



ASSEMBLY BILL 1265 ADVISORY STATEMENT

Assembly Bill (AB) 1265 (Chapter 90, Statutes of 2011) is a bill that was approved by the Governor on July 13, 2011 and became effective on July 15, 2011. Essentially, AB 1265 reinstates the relevant Williamson Act, Revenue & Tax Code, and Open Space Subvention Act provisions found in Senate Bill (SB) 863.1 Similar to SB 863, AB 1265 allows eligible counties to re-capture 10 percent of the property tax benefits provided to their owners of Williamson Act lands.

Implementation of AB 1265

If counties receive less than half of their foregone general fund property tax revenue from the Open Space Subvention Act Program the prior year, they are eligible to implement a new provision of the Williamson Act (found in AB 1265) to allow contracts (both Williamson Act and Farmland Security Zone) to be amended from ten and 20 years to nine and 18 years, respectively. Shortening the length of owners' contracts triggers a statutorily authorized re-capture of 10 percent of their participating landowners' property tax savings. Since the increased revenue is allocated exclusively to the counties, they would re-capture, on average, half of their forgone property tax revenue.

AB 1265 Example

The following example has been provided demonstrating the benefit a county may receive if it implements AB 1265:

County's Williamson Act Program

\$38,727,377	County's total Williamson Act assessed land value
x 1.1%	Tax rate
= \$426,001	Total taxes
x 13%	County's share of the property tax dollar
= \$55,380	General Fund Revenue

Proposition 13 Values

\$131,207,966	County's Total Proposition 13 assessed land value
x 1.1%	Tax rate
= \$1,443,288	Total taxes
x 13%	County's share of the property tax dollar
= \$187,627	General Fund Revenue

County's Forgone Property Tax Revenue

\$187,627	General Fund Revenue (Proposition 13)
- <u>\$55,380</u>	General Fund Revenue (County's Williamson Act Program)
= \$132,247	County's forgone property tax revenue

1 SB 863 (Chapter 722, Statutes of 2010) was a budget trailer bill that replaced Assembly Bill 2530 (Nielsen) and became effective on October 19, 2010.

In the prior fiscal year, the County received \$0 from the Open Space Subvention Act fund. The County's forgone property tax revenue was \$132,247. Therefore, because the County received less than half of their foregone property tax revenue from the Open Space Subvention Act Program the prior year, the County would be eligible to participate in the 10 percent re-capture provision found in AB 1265.

County's Total Property Tax Relief

\$1,443,288	Total Taxes (Proposition 13)
- <u>\$426,001</u>	
= \$1,017,287	

Total Taxes (County's Williamson Act Program)

10 Percent Re-capture of the Tax Relief Provided to Landowners	
\$1,017,287	County's Total Property Tax Relief
x <u>10%</u>	10 Percent Reduction in Tax Relief to Landowners
= \$101,729	

In sum, if the County implemented AB 1265, the County would receive \$101,729 from its Williamson Act landowners.

Please note that SB 80 (Chapter 11 Statutes of 2011) terminated the provision found in SB 863 providing for a \$10 million subvention fund. AB 1265 does not reinstate the SB 863 provision providing for a \$10 million subvention fund.

AB 1265 can be found online at the [California Legislative Website](#).

For additional information, contact the Department of Conservation's Division of Land Resource Protection at (916) 324-0850.