOR LEVY AND COMPLIANCE WITH LAW

## General Information

Presuming statutory authority authorization, the district may determine that it is in the public interest to make use of the County tax rolls to collect special taxes, special assessments, charges for services, delinquent charges for services, or abatements. The district may also determine that it is in the public interest to utilize the assistance of a third-party consultant at the sole cost of the district.

The district releases and forever discharges the County and its officers, agents and employees from any and all claims, demands, liabilities, costs and expenses, damages, causes of action, and judgments, in any manner arising out of the district's responsibility for direct charges. The district defends, indemnifies and saves harmless the County and its officers, agents and employees ("indemnified parties") from any and all claims, demands, liabilities, costs and expenses, damages, causes of action, and judgments, in any manner arising out of any of the district's responsibility for direct charges. If any judgment is entered against any indemnified party as a result of action taken to implement this agreement, by the Auditor for the benefit of the district, the Auditor may offset the amount of any judgment paid by County or by any indemnified party from any monies collected by County on the district's behalf, including property taxes, special taxes, fees, or assessments. The County may, but is not required to, notify the district of its intent to implement any offset.

Districts with special taxes will want to be aware of a 2013 legal decision with potentially far-reaching consequences for special taxes on property throughout the state. This decision is called *Borikas v. Alameda Unified School District (2013) 214 Cal.App.4th 135*. While special taxes on property remain an important financing tool for districts, the *Borikas* decision suggests special taxes may face additional scrutiny in the future.

- **Brief History:** The *Borikas* decision involved the Qualified Special Tax enabling statute's (GOV §50079) specific requirement to "...apply uniformly to all taxpayers or all real property...". The defendants, 5 school districts, had successfully gained voter approval and levied a Qualified Special Tax on property using different taxing methodologies for various classifications of property for commercial versus residential. The plaintiff's theory was that, because of the statute's qualifying language, the levies must be uniformly applied to all taxpayers, regardless of the type of property or its use. The appellate court found for the plaintiff. In July 2013, the California Supreme Court denied review, thereby rendering the appellate decision final for the entire State for Qualified Special Taxes (only K-12 schools have authority to use this type of special tax).
- **What this means to districts:** Many enabling statutes for voter-approved special taxes carry the same, or similar, wording as the Qualified Special Taxes. A couple of examples include Community Service Districts (GOV §61121) and Airport Districts (PUC §22909). Thus, it is suggested that the district, with their counsel, closely examine their special tax's enabling legislation (to determine if there are any uniformity and/or other requirements), the wording of their ballot measure, and their special tax methodology, structure, and calculation. In addition, districts should remain vigilant to potential legislation that could further clarify, change, or eliminate the *Borikas* decision.

... continued next page ...



## **Governing Authorization Certification form (Annually)**

If the governing body of the district decides to make use of the tax roll for collection, the district may then request the Auditor to place the direct charge levies on the County tax rolls presuming that the following four conditions are met. Annually, the district will complete a *Governing Authorization Certification* form addressing these four conditions:

- **CONDITION #1:** State Law provides for the direct charge's *authorization to exist*. This authorization is without regard to what types of districts may execute the direct charge or the manner of collection.

The nature of the direct charge dictates the type of documents and processes used to authorize the execution of the enabling legislation (for example, a special tax approved by  $\frac{2}{3}$  of the registered voters under GC§50075 would require a sample ballot measure and passage certified by the elections department).

If a resolution is the applicable document, the district will typically send the Auditor an attested copy of the resolution. An attestation is a signed declaration (typically by the Board's secretary or clerk) that the copy represents a true, genuine, or authentic copy of the original document (attest does not mean notarized by a Notary Public). Do not send the district's original resolution. The original resolution is property of the district and should be retained by the district as a public document as required by law.

Depending on the applicable State Law, these documents may be static OR may need to be reestablished or renewed for each year.

- **CONDITION #2:** *The district is empowered to execute the direct charge.*

Various State Laws authorize specific types of districts to use certain types of direct charges. Not all districts are authorized to use every type of direct charge (see Proposition 62). Districts may be able to avail themselves to those types of direct charge levies for which the District is empowered.

- **CONDITION #3:** *The direct charge levy is authorized to appear on the tax roll.*

Typically, the authorization for a District to make use of the tax roll is explicitly provided for in the applicable State Code. The district's documents that are used to execute the enabling legislation to create the direct charge levy in conditions #1 and #2 normally reference the State Code authorizing the direct charge levy to appear on the tax toll. The district's documents used to execute the enabling legislation to create the direct charge levy typically reference the State Code authorizing the direct charge levy to appear on the tax roll.

- **CONDITION #4:** *The governing body of the district has directed the Auditor to place the direct charge levy on the applicable tax roll.*

This is usually done via resolution (or ordinance) by the governing body of district where the resolution provides for placement on the tax roll. Frequently (particularly for  $\frac{2}{3}$  registered voter approved special tax measures), the resolution provides ongoing direction for future years until rescinded by the district's Board of Directors.

The district should forward an attested copy of the resolution (or ordinance) to the Auditor.

The Governing Authorization Certification form is grouped into the following basic categories:

- Special Taxes
- Assessments
- Fees & Charges
- Delinquent Fees & Charges
- Abatements

The district may obtain a *Governing Authorization Certification* form by visiting the Auditor's website:

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct\\_charge\\_information\\_for\\_districts.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct_charge_information_for_districts.aspx)

### **Proposition 218 Certification form (Annually)**

Proposition 218 added Articles XIIC and XIID to the Constitution and significantly altered local government and special district finance in California. This proposition introduced considerable new requirements and constraints on the ability to impose property related taxes, assessments, fees, and charges for the financing of public facilities and services. Certain assessments, existing prior to 7/1/1997, are considered to be "grandfathered" as long as no changes are made to the methodology used to calculate the levy.

Proposition 218 is not a stand-alone authorization to levy a special tax, assessment, fee, or charge. Instead, it is an "umbrella" set of requirements and procedures particularly for assessments, charges, and fees on top of any authorizing legislation requirements or specifically enabling legislation requirements (e.g. Proposition 218 adds a layer of additional requirements on top of the requirements of an Improvement Bond Act of 1915 Act assessment [excluding Property Assessed Clean Energy {PACE} financing pursuant to Streets and Highways Code §5898.31]).

Notably, prior to Proposition 218, taxpayers had the burden of proof to show that an assessment, fee, or charge was not legal. Following Proposition 218, the burden of proof is on the district to prove "...by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity."

Since its passage, Proposition 218 has been significantly litigated, with outcomes generally narrowly/strictly interpreting Proposition 218's requirements for assessments, charges, and fees.

Districts utilizing the County tax rolls for collection of various non-ad valorem direct charges, particularly assessments, fees, or charges, need to ensure ongoing compliance with the requirements of any applicable sections of the State Constitution Articles XIIC & XIID and related case law. Certain direct charges, such as PACE (Property Assessed Clean Energy) assessments {SHC §5898.31}, are explicitly excluded.

At the initial setup of the direct charge type (or following the passage of Proposition 218 for those in existence prior to Proposition 218), the district is to request, on County's behalf, an opinion from their legal advisor listing that each direct charge type complies with state law, and specifically analyzing compliance with Proposition 218.

The collection, by the County, of various property related taxes, assessments, fees and charges for the financing of public facilities and services on behalf of the district on the property tax roll, requires the Auditor's to receive assurance from the district that the requirements of Proposition

218 are met by completing the *Proposition 218 Certification* form annually. The district may obtain a *Proposition 218 Certification* form by visiting the Auditor's website:

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct\\_charge\\_information\\_for\\_districts.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct_charge_information_for_districts.aspx)

Proposition 218 may require districts to bill property that is not billable on the current year tax roll. If so, the district must perform its own direct billing and collection.

### **Local Agency Special Tax & Bond Accountability Act-Response form (Annually)**

Certain direct charge levies are subject to the Local Agency Special Tax & Bond Accountability Act (Accountability Act) as codified in Government Code §50075 et seq. and §53410 et seq. This includes special taxes such as "Voter-Approved Special Taxes", "Qualified Special Taxes", and bonded "Mello-Roos Community Facilities District Act of 1982 Special Taxes" (including Property Assessed Clean Energy [PACE] financing).

The purpose of the Accountability Act is for districts to provide explicit public accountability for certain special taxes or bonds levied after 1/1/2001. In addition to requiring the district's board to take action to provide for certain accountability measures, this State law requires levying districts to file an annual report with their district's board to specifically account for their special tax or bond. General practice provides the district with 6 months following the end of the fiscal year (presuming a 6/30 fiscal year end) to file the required report with their board.

The annual Accountability Act report is required by State law to contain the following items:

- The amount of money collected specifically for the special tax or bond (not commingled with other revenue sources).
- The amount of money expended specifically for the special tax or bond (not commingled with expenditures from other revenue sources).
- The status of any project required or authorized to be funded with the special tax or bond proceeds (not commingled with projects using other revenue sources).
- Any other items required by the district's board.

