



DAVIS JOINT UNIFIED SCHOOL DISTRICT

EDUCATION PROGRAMS PARCEL TAX (MEASURE E)

PARCEL TAX REPORT - PRELIMINARY

FISCAL YEAR 2016-17

AUGUST, 2016

PURSUANT TO
GOVERNMENT CODE SECTIONS 50075 AND 50079

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DAVIS JOINT UNIFIED SCHOOL DISTRICT

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EXECUTIVE SUMMARY

On November 6, 2012, registered voters in the Davis Joint Unified School District voted to support a parcel tax measure (Measure E), for the purpose of continuing the programs and services previously funded by Measure A (the District's short term emergency tax), which expired at the end of Fiscal Year 2012-13. The funding generated by Measure E will be used to minimize layoff of district teachers and program reductions in the event of further State budget cuts. Measure E was approved by a margin of 69% in favor of levying the special tax for a period of four years, beginning in Fiscal Year 2013-14.

The parcel tax revenues will be used to preserve and continue to fund the following specific programs and services:

- Reduced class sizes for K-6, English, and Math;
- Availability of classes in core subjects such as science and history;
- Availability of multiple foreign language programs;
- Availability of elective course offerings such as fine art and Career Technical Education;
- Retaining counseling staffing;
- Continued targeted achievement support in Reading and Math;
- Continued availability of school site safety and support staff.

On March 6, 2013, following the passage of Measure E, the California Court of Appeals for the First Appellate District issued its final published decision in *Borikas v. Alameda Unified School District* which clarified that parcel taxes issued pursuant to Government Code section 50079 must be issued at a uniform rate per parcel. On June 12, 2013, the California Supreme Court denied review of the *Borikas* decision, thereby making the *Borikas* decision final. The California Court of Appeals and the California Supreme Court are courts of competent jurisdiction concerning parcel taxes issued pursuant to Government Code section 50079.

Measure E was issued pursuant to Government Code section 50079 and contains a severability clause which reads in part as follows: "Upon approval of this measure by the voters, should any part of the measure be found by a court of competent jurisdiction to be invalid for any reason, all remaining parts of the measure or taxing formula hereof shall remain in full force and effect to the fullest extent allowed by law."

The voters approved Measure E prior to the issuance of the final *Borikas* decision. The *Borikas* decision requires uniform tax rates for parcel taxes. Pursuant to the Measure E severability clause, the District hereby severs out the invalid portion of Measure E resulting in the remaining uniform parcel tax rate of \$204 per non-exempt parcel, as more fully described herein.

This Report summarizes the fiscal year 2016-17 Parcel Tax, Method of Apportionment and other related data. The full ballot text for Measure E as severed in accordance with *Borikas* is included in Appendix A.

For fiscal year 2016-17 there are 18,537 parcels of real property in the Davis Joint Unified School District. These parcels are located in the Counties of Yolo and Solano. Excluding tax-exempt parcels, there are 15,270 taxable parcels within the District.

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

The court decision in *Borikas v. Alameda Unified School District*, requires a uniform tax rate for all parcels, and confirmed the availability of the doctrine of severance for non-uniform parcel tax measures. Pursuant to *Borikas*, for a parcel tax measure to be severable, the invalid portion must be grammatically, functionally, and volitionally separable. (*Borikas*, 212 Cal.App.4th 135 at 212.) Measure E is severable as shown in Appendix A based on *Borikas* as follows:

First, Measure E is grammatically separable under *Borikas*. To be grammatically separable, the valid and invalid parts of the statute can be separated by paragraph, sentence, clause, phrase, or even a single word. (Id.). When a defect can be cured by excising any word or group of words, severance may be proper. (Id.) Under this first test, all language in Measure E referring to a per unit rate for multi-dwelling unit parcels can be stricken leaving only the \$204 rate for "All Parcels" as shown in Appendix A.

Second, Measure E is functionally separable under *Borikas*. To be functionally separable, the remainder after separation of the invalid part must be complete in itself and capable of independent application. (Id.) Measure E is functionally separable because the \$204 per parcel tax for all parcels would remain and is complete and capable of independent application without the \$20 per unit tax for multi-dwelling parcels.

