COUNTY OF GLENN  
AGENDA ITEM TRANSMITTAL

MEETING DATE: April 5, 2016
Submitting Department(s):
Supervisor Viegas

BRIEF SUBJECT/ISSUE DESCRIPTION:
Approve and authorize the Chairman of the Board to execute letter of support for Senate Bill 1188 – Wildlife Management Areas: Payment of Taxes and Assessments

Contact: John K. Viegas, District 1 Supervisor
Phone: 934-6400

AGENDA PLACEMENT

APPOINTMENT – Appearances by: (Specify Name & Title)
Supervisor John K. Viegas

Required Minutes
☐ Business – No ☐ Consent
☐ Correspondence ☐ Reports & Notices

AFFECTED DEPARTMENT(S)

☐ Receive Concurrence

ATTACHMENTS
☐ Board Report
☐ Letter
☐ Minute Order
☐ Contract
☐ Transfer
☐ Grant App.
☐ Resolution

LEGAL/PERSONNEL/FISCAL
☐ County Counsel
☐ Personnel
☐ Finance

CLERK INSTRUCTIONS
☐ Return Minute Order
☐ Return Certified Copy Of:
☐ Other:

PUBLIC HEARINGS & COMMITTEE VACANCIES

Public Hearings:
☐ Published
☐ Affidavit on File w/Clerk
☐ Affected Parties Notified

Committees:
☐ Vacancy Posted
☐ Application Attached

LEGISLATION

Bill#: SB 1188
☐ State
☐ Federal
☐ Latest Version of Bill
☐ Draft Letter Attached
☐ List of Supporters/Opposers
☐ Statement of Relevance to County Interests
☐ Description Attached

FUNDING SOURCE/IMPACT

☐ General Fund Impact
☐ Other:
☐ Budgeted
☐ Transfer Attached
☐ 4/5ths Vote Required
☐ Contingency Request

CONTRACTS, LEASES & AGREEMENTS

☐ New
☐ Renewal
☐ Amendment
☐ Insurance Certificate
☐ Contract Report

Date of Original Contract:
Contract No.:
Fiscal Year:

RECOMMENDED ACTION/MOTION:
Recommendation of Supervisor Viegas to approve and authorize the Chairman of the Board to execute letter of support for Senate Bill 1188 – Wildlife Management Areas: Payment of Taxes and Assessments, which will return the language of future State Payment in Lieu of Taxes (PILT) to a "shall make" rather than a "may make" payment.

Reviewed By (if applicable): 
Personnel Director
Department of Finance
TO: Honorable Board Members

FROM: John K. Viegas – District 1 Supervisor

DATE: April 19, 2016

SUBJECT: Senate Bill (SB) 1188 – Wildlife Management Areas: Payment of Taxes and Assessments

EXECUTIVE SUMMARY
RCRC is the sponsor of Senate Bill 1188 by Senator McGuire (D-Healdsburg). Authored in conjunction with 15 other authors and co-authors, SB 1188 is a bi-partisan effort to amend Fish and Game Code to restore language that makes State Payment in Lieu of Taxes (PILT) payments to counties required as opposed to permissive. Additionally, RCRC is working through the legislative budget process to once again have the legislature appropriate the $8 million in PILT arrearages to 36 counties in the State Budget.

RECOMMENDATION(S):
Recommendation of Supervisor Viegas to approve and authorize the Chairman of the Board to execute letter of support for Senate Bill 1188 – Wildlife Management Areas: Payment of Taxes and Assessments, which will return the language for future State Payment in Lieu of Taxes (PILT) to a “shall make” rather than a “may make” payment.

HISTORY AND BACKGROUND:
Payment In Lieu of Taxes (PILT) was established in 1949 to offset adverse impacts to county property tax revenues that result when the State acquires private property for wildlife management areas.

Thirty-six counties currently have lands acquired by the Department of Fish and Wildlife for wildlife management areas: Alpine, Butte, Colusa, Del Norte, Fresno, Glenn, Humboldt, Imperial, Inyo, Lake, Lassen, Madera, Marin, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Riverside, San Bernardino, San Diego, San Luis Obispo, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Tulare, Yolo, and Yuba.

