

OCTAX

Orange County
Taxpayers
Association

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To: Directors and Members, OCTax
From: Reed Royalty, President
Subject: Property Tax
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There are more than one million taxable properties in Orange County, including yours. The total assessed value of those properties is \$290 billion. At the tax rate of 1%, you and I will pay \$2.9 billion in property taxes (up 9% from the previous year) to over 200 taxing agencies in the county.

Unlike revenue from sales and income taxes, most of which goes to the state for distribution, all property tax money stays in Orange County. Here's where each dollar goes.

• Schools	\$0.64	(1)
• Cities	.11	(2)
• Special districts	.11	(3)
• Community redevelopment agencies	.08	(4)
• County general fund	.056	(5)
• County libraries	<u>.004</u>	
Total	\$1.00	

(1) Orange County taxpayers pay more for our schools (64% of our property taxes) than the statewide average (52%). Does this mean our schools are better funded? No. In compliance with the Serrano-Priest court decision (1971), which ruled that all schools must be funded equally, the state distributes some of Orange County's sales and income taxes to other counties to make up their school funding shortfalls. We pay for our own schools, and help other counties pay for theirs! We are the state's most generous "donor" county. OCTax has sponsored several legislative bills to correct this inequity. Each year we get a bit closer, and we won't give up.

(2) The average return of property tax revenue to the cities is 11¢ per dollar, but the actual figure varies by city. Some cities provide many services themselves (fire, police, water, sewer, etc.) while other cities contract with county agencies and special districts for services. The range is from 22.75¢ in Laguna Beach (which provides most of its own services) to 0.88¢ in Laguna Woods (which contracts for almost everything).

(3) The total return of property tax revenue to special districts is 11¢ per dollar, but the cost to each property taxpayer varies according to the districts that serve him or her. For example, the Orange County Fire Authority serves 19 contract cities (and unincorporated parts of the county), while other cities have their own fire departments. There are 101 special districts in the county.

Random examples include: the Orange County Sanitation District; Orange County Vector Control District; Orange County Transportation Authority; the Irvine Ranch, Moulton Niguel, El Toro, Yorba Linda, Santa Margarita, and South Coast water districts; the Placentia and Buena Park library districts; and the Midway City and Sunset Beach sanitation districts.

(4) Redevelopment agencies are intended to upgrade blighted areas, using “tax increment” financing. They skim away the yearly incremental increases in property tax revenue generated within their boundaries. The county has two redevelopment agencies (Santa Ana Heights and the Neighborhood Development and Preservation Project), while 24 cities have such agencies. By law, the redevelopment agencies must devote 20% of the money to low- and moderate-income housing. Redevelopment projects adopted after 1994 must give back 25% of the remaining 80% to the other agencies of government that otherwise would receive the tax increments.

(5) The County of Orange general fund receives 5.6% of our property tax, plus .4% for county libraries. The County of Orange general fund receives a smaller share of its residents’ property tax than any other county in California. Orange County government costs \$46.22 per person. The statewide average is \$107.74.

OCTax thanks Gary Burton (chief financial officer), Steve Dunivent (manager, budget office), and Neal Gruber (supervising accountant, property tax unit, Auditor-Controller) of the County of Orange for their help in assembling this information.