Third, Measure E is volitionally separable under *Borikas*. To be volitionally separable depends on whether the remainder is complete in itself and would have been adopted by the legislative body had the latter foreseen the partial invalidation of the statute or constitutes a completely operative expression of the legislative intent. (Id. at 213.) The District's Measure E Board Resolution and the Ballot Text contained in Appendix A reveals a clear purpose and intent to provide additional revenues to the District to support District students and programs. Specifically, the District's Board Resolution ordering the election for Measure E parcel tax expresses a clear purpose of raising revenues to support the District students to continue to provide adequate funding and emergency funding for budget shortfalls. In addition, the Measure E Ballot provides that the purpose of the tax is to offset the continued loss of significant state funding and to continue the programs and services funded by the prior Measure A. Consistent with *Borikas*, severance of Measure E is complete and would result in achieving a substantial purpose by applying a uniform \$204 per parcel rate to meet the objectives specified in Measure E.

The special tax is levied each year on each taxable parcel of land within the boundaries of the Davis Joint Unified School District at the following annual rates:

FIGURE 1 – MEASURE E PARCEL TAX RATE

Land Use	Rate FY 2016-17	Unit
Parcel of Taxable Real Property	\$204.00	each

"Parcels of Taxable Real Property " is defined as any unit of real property in the District that receives a separate tax bill for ad valorem property taxes from the Yolo or Sano County Treasurer-Tax Collector's Office, as applicable depending on parcel location. All property that is otherwise exempt from or upon which no ad valorem property taxes are levied in any year shall also be exempt from the special tax in such year.

If more than one adjacent assessor parcels constitute a single Subdivision Map Act parcel, such property is considered to be a single parcel of taxable real property and is levied the amount of \$204.00.

An exemption may be granted on any parcel owned by one or more persons aged 65 years or older who occupies the parcel as a principal residence, upon application for exemption. All parcels currently with the Senior Citizen Exemption on previous tax measures (Measures A, C, Q, or W) will be automatically exempted. Exempted seniors may voluntarily opt-in to pay the parcel tax.

In addition, an exemption may be granted on any parcel owned by one or more persons receiving Supplemental Security Income ("SSI") for disability, regardless of age, who occupies the parcel as a principal residence, upon application for exemption.

The Measure E Parcel Tax is subject to an inflation adjustment annually, based on the change in the Consumer Price Index for All Urban Consumers California.

SPECIAL TAX, FISCAL YEAR 2016-17

PRELIMINARY BUDGET FOR FISCAL YEAR 2016-17

The preliminary special tax budget for 2016 is summarized in Figure 2.

FIGURE 2 – SPECIAL TAX BUDGET 2016

Measure E Education Programs Parcel Tax	Total 2016-2017 Costs
Beginning Fund Balance, July 1, 2016	\$0
Annual Gross Revenue from Special Tax	\$3,112,224
Annual Net Revenue + Fund Balance	\$3,112,224
School Site Support Staff	\$157,953
Vice Principal	\$61,907
Core Classes	\$994,753
Foreign Language	\$485,526
Class Size Reduction	\$513,874
Elective Offering Courses	\$338,998
Counselors	\$301,873
School Site Safety	\$155,883
Custodial	\$94,475
Tax Administration	\$6,982
Expenses Subtotal	<u>\$3,112,224</u>

SUMMARY OF SPECIAL TAX REVENUES BY YEAR

The special tax revenue for Fiscal Year 2016-17, for taxable parcels, is summarized in Figure 3 below.

Figure 3 - Summary of Special Tax Revenues – Taxable Parcels

Total Parcels	Parcels with Senior Exemption	Parcels with SSI Exemption	Tax Exempt Parcels	Total Taxable Parcels	Parcel Tax Units*	Tax Amount per Tax unit	Tax Amount
18,537	1,632	0	1,635	15,270	15,256	\$204.00	\$3,112,224

*Parcels with multiple owners on one parcel of real property are assigned a proportionate amount of the tax for each owner. There are 23 such parcels with a total of 9 tax units.

One "tax unit" is assigned to each taxable parcel of real property. Parcels receiving full exempt value by the county are not taxed.

Figure 4 depicts the comparison of special tax amounts levied on taxable parcels by Fiscal Year, with Fiscal Year 2013-14 being the first year levied.