Historically, Fish and Game Code Section 1504 specified that when income is derived from real property acquired and operated by the state as wildlife management areas the Department of Fish and Wildlife shall pay annually to the county in which the property is located an amount equal to the county taxes levied upon the property at the time title was transferred to the State.

As a result of last minute negotiations between the Legislature and the Brown Administration, language was inserted into SB 83, the 2015 Public Resources Budget Trailer Bill, changing Fish and Game Code Section 1504 language to make payment of PILT permissive (“shall” to “may”).
FISCAL/PERSONNEL IMPACT(S):
The Department of Fish and Wildlife had not made PILT payments to counties in over a decade, citing the failure of the Legislature to appropriate funds for this purpose as the reason for nonpayment.

In the 2015-16 State Budget the Brown Administration proposed to fund PILT for the 2015-2016 fiscal year in the amount of $644,000. This dollar amount was arrived at by backing-out from the Department’s estimated $1,551,810 annual PILT payment owed to the 36 counties the amount identified as the property tax allocation for school districts.

In 2015, both the Senate Budget and Fiscal Review Subcommittee #2 and Assembly Budget Subcommittee #3:
- Approved the Brown Administration’s proposed payment of $644,000 PILT for the 2015-2016 fiscal year;
- Approved payment of $8 million* for the arrears owed to counties; and,
- Rejected the Brown Administration’s proposal to change the language of Fish and Game Code Section 1504 to make payment of PILT permissive.

The Department’s estimate of the PILT arrears (as of May 16, 2014) was $18,682,283. The Legislative Analyst’s Office, utilizing the Administration’s formula i.e. backing-out the property tax allocation for school districts, estimated the PILT arrears (as of May 16, 2014) to be $7,784,426.

As a result of last minute negotiations between the Legislature and the Brown Administration, SB 97 (2015 Budget Bill Junior) reduced the appropriation to the Department for “Management of Department Lands and Facilities” by $8 million – the $8 million appropriated by the Legislature for the arrears owed to counties.

The Governor’s 2016-17 proposed Budget includes a PILT payment of $644,000 to counties for the 2016-2017 fiscal year. The Director of the Department of Finance has recently stated that the Administration does not view the PILT arrears as a State liability.

ANALYSIS/DISCUSSION
Despite the requirement in statute that the Department of Fish and Wildlife make PILT payments annually to the impacted counties, the Department failed to do so for over a decade citing the failure of the Legislature to appropriate funds for this purpose as the reason for nonpayment.

While the Brown Administration included funding for PILT in the 2015-16 State Budget, and has proposed to fund PILT in the 2016-2017 State Budget, future Administration’s may well choose to not make PILT payments - leaving counties without recourse due to the permissive nature of the language.

In recognition of the State’s unfulfilled responsibility, both the Senate and Assembly took action to fund the PILT arrears in the 2015-2016 State Budget. Payment of the arrears is particularly important to many small and rural counties as PILT payments help fund county General Fund funded programs and services that benefit county residents.
The Honorable Fran Pavley  
Chair, Senate Natural Resources and Water Committee 
State Capitol, Room 5108  
Sacramento, CA 95814  

RE: Senate Bill 1188 (McGuire) – Wildlife Management Areas: Payment of Taxes and Assessments - SUPPORT  

April 5, 2016  

Dear Senator Pavley:  

On behalf of the Glenn County Board of Supervisors, I am writing to express our strong support for Senate Bill 1188, authored by Senator McGuire (D-Healdsburg), relating to State Payment in Lieu of Taxes (PILT).  

Many of California’s counties that contain State wildlife management areas also have a significant amount of federal and other state owned land within their boundaries that do not generate property tax revenues, an important source of revenue to fund local programs and services for county residents. California PILT was established in 1949 to offset adverse impacts to county property tax revenues that result when the State acquires private property for wildlife management areas. 

Last year’s final State Budget Package changed Fish and Game Code Section 1504 to make future State PILT payments permissive by changing the ‘shall’ pay to ‘may’ pay. SB 1188 will return the ‘may’ back to ‘shall’. 

