



ERAF & Excess ERAF

PRESENTED BY:
JACELYN MA, CPA
DIVISION MANAGER
CONTROLLER-TREASURER OFFICE
COUNTY OF SANTA CLARA

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What is ERAF

- ▶ Educational Revenue Augmentation Fund
- ▶ Source of Funding:
 - ▶ Local non-school taxing jurisdictions' property tax

PROPERTY TAX

- ✓ SECURED
- ✓ SUPPLEMENTAL
- ✓ UNSECURED
- ✓ UNITARY



SECURED

- Property that can't be moved
- Lien on the property
- Comprised of land, mineral rights, improvements, personal property, fixtures



SUPPLEMENTAL (SB813)

- Enacted in 1983
- Issued in addition to the annual secured tax bill
- Allow reassessment of a base year value for supplemental event
 - (a) Change in ownership or
 - (b) Completion of new construction



UNSECURED

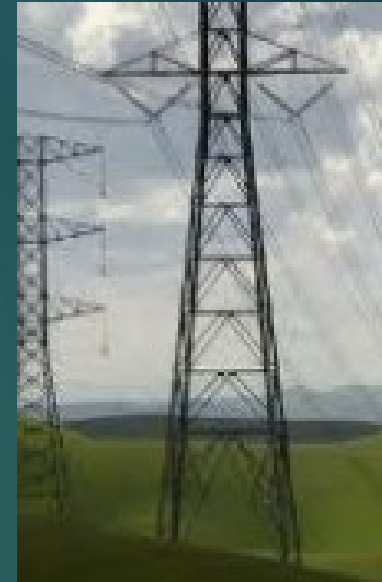
- Comprised of improvements, business personal property, boats and aircraft
- Taxed are based on the value of the property



Business Property Statement (E-File)

UNITARY

- ▶ Assessed by the California Board of Equalization
- ▶ Derived from the state assessed utility roll
- ▶ Comprised of unitary and nonunitary (e.g. AT&T, PG&E), and railroad properties



Property Tax



- ▶ **Assessor's Office & State Board of Equalization**

- ▶ Determine property assessed value

- ▶ **County Controller-Treasurer's Office:**

- ▶ Calculates and compiles the tax roll
 - ▶ 1% Base Tax Levy
 - ▶ Voter-Approved Debt Levy
 - ▶ Special Assessment Charge
- ▶ Calculates the allocation factors
 - ▶ Revenue and Taxation Code
- ▶ Distributes the tax levies to taxing entities

Property Tax and ERAF

- ▶ **Proposition 13 [1978]**
 - ▶ Limit the tax rate for each individual piece of property to one percent, exclusive of bonded indebtedness
- ▶ **Allocation of 1% Property Tax**
 - ▶ Before ERAF
 - ▶ **Local Jurisdiction's Property Tax = Each local agency's share of 1% property tax**
- ▶ **ERAF Shift**
 - ▶ 1992/93 **ERAF I** [Permanent Shift]
 - ▶ 1993/94 **ERAF II** [Permanent Shift]
 - ▶ ERAF shares a portion of non-school district's property tax annually (base and annual growth)
- ▶ **After ERAF I & II**
 - ▶ **Affected non-school Local Jurisdiction's Property Tax = Each local agency's share of 1% property tax – ERAF Shift**

EDUCATIONAL REVENUE AUGMENTATION FUND (ERAF I & II)



Enacted in 1990s, to resolve serious State budgetary shortfalls in 1992/93 and 1993/94



Permanently shifted over \$3 billion of annual local property tax revenue from counties, cities, and *special districts* to the **Educational Revenue Augmentation Fund (ERAF)**.



Statewide, this represented approximately 17% of local property tax revenue. ERAF shift is annual and increase with the growth of each local jurisdiction.

What's the use of ERAF

- ▶ ERAF is to distribute to non-basic aid schools
- ▶ Reducing the state's funding obligations for K-14 education
 - ▶ ERAF is counted toward the funding of a school district to meet the State Guarantee Level

FY2021-22 ERAF Shift (based on the beginning roll data)

Special Districts:		FY21-22 *AB8 ERAF Shift
Aldercroft Heights County Water District	\$	8,700
Guadalupe Coyote Resource Conservation District		29,974
Santa Clara County Library		27,052,240
Loma Prieta Resource Conservation District		11,228
Los Altos Fire District		140,535
Rancho Rinconada Recreation & Park District		47,876
Saratoga Cemetery District		199,319
Saratoga Fire District		895,712
South Santa Clara Valley Memorial District		17,018
Purissima Hills Water		693,886
Santa Clara Valley Water District		9,350,417
	\$	38,446,904
* Amount represents beginning of the year shift, before any roll corrections or distributions.		