Figure 4 - Summary of Special Tax Revenues by Fiscal Year

Fiscal Year	Total Parcels	Total Tax Units	Tax Rate	Total Tax	Annual Change	
					Tax Units	Tax Amount
2013-14	18,184	15,120	\$204.00	\$3,084,480	-	-
2014-15	18,187	15,100	\$204.00	\$3,080,400	(20)	(\$4,080)
2015-16	18,242	15,100	\$204.00	\$3,080,400	-	\$0
2016-17	18,537	15,256	\$204.00	\$3,112,224	156	\$31,824

ADMINISTRATION OF SPECIAL TAXES

INTRODUCTION

Specific details for the administration of the tax are included in the Measure E ballot text in Appendix A of this report. The following narrative provides an overview of the major elements of this administration.

GENERAL ADMINISTRATIVE REQUIREMENTS

The special tax levies are calculated for all parcels on the new fiscal year's assessor roll. This roll includes all parcels that are in existence prior to January 1 of the previous fiscal year. After the special tax levies have been computed, the levy data must be filed with the County Auditor prior to August 10 of each year for inclusion on property tax bills.

After submission of the parcel tax levies, the final levies should be confirmed with the County Auditor prior to the preparation of tax bills, which typically occurs in October. The special tax is collected in two equal installments on the tax bills that are due on December 10 and April 10.

DELINQUENCY PROCEDURES

The District participates in the "Teeter Plan" with the Counties of Yolo and Solano whereby the Counties pay all delinquent parcel taxes to the District and in return the Counties institute collection proceedings and, when collected, keep all delinquent payments with interest and penalties. This plan allows the District to maintain reliable parcel tax revenues and reduces the cost of collection.

The Counties have the option of removing a special levy from the Teeter Plan if delinquencies exceed the threshold of 5%. The District reviews the Counties of Yolo and Solano Tax Collector's public records annually by June 30 to determine the amount of parcel tax revenues and delinquencies during the fiscal year. As shown in Figure 5 below, delinquencies for Measure E were 0.51% of total special taxes levied for 2015-16 special taxes levied for parcels in Yolo and Solano Counties, combined. Provided the delinquency rate on the special taxes is below 5% for the prior fiscal year, the parcel tax levies will continue to be collected under the Teeter Plan.

FIGURE 5 – COMBINED DELINQUENCY DATA – YOLO & SOLANO COUNTIES

	<i>FY 2015-16 Levies</i>
Total Developed Parcels	15,106
Number of Delinquent Parcels	95
Percent of Parcels Delinquent	0.63%
Total Special Tax Levied	\$3,080,400.00
Total Special Taxes Delinquent	\$15,708.00
Percent of Special Tax Delinquent	0.51%

USE OF PROCEEDS

All proceeds of the tax levied and imposed shall be accounted for and paid into a special account designated for use of operations and maintenance of school facilities only, pursuant to Government Code Section 50075.1(b) and (c).

The Board of Education will hold annual public hearings to set the special tax rate and allocations funded by the Measure. Each year there will be a public accounting of the use of funds during the past year, as required by Government Code Section 50075.3, and approval of the use of funds for the next year, including review by the School Board.

SENIOR EXEMPTIONS

An exemption from payment of the special tax may be granted on any parcel owned by one or more persons 65 years of age or over who occupies parcel as a principal residence, upon application for exemption. To be eligible for the exemption, such property owners must provide satisfactory proof of such status by filing the required application form and supporting documentation.

SUPPLEMENTAL SECURITY INCOME ("SSI") EXEMPTIONS

An exemption from payment of the special tax may be granted on any parcel owned by one or more persons receiving Supplemental Security Income ("SSI") for disability, regardless of age, who occupies the parcel as a principal residence, upon application for exemption. To be eligible for the exemption, such property owners must provide satisfactory proof of such status by filing the required application form and supporting documentation each year.

TAX EXEMPT PROPERTY

Property that is exempt from regular ad valorem property taxation shall not be subject to the Special Tax. Examples of such parcels are condominium complex common areas, and publicly owned or government parcels, as well as zero value parcels.