The district completes the *Local Agency Special Tax and Bond Accountability Act – Response form* annually to advise the Auditor regarding compliance with the law. If the direct charge isn't subject to this law, please advise of such annually using the appropriate spot on the form. The district may obtain this form by visiting the Auditor's website:

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct\\_charge\\_information\\_for\\_districts.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct_charge_information_for_districts.aspx)

If the law applies to the district's direct charge, the form has instructions regarding the Auditor's request for a copy of the annual report pursuant to the Freedom of Information Act, as outlined in the California Public Records Statutes codified in Government Code §6250 et seq. The Auditor requests an "attested" copy of the report. Please see the form for details regarding the Auditor's request. For additional information, see the section titled *LEGALLY REQUIRED ACCOUNTABILITY AND REPORTING*.

### **Secured/Unsecured Tax Roll Certification form (Annually)**

Typically, direct charges are placed on the secured tax roll. This secures the payment of direct charges to the property as a tax lien. The Tax Collector may sell a property to satisfy defaulted secured taxes. Generally, a tax sale extinguishes the secured tax liens on billed direct charges, even if the tax sale is for a deficit amount, with certain exceptions (e.g. Mello Roos special taxes [including Property Assessed Clean Energy {PACE} financing], 1915 Act Bonds [including PACE financing], and non-bonded PACE financing) (see R&T §3712).

However, under State Law, certain direct charges are eligible to be placed only on the unsecured tax roll or may not qualify for inclusion on either tax roll when property has been sold<sup>1</sup> or encumbered<sup>2</sup> within specified timeframes. The Assessor is subject to similar laws for escaped assessed value.

<sup>1</sup> "Sold" is defined for this purpose as "transferred or conveyed to a bona fide purchaser for value".

<sup>2</sup> "Encumbered" is defined for this purpose as "subject to a lien for a bona fide encumbrance for value".

The basic concepts of these various laws are:

- A new assessee cannot be held liable for a previous assessee's liability.
- A lien encumbering the property for value (e.g. mortgage) cannot subordinate to certain items that weren't a lien and/or matter of public record at the time the encumbrance for value lien was created.

The types of direct charges potentially subject to ineligibility for the secured and/or unsecured tax rolls may include, but are not limited to:

- Charges/fees (often delinquent) for:
  - Garbage
  - Water
  - Sewer
  - Weed abatement
- Benefit Assessment District Act of 1982 (BAD)
- Escaped direct charges

The district completes the *Secured/Unsecured Tax Roll Certification* form annually to advise the Auditor regarding whether the direct charge is eligible for the secured and/or unsecured tax rolls. The district may obtain this form by visiting the Auditor's website:

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct\\_charge\\_information\\_for\\_districts.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct_charge_information_for_districts.aspx)

### **Direct Charge Information Sheet (Annually)**

The district will review and notate any changes/additions/deletions to pertinent information maintained by the County. This information is contained in the *Direct Charge Information Sheet* form whose current data for each direct charge type may be obtained by visiting the Auditor's website (note print only the page(s) needed):

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct\\_charge\\_information\\_for\\_districts.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct_charge_information_for_districts.aspx)

### **Annual Certification of Levy and Data Submission form (Annually)**

The district completes the *Annual Certification of Levy and Data Submission* form annually and each time a data file is submitted. The information on this form is used to ensure accuracy related to the submission of the direct charge levy data file submitted by August 10.

The form is partially completed for your convenience. See the section titled SUBMISSION OF DATA RECORDS BY DISTRICTS for important information.

Locate the form by visiting the Auditor's website, find the appropriate direct charge tax code, print that page, finish the pertinent areas, and submit with the data file and other direct charge forms.

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct\\_charge\\_information\\_for\\_districts.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct_charge_information_for_districts.aspx)

## **LEGALLY REQUIRED ACCOUNTABILITY AND REPORTING**

### **Local Agency Special Tax or the Bond Accountability Act**

Certain direct charge levies are subject to the Local Agency Special Tax & Bond Accountability Act (Accountability Act) as codified in Government Code §50075 et seq. and §53410 et seq. This includes: special taxes such as “Voter-Approved Special Taxes”, “Qualified Special Taxes”, and bonded “Mello-Roos Community Facilities District Act of 1982 Special Taxes” (including Property Assessed Clean Energy [PACE] financing).

The purpose of the Accountability Act is for districts to provide explicit public accountability for certain special taxes or bonds levied/imposed after 1/1/2001. In addition to requiring the district’s board to take action to provide for certain accountability measures, this State law requires levying districts to file an annual report with their district’s board to specifically account for their special tax or bond. General practice provides the district with 6 months following the end of the fiscal year (presuming a 6/30 fiscal year end) to file the required report with their board.

The annual Accountability Act report is required by State law to contain the following items:

- The amount of money collected specifically for the special tax or bond (not commingled with other revenue sources).
- The amount of money expended specifically for the special tax or bond (not commingled with expenditures from other revenue sources).
- The status of any project required or authorized to be funded with the special tax or bond proceeds (not commingled with projects using other revenue sources).
- Any other items required by the district’s board.

### **AB-2109 “Parcel Tax” Reporting (GOV§12463.2)**

Districts with non-ad valorem taxes annually report certain information to the SCO beginning for FYE 2015/16 (AB-2109, Chapter 781, Statutes of 2014). The reporting occurs via the annual Financial Transactions Report. Note that K-12 school districts and community colleges are exempt from this reporting. The term “parcel tax” has a specific definition as used within the confines of AB-2109.

At minimum, the reporting will include the following types:

- Voter Approved Special Tax (GOV§50075 et seq.)
- Fire Protection & Prevention Special Tax (GOV§53978)
- Police Protection Special Tax (GOV§53978)
- Qualified Special Tax (GOV§50079 et seq.). However, note that K-12 schools do not need to actually report to the SCO.
- Mello-Roos Community Facilities District Act of 1982 Special Tax (GOV§53311 et seq.), including Property Assessed Clean Energy (PACE) financing.
- County Peace Officer & Fire Service Retirement Plan Law Special Tax (GOV§33015 & §33017)
- City Special Taxes (Constitution XI, Section 5 with related court decisions and GOV§37101)

The information reported annually will include:

- The type and rate of the property imposed.
- The number of properties subject to the parcel tax.
- The number of properties exempt from the parcel tax.
- The sunset date of the parcel tax, if any.
- The amount of revenue received from the parcel tax.
- The manner in which the revenue received from the parcel tax is being used.

## **AB-2476 “Parcel Tax” Notice (GOV§54930)**

Effective 1/1/17, for any “new parcel tax” that is collected on the tax bill, the local agency is required to notify property owners residing outside of the district boundaries, of certain information regarding the parcel tax. Parcel taxes would include such items as:

- Voter Approved Special Taxes (GOV§50075 et seq.)
- Mello-Roos Community Facilities District Act of 1982 Special Taxes (GOV§53311 et seq.)
- Fire Protection & Prevention Special Taxes (GOV§53978 et seq.)
- School District Qualified Special Taxes (GOV§50079 et seq.)

The notification, in a specified format, must be sent to non-resident property owners via the United States mail. The notification must include the following items:

1. The amount or rate of the parcel tax in sufficient detail to allow each property owner to calculate the amount of the tax to be levied against the owner’s property.
2. The method and frequency for collecting the parcel tax, and the duration of time during which the parcel tax will be imposed.
3. The telephone number and address of an individual, office or organization that interested persons may contact to receive additional information about the parcel tax.

Local agencies are allowed to recover their qualifying costs regarding AB-2476 from the proceeds of the parcel tax. If all owners are notified, regardless of whether residents or non-residents, only the costs associated with the non-resident notifications would be recoverable.

Beginning fiscal year 2017/18, in addition to a sample of the ballot measure and the certified results of the election, which are placed in our permanent files, the Property Tax Division will ask for a sample copy of the AB-2476 notification along with its mailing date and mailing list for any new qualifying parcel tax where the tax bill is used to collect the levy.

## **TAX RATE AREA(S) (TRAs) ASSIGNED TO DISTRICTS**

The Local Agency Formation Commission (LAFCO) is responsible for maintaining the boundaries of most districts, excluding K-12 schools and community colleges. LAFCO files the district boundary changes with the State Board of Equalization’s (BOE). Districts may also file “Zones of Benefit” (subsetted areas within the district) directly with the BOE (LAFCO not involved). The BOE maintains Tax Rate Area (TRA) information for all property located in El Dorado County (and the rest of the State). The TRA identifies the districts responsible for providing the authorized governmental service the property within the TRA. The BOE transmits information annually in preparation for the next roll to the Assessor (to assign ANs to TRAs) and to the Auditor (to process any R&T Code §99 property tax distribution changes). [https://www.edcgov.us/Auditor-Controller/PropTax/pages/tax\\_rate\\_area\\_Information.aspx](https://www.edcgov.us/Auditor-Controller/PropTax/pages/tax_rate_area_Information.aspx) contains a link to TRA information on a district basis under the “codes & reports” section. Please contact the Auditor immediately if it appears there are errors/omissions regarding the district.

For some districts, entry onto the TRA structure is optional (e.g. Mello-Roos Community Facilities District). This optional scenario typically occurs when the district doesn’t receive a share in the 1% General Tax and has no ad valorem general-obligation voter approved debt. These types of districts may very well have no TRA(s) assigned to them by the BOE. The Megabyte property tax system, however, anticipates that all direct charges districts are part of the TRA system. For this purpose, the Auditor will attempt to define (and input to Megabyte) the TRAs that are needed to provide coverage for the district’s direct charge

levies. Occasionally, the Auditor may define incorrectly and may have to contact the district for clarification on specifically where the property is located.

