

California

PROPERTY TAX INFORMATION

*1982 Act Benefit
Assessment Districts
provide a uniform
procedure for local
government to pay for
the maintenance and
operation of drainage,
flood control and other
public systems.*

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What is a 1982 Act Benefit Assessment District?

Background

A 1982 Act Benefit Assessment District provides a uniform procedure for local government agencies to finance the maintenance and operation of public systems such as drainage, flood control and street lighting. As a benefit assessment, it is based on the concept of assessing only those properties that benefit from improvements financed, either directly, or indirectly through increased property values. Because it is considered a benefit assessment, a 1982 Act assessment is not subject to Proposition 13 limitations.

The Benefit Assessment Act of 1982

This legislation (Government Code §54710 *et seq.*) can be used by any local agency including cities, counties, and special districts such as school districts or water districts. Approved uses include maintenance and operation costs of drainage systems, flood control systems, and street lighting. Additionally, any agency authorized to maintain streets and roads may impose a benefit assessment for maintenance costs of public streets and highways. Any agency authorized to provide drainage and flood control services may impose assessments for the installation or improvement of those facilities, in addition to an assessment for maintenance.

No bonds can be issued in connection with a 1982 Act Benefit Assessment District. However, an agency may levy a special assessment to cure financial shortfalls in the bond funds of other assessment districts if assessment collections are not adequate. This will normally only be used if the agency obligated itself to pay for any shortfalls. In such a case, the Act allows that agency to impose a one-time benefit assessment not to exceed \$30 per parcel. This can only be done in circumstances where the assessment district experiencing the shortfall is at least 60% developed.

How is a Benefit Assessment District Formed?

The sponsoring agency conducts a study, prepares a written report and proposes the formation of a district and the levy of assessments. Affected property owners are then notified and a public hearing is held. In order to approve the district, a majority vote of affected property owners through an assessment balloting procedure is required. Once approved, assessments will be placed on property tax bills each year.

How is the Annual Charge Determined?

By law (Prop. 13), benefit assessments cannot be based on the value of property. Instead, the charge must be related to the benefit received by the parcel. The formula can be based on class of property improvement, property use, or on a per-parcel basis, or any combination of those factors.

Special Requirements for Increased Charges

Proposition 218, called "The Right to Vote on Taxes Act", was formed in part to counteract concerns surrounding benefit assessments such as 1982 Act Districts. Under Prop. 218, to increase an existing assessment, the agency must now give written notice to all affected property owners, hold a public hearing and an assessment ballot vote. A majority vote is required to approve the rate increase. If a majority vote is not received, the increase cannot be applied.

How Long Will the Charge Continue?

Assessments that pay for ongoing services will continue as long as those services are provided. However, assessments levied to finance major improvements (like installation of a flood control system) may cease after the project has been fully funded.