MEASURE E BALLOT RESULTS

**YOLO COUNTY ELECTIONS OFFICE AND
SOLANO COUNTY ELECTIONS OFFICE
TUESDAY, NOVEMBER 6, 2012**

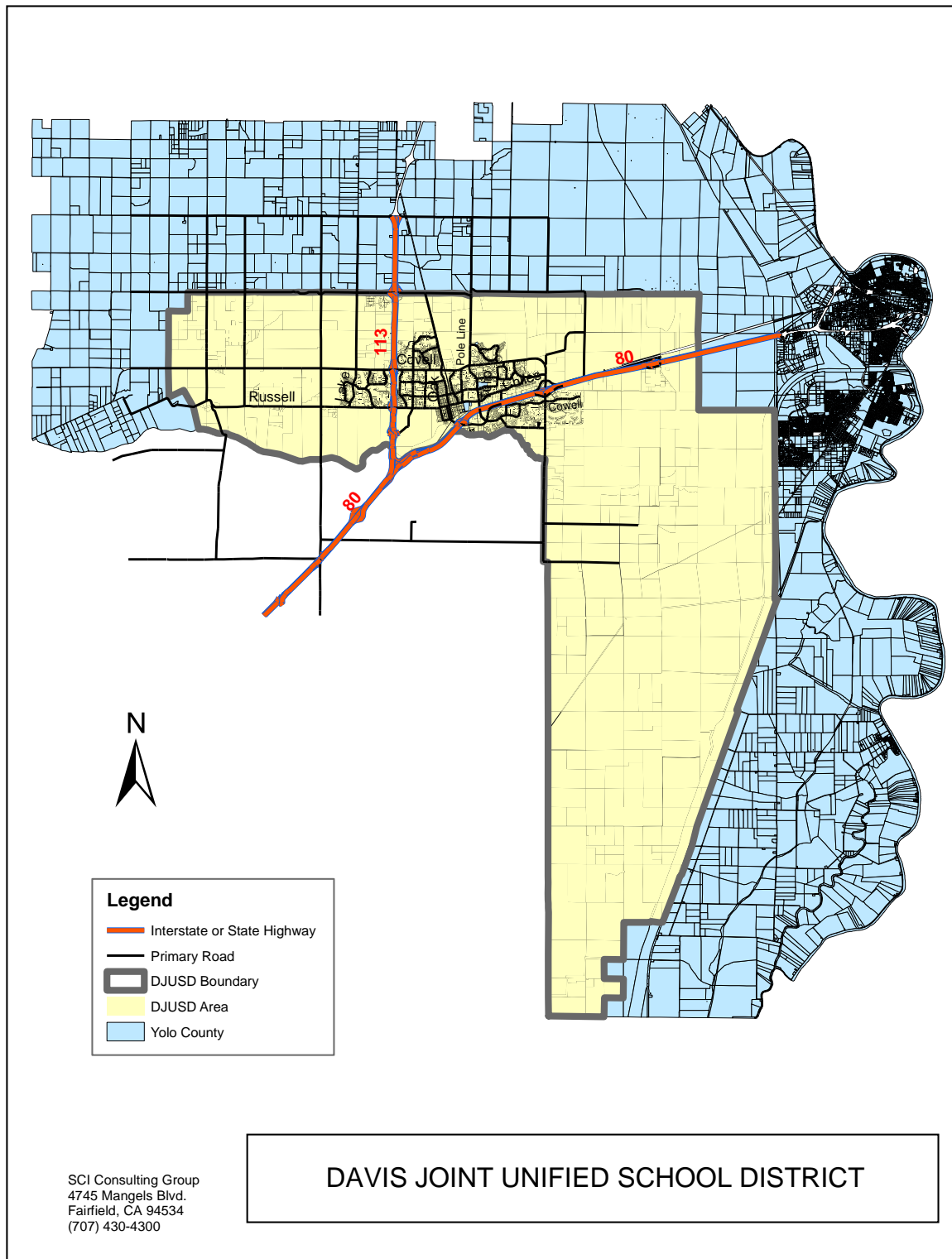
**MEASURE E
DAVIS JOINT UNIFIED SCHOOL DISTRICT**

OFFICIAL ELECTION RESULTS

Measure E (Req. 2/3)	Votes	Percent
YES	20,651	69.0%
NO	9,267	31.0%

DAVIS JOINT UNIFIED SCHOOL DISTRICT BOUNDARY

The following diagram displays the boundaries of the Davis Joint Unified School District.



2016-17 SENIOR EXEMPTIONS AND TAX EXEMPT PARCELS

A list of the parcels approved for a senior exemption, as well as tax exempt parcels for 2016-17, has been filed with the District and is included herein by reference.

