

County of Santa Clara

Finance Agency
Controller-Treasurer

County Government Center
70 West Hedding Street, East Wing 2nd floor
San Jose, California 95110-1705
(408) 299-5205 FAX 287-7629



May 15, 2024

Dear Special Assessment Agencies:

Re: FY2024-25 Annual Instruction Letter for Special Assessment Enrollment on Secured Property Tax Roll

The purpose of this letter is to provide Special Assessment Agencies with instructions for the annual Special Assessment enrollment process.

Beginning **July 15, 2024**, the Controller-Treasurer Department will begin accepting your agency's (County Department, City, School District, Special District, Joint Powers Authority, PACE) FY2024-25 Special Assessment enrollment. To assist you with the process, we have outlined the forms and requirements necessary for the enrollment below:

Existing Special Assessment:

1. Form A: Contact Information
2. Form B: District Information and Exemptions Status
3. Form C: Annual Enrollment
4. A copy of the legal authority and supporting documentation authorizing the enrollment, only if such legal authority has been updated since the last time it was submitted.
5. Property Assessed Clean Energy (PACE)
 - a) Certificate of Liability Insurance
 - b) Recorded Contract for updating property with a PACE assessment levy on the annual tax bill
 - c) List of Cities/ Districts enrolled in the PACE Program during the fiscal year

New Special Assessment:

1. New Special Assessment Request Form
2. A copy of the legal authority and supporting documentation authorizing the enrollment

Board of Supervisors: Sylvia Arenas, Cindy Chavez, Otto Lee, Susan Ellenberg, S. Joseph Simitian
County Executive: James R. Williams

3. PACE Assessment applicants are required to submit the following:
 - a) Indemnification and Insurance Agreement
 - b) Certificate of Liability Insurance
 - c) Recorded Contract for each property with a PACE assessment levy on the annual tax bill
 - d) List of Cities/ Districts enrolled in the PACE Program during the fiscal year

For the annual enrollment timeline, please refer to **Attachment I**.

For the specific requirements on the format of the annual enrollment data file, please refer to **Attachment II**.

New Special Assessment

If your agency has a *new Special Assessment* to be added to the FY2024-25 Secured Property Tax Roll, your written request must be emailed to SA_Mail@fin.sccgov.org **by June 7, 2024**. A copy of the legal authority, the description of the Special Assessment project/program, and the supporting documentation authorizing the enrollment of the assessment on the FY2024-25 Secured Property Tax Roll, must be included with your written request. Please note, once the Special Assessment number is assigned in the County's property tax system, it cannot be changed.

Third-Party Administrator

The agency's decision to use a third-party administrator for any of its Special Assessments is at the sole discretion of the agency. If the agency would like to use third-party administration to sign the required forms, and submit assessment data and/or corrections, please provide an authorization letter (letter template available), signed by the official authorized to bind the agency, clearly identifying the names of the third-party administrator and individuals authorized to sign submittals on behalf of the agency. Any limitations on the authorization must be clearly identified in the letter. The County may request written clarification or supplemental information. The signed authorization will remain valid until further notification is provided by the agency.

Property Assessed Clean Energy (PACE) Assessment

If your agency has a new PACE Assessment to be added to the FY2024-25 Secured Property Tax Roll, your written request for a Special Assessment Number must also include an **Indemnification and Insurance Agreement** which provides a broad indemnification for the County, excepting only damages caused by the sole negligence of

willful misconduct of the County. Please note the indemnification remains in full force and effect in perpetuity.

In addition, please provide a **Certificate of Liability Insurance with coverage including general liability, automobile liability, workers' compensation, employers liability, professional errors and omission liability**, as well as a copy of the **recorded contract** for each property with a PACE assessment levy on the annual tax bill for any new PACE assessment amount or an addendum to the existing PACE assessment.

Special Assessment Levied on SBE (State Board of Equalization) Utility Parcels

If your agency intends to place a Special Assessment on a utility company property, please note that the utility company's parcel number will not be available in the County of Santa Clara's property tax database until it is provided by the State Board of Equalization (around late July).

Please ensure that the utility company's parcel number is valid. If the parcel number is invalid, the assessment amount will not be enrolled.