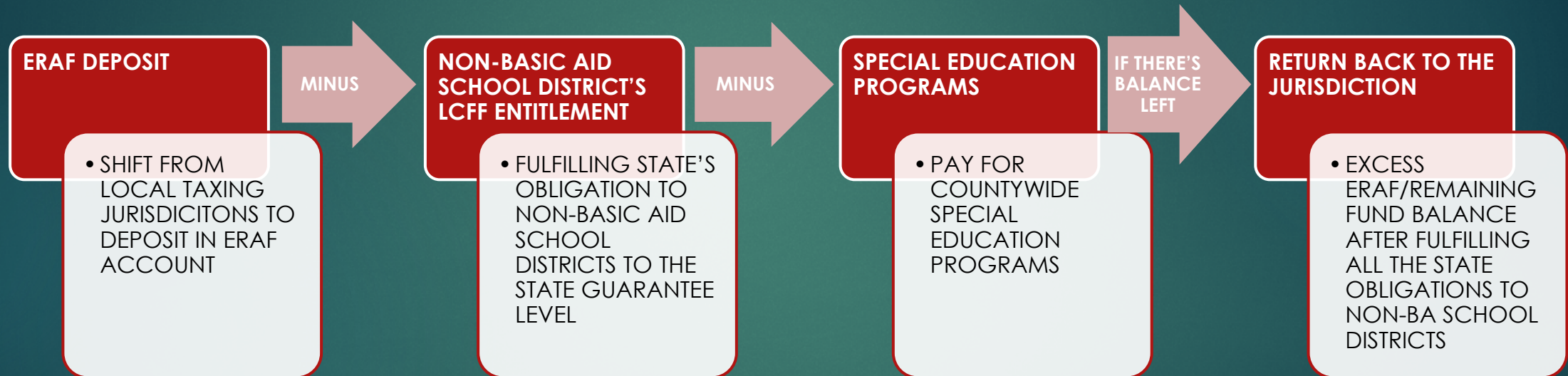
ERAF III and Prop 1A

- ▶ Additional ERAF Shift
 - ▶ SB 1096 enacted in July 2004
 - ▶ 2004/05 & 2005/06 **ERAF III** [Not Permanent Shift]
 - ▶ Total payments from special districts \$350 million
- ▶ **Prop 1A passed on November 2, 2004**
 - ▶ To protect revenues collected by local governments (cities, counties, and special districts) from being transferred to the California state government for statewide use.

Excess ERAF

- ▶ In late 1990's, some counties notified the State that there's remaining fund balance left in the ERAF account after paying all non-basic aid schools to the State Guarantee Level
- ▶ Legislation enacted [Revenue and Taxation Code 97.2(d)]:
 - ▶ To expend the funding for special education programs through ERAF, and
 - ▶ To return the remaining to the contributing jurisdictions
- ▶ The return of remaining contributed amount to taxing entities is known as "Excess ERAF"
- ▶ Excess ERAF arose in our County in FY2012-13 with first distribution in FY2013-14

EXCESS ERAF



FY21-22 Excess ERAF Distribution - March 2022 Update
Distribution Date: June 27, 2022

FY21-22 Distribution		
SPECIAL DISTRICTS:		
Aldercroft Heights County Water District	\$	4,881.64
Guadalupe Coyote Resource Conservation District		17,503.54
Santa Clara County Library		15,691,879.95
Loma Prieta Resource Conservation District		6,495.27
Los Altos Fire District		81,424.13
Rancho Rinconada Recreation & Park District		27,613.97
Saratoga Cemetery District		115,573.28
Saratoga Fire District		522,464.77
South Santa Clara Valley Memorial District		9,889.48
Purissima Hills Water		400,940.52
Santa Clara Valley Water District		5,414,991.09
Total Special Districts	\$	22,293,657.64

Excess ERAF Distribution



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Special Districts

Property Tax Distribution

[Property Tax Distribution Schedule](#)

Look at the monthly tax distribution schedule.

 [Excess ERAF Distribution](#)

Review the current actual and next year's estimated distribution of Excess ERAF to special districts.

[Redevelopment Agency Dissolution](#)

Property Tax Information

[Property Tax Rate Book](#)

See property tax rates and equalized assessed values.

[Property Tax Highlights](#)

Read an overview of the administration of property taxes and the collection and distribution of taxes.

[Property Tax Distribution Charts](#)

Special Assessments

[Annual Enrollment](#)

Enroll in Special Assessments and update your enrollment information.

[Annual Levy Amounts](#)

See parcel tax amounts levied by Cities, Schools, and Special Districts.

ERAF & Excess ERAF

- **ACTIVE LAWSUIT**

- California School Board Association (CSBA) filed suit against SCO (Betty Yee, in her official capacity as Controller) in 2021
 - Dispute over calculation of school's ERAF entitlement:
 - Increase the use of ERAF and reduce amount of excess ERAF distributed back to the non-school contributing entities



Q & A