

# **Discussion of Possible Rates and Projected Revenue of New Parcel Tax**

Board of Education, February 9, 2010  
Rob Siltanen, Director of Educational Options

# Background

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## *Parcel Tax Advisory Group (“PTAG”)*

- In order to protect the programs our schools and students depend on and to find a resolution of litigation over Measure H that would work for our community, in 2009 AUSD and John Beery convened a Parcel Tax Advisory Group.
- The PTAG’s purpose was to recommend to the Board of Education a proposed structure for a new parcel tax which, if successful, would supersede the current parcel taxes.

# Background

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## *Parcel Tax Advisory Group (“PTAG”)*

- The PTAG held public meetings on October 29, November 19, December 10, and January 7.
- At the January 12, 2010 Board meeting, staff presented for information the PTAG’s recommendations.

# Background

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## *PTAG Considerations*

- Collective Responsibility -- Good schools are good for all of Alameda. We have to take care of our own.
- “Fairness” – All agree with the principle, but there are difficult tradeoffs with any structure
- Clarity – Voters should be able to understand the structure generally and to know the answer to “What will I pay?”
- Legal Issues

# Background

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## *PTAG Considerations*

- Overall Structure (flat, per parcel square foot – uncapped or capped, per building square foot, split roll)
- “Fair” Allocation among Residential, Nonresidential, Vacant/Unimproved
- “Fair” Allocation within Residential, Nonresidential
- Discussed (but no Recommendation from PTAG for) Total Revenue Generated.

# Background

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## *PTAG Deliberations on Possible Structures*

- Structure #1: A flat tax per parcel, uncapped or capped
- Structure #2: A tax based on lot square footage
- Structure #3: A tax based on building square footage
- Structure #4: A “split roll” under which parcels are taxed differently based on their use code or on other characteristics

# Background

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## *PTAG Deliberations on Possible Structures*

- Structure #1: A flat tax per parcel. Every taxable parcel pays exactly the same dollar amount regardless of size or use
- Example: AUSD's Measure A: a flat tax per parcel; passed in 2001, increased and passed in 2005
- Advantages and Disadvantages (e.g. "allocation")

# Background

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## *PTAG Deliberations on Possible Structures*

- Structure #2: A tax based on lot square footage (“per parcel square foot”).

Examples: None that have the same rate “across the board,” but this method is used for the commercial/industrial portion of Albany’s Measures I and J and of Alameda’s Measure H.

- Advantages and Disadvantages



# Background

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## *PTAG Deliberations on Possible Structures*

- Structure #3: A tax based on building square footage (“per building square foot”).
- Examples: West Contra Costa’s