APPENDIX A – SEVERED MEASURE E BALLOT TEXT

The full ballot text of Measure E is included on the following pages.

SEVERED**ABBREVIATED TEXT OF MEASURE**

To offset the continued loss of significant state funding, shall the Davis Joint Unified School District be authorized to continue a special tax for a period of 4 years not to exceed the base annual rate of \$20.00 per dwelling unit for multi dwelling parcels and \$204.00 per parcel. for all other parcels, and levy up to an additional \$242.00 to cover State funding shortfalls ONLY if the November 2012 Temporary Taxes to Fund Education initiative does not pass?

SEVERED

FULL BALLOT TEXT

The full text of the ballot measure shall read as follows:

To offset the continued loss of significant state funding, shall the Davis Joint Unified School District be authorized to continue a special tax for a period of 4 years not to exceed the base annual rate of ~~\$20.00 per dwelling unit for multi-dwelling parcels and \$204.00 per parcel for all other parcels, and levy up to an additional \$242.00 to cover State funding shortfalls ONLY if the November 2012 Temporary Taxes to Fund Education initiative does not pass?~~

The tax rate and associated local funding is based upon the budget deficit created by the continued loss of significant state funding and the expiration of Measure A, the district's short term emergency tax. ~~The rate could include the additional local funding to cover State funding shortfalls ONLY if the tax measure fails in November 2012.~~

The purpose of the measure is to continue the programs and services currently funded by Measure A, including:

- a) Reduced class sizes for K-6, English and math;
- b) Availability of classes in core subjects such as science and history;
- c) Availability of multiple foreign language programs;
- d) Availability of elective course offerings such as fine art and Career Technical Education;
- e) Retaining counseling staffing;
- f) Continued targeted achievement support in Reading and Math; and
- g) Continued availability of school site safety and support staff.

The measure will maintain the district's 2012-13 level of funding and minimize layoff of district teachers and program reductions in the event of further State budget cuts.

Basis of Tax.

The tax shall be levied on all Parcels of Taxable Real Property in the District, as defined below, on the following basis:

<u>Type of Parcel</u>	<u>Rate of Annual Tax</u>
Multi Dwelling Unit Parcel	Base Annual Tax Not to exceed twenty Dollars (\$20.00) per dwelling unit
All Other Parcels (If State November tax initiative passes)	Base Annual Tax Not to Exceed Two Hundred Four Dollars (\$204.00) per parcel
Or: All Other Parcels (If State November tax initiative does not pass)	Base Annual Tax Not to Exceed Four Hundred Forty six Dollars (\$446.00) per parcel

To account for the impact of inflation on the cost of delivering the classroom programs and student services supported by the education parcel tax, the rates as set forth above shall be adjusted annually, commencing as of the 2014-15 tax year, for inflation by the change in the "Consumer Price Index for all Urban Consumers California (1982-84=100)" published by the U.S. Department of Labor, Bureau of Labor Statistics. In the event this index is no longer published, the Board of Education shall adopt a comparable index of general price levels as it shall reasonably determine. The Board of Education shall cause the tax to be levied at the adjusted amount, or at such lesser amount in any year in which the Board deems such reduced amount sufficient and appropriate to meet the District's budgetary needs, or believes such reduced amount is appropriate in reaction to State budget changes.

By this new parcel tax measure, the District seeks voter approval to initiate a new parcel tax that will impose the parcel tax rates set forth above, ~~which rates include \$446 per parcel and \$20 per dwelling unit in multifamily dwellings.~~ The new level of parcel taxes will be imposed commencing with the 2013-2014 tax year and will run for a period of 4 years.

"Parcel of Taxable Real Property" is defined as any unit of real property in the District that receives a separate tax bill for *ad valorem* property taxes from the Yolo or Solano County Treasurer-Tax Collector's Office, as applicable depending on parcel location. All property that is otherwise exempt from or upon which no *ad valorem* property taxes are levied in any year shall also be exempt from the special tax in such year.

~~A "Multi Dwelling Unit Parcel" is a Parcel of Taxable Real Property that contains more than one dwelling unit, including, without limitation, apartment building, a multi-plex building (duplex, triplex etc.). In addition, all individually taxed mobile homes that receive a separate tax bill for *ad valorem* property taxes, whether located on a separate parcel, located in a mobile home park or mobile home subdivision shall individually be considered a Multi Dwelling Unit Parcel.~~

If more than one adjacent Assessor parcel constitutes a single parcel under the Subdivision Map Act (California Government Code section 66410 *et seq.*), then the parcel will be treated as a single Parcel of Taxable Real Property for purposes of the amount of tax due, and a claim for refund may be made by the property owner pursuant to the claim procedures outline below.