While Glenn County appreciates that the Brown Administration included funding in the State Budget for PILT for the 2015-16 fiscal year after more than a decade of non-payment, and has proposed to fund State PILT in the 2016-2017 fiscal year, future Administration’s may well choose to simply not make State PILT payments - leaving counties without recourse due to the now permissive nature of the language. SB 1188 will help ensure that State PILT payments are made to counties both today and in the future. 

Specifically in Glenn County the State has purchased more and more properties over time both directly and through surrogates. On an annual basis, the missing tax payments to the County now total $74,102.80 per year. This figure does not include any acknowledgment that most of the properties would have appreciated by 2% per year over the State’s ownership period, the Gann limit. Finally, last year’s County payment was decremented for payments made by the State to education. The formula was never provided, and the County was presented with a payment of $17,745.00, or $0.24 on the dollar. 

The Glenn County Board of Supervisors respectfully requests your ‘Aye’ vote when the bill is heard before your committee. 

Sincerely, 

GLENN COUNTY BOARD OF SUPERVISORS 

LEIGH W. MCDANIEL, Chairman 

cc: Members, Senate Natural Resources & Water Committee  
Committee Consultant 
Senator McGuire  
Senator Jim Nielsen  
Assembly Member James Gallagher  
Republican Consultant  
Rural County Representatives of California  
California State Association of Counties  

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SB-1188 Wildlife management areas: payment of taxes and assessments. (2015-2016)

CALIFORNIA LEGISLATURE—2015–2016 REGULAR SESSION

SENATE BILL No. 1188

Introduced by Senators McGuire, Nielsen, and Wolk
(Principal coauthor: Assembly Member Dodd)
(Coauthors: Senators Berryhill, Gaines, and Roth)
(Coauthors: Assembly Members Achadjian, Alejo, Bigelow, Dahle, Gray, Lackey, Obernolte, Olsen, and Wood)

February 18, 2016

An act to amend Section 1504 of the Fish and Game Code, relating to fish and wildlife.

LEGISLATIVE COUNSEL’S DIGEST

SB 1188, as introduced, McGuire. Wildlife management areas: payment of taxes and assessments.

Existing law regulates real property acquired and operated by the state as wildlife management areas, and authorizes the Department of Fish and Wildlife, when income is directly derived from that real property, as provided, to annually pay to the county in which the property is located an amount equal to the county taxes levied upon the property at the time it was transferred to the state. Existing law further authorizes the department to pay the assessments levied upon the property by any irrigation, drainage, or reclamation district. Existing law requires those payments to only be made from funds that are appropriated to the department for those purposes.

This bill would require, instead of authorize, the department to make these payments subject to appropriation by the Legislature.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 1504 of the Fish and Game Code is amended to read:

1504. (a) When income is derived directly from real property acquired and operated by the state as a wildlife management area, and regardless of whether income is derived from property acquired after October 1, 1949, the department—may shall pay annually to the county in which the property is located an amount equal to the county taxes levied upon the property at the time title to the property was transferred to the state. The department—may shall also pay the assessments levied upon the property by any irrigation, drainage, or reclamation district.
(b) Any delinquent penalties or interest applicable to any of those assessments made before September 9, 1953, are hereby canceled and shall be waived.

(c) Payments provided by this section shall only be made from funds that are appropriated to the department for the purposes of this section.

(d) As used in this section, the term "wildlife management area" includes waterfowl management areas, deer ranges, upland game bird management areas, and public shooting grounds.

(e) Any payment made under this section shall be made on or before December 10 of each year, with the exception of newly acquired property for which payments shall be made pursuant to subdivision (f).

(f) Any payments made for the purposes of this section shall be made within one year of the date title to the property was transferred to the state, or within 90 days from the date of designation as a wildlife management area, whichever occurs first, prorated for the balance of the year from the date of designation as a wildlife management area to the 30th day of June following the date of designation as a wildlife management area, and, thereafter, payments shall be made on or before December 10 of each year.

(g) Notwithstanding any other law, payments provided under this section shall not be allocated to a school district, a community college district, or a county superintendent of schools.