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George Williamson  
Executive Officer

Fred Ryness  
Special District Alternate

James M. Underwood  
General Counsel

Kathy Bull  
Manager

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## Agenda Item: 7d.

**Meeting Date:** October 6, 2022

**From:** George Williamson Executive Officer

**Subject:** Shasta Fire Protection District – Property Tax Revenue Exchange by Commission Action

### **BACKGROUND**

Shasta LAFCO has considered the Shasta Fire Protection District Formation proposal filed by petition and subsequently the Shasta CSD Fire Services Divestiture and Successor Agency Designation (reorganization) for proposed transfer of fire protection and emergency medical service powers. Shasta FPD formation is conditioned on Commission allocation of a Property Tax Revenue Exchange between Shasta CSD and Shasta FPD.

### **DISCUSSION**

Pursuant to CKH Act Section 56810 (2) (b) If the proposal includes the formation of a district, as defined in Revenue and Taxation Code, the commission shall determine the amount of property tax to be exchanged by the affected local agency pursuant to this section. This is a unique circumstance for the Commission. The property tax revenue sharing agreement shall include a Base Year Property Tax Revenue and Annual Property Tax Increment Revenues.

### **LAFCO PROCEDURE:**

Commission Hearing – October 6, 2022.

With Commission Action – 30-day reconsideration period – ending November 7, 2022

### **RECOMMENDATION**

This item has been placed on Shasta LAFCO's agenda for action as part of a noticed public hearing. The following procedures are recommended in the consideration of this item:

- 1) Receive verbal presentation from staff.
- 2) Initial questions or clarifications from the Commission.
- 3) Open the hearing and invite comments.
- 4) Discuss item, consider staff recommendation and take action on the attached resolution.

Staff recommends if the FPD is formed and designated as successor agency, the Commission approves FPD Property Tax Resolution 2022-15

### **Attachments:**

Property Tax Revenue Share Resolution 2022-15

**SHASTA LOCAL AGENCY FORMATION COMMISSION  
LAFCO RESOLUTION 2022-15**

**RESOLUTION OF THE SHASTA LOCAL AGENCY FORMATION COMMISSION  
ESTABLISHING A PROPERTY TAX EXCHANGE RELATED TO THE SHASTA  
COMMUNITY SERVICES DISTRICT FIRE SERVICES DIVESTITURE AND SUCCESSOR  
AGENCY DESIGNATION**

**WHEREAS**, Revenue and Taxation Code Section 99, as amended provides for an appropriate property tax transfer for all jurisdictional changes of organizations occurring within Shasta County for proposal being considered by the Shasta Local Agency Formation Commission ("LAFCO"); and

**WHEREAS**, in the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, a property tax revenue sharing agreement as defined in Revenue and Taxation Code Section 2215 is negotiated; and

**WHEREAS**, Pursuant to the Cortese Knox Hertzberg (CKH) Local Government Reorganization Act of 2000, Section 56810 (a) (2) If proposal includes district formation the Commission shall, on behalf of the district being formed, negotiate any property tax revenues exchange, which is a unique role for the Commission: and

**WHEREAS**, the Shasta Community Services District ("Shasta CSD") submitted an application, signed on November 18, 2021, to Shasta LAFCO for a reorganization that would divest fire and emergency response services, designate a successor agency and transfer fire services powers from the Shasta CSD; and

**WHEREAS**, a map showing the proposed service area for fire services divestiture and transfer to Shasta FPD is attached as Exhibit A; and

**WHEREAS**, the Shasta CSD shall continue to provide services to the affected territory, including fire flows; and

**WHEREAS**, the current distribution of property taxes for the affected properties within the Divestiture area has been determined and provided to each affected agency; and

**WHEREAS**, Shasta LAFCO Approved the Shasta FPD formation at a noticed public hearing on October 6 2022; and

**WHEREAS**, in accordance with GC Section 56150, proper notice has been given and a public hearing was held: and

**WHEREAS**, at a noticed public hearing on October 6, 2022, the Commission reviewed and considered all oral and written comments provided:

**NOW, THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED as follows:**

The Commission action on property tax revenue exchange includes:

1. **Base Year Property Tax Revenue**, as defined by the Revenue & Taxation Code, shall be distributed as follows:
  - a. To Shasta FPD, 100% of the 2021 base year property tax revenue allocated to the Shasta CSD for fire services, after final approval from the Board of Equalization of the tax sharing agreement previously approved pursuant to Resolution 2019-009, pursuant to the Tax Rate Allocation Factors established by law.
  - b. To Shasta CSD 0% of the 2021 base year property tax revenue allocated to the Shasta CSD, for fire services after final approval from the Board of Equalization of the tax sharing agreement previously approved pursuant to Resolution 2019-009, pursuant to the Tax Rate Allocation Factors established by law.
  - c. No other Base Year Property Tax Revenues shall be changed or otherwise impacted by this resolution.

2. **Annual Property Tax Increment Revenue**, as defined by the Revenue & Taxation Code, shall be distributed as follows:
  - a. To Shasta FPD, 100% of the 2021 and future annual property tax increment revenue allocated to the Shasta CSD; for fire services after final approval from the Board of Equalization of the tax sharing agreement previously approved pursuant to Resolution 2019- 009, pursuant to the Tax Rate Allocation Factors established by law.
  - b. To Shasta CSD, 0% of the 2021 and future annual property tax increment revenue allocated to the Shasta CSD, for fire services after final approval from the Board of Equalization of the tax sharing agreement previously approved pursuant to Resolution 2019-009, pursuant to the Tax Rate Allocation Factors established by law.

Upon Commission approval, The Executive Officer is directed to provide related documents to the Shasta County Auditor Controller to adjust the allocation of property tax revenue.

**THE FOREGOING RESOLUTION** was passed and duly adopted at a regular meeting of the Shasta LAFCO Commission on the 6<sup>th</sup> day of October 2022, and adopted by the following votes:

AYES:  
 NOES:  
 ABSTAINS:  
 ABSENT:

Dated: \_\_\_\_\_

\_\_\_\_\_  
*Stan Neutze, Vice-Chairman*  
 Shasta Local Agency Formation Commission

Attest:  
 Dated: \_\_\_\_\_

\_\_\_\_\_  
*Kathy Bull, LAFCO Manager*  
 Shasta Local Agency Formation Commission