An exemption from payment of the special tax will be granted on any parcel owned by one or more persons 65 years of age or over who occupies parcel as a principal residence ("Senior Citizen Exemption"). All parcels currently with the Senior Citizen Exemption on previous tax measures (Measures A, C, Q or W) will be automatically exempted. An opt-in form will be made available upon request for automatically exempt seniors who want to voluntarily contribute by paying the parcel tax.

Applications for new senior exemptions may be made and delivered to the District any time before or during the fiscal year the parcel tax is levied in accordance with the process established by the District, or its designee.

An exemption may be granted on any parcel owned by one or more persons receiving Supplemental Security Income ("SSI") for disability, regardless of age, who occupies the parcel as a principal residence, upon application for exemption. Applications for such exemptions must be made and delivered to the District during the period from May 15 through June 15 (or the next regular business day thereafter) of each year the parcel tax is levied and in accordance with procedures established by the Davis Joint Unified School District Board of Education, or its designee.

Claim Procedures

With respect to all general property tax issues and billing matters within its jurisdiction, the Yolo or Solano County Tax Assessor, as applicable, or other appropriate County tax official shall make all final determinations of tax exemption or relief for any reason, and that decision shall be final and binding. With respect to matters specific to the levy of the special tax, including determination of Senior Citizen exemption, however, the decisions of the District shall be final and binding. In the latter case, a claim for a refund of the special tax shall comply with the following and any additional procedures as established by the Board:

- (a) All claims shall be filed with the Superintendent of the District no later than one year after the date the tax was paid. The claimant shall file the claim within this time period and the claim shall be finally acted upon the Board as a prerequisite to bringing suit thereon.
- (b) Pursuant to Government Code section 935 (b) the claim shall be subject to the provisions of Government Code sections 945.6 and 946.
- (c) The Board shall act on a timely claim within the time period required by Government Code section 912.4.

(d) The procedure described herein, and any additional procedures established by the Board, shall be the exclusive claims procedure for claimants seeking a refund, reduction, or recomputation of the special tax. Whether any particular claim is to be resolved by the District or by the County shall be determined by the District, in coordination with the County as necessary.

Appropriations Limit

Pursuant to California Constitution article XIII B and applicable laws, the appropriations limit for the District will be adjusted periodically by the aggregate sum collected by levy of this special tax.

Accountability Measures

The proceeds of the special tax shall be applied only to the specific purposes identified above. The proceeds of the special tax shall be deposited into a fund, which shall be kept separate and apart from other funds of the District. No later than January 1 of each year while the tax is in effect, the District shall prepare and file with the Board a report detailing the amount of funds collected and expended, and the status of any project authorized to be funded by this measure.

In addition, an independent Citizen's Oversight Committee shall be appointed by the Board of Education to ensure that the special tax proceeds collected pursuant to this measure are spent for their authorized purposes, and to report annually to the Board of Trustees and the public regarding the expenditure of such funds.

Severability

The Board hereby declares, and the voters by approving this measure concur, that every section and part of this measure has independent value, and the Board and the voters would have adopted each provision hereof regardless of every other provision hereof. Upon approval of this measure by the voters, should any part of the measure or taxing formula be found by a court of competent jurisdiction to be invalid for any reason, all remaining parts of the measure or taxing formula hereof shall remain in full force and effect to the fullest extent allowed by law.

Protection of Funding

Current law forbids any decrease in State or Federal funding to the District because of the District's adoption of a parcel tax. However, if any such funds are reduced because of the adoption of this parcel tax, then the amount of the special taxes will be reduced annually as necessary in order to restore such State or Federal funding.

APPENDIX B – 2016-17 SPECIAL TAX ROLL

The tax roll listing the Fiscal Year 2016-17 Special Tax for all Assessors' Parcels of land within the boundaries of the Davis Joint Unified School District has been filed with the District and is included herein by reference. The tax attributed to each parcel was computed in accordance with the approved parcel tax methodology as summarized in Figure 1.