## **FEE NUMBER VERSUS ASSESSMENT NUMBER (AN)**

Both the Fee Number (Fee#) and the Assessment Number (AN) are 12 digit numbers (xxx-xxx-xxx-xxx). The Fee# represents the real property (the land upon which you stand). The Fee# is always secured property, however it may not receive a bill (e.g. owned by the Federal Forest Service).

The AN is used for billing. The AN essentially is the bill number (appended with the year). Districts will provide the Auditor's Office with the applicable ANs each year for billing, rather than the Fee#.

<b>Fee#</b>	<b>AN</b>	<b>Tax Year</b>	<b>Bill Number</b>
123-123-050-000	123-123-050-000	2018/19	2018 123-123-050-000
123-123-050-000	123-123-050-000	2019/20	2019 123-123-050-000
123-123-050-000	123-123-050-000	2020/21	2020 123-123-050-000
123-123-050-000	123-123-050-000	2021/22	2021 123-123-050-000

There may be more than one AN for each Fee#. The AN may be secured or unsecured property. ANs may have different assessees. For example, Fee# 123-456-000 is a 5-acre property with a primary residence, a boat, an airplane, business equipment, and a mobile home (owned by another party) might have the following ANs.

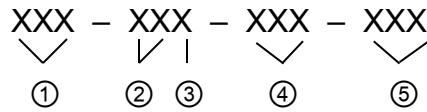
<b>Fee#</b>	<b>AN</b>	<b>Property Included</b>	<b>Assessee</b>	<b>Secured or Unsecured</b>
123-456-082-000	123-456-082-000	Land/primary residence	Assessee #A	Secured
123-456-082-000	830-001-111-000	Boat	Assessee #A	Unsecured
123-456-082-000	820-855-555-000	Airplane	Assessee #A	Unsecured
123-456-082-000	800-743-377-000	Business Equipment	Assessee #A	Unsecured
123-456-082-000	910-055-228-000	Mobile Home	Assessee #B	Unsecured

The AN may or may not represent 100% of the Fee#. For example, Fee#123-654-000 is owned in common ownership by 3 different people who have applied for separate valuation and billing (person A owns 50% of the property, person B owns 30% of the property, and person C owns 20% of the property). The Fee# might have the following ANs.

<b>Fee#</b>	<b>AN</b>	<b>Property Included</b>	<b>Secured or Unsecured</b>
123-054-099-000	123-054-099-510	100% of property, but the assessed value is only for person #A who owns 50%.	Secured
123-054-099-000	123-054-099-520	100% of property, but the assessed value is only for person #B who owns 30%.	Secured
123-054-099-000	123-054-099-530	100% of property, but the assessed value is only for person #C who owns 20%.	Secured

## ASSESSMENT NUMBER (AN) CONFIGURATION

For “real property”, the Assessment Number (AN) is generally configured as follows. Generally the “fee” number and the AN will be the same, however, if they are different, only use the AN for the direct charge data upload file.



1. The book number of the Assessor’s Map Book in which the AN is mapped (000-799). 500–599 represents timeshares. 799 represents unitary assessments.
2. The page number of the Assessor’s Map Book in which the AN is mapped.
3. The block number is a subset of the page number in the Assessor’s Map Book in which the AN is mapped. Blocks are sometimes used when there are many smaller properties on a page. However, many pages do not have block number - in which case the block number used is “0”.
4. Identifies the specific area (AKA parcel) on the Assessor’s Map Book page and block in which the AN is mapped.
5. Referred to as the “Sub Number”. Generally will be 000. However, situations such as *Split-Interest ANs* can cause a variance in usage. For additional information, see other sections of this manual and/or contact the Assessor.

For unsecured property, the following configuration exists for ANs. Please note that ParcelQuest® doesn’t include the unsecured roll, the State Board of Equalization Roll (for unitary or utility property), or the supplemental roll.

AN sequence	Type of Unsecured Property
800-xxx-xxx-xxx	Personal property
810-xxx-xxx-xxx	Personal property
820-xxx-xxx-xxx	Aircraft
830-xxx-xxx-xxx	Boats
850-xxx-xxx-xxx	Improvements on the real estate of others (IREOs)
860-xxx-xxx-xxx	Possessory Interest in Land
870-xxx-xxx-xxx	Utility/water companies
905-xxx-xxx-xxx	Mineral rights
906-xxx-xxx-xxx	Incorporeal hereditaments producing mineral rights
910-xxx-xxx-xxx	Mobile homes (levied on the current year secured tax roll)
920-xxx-xxx-xxx	Forest Service Cabins (levied on the current year secured tax roll)
930-xxx-xxx-xxx	Mineral rights with sufficient value for secured delinquency
950-xxx-xxx-xxx To 974-xxx-xxx-xxx	Secured annual assessments (Districts won’t need to levy)

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## CHANGES IN ANs FROM ONE ROLL YEAR TO THE NEXT

The Assessor's lien date assessment roll (and thus the tax roll) is not static from one year to the next. Each lien date assessment roll (and thus tax roll) is unique. Only 'active' ANs get a bill. ANs may be added, deleted, or changed from roll year to roll year for several reasons including (but not limited) to:

- ANs are moved from one Assessor's map book to another resulting in the old AN becoming inactive and a new AN being created.
- Property is subdivided.
- Property is split into two or more new properties.
- Property is combined from two or more properties to a lesser number.
- Boundary line changes (between 2 properties).
- Property is acquired by a public agency.
- District's boundary line changes.

Districts do not receive direct notification of any of the above changes (except district boundary line changes which would process through LAFCO). However, the new system has two reports that should prove valuable for many districts. These reports will be updated monthly and posted to the internet. The first report shows the ANs that have been split/combined by direct charge tax code. The second report shows the ANs that have been split/combined by AN. Both reports include date, used code, TRA, and comments. See *REPORTING TO DISTRICTS*.

## DIRECT CHARGES ON UTILITY PROPERTIES

If district intends to place direct charges on utility property, please note that the utility AN will not be available on the assessment roll until provided by the State BOE (by July 31).

Historically, only these TRAs have had Utility Property:

- 001-043
- 078-003
- 078-079
- 083-048
- 090-011
- 090-012
- 090-022

The BOE has its own separate and distinct schematic to assign an inventory number (AN). The BOE's detail inventory of all property on their roll is sent to the Assessor.

Please note that ParcelQuest<sup>®</sup> doesn't include the State Board of Equalization (for unitary and utility property).

Please inform the Auditor of any levies for utility ANs, to ensure they are properly loaded. The Auditor may have the district separate these type of direct charges levies from the upload file to ensure the upload file processes properly.

## REAL PROPERTY WITH MULTIPLE ANs

Each piece of real property (the land upon which you stand) has a Fee Number (Fee#) assigned to it by the Assessor. Each Fee# has one or more Assessment Number(s) (ANs) assigned to it. For most, there is a one-to-one relationship between the Fee# and the AN (e.g. a standard typical single family residence owned by an individual). In the typical standard one-to-one relationship both the Fee# and the AN will be identical (e.g. typical single family residence has Fee# 123-456-078-000 and AN 123-456-078-000).

However, certain conditions require the Assessor to create multiple ANs for one Fee#. Some common examples include (\*details in subsequent subsections below):

- Administrative ANs\*
- Split-Interest Billing\*
- Mobile Homes\*
- Forest Service Cabins\*
- Other Possessory Interest\*
- Improvements on Real Estate of Others\*
- Timeshares\*
- Common Area\*
- Open Space/Greenbelt\*
- Boats (will be an additional AN attached to the Fee# where the boat is domiciled)
- Aircraft (will be an additional AN attached to the Fee# where the aircraft is domiciled)

Many direct charges are based upon a 'per parcel' basis. 'Per parcel' generally means the legal piece of real property (contiguous unit of real property held in separate ownership, which is capable of sale or transfer without further action under the Subdivision Map Act {Government Code §66410, et seq.}). Most Special Taxes levied by a district on a 'per parcel' basis must follow the conditions established in Government Code §53087.4. Many other types of direct charges may be levied only on the real property. The Auditor suggests the district consult with its legal counsel if there is a desire to charge real property which has more than one AN (i.e. an administrative AN).

The Auditor strongly recommends the district maintain an exception/exclusion listing to assist in identifying and properly charging any instances of real property within the district that has multiple ANs.

While the Fee# is always real property (and thus secured), the AN may be unsecured in certain circumstances.

### **Administrative ANs**

Administrative ANs are those whose Fee# is divided into one or more ANs due to one of several factors that include:

- The Fee# is located on more than one Assessor's map book and/or page.
- The Fee# is located in more than one TRA.
- The Fee# is designated by more than one AN due to unique geographical boundaries such as rivers that make separate inventorying necessary by the Assessor.

The district needs to determine policy and procedures to handle administrative ANs. Administrative ANs can be created or deleted with each new roll year. They are typically identified on the Assessor's roll in the *Property Description* field as "Admin", "Admn", or "adm". Historically, administrative ANs have been sometimes difficult to identify easily. The district may need to consult with the Assessor, who is the party responsible for inventorying property in El Dorado County.

## **Split-Interest ANs**

Under certain conditions, assessees may file a request with the Assessor to have each assessee's ownership interest split into separate assessments/bills. The Assessor must comply with this request by creating multiple ANs for the one Fee#. These ANs typically have a non-000 ending (i.e. xxx-xxx-xxx-510 for the 1<sup>st</sup> interest, xxx-xxx-xxx-520 for the 2<sup>nd</sup> interest, xxx-xxx-xxx-530 for the 3<sup>rd</sup> interest, etc.).

Districts should have written policy and procedures (preferably approved by the district's board) to accommodate split-interest ANs. This policy should be consistently followed. The policy may be driven by the requirements of the direct charge (e.g. only improved properties are levied). The most common methods are as follows (in no particular order):

- Split the direct charge based on percentage of assessee's ownership. For instance, if AN -510 owns 70% and AN -520 owns 30%, then the direct charge levies are split 70/30.
- Split the direct charge based upon the number of split-interest ANs generated. For instance, if there 4 bills generated for the property (-510, -520, -530, and -540), then each bill gets 25% of the direct charge levy regardless of percentage of assessee's ownership.
- Place the direct charge only on the -510 AN
- Place the direct charge only on improved portion of property (for instance, where the -510 AN has land only and the -520 AN has both land and structure [improvements]).

## **Timeshares (ANs ≥ 500-xxx-xxx-xxx through 599-xxx-xxx-xxx)**

Timeshare intervals (saleable unit) may be assessed by the Assessor individually or in bulk. If in bulk, the project is billed as a whole to one AN (bulk-assessed and bulk-billed). The decision is made by the timeshare project (versus the Assessor) regarding individual versus bulk assessment. Currently, the county has timeshare projects that are assessed and billed both ways. Timeshare projects may switch between the two methods of assessment/billing.

Timeshares currently exist only within the city limits of South Lake Tahoe, and the ANs use a range of 500-xxx-xxx-xxx through 599-xxx-xxx-xxx. Timeshares use the following sub number (last 3 digits):

<b>Sub Number</b>	<b>Interval/Interest</b>
-000	Every Year
-510	Even Year
-520	Odd Year
-540	Fully converted to company ownership (e.g. "Points")
-550	5-week (quarter-share)

The district needs to determine policy and procedures to handle timeshares, in conjunction with state law. Certain district's direct charges may be authorized to levy a base amount per interval. Other direct charges may be authorized to levy the # base amount only once upon the land and then have to divide that amount by the number of intervals. The Auditor suggests the district consult with its legal counsel with any questions.

For direct charge levies, please be aware of the effect that the *Borikas v. Alameda Unified School District (2013) 214 Cal.App.4th 135* may have on the ability to place levies on a "per unit" basis (e.g. the piece of real property where a timeshare project has 500 units) versus a "per interval" basis (e.g. where each of the 500 units has 51 intervals for the year resulting in 25,500 ANs). The Borikas decision would indicate that in many scenarios, the ability of the special tax levy is only on the "per unit" basis.

## **UNSECURED POSSESSORY INTEREST (PI) & IMPROVEMENTS ON REAL ESTATE OF OTHERS (IREO)**

Possessory Interest (PI) and Improvements on Real Estate of Others (IREOs) will be inventoried as one or more unsecured ANs attached to a secured Fee#. In El Dorado County, PI ANs on the secured roll most commonly occur for mobile homes and forest service cabins.

PI/IREO ANs may be billed on the secured or unsecured roll. Any billed on the secured roll which remain unpaid and delinquent at June 30 are transferred to the unsecured delinquent tax roll. Direct charges levied on PI/IREOs are unsecured. There is no way to convert direct charge levies to a secured lien status.

PI/IREOs may or may not show an assessed value in the land category. Any assessed value in the land category is related to the right to occupy and/or exercise control over a particular plot of land; however, no title (ownership) to the land it taken. PI/IREO ANs with assessed value in the land category should not be construed to mean a 'parcel of real property'. Typically, the parcel of real property (land) has its own secured AN and is owned by someone other than the PI/IREO assessee.

Because PI/IREOs are personal property (versus a parcel of real property), Districts may not have the authority to levy direct charges on them. However, the underlying parcel of real property AN may be authorized for direct charges levies. The Auditor suggests the district consult with its legal counsel if the district has any questions.

### **Mobile Homes (ANs 910-xxx-xxx-xxx)**

Mobile homes are a type of unsecured personal property PI whose annual AN 910-xxx-xxx-xxx tax bill is required by state law to be placed on the current year secured roll (so they may be paid in two installments since mobile homes are often used as a primary residence). Commonly, the underlying parcel of real property is a mobile home park with its own secured AN. Mobile homes are normally assigned "Use Code" 16 by the Assessor.

### **Forest Service Cabins (ANs 920-xxx-xxx-xxx)**

Forest Service Cabins are a type of PI. Approximately 1,750 Forest Service Cabins (FSCs) exist in the county (as of 2017/18). The underlying parcel of real property is owned by the Federal Government. The Federal Government issues a long-term lease to the individual to use the real property. County Assessors determine whether FSCs are assessed on the secured or unsecured roll (regardless of selection, June 30 delinquent unpaid bills are transferred to the unsecured delinquent roll). The El Dorado County Assessor enrolls FSCs on the lien date secured assessment roll and assigns "Use Code" 15.

### **Other Possessory Interest Types (860-xxx-xxx-xxx & 920-xxx-xxx-xxx)**

Other PI types may occur. Most of these are placed on the unsecured tax roll as 860-xxx-xxx-xxx. However, some, such as Sierra At Tahoe Ski Resort, exist on the secured tax roll as 920-xxx-xxx-xxx. The underlying parcel of real property is owned by a governmental agency. The Assessor will use a variety of "Use Codes" for other PI types.

*... continued next page ...*

## **Improvements on Real Estate of Others (850-xxx-xxx-xxx)**

Improvements on Real Estate of Others (IREOs) may be placed on the unsecured tax roll as 860-xxx-xxx-xxx. The underlying parcel of real property is usually owned by a private party who will receive a separate secured AN bill. The Assessor will use a variety of "Use Codes" for IREOs.

## **ANs WITH NO BILLS**

Certain ANs will be excluded from the lien date assessment roll and will not be issued a bill on the current year tax roll. This includes the following examples (\*details in subsequent section below):

- Public Agency-Owned Property\*
- Common Area\*

If the district needs to place a direct charge levy on publicly-owned property, it will need to do so via its own direct billing.

### **Public Agency-Owned Property**

Public agency-owned property is typically non-taxable if it is used for public purposes and is located within the jurisdictional boundaries of the public agency. These ANs are generally non-billable on the current year roll.

If the district needs to place a direct charge levy on publicly-owned property, it will need to do so via its own direct billing. Please review Proposition 218 legal requirements in conjunction with billing of public agencies (California State Constitution, Article XIID, Section 4(a)), if applicable.

### **Common Area**

Common area ANs are not billable on the current year roll. Common area ANs generally occur within condominium projects and planned neighborhood projects. Common area property includes real property such as greenbelts and condominium swimming pools. The Assessor places the assessed value of the common area to the ANs that benefit from the common area.

The Assessor inventories common area ANs using an active status with taxability code of 070 or 071. These ANs won't show on the lien date assessment roll or tax roll. If the district needs to place a direct charge levy on a common area AN, it will need to do so via its own direct billing.

### **Open Space/Greenbelt**

Open Space/Greenbelt ANs are not billable on the current year roll. The Assessor typically inventories these ANs using an active status with taxability code of 050 - 053. These ANs won't show on the lien assessment roll or tax roll. If the district needs to place a direct charge levy on a common area AN, it will need to do so via its own direct billing.

## SUBMISSION OF DATA RECORDS BY DISTRICTS

Data from the prior tax roll year is not automatically rolled over to the new tax roll. Each roll year is unique and individual. Therefore, a new and updated submission of direct charge levy data records from the district is necessary each and every year. If the district chooses to submit the prior year data to the Auditor, that is an administrative choice made by the district. However, the Auditor cannot act upon a district's instruction to "use the prior data submission" because the Auditor doesn't save the prior year's data submission in a format that can be loaded to the new tax roll. The submission must come from the district each year.

There are several options regarding acceptable record format (Exhibit 1 on the website). The district may choose from these acceptable record formats; however, most will find the "tab delimited" format the easiest. The "tab delimited" format can be created directly out of Excel<sup>®</sup> or Word<sup>®</sup> by using the "save as" feature and changing the "save as type" to "Text (Tab Delimited)", "Plain Text", etc. Due to the volume of non-ad valorem direct charges, the Auditor doesn't hand-key direct charges into the system. Do not mix different acceptable formats within the same file or the entire data upload file will reject.

The district may use various software applications to initially create the data (e.g. Excel<sup>®</sup>, Word<sup>®</sup>, Access<sup>®</sup>, WordPerfect<sup>®</sup>, etc.). But when submitting the direct charge levy data upload file to the Auditor, submit a file as a .txt file. It is suggested to open your .txt file in Note<sup>®</sup> or Word<sup>®</sup> to confirm the file layout is in the format necessary. Data must be in a form readable by the Auditor's Office. Although the Auditor will work with the district regarding readability, it is ultimately the district's responsibility to ensure the file is readable.

For districts using the ParcelQuest<sup>®</sup> to extract the initial set of AN data, a sample set of instructions is available at the Auditor's website. It is not up-to-date; however, the processes are similar.

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct\\_charge\\_information\\_for\\_districts.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct_charge_information_for_districts.aspx)

The district may use whatever filename is desired for the file submitted. A common filename methodology is to use the year followed by the direct charge tax code (e.g. 2021-22 50000). The Auditor recommends that the district maintain a copy of all files for the district's records. The format of each record of this file MUST conform to Exhibit 1 on the website.

The submission of the data upload file may be made via:

- Email to the Auditor's staff person assigned to the direct charge:
  - [sally.zutter@edcgov.us](mailto:sally.zutter@edcgov.us)
  - [joy.shaw@edcgov.us](mailto:joy.shaw@edcgov.us)
  - [twylla.buvik@edcgov.us](mailto:twylla.buvik@edcgov.us)
  - [marsha.tover@edcgov.us](mailto:marsha.tover@edcgov.us)
- DVD or CD (mailed or hand-delivered, including labeling with the district's name and address).

The entire file must be 'perfect' for any of the records to be accepted (system requirement). This means that the following situations will cause the entire file to be rejected (not an all-inclusive list):

- Duplicated ANs on the data file for the same direct charge tax code;
- Invalid AN;
- Invalid Assessment number for current tax year (even if valid for prior tax year(s));
- \$0 amount;
- Amount not divisible into two equal installments (amount ending in odd cent);
- Total amount on the data upload file doesn't equal the total amount as shown on the *Annual Certification of Levy and Data Submission* form;
- Invalid direct charge tax code;
- AN appears to be outside of district's boundary;

- Total number of records on the data upload file doesn't equal the total number of records as shown on the *Annual Certification of Levy and Data Submission* form;
- Record(s) in the wrong format. Possibilities include extra spaces/headers/footers/etc.;
- Format not consistent throughout file (tab delimited format used except for one that is in fixed length format); and
- Unreadable record.

Each data upload file submission will completely overwrite any previously submitted data for that same tax year and tax roll type (secured versus unsecured).

The Auditor's office will notify the district contact person (see Exhibit 2 on the website), typically via email, of the results of the upload with one of two outcomes:

1. The file is successfully processed. If successfully processed, the district's list that was submitted to the Auditor is the district's receipt of the specific ANs levied. During the tax year, reporting will be available online that will show paid/unpaid information.
2. The file processing resulted in rejection in whole file/data. The Auditor will provide the best known information as to why the file/data was rejected, which may include a report attached to the email. In the case of a rejected file, the district may submit a corrected file by August 10.

While it would be an unusual situation, negative amounts are accepted and effectively return prior year levies to the current year's taxpayer (who may be a different taxpayer than the intended recipient). Please contact the Auditor in advance if planning to use this feature.

## **LEVYING DIRECT CHARGES ON THE UNSECURED TAX ROLL**

Typically, direct charges are placed on the secured tax roll. However, under State law, certain direct charges may be placed on the unsecured roll, are eligible only for the unsecured tax roll, or may not qualify for inclusion on either the secured or unsecured tax roll when property has been sold<sup>1</sup> or encumbered<sup>2</sup> within specified timeframes. See the *Secured/Unsecured Tax Roll Certification* form (Annually) section for more background information.

Any direct charges levied on the unsecured tax roll will be unsecured. There is no way to convert levies on unsecured tax roll to a secured lien status.

Unsecured bills are generally mailed by the end of July. The bills are due and payable immediately upon mailing and delinquent on August 31. There is only one installment with unsecured bills.

When the direct charge is to be levied on the unsecured roll, there are three delivery methods available:

1. Contact the Auditor prior to June 1. Provide a file (in one of the four acceptable formats) by a date specified by the Auditor (e.g. July 3). The levy will be added to the unsecured bill at the time it is initially created. For the Auditor's cost recovery, the unsecured levy record count will be added to the secured levy record count within the same direct charge tax code for a "total" levy record count upon which the cost recovery calculation shall be made.
2. Provide a file (in one of the four acceptable formats) by August 10. The unsecured levy will be placed on a stand-alone unsecured bill. Multiple direct charge levies on the same AN that are presented at the same time by the same district will be placed together onto one stand-alone unsecured bill. The Auditor's cost recovery will be \$15 per unsecured bill.

3. The district initially bills on the secured roll, and either realizes later that it should be unsecured or an event happens that requires the direct charge levy to that be moved to the unsecured roll. For this situation, see the section titled *ADDITIONS-DELETIONS-CHANGES AFTER TAX ROLL EXTENDED*.

### **ADDITIONS-DELETIONS-CHANGES BEFORE TAX ROLL EXTENDED**

If the district determines that a direct charge is incorrectly levied for any reason, the District may add, delete or change direct charge levies, prior to August 10 of each year which will result in the production of an accurate secured tax roll bill. To add/delete/change levies, the District may resubmit an updated data upload file (which includes all levies for this direct charge tax code and will overwrite the existing file) by August 10, along with a new *Annual Certification of Levy and Data Submission* form.

After the secured tax roll is extended, a tax bill correction would need to be done. See the *ADDITIONS-DELETIONS-CHANGES AFTER TAX ROLL EXTENDED* section.

### **DUE DATES AND DELINQUENCY DATES FOR BILLS**

The due dates and delinquency dates are generally as follows:

<b>Bill Type</b>	<b>Mailing date</b>	<b>Due Date(s)</b>	<b>Delinquency Date(s)</b>
Secured	September	November 1 for 1 <sup>st</sup> installment February 1 for 2 <sup>nd</sup> installment	December 10 for 1 <sup>st</sup> installment April 10 for 2 <sup>nd</sup> installment
Unsecured	July	Upon mailing	August 31
Escaped	Anytime	Upon mailing	Minimum 30 days after mailing

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## BILL COLLECTION AND CASH DISTRIBUTIONS

Taxpayer payments received by the Tax Collector are ‘settled’ with the Auditor the first day of the following month. The cash distribution to districts happens shortly thereafter. Collections are distributed to the district’s General Ledger (G/L) fund on account with the County Treasury as follows:

<b>Tax Collector Bill Collections</b>	<b>Roll Type</b>	<b>Cash Distributed to District’s G/L Fund</b>
July	All	August
August	All	September
September	All	October
October	All	November
December 1-10 (CS roll only)	CS only	December 15-31
December 11-31 (CS roll only)	CS only	January
December	All but CS	January
January	All	February
February	All	March
March	All	April
April 1-10	CS only	April 15-30
April 11-30	CS only	May
April	All by CS	May
May	All	June
June	All	July into the fiscal year just ended
Unpaid Teeter Plan at 6/30	CS only	July into the fiscal year just ended

The collections are shown in the G/L in a summary format. Summary collections by direct charge tax code and detailed payments by AN are maintained within the Property Tax System (as a subsidiary system of the G/L). To obtain reports of detailed payments by AN, please visit:

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/Pages/property\\_tax\\_ledgers\\_and\\_accounts\\_receivable\\_details.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/Pages/property_tax_ledgers_and_accounts_receivable_details.aspx)

If the district banks with the County Treasury, the distribution will be made directly to the appropriate G/L fund (AKA Organization Code) for the benefit of the district. The monies will be available for withdrawal immediately upon distribution (presuming appropriate accounts payable documents are submitted including an annual budget) via the Auditor’s Accounts Payable Division.

If the district does not bank with the County Treasury, the distribution will be made directly to the appropriate G/L fund (AKA Organization Code) for the benefit of the district. The monies will be available for withdrawal immediately upon distribution via the Auditor’s Accounts Payable Division. Alternatively, the district may be able to establish a periodic ‘automatic’ distribution of any available cash balance. Please contact Bob Toscano, Assistant Auditor-Controller, for information regarding automatic distribution.

## REPORTING TO DISTRICTS

### **Property Tax System**

Direct charges levied for the year are collected on the ‘current’ year tax rolls, while unpaid direct charges levied in prior years are collected on the ‘delinquent’ (defaulted) tax rolls. Direct charges are not collected on the supplemental tax rolls (ANs 980-xxx-xxx-xxx to 996-xxx-xxx-xxx) pursuant

to R&T §75 et seq. Specific and general billing/paid information from the Property Tax System is available on the Auditor's website at:

[https://www.edcgov.us/Auditor-Controller/PropTax/Pages/property\\_tax\\_ledgers\\_and\\_accounts\\_receivable\\_details.aspx](https://www.edcgov.us/Auditor-Controller/PropTax/Pages/property_tax_ledgers_and_accounts_receivable_details.aspx)

Certain other specific billing/paid information from the Property Tax System is available upon request from the Auditor.

A variety of reports are available at the Auditor's website:

<https://www.edcgov.us/Government/Auditor-Controller>

Reports that display parcel split/combined information are posted to the "Direct Charges – Information for Districts" page of the Auditor's website monthly. These reports should prove valuable for many districts to prepare for the upcoming year's levy submittal process. The first report (AUD70-11000-080) shows the ANs that have been split/combined by direct charge tax code. The second report (AUD70-1100-010) shows the ANs that have been split/combined by AN. Both reports include dates, used code, TRA, and comments.

[https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct\\_charge\\_information\\_for\\_districts.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/pages/direct_charge_information_for_districts.aspx)

## **General Ledger**

All net collections are distributed to the district's G/L fund (org code) via journal entry. The collections are shown in the G/L in a summary format. Also see the *BILL COLLECTION AND CASH DISTRIBUTIONS* section.

## **CANCELLATION OF TAX BILLS AFTER TAX ROLL EXTENDED**

If a tax bill's amount of ad valorem taxes and direct charges is less than \$20.00, the County may cancel these tax bills under the provisions of R&T Code §2611.4. The Auditor will not notify the districts of these occurrences.

The Auditor will also cancel the entire tax bill when the Assessor indicates that the AN should not have been on the roll. This happens to several ANs each year due to various reasons. The Auditor will not notify the districts of these occurrences.

If a public agency acquires a property, the public agency may request the Auditor to cancel remaining taxes for the year of acquisition. The Auditor will cancel ad valorem taxes and certain non-ad valorem direct charges based on the number of days of public ownership. The Auditor will not notify the districts of these events unless the direct charge is a 1915 Act bond (including Property Assessed Clean Energy [PACE] financing), Mello-Roos Community Facilities District Act of 1982 special tax (including PACE financing), or 1915 Act bond PACE financing. Please refer to R&T Code §5081 et seq. for additional information.

## **ADDITIONS-DELETIONS-CHANGES AFTER TAX ROLL EXTENDED**

Except as noted in this section, the *CANCELLATION OF TAX BILLS AFTER TAX ROLL EXTENDED* section, and the *PROPERTY ACQUIRED BY PUBLIC ACQUISITION* section, the Auditor will make no changes to a district's direct charges without the district's express written direction.

The following types of additions, deletions, and changes might occur. The district may authorize their consultant to perform these activities by completing a Consultant Authorization Form.

- Addition (escapes), as authorized by statute. An addition is any addition on top of the originally levied amount for that tax year. The district will submit a *Direct Charge Levy - Error Correction* form.
- Reduction/deletion due to error, as authorized by statute. Payments accepted directly by the district (e.g. delinquent water/sewer bill or PACE lien) are not errors, and the district should see the section titled *LEVIES ON TAX ROLL PAID DIRECTLY TO DISTRICT* for proper processing. If there is an error on a direct charge, the district will submit a *Direct Charge Levy - Error Correction* form.
- Deletion, due to judicial foreclosure. The district will submit a recorded “Notice of Intent to Remove Delinquent Assessment Installment from the Tax Roll” or a recorded “Notice of Intent to Remove Special Tax Installment from the Tax Roll”, along with a cover letter. See section titled *JUDICIAL FORECLOSURES*.

Within certain statutory time limitations, “escaped” direct charges may generally be added, at the direction of the district, to the current year tax roll for direct charges escaping (missing from) the current or prior years’ tax roll (R&T Code §§136, 4801, 4831, 4836.5, 531). Key criteria include:

- Time limitations are typically 4 years (current tax roll + 3 prior tax rolls).
- Enrollment must be made upon discovery of the escaped direct charge levy.
- Statutory parameters exist to determine whether the escaped direct charge is eligible for the secured or unsecured tax roll. The escape may be secured unless the property was sold<sup>1</sup> or encumbered<sup>2</sup> subsequent to July 1 of the year escaped and before the correction was entered on the current year tax roll (R&T Code §4836.5 and §531.2). See the illustrative examples below.

<sup>1</sup>Sold = transferred or conveyed to a bona fide purchaser for value

<sup>2</sup>Encumbered = subject to a bona fide encumbrance for value

<b>ESCAPED DIRECT CHARGE</b>				
<b>ILLUSTRATIVE EXAMPLES OF SECURED VERSUS UNSECURED</b>				
<b>Year Escaped</b>	<b>July 1 applicable</b>	<b>Change in Owner Date</b>	<b>Added to Roll</b>	<b>Secured or Unsecured</b>
2007/08	7/1/07	8/5/07	10/15/10	Unsecured
2008/09	7/1/08	8/5/07	10/15/10	Secured
2009/10	7/1/09	8/5/07	10/15/10	Secured
2010/11	7/1/10	8/5/07	10/15/10	Secured
2007/08	7/1/07	8/5/08	10/15/10	Unsecured
2008/09	7/1/08	8/5/08	10/15/10	Unsecured
2009/10	7/1/09	8/5/08	10/15/10	Secured
2010/11	7/1/10	8/5/08	10/15/10	Secured
2007/08	7/1/07	8/5/09	10/15/10	Unsecured
2008/09	7/1/08	8/5/09	10/15/10	Unsecured
2009/10	7/1/09	8/5/09	10/15/10	Unsecured
2010/11	7/1/10	8/5/09	10/15/10	Secured
2007/08	7/1/07	8/5/10	10/15/10	Unsecured
2008/09	7/1/08	8/5/10	10/15/10	Unsecured
2009/10	7/1/09	8/5/10	10/15/10	Unsecured
2010/11	7/1/10	8/5/10	10/15/10	Unsecured

Certain items may not be authorized to be placed on the current year tax roll after August 10 and must wait until the subsequent tax roll levy cycle. For example a delinquent water bill that became delinquent

on October 30, 2011 would not be eligible for the 2011/12 tax roll and would have to wait until the 2012/13 tax roll. Consequently, the Auditor’s Office may request the District to provide information detailing the District’s legal authorization to place the levy on the tax roll.

The District must complete and submit a *Direct Charge Levy - Error Correction* form to the Auditor if the district finds that a direct charge levy is ineligible for the secured tax roll and/or unsecured tax roll. Direct charges that are ineligible under California Statute for the secured and/or unsecured tax rolls may be removed by the Auditor without the district’s express written consent. Processing charges to the district for the removal may apply.

Adjusted tax bills are sent to the Assessee as shown on the lien date assessment roll. The following is a summary of the changes the Auditor will process upon request from the district.

Tax Roll	Change Type	Bill Status	Auditor Action Upon District Request
Current/Prior	Delete	Unpaid	Change bill
Current/Prior	Delete	Partially Paid	Refund and/or change bill
Current/Prior	Delete	Paid	Refund
Current/Prior	Decrease	Unpaid	Change bill
Current/Prior	Decrease	Partially Paid	Refund and/or change bill
Current/Prior	Decrease	Paid	Refund
Current	Add/Increase	Unpaid < Nov 1	Change bill
Current	Add/Increase	Unpaid ≥ Nov 1	Create stand-alone bill on current tax roll (original bill is left alone)
Current	Add/Increase	Paid	Create stand-alone bill on current tax roll (original bill is left alone)
Prior	Add/Increase	Unpaid/Paid	Create stand-alone bill on current tax roll (original bill is left alone)

See the *COST RECOVERY AMOUNTS* section regarding any charges. Also see the *Direct Charge Levy – Error Correction* form for specific charges.

## **LEVIES ON TAX ROLL PAID DIRECTLY TO DISTRICT**

After the tax bills are created, some districts accept payment directly from the assessee, taxpayer, and/or other interested party for a direct charge levy placed on the tax bill. The information contained in this section describes the proper manner and improper manner in which to proceed.

The most common reasons for districts to accept payment directly from the taxpayer is:

- Unpaid charges for services (e.g. delinquent water/sewer/garbage bill);
- Unpaid abatements (e.g. weed abatement);
- Delinquent 1915 Act Bond (including Property Assessed Clean Energy [PACE] financing);
- Delinquent Mello-Roos Community Facilities Act of 1982 Special Tax including PACE financing);
- To paid-in-full a PACE loan to remove lien.

### **Proper Manner**

Complete the “Request for Separation” (Separation) process through the Tax Collector.

There is a specific process established in State law for situations where there is no error with the bill and the taxpayer desires to pay a particular line item on their tax bill, without paying the entire bill<sup>Note1</sup>. The Separation process allows the taxpayer (or any interested party), for any reason, to pay the individual line item(s), leaving the remaining bill unpaid (R&T §2801 et. seq.). Existing penalties and delinquency dates are unaffected by a Separation.

Typically, Separations don't involve the district (or their agent), and no money is collected directly by the district (or their agent). Instead, the taxpayer (or any interested party) contacts the Tax Collector directly for a Separation, pays the desired line item(s) tax/penalty amounts directly to the Tax Collector, and pays a Separation fee (currently set at \$65) directly to the Tax Collector. Once the money is collected, the Auditor will distribute the money to the district's G/L fund through the normal apportionment process.

Instead of receiving payment directly from the taxpayer, the district should direct the taxpayer to the Tax Collector to request a Separation. However, if the district (or their agent) chooses to accept money directly from the taxpayer, then the district (or their agent) has become the "interested party" and must contact the Tax Collector directly for a Separation. The Tax Collector will then collect the tax/penalty amounts necessary and the Separation fee (see the Tax Collector's fee schedule) directly from the district (or their agent)<sup>Note1</sup>.

Note 1 For local agencies who are removing delinquent installments for 1915 Act Bond Assessments (including Property Assessed Clean Energy [PACE] financing), or Mello-Roos Community Facilities District Act of 1982 Special Taxes (including PACE financing) or non-bonded PACE financing from the tax roll due to JUDICIAL FORECLOSURES, there is a third and separate process provided for in State law (S&H §8833 and Gov §53356.2). See the JUDICIAL FORECLOSURES section.

## **Improper Manner**

Requesting a bill correction via the *Direct Charge Levy – Error Correction* Form to remove the levy is improper for the following reasons:

- The Direct Charge Correction process is intended for bills that have an actual error pursuant to R&T Code (§§ 136, 4801, and 4831 et seq.). The district (or their agent) accepting payment directly from the taxpayer doesn't constitute an error.
- The Auditor has no statutory authority to make a change to the bill for this reason.
- A correction to a tax bill with an error will "reset" penalties (potentially to \$0) and delinquency dates for the entire bill. The tax bill typically includes far more than the district's Direct Charge. The district doesn't have authorization to cancel penalties on a tax bill. Thus, the correction of any one error affects the entire bill's penalties and delinquency dates.

## **ANs ADDED TO TAX ROLL AFTER JULY 1**

The Auditor will add an entirely new ad valorem tax bill(s) to the current year tax roll when the Assessor indicates an AN should have been on the current/prior lien date assessment roll(s). This happens to several ANs each year due to various reasons.

The district may review the *Parcels Split/Combine* report found on the Auditor's website for ANs that may fit into this category. See *REPORTING TO DISTRICTS* for more information.

If the district determines that a direct charge(s) should be levied, please submit a *Direct Charge Levy – Error Correction* form(s) (see the *ADDITIONS-DELETIONS-CHANGES AFTER TAX ROLL EXTENDED* section). There will be no cost recovery amount charged to the District for this type of change (please mark the "request waiver of cost recovery amount" box and notate the AN was added by the Assessor including a copy of the page from the *Parcels Split/Combine* report).

## **PROPERTY ACQUIRED BY PUBLIC ACQUISITION**

If a public acquisition (R&T Code §5081 et seq.) occurred in a prior roll year, and the AN should not have been included on subsequent roll years, the Assessor will remove the ad valorem assessment from the lien date assessment roll which will cause the tax bill to be deleted in its entirety. The Auditor will not notify the districts of these events.

If the acquiring public agency requests the Auditor to cancel remaining taxes for the year of acquisition, the Auditor will cancel both ad valorem taxes and certain non-ad valorem direct charges based on the number of days of public ownership. Please refer to R&T Code §5081 et seq. for additional information. The Auditor will not notify the districts of these events unless the direct charge is a 1915 Act bond (including Property Assessed Clean Energy [PACE] financing), Mello-Roos Community Facilities District Act of 1982 special tax (including PACE financing), or non-bonded PACE financing.

## **DELINQUENT AND DEFAULTED BILLS**

Direct charges, not collected by June 30 of their respective roll year, will typically be collected as defaulted taxes on the delinquent tax roll unless the district is required to do a judicial foreclosure (see *JUDICIAL FORECLOSURES* section). Mobile homes, forest service cabins, and other unsecured personal property that was initially billed on the secured roll, if defaulted, are transferred to the delinquent unsecured tax roll for collection.

Almost all direct charges are on the non-Teeter (Non-alternate) plan. This means that the amount charged by the district is not remitted to the district's G/L Fund until after it is collected by the Tax Collector. If the amount is defaulted, taxpayers may have the option to pay the defaulted bill in full or in five installments.

Collection of the defaulted bill may take up to six or more years if a tax sale is necessary. Pursuant to R&T Code, districts may object to the sale of specific properties prior to the sale (at the time the Tax Collector notifies the district of the upcoming sale). If no objections are received by the Tax Collector and if the property is sold at a tax sale, the sale amount may be for less than the billed amount, in which case the district's direct charge amount may not be fully recovered; even though the tax lien is cleared. See R&T§3712 for several exceptions to the tax lien being cleared due to tax sale.

Currently, one direct charge tax code is under the Teeter plan. With this method, the County purchases all remaining June 30 accounts receivable from the district and the County carries the burden of any uncollected amounts.

## **JUDICIAL FORECLOSURES**

Some districts have a covenant with bondholders that delinquencies will be judicially foreclosed upon rather than follow the tax sale process discussed above. If the district's direct charge requires judicial foreclosure, the district must notify the Auditor and the Tax Collector of any recorded "Notice of Intent to Remove Delinquent Special Tax Installment from the Tax Roll" notice pursuant to Government Code §53356.2 or recorded "Notice of Intent to Remove Delinquent Assessment Installment from the Tax Roll" notice pursuant to Streets and Highways Code §8833. Upon receiving a copy of the recorded notice from the district, along with a cover letter signed by an authorized representative of the district, the Auditor will remove the identified delinquent/defaulted direct charges from the delinquent/defaulted tax bill. By

this process, the district will relieve the County of any further responsibility for the collection of these delinquent direct charges.

The County receives a substantial number of inquiries from buyers, sellers and agents requesting itemization of direct charge levies on tax bills, including identification of those that may be subject to judicial foreclosure. It appears that some districts may be unaware of the disclosure requirements enacted by Senate Bill 1122 (Chapter 673, Statutes of 2001), effective January 1, 2003. This legislation amended Civil Code §1102.6(b) and Government Code §53340.2 and added Government Code §53754. Civil Code §1102.6(b). It requires that the seller or agent of a property disclose Mello-Roos Community Facilities District Act of 1982 Special Taxes (including Property Assessed Clean Energy [PACE] financing), 1915 Act Bond assessments (including PACE financing) and non-bonded PACE financing that are subject to accelerated foreclosure. Additionally, upon request by the seller or agent, the district must provide a specific disclosure notice promptly to the requestor.

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## COST RECOVERY AMOUNTS

Districts placing direct charge levies on the tax roll are responsible for paying the cost recovery amount associated with the annual process of direct charge billing, collection, apportionment, and reporting.

The cost recovery structure is the sum of the following two components rounded to the nearest cent (as shown in the table below):

1. \$150 annual maintenance cost recovery. In the initial year of a Direct Charge levy, a \$300 one-time setup is the cost recovery in lieu of the \$150 annual maintenance.
2. A per levied item cost recovery that operates on an economy of scale basis.

Group	"From"	"To"	Cost Recovery <sup>b</sup> Amount Per Levy		Annual Maintenance <sup>a</sup> Cost Recovery (Flat Amt)
	Levy Count Per Direct Charge Code	Levy Count Per Direct Charge Code			
1	1	24	1.0000	+	150
2	25	49	0.9900	+	150
3	50	74	0.9801	+	150
4	75	99	0.9703	+	150
5	100	124	0.9606	+	150
6	125	149	0.9510	+	150
7	150	199	0.9367	+	150
8	200	249	0.9226	+	150
9	250	299	0.9088	+	150
10	300	374	0.8952	+	150
11	375	449	0.8818	+	150
12	450	549	0.8642	+	150
13	550	674	0.8469	+	150
14	675	824	0.8300	+	150
15	825	999	0.8134	+	150
16	1,000	1,199	0.7931	+	150
17	1,200	1,449	0.7733	+	150
18	1,450	1,749	0.7540	+	150
19	1,750	2,099	0.7314	+	150
20	2,100	2,524	0.7095	+	150
21	2,525	3,049	0.6847	+	150
22	3,050	3,674	0.6607	+	150
23	3,675	4,424	0.6343	+	150
24	4,425	5,324	0.6058	+	150
25	5,325	6,399	0.5755	+	150
26	6,400	7,699	0.5438	+	150
27	7,700	9,249	0.5112	+	150
28	9,250	11,099	0.4780	+	150
29	11,100	13,324	0.4445	+	150
30	13,325	15,999	0.4112	+	150
31	16,000	19,199	0.3783	+	150
32	19,200	23,049	0.3461	+	150
33	23,050	27,674	0.3150	+	150
34	27,675	33,224	0.2851	+	150
35	33,225	39,874	0.2566	+	150
36	39,875	47,849	0.2297	+	150
37	47,850	57,424	0.2044	+	150
38	57,425	68,924	0.1809	+	150
39	68,925	82,724	0.1592	+	150
40	82,725	99,274	0.1393	+	150
41	99,275	119,124	0.1212	+	150
42	119,125	142,949	0.1048	+	150
43	142,950	171,550	0.0901	+	150

<sup>a</sup> In the initial year of levy, a \$300 "One Time Setup" is substituted for the \$150 "Annual Maintenance"

<sup>b</sup> 1915 Bonds have a statutory maximum of \$16 per levy when the County Auditor-Controller is the administrator.



Below are a few examples of how to apply the cost recovery structure:

**Example 1:** A previously existing Benefit Assessment District Assessment (created and levied on the tax roll annually beginning 2005), which levies \$300 for each of 241 Assessment Numbers (ANs), the Cost Recovery amount would be:

150.00 annual maintenance cost  
222.35 241 levies x .9226 per levy cost from group 8  
372.35 or \$1.545 each

**Example 2:** A previously existing Voter-Approved Special Tax (passed in 1998 and levied on the tax roll annually beginning 1999), which levies \$25 for each of 56,504 ANs, the Cost Recovery amount would be:

150.00 annual maintenance cost  
11,549.42 56,504 levies x .2044 per levy cost from group 37  
11,699.42 or \$0.207 each

**Example 3:** A brand new Fire Suppression Assessment (created May 12 of this calendar year and not levied on a previous tax roll), which levies \$250 for each of 5,297 ANs, the Cost Recovery amount for the initial year of levy would be:

300.00 annual maintenance cost  
3,208.92 5,297 levies x .6058 per levy cost from group 24  
3,508.92 or \$0.662 each

For subsequent years, presuming the same counts, the cost recovery amount would be \$150 + (5,297 x .6058) = \$3,358.92 [\$0.634 each]

As a standard practice, the cost recovery amounts associated with the annual process of direct charges billing, collection, apportionment, and reporting will be charged to the district via a journal entry to the appropriate G/L fund (Org code) following the posting of the December 10 collections to ensure that no district's funds are drawn into a negative balance. This cost recovery structure applies to items submitted by the August 10 deadline.

