

District Business & Advisory Services

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Bulletin: 13-034

Date: October 8, 2012

To: District Fiscal Directors

From: Kolvira Chheng

Re: Calculation of Redevelopment Pass-Through Payments – Update from Tax Managers Meeting

As promised during our September Fiscal Directors Rountable, below is an update from the September 24th statewide Tax Managers meeting with regards to the Los Angeles Superior Court's ruling in the case of Los Angeles Unified School District v. Los Angeles County (Superior Court Case BS108180).

There are two parts of the LA Superior Court Decision:

Part 1: Calculation of the statutory AB 1290 pass-through should be made using a "post-ERAF" AB 8 factors. Implementation methodology for Counties distributed property tax at Jurisdictional level is conceptual agreed by LA county and the tax managers group.

Part 2: Distribution of ERAF portion (of pass-through) to Local Educational Agencies (LEAs). This is the bottle neck whereas the Court has not approved any methodology for the distribution. The Court requested LA county to re-submits its methodology for distribution of the ERAF to LEAs. This would be another methodology [pending approval of the Court] in addition to the State Controller's 3 methodologies below for allocation of the ERAF pass-through amount:

1. Ratio of LEA's property tax revenues in the project area vs. LEA's total property tax revenues, or
2. LEA Average daily attendance [ADA] in the project area vs. LEA's total ADA, or
3. Original ERAF generated in the project area vs. Total Original ERAF generated for LEA.

This County has already implemented part 1; however, they are evaluating each of the methodology for implementation of part 2. Of 58 counties, only few counties have implemented both part 1 and part 2 – with a different methodology for part 2.

As a point of clarification, this decision only applies to AB 1290 statutory pass through.

We will keep you updated as more information becomes available.

Please distribute this memo within your District as deemed appropriate.