

WILLIAMSON ACT--CONTINUATION OF AB 1265 PROGRAM

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COUNSEL**





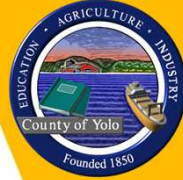
BACKGROUND

Williamson Act Program: Provides property tax relief for landowners to preserve farmland/open space.

State Subvention Funding: Until its elimination in 2009, state subventions minimized the local revenue loss resulting from Williamson Act implementation.

AB 1265 followed earlier legislation to provide a partial fix:

- Authorized counties to shorten contract terms (10 years to 9) and recoup 10% of landowners' tax savings (example on next slide)
- Implemented annually for 15+ years
- Requires mailed notice to all participating landowners and a public hearing
- Requires Board to make certain findings and direct staff as set forth in the Recommended Actions
- Voluntary program



EFFECT ON PARTICIPATING LANDOWNERS (EXAMPLE)

- **Before AB 1265:**

- Market (full) assessed value: \$1,000,000
- Williamson Act restricted value: \$400,000
- County property-tax rate: 1%
- **Tax bill under WA: $\$400,000 \times 1\% = \$4,000$ per year**

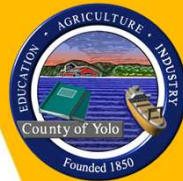
- **After AB 1265 is implemented locally:**

- Contract term automatically drops from 10 to 9 years.
- County may keep 10% of the “tax savings” to offset lost state subvention.

Using the above figures:

- Tax savings = $\$1,000,000 - \$400,000 = \$600,000 \times 1\% = \$6,000$ savings
- County keeps 10% of savings: \$600 per year
- **New tax bill: $\$4,000 + \$600 = \$4,600$ per year**

So the landowner’s Williamson Act benefit shrinks from \$6,000 to \$5,400 annually. County keeps the entirety (\$600 in this example) of the additional payment.



FISCAL IMPACT & ALTERNATIVES

If the Board elects to continue AB 1265 (recommended):

- **County Revenue Increase:** Up to \$1.87 million (v. \$1.72 million last year)
- **Share of Full Revenue Potential:** About 40% of unrestricted levels
- **Landowner Benefit:** Retain 90% of Williamson Act tax savings

If the Board chooses not to continue AB 1265, it can either:

- **Make no changes** to local Williamson Act implementation, in which case contracts will return to 10 years, landowners will achieve additional savings, and County will not receive additional revenue of ~\$1.87 million; or
- **Non-renew some or all contracts**, in which case properties that are non-renewed will return to full assessed value over 10 years (but minimal revenue likely for initial four years, assuming landowner “protests” filed in response).



RECOMMENDED ACTIONS

Continue implementation of AB 1265:

- Hold a public hearing;
- Confirm state subvention funding is less than 50% of foregoing property tax (resolution); and
- Direct staff to take all steps necessary for implementation, including notice to owners of decision and opportunity to opt out.