There is an additional \$15 cost recovery per bill for most deletions or corrections after the roll has been extended. Please see the section titled *ADDITIONS-DELETIONS-CHANGES AFTER TAX ROLL EXTENDED*.

The Auditor reserves the right to increase or decrease any cost recovery amount herein provided, in proportion to any costs incurred by the Auditor in providing the services described herein, provided that written notice of any increase or decrease in charges is given in advance to the districts. Any money remitted to the Auditor is used to cover the cost of the service.

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## INFORMATION AVAILABLE ON ASSESSOR'S WEBSITE

The Assessor's website can be located at: <https://www.edcgov.us/Government/Assessor>

The following information can be found that may relate to direct charges:

- Information regarding individual ANs, including:
  - Current assessee (who may or may not be the actual owner)
  - Type & percentage of the assessee's interest in the property
  - Property description
  - Primary and secondary Use Code
  - TRA
  - Exemption information
  - Most recently enrolled assessed value(s)
  - Appraisable supplemental events
  - Unit count
  - Certain property characteristics
  - Recorded and unrecorded document history
- Use Code master listing
- Status Code master listing
- TRA master listing from the State Board of Equalization (sorted by both TRA and by district)
- Timeshare project master listing
- Educational information regarding property taxation and terminology
- From/to listing to crosswalk from 2017/18 ANs (APNs) in legacy system (M204) to 2018/19 AN in Megabyte.

Please note that due to California law, the assessee for an individual AN is not available on the Internet. It is available, however, by contacting the Assessor's Office or viewing ParcelQuest<sup>®</sup>.

## INFORMATION AVAILABLE ON TAX COLLECTOR'S WEBSITE

The Tax Collector's website can be located at: <https://www.edcgov.us/Government/TaxCollector>

The following information can be found that may relate to direct charges:

- View and print tax bills
- Pay property taxes online
- Public Auction Tax Sale (Tax Collector's Tax Sale)

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## GLOSSARY

**Abatement** – Amount necessary to defer the cost for a public agency to remove a hazardous or unhealthy unsightly situation. Examples include weed abatement, rubbish abatement, and building demolition abatement. May potentially be placed on the tax roll as a direct charge.

**Ad Valorem** – Based upon the value of the property.

**Assessment Number (AN)** – The 12 digit number (xxx-xxx-xxx-xxx) upon which billing is made. The AN may or may not represent 100% of the Fee#. There may be more than one AN for a Fee#. The AN may be secured or unsecured property.

**Assessment Roll** – See Lien Date Assessment Roll.

**Assessee** – The person whose name is on the tax bill pursuant to R&T §405. The assessee is commonly, but not always, the owner. The Assessee may be an entity such as a trust or business.

**Assessor** – The office of the El Dorado County Assessor.

**Attest/Attestation** – A signed declaration (typically by the Board's secretary or clerk) that the copy represents a true, genuine, or authentic copy of the original document. Attest does not mean notarized by a Notary Public.

**Auditor** – The office of the El Dorado County Auditor-Controller.

**BOE** – California State Board of Equalization.

**Charge for Service** – A charge for services rendered or that may be rendered by a public agency. Examples include snow removal and household hazardous waste processing facilities. May potentially be placed on the tax roll as a direct charge.

**Delinquent Charge for Service** – A charge for service that is unpaid. Examples include delinquent water/sewer/garbage bills. May potentially be placed on the tax roll as a direct charge.

**Direct Charge** – Any non-ad valorem item placed on a secured and/or unsecured tax bill. Direct Charges are roughly sorted into the following categories: special tax, special assessment, charge for service, delinquent charge for service, and abatement.

**Direct Charge Tax Code** – A 5-digit number assigned by the Auditor that identifies that specific direct charge authorization and prevents commingling.

**District** – Any public agency, whether local to El Dorado County or not, that is eligible under State Law to place direct charge levies on the secured and/or unsecured tax rolls.

**Fee Number (Fee#)** – The 12 digit number (xxx-xxx-xxx-xxx). The Fee# represents the real property (the land upon which you stand) as assessed by the Assessor for property tax purposes. The Fee# is always secured property, but may not receive a bill (e.g. is government owned). The Fee# may or may not represent the legal boundaries of the property.

**Joint Powers Authority (JPA)** – An entity whereby two or more public authorities (e.g. local governments, or utility or transportation districts), not necessarily located in the same area, may jointly exercise any power common to all of them (Government Code §6502). A JPA is distinct from the member authorities; they have separate operating boards of directors. A JPA can be given any of the powers inherent in all of the participating agencies.

**Lien Date** – 12:01 am January 1 of each year.

**Lien Date Assessment Roll** – Delivered from the Assessor to the Auditor every July 1. Contains the following information for the secured assessment roll and the unsecured assessment roll as of the lien date (pursuant to R&T Code §602): assessee name, assessee mailing address, legal description of the land, description of any possessory interests or personal property, assessed values including any exemptions, and TRA. Note that unit count and use code are not part of the lien date assessment roll.

**Lien Date Secured Assessment Roll** – The Lien Date Assessment Roll containing only the secured assessment roll and excluding the unsecured assessment roll.

**M204** – The County’s legacy mainframe property tax administrative system in use from 1987/88 through 2017/18.

**Megabyte** – The County’s vendor-based property tax administrative system effective 7/1/2018.

**Non-Ad Valorem** – Not based upon the value of the property.

**Parcel** – Historically interpreted to be the legal boundaries of real property (contiguous unit of real property held in separate ownership, which is capable of sale or transfer without further action under the Subdivision Map Act {Government Code §66410, et seq.}). Many direct charges are levied on a ‘per parcel’ basis.

**ParcelQuest®** – A private company who regularly obtains Assessor public data across the State then organizes it to be accessed via a standardized, user-friendly search engine. For the purposes of the Direct Charges Manual, ParcelQuest® specifically refers to the El Dorado County ‘lien date secured assessment roll plus other Assessor data’ maintained by the El Dorado Assessor solely for ad valorem taxation purposes as required by R&T Code, the State Board of Equalization, and the State Department of Tax and Fee Administration. Please note that ParcelQuest® doesn’t include the unsecured roll, the State Board of Equalization Roll (for unitary or utility property), or the supplemental roll.

**Parcel of Real Land** – See **Parcel**.

**Parcel Tax** – A Special Tax. Used only in state law for the purposes of AB-2109 and AB-2476.

**Possessory Interest** – A right to occupy and/or exercise control over a particular plot of land but no title (ownership) to the land it taken. In El Dorado County, possessory interest commonly occurs for mobile homes and forest service cabins.

**R&T Code** – California Revenue and Taxation code.

**SCO** – California State Controller’s Office.

**Special Assessment** – A type of non-ad valorem item that predates Proposition 13. Special Assessments are not approved by the electorate. Instead, approval comes from the governing body that will be making the levy. Most Special Assessments are subject to Proposition 218 requirements. Examples include Improvement Act of 1915 special assessment, Landscaping and Lighting Act of 1972 special assessment, and Benefit Assessment District Act of 1982 special assessment. Special Assessments are different than a special tax. May potentially be placed on the tax roll as a direct charge.

**Special Tax** – A non-ad valorem item created by Proposition 13 (State Constitution Article XIII A and XIII B). Generally approved  $\frac{2}{3}$  of the electorate (registered voters); however a Qualified Special Tax is approved by 55% of the electorate. Examples include Voter-Approved Special Tax, Mello-Roos Community Facilities Act of 1982 Special Tax, and Qualified Special Tax (available only to K-12 school districts). Special Taxes are different than a Special Assessment. May potentially be placed on the tax roll as a direct charge.

**Supplemental Tax Roll** – A non-lien date assessment and tax roll. Direct charges are prohibited by statute to appear on the Supplemental Tax Roll. Supplemental tax bills use the AN range of 980-xxx-xxx-xxx through 996-xxx-xxx-xxx.

**Tax Collector** – The office of the El Dorado County Treasurer-Tax Collector.

**Tax Rate Area (TRA)** – A geographical area comprised of a unique combination of taxing Jurisdictions. An area over which a governmental body has authority to levy authorized property taxes.

**Tax Year** – July 1 through June 30 of each year. The tax year starts six months after the lien date.

**Taxpayer** – Person who paid the taxes. May be an entity such as a trust or business. Most commonly the owner of the property, a mortgage company, or title company. Often used as a synonym for the property owner.

**Use Code** – A property characteristic assigned by the Assessor to identify the use of the property solely for ad valorem property tax purposes. While available to the public, it is not part of the assessment roll. Some districts use in the direct charge levy process. Districts may not agree with the Assessor's designation.