Assessments Levied for Solid Waste or Delinquent Charges

Service charges for Abatement, Utilities, Sewer, Water Drainage, and other services provided to customers are utility and/or delinquent charges and are not considered a special tax or Special Assessment or afforded super-priority lien status pursuant to Revenue and Taxation Code § 2192.1. **Please ensure that these utility or delinquent charges are separately listed on the Resolution for placement on the annual Secured Property Tax Roll.**

Parcel Number with Pre-fix "984"

A Parcel Number that starts with the prefix "984" denotes possessory interest property. A taxable possessory interest exists whenever there is a private, beneficial use of publicly-owned, non-taxable real property. Such interests are typically found where private individuals, companies or corporations lease, rent, or use federal, state or local government owned facilities and/or land for their own beneficial use. If your agency intends to levy the agency's Special Assessment on a possessory interest, please ensure it is a legally valid charge.

Cemetery Exemptions

According to the California Constitution, Article XIII, Section 3(g), certain cemeteries are exempt from Special Assessment. If your agency intends to levy a Special Assessment on a cemetery, please ensure it is a legally valid charge.

Proposition 218

Proposition 218 was approved by the voters on November 5, 1996, and affects the ability of special districts and other local governments to levy and collect existing and future taxes, assessments, and property-related fees and charges. It sets requirements and procedures for assessments, charges, and fees on top of any authorizing legislation requirements or specifically enabling legislation requirements. Please ensure your district is in compliance with Proposition 218.

Public Agency-Owned Property

Public agency-owned property is typically non-taxable for ad valorem tax if it is used for public purposes and is located within the jurisdictional boundaries of the public agency. **If the agency needs to place a levy on publicly-owned property, it must do so via its own direct billing.** Please refer to the legal requirements applicable to the billing of public agencies.

Qualified Special Taxes Exemption Information – AB 2458

Approved by the Governor on September 14, 2018, AB 2458 requires school districts which provide exemptions from qualified special taxes for persons who are 65 years of age or older, receiving Supplemental Security Income for a disability, or receiving Social Security Disability Insurance benefits, to annually provide the following information relating to the exemptions to the County. The County will provide access to the information with a hyperlink named “Parcel Tax Exemptions” on the County’s website.

- Hyperlink to the location of the Internet website of the school district that contains exemption information, if available.
- Hyperlink to the location of the Internet website of the school district that contains the application for the exemption, if available.
- A phone number to provide persons with exemption information or direct persons requesting exemption information.

Correction – Removal of the Special Assessment Amount

Requests for corrections or removal of the agency's assessment amount after the issuance of annual secured tax bills must be submitted in writing using the *Special Assessment Request for Correction Form*. The County will charge a fee for each Special Assessment change or deletion, and payment for cost reimbursement must accompany the Request for Correction Form that is submitted to the Controller-Treasurer Department.

Please note that requests for removal of the PACE assessment due to early payment or payoff will not be processed through roll corrections. For inquiries, please contact the Tax Roll Control unit via email at: SA_Mail@fin.sccgov.org.

Cancellation or Proration of the Special Assessment Amount

The Controller-Treasurer Department will **not** notify agencies for any of the following events:

1. If a tax bill's amount of ad valorem taxes and direct charges is less than \$20, the County may cancel these tax bills under the provisions of Revenue and Taxation Code §2611.4.
2. The Controller-Treasurer Department will also cancel the entire tax bill when the Office of the Assessor indicates that the Assessor's Parcel Number should not be on the roll.
3. If a public agency acquires a property within its boundary, the Controller-Treasurer Department will prorate or not prorate the Special Assessment amount in accordance with the Special Assessment district's notation of Proration or Non-proration on the District Information Form.

Judicial Foreclosures

Some agencies have a covenant with bondholders that delinquent accounts will be judicially foreclosed upon rather than follow the County Department of Tax and Collections tax defaulted sale process. If your agency's Special Assessment requires judicial foreclosure, you must notify us at the time your agency's Form B [District Information and Exemptions Status] is submitted. **As part of this process, the agency's Board of Directors must adopt a standing resolution stipulating that your agency will pursue the removal of the delinquent levies from the delinquent secured tax bill as specified by the bond covenant. Please provide us with a copy of this standing resolution.**

After **June 30** of each year, for the life of the assessment bond, your agency shall identify the delinquent assessment in your recorded "**Notice of Intent to Remove Delinquent Special Tax Installment from the Tax Roll**" (notice) per **Government Code Section 53356.2 and Streets and Highways Code Section 8833**. **The notice must be recorded and submitted to the Controller-Treasurer Department.** Once the Controller-Treasurer Department receives a copy of the recorded notice, the identified Special Assessment amounts will be removed from the delinquent tax bills. By this process, your agency will relieve the County of Santa Clara of any further responsibility for the collection of these delinquent Special Assessment amounts. If your agency pursues foreclosure on Special Assessment amounts outside of the Department of Tax and Collections' process, payment of all penalties and interest which would otherwise accrue to the remainder of the tax bill and processing costs will be required.

The County will recover its cost for each Special Assessment removal. Payment shall be submitted to the Controller-Treasurer Department with the Request for Removal Form.

Collections and Apportionments

For all Special Assessments billed on the annual secured tax roll, first installment payments are due by November 1st and are delinquent if not paid by December 10 and second installment payments are due by February 1st and are delinquent if not paid by April 10. The County accepts partial payments on secured property taxes (penalty assessed on amounts due is calculated on the balance due as of the payment due date).

For apportionment dates, please refer to the Property Tax Distribution Schedule page of the Controller-Treasurer website:

<https://controller.sccgov.org/property-tax-distribution-schedule>

Teeter Plan

Under the Teeter Plan, the County has the option to distribute the levy amounts of all Special Assessments using the alternative method of distribution of property tax levies and Special Assessments (Revenue and Taxation Code §4701 et. seq.). The County excludes from this alternative method of distribution the Special Assessments formed under Mello-Roos, 1911/1915 Bond Acts, and PACE, and non-Teeter cities.

Cost Reimbursements

<i>Type</i>	<i>Cost</i>
Annual placement of the Special Assessment roll	1% of assessment amount
Annual placement of the 1915 Act Bond	\$16 per parcel
Annual placement of the 1911/1915 Act Bond (PACE)	1% of assessment amount
Correction of Special Assessment amount	\$75 for each correction
Research – compilation of data	Time spent x Hourly rate

Agency Responsibilities

It is the agency's responsibility to determine the validity and accuracy of each of the agency's Special Assessment, including the correct Assessor's Parcel Number (APN) and amount. The County is not responsible for the validity or the computation of the Special Assessment. If the agency needs to place its Special Assessment on a parcel that does not have a valid and billable APN for the applicable tax roll year, it is the agency's responsibility to directly bill and collect from the party that is liable. In addition to that, the agency should keep current and comply with any changes in legislation.

If an agency uses the Office of the Assessor's use code or property characteristics to assist in determining the application of the agency's Special Assessment, it does so at its own risk. Please note that the Office of the Assessor maintains its database for ad valorem taxation as required by Revenue and Taxation Code and not the purpose of billing Special Assessments.

To improve customer service to taxpayers:

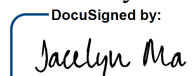
1. The agency agrees that its officers, agents, and employees will cooperate with the County by answering inquiries made to the agency by any person, concerning the agency's Special Assessment amount levied on a tax bill, in a timely and efficient manner.
2. The agency agrees that its officers, agents, and employees will ***not*** refer such individuals making inquiries, as above, to County officers or employees for a response.
3. The agency agrees that its officers, agents, and employees will ***not*** refer taxpayers to the County staff, regarding removal or correction of the agency's Special Assessment.

4. The agency agrees that its officers, agents, and employees will ***not*** refer financial consultants that are making requests for parcel count within the agency's boundary, to the Department of Tax and Collections or to the Controller-Treasurer Department for a response.
5. The agency agrees to refrain from instructing taxpayers to "not pay their bills." Penalties for late payment will not be excused based on statements made by the agency to the taxpayer. The agency does NOT have authority to waive penalties for a taxpayer's bill. However, the agency may refund any penalties paid directly to a taxpayer using agency funds.

As part of the County's enrollment of the Special Assessment, the agency releases and forever discharges the County and its officers and employees from any claims, demands, liabilities, costs and expenses, damages, causes of action, and judgments, in any manner arising out of the enrollment of the Special Assessments. The agency shall defend, indemnify and hold harmless the County and its officers and employees ("indemnified parties") from any claims, demands, liabilities, costs and expenses (including but not limited to attorneys' fees and litigation costs), damages, causes of action, and judgments, in any manner arising out of the enrollment of the Special Assessment, including but not limited to the specified Special Assessment amount. If any judgment is entered against any indemnified party (as a result of action taken to implement the agreement, by the County for the benefit of the agency), the Controller-Treasurer Department may offset the amount of any judgment paid by County or by any indemnified party, from any monies collected by County on the agency's behalf, including property taxes, special taxes, fees, or assessments. The County may, (but is not required to), notify the agency of its intent to implement any offset.

If you have any questions, please contact us via email at SA_Mail@fin.sccgov.org or contact Gloria Au, Controller-Treasurer Department Accounting Manager at Gloria.Au@fin.sccgov.org.

Sincerely,

DocuSigned by:

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Jacelyn Ma

Controller-Treasurer Division Manager

County of Santa Clara

Attachment I: FY2024-25 Annual Special Assessment Enrollment Timeline

Attachment II: Special Assessment Data Requirements