



# Washington Unified 2004 Bond Tax Assistance Program

Yolo County Board of Supervisors

October 24, 2023



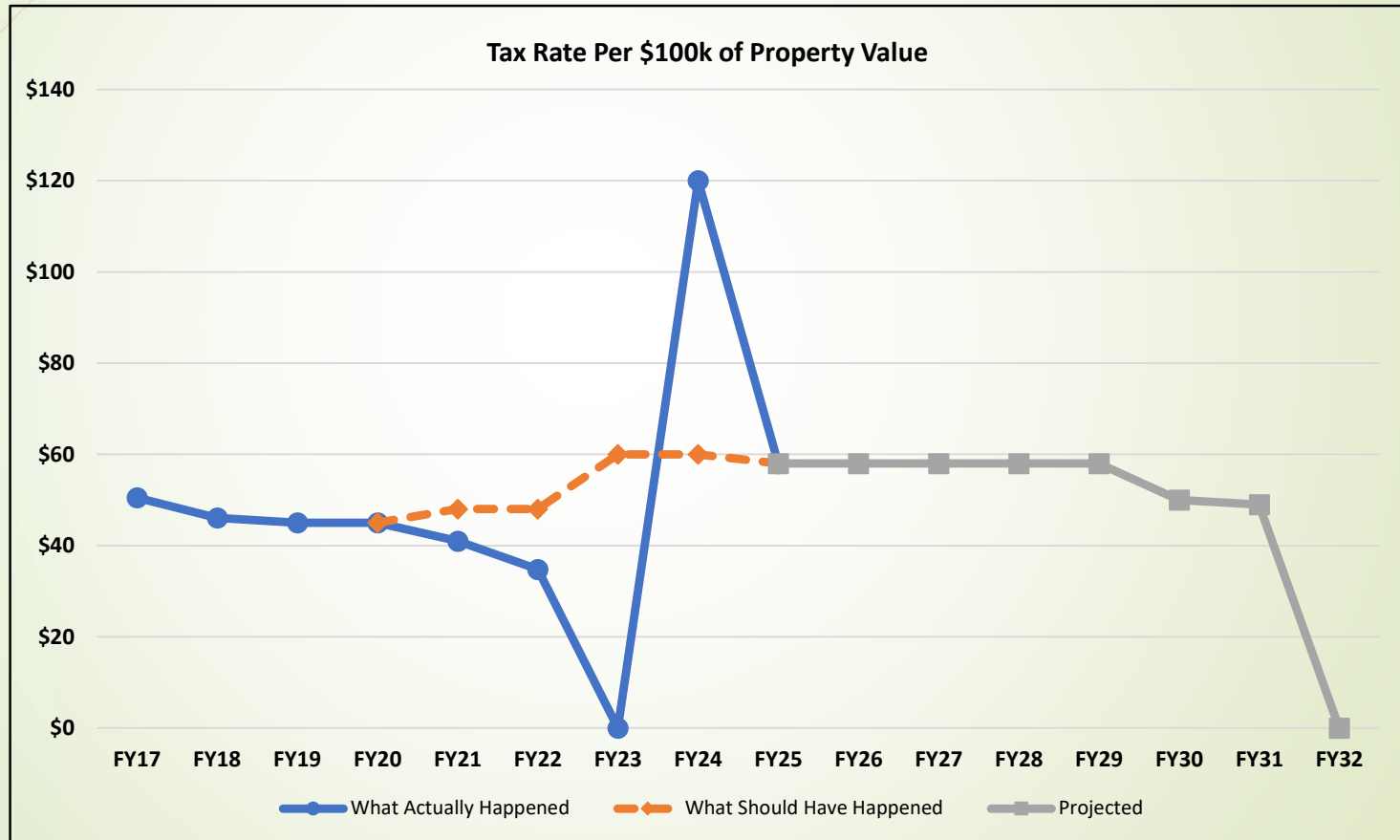
# Background

- ▶ State law requires counties to annually levy tax rates to pay for voter-approved bonds, above the typical 1% property tax
- ▶ In 2022-23, due to an error by the Department of Financial Services, the County did not levy a tax rate for the Washington Unified 2004 Bonds
- ▶ As a result, a higher tax rate was required in 2023-24 to ensure sufficient revenue to make bond payments
- ▶ Tax rate levied in 2023-24 is \$120 per \$100,000 in property value (0.12%)
  - ▶ Average tax bill for residential properties is \$391

# Property Tax Bill Example (\$500,000 home)

COUNTY VALUES, EXEMPTIONS, AND TAXES								
PHONE #	DESCRIPTION	PRIOR	CURRENT	BILLED				
VALUATIONS (530) 666-8135	LAND	0	110000	110000				
TAX RATES (530) 666-8190		0	0	0				
EXEMPTIONS (530) 666-8135		0	0	0				
PAYMENTS (530) 666-8625	STRUCTURAL IMPROVEMENTS	0	390000	390000				
PERS PROP (530) 666-8135		0	0	0				
ADDR CHGS (530) 666-8135		0	0	0				
GENERAL (530) 666-8135		0	0	0				
		0	0	0				
<b>NET TAXABLE VALUE</b>				<b>500000</b>				
VALUES X TAX RATE PER \$100 1.000000				<b>\$5,000.00</b>				
VOTER APPROVED TAXES / TAXING AGENCY DIRECT CHARGES & SPECIAL ASSESSMENTS / FEES								
PHONE #	CODE	DESCRIPTION	ASSESSED VALUE	X	TAX RATE / 100	=	TAX AMOUNT	
(916) 375-7600	26050	WASHINGTON JUSD 1999 BD	500000		0.010000		\$50.00	
(916) 874-7422	26060	LOS RIOS CCD 2002 BD	500000		0.019200		\$96.00	
(916) 375-7600	26090	WASHINGTON JUSD 2004 BD	500000		0.120000		\$600.00	
(916) 375-7600	26091	WASHINGTON JUSD 2014 BD	500000		0.028000		\$140.00	
(530) 375-7600	26092	WASHINGTON JUSD 2020 BD	500000		0.090000		\$450.00	
PHONE #	DESCRIPTION	DIR CHRG	PHONE #	DESCRIPTION	DIR CHRG	PHONE #	DESCRIPTION	DIR CHRG
(916) 446-0197	N DELTA WATER	\$11.84	(866) 807-6864	W SAC FLOOD CON	\$160.54	(866) 807-6864	W SAC MAIN SERV L	\$44.30
(916) 371-1483	RD 900 DRAINAGE O&M	\$91.96						
							AGENCY TAXES	\$1,336.00
							DIRECT CHARGES	\$308.64
							FEES	\$0.00
							PENALTY & COST	\$0.00
							AGENCY TAXES + DIRECT CHARGES + FEES + PENALTY + COST + DELINQUENT PENALTIES	\$1,644.64
<b>1st INSTALLMENT \$3,322.32</b>		<b>2nd INSTALLMENT \$3,322.32</b>		<b>TOTAL TAXES</b>				
<b>DELINQUENT AFTER 12/11/2023</b>		<b>DELINQUENT AFTER 04/10/2024</b>		<b>\$6,644.64</b>				

# WUSD 2004 Tax Rate Modeling





# Tax Assistance Programs

- ▶ While 2023-24 tax rates are required to avoid default on the bonds, some taxpayers may face financial hardship
  - ▶ Taxpayers who planned their finances based on last year's taxes
  - ▶ New homeowners paying taxes that would have been levied on the prior owner
- ▶ To mitigate these issues, staff propose two assistance programs
  - ▶ Tax Deferral Program
  - ▶ New Owner Offset Program



# Options Considered

1. Tax deferral program with one-year repayment
2. Tax deferral program with five-year repayment
3. Tax offset program for new property owners
4. Reduce tax rate and recover revenue over several years



# Tax Deferral Program

- ▶ Allows taxpayers to defer payment on the WUSD 2004 Bond tax for one year, until December 10, 2024
- ▶ Taxpayers pay the same amount they would have paid without the error, but are given more time for the payment
- ▶ Participating taxpayers will be issued two new bills:
  - ▶ One for the WUSD 2004 Bond tax – now due Dec. 10, 2024
  - ▶ One for remaining taxes – new due date for 1<sup>st</sup> installment (30 days after bill); same due date for 2<sup>nd</sup> installment (April 10, 2024)
- ▶ Simple 1-page application, self-certification of financial hardship
- ▶ Deadline to apply is November 27, 2023



# New Owner Offset Program

- ▶ Available for taxpayers who purchased property between July 1, 2022 and June 30, 2024
- ▶ County will offset the portion of the WUSD 2004 Bond tax that the new buyer wouldn't have paid had the error not occurred
- ▶ Offset amount will be pro-rated based on purchase date of property
- ▶ Simple 1-page application, self-certification of financial hardship
- ▶ Applications accepted through July 31, 2024

# New Owner Offset – Example 1

(simplified for discussion purposes)

- ▶ Buyer acquires their home on July 1, 2023 for \$500,000
  - ▶ Tax bills are on a fiscal year basis, July - June

What Happened	What Should Have Happened
<i>2022/23 Tax:</i> \$0 paid by seller	<i>2022/23 Tax:</i> \$300 paid by seller
<i>2023/24 Tax:</i> \$600 paid by buyer	<i>2023/24 Tax:</i> \$300 paid by buyer

- ▶ Buyer would have paid \$300 without the error, so eligible for \$300 offset

## New Owner Offset – Example 2

(simplified for discussion purposes)

- ▶ Buyer acquires home on January 1, 2023 for \$500,000
  - ▶ Tax liability pro-rated through escrow at closing

What Happened	What Should Have Happened
<b>2022/23 Tax:</b> \$0 paid by seller (months 1-6) \$0 paid by buyer (months 7-12)	<b>2022/23 Tax:</b> \$150 paid by seller (months 1-6) \$150 paid by buyer (months 7-12)
<b>2023/24 Tax:</b> \$600 paid by buyer	<b>2023/24 Tax:</b> \$300 paid by buyer

- ▶ Buyer should have paid \$450 without the error, so eligible for \$150 offset



# Internal Process Improvements

- ▶ Comprehensive bond review
- ▶ Improve tax rate methodology
- ▶ Coordination with school districts
- ▶ Improve public outreach and communication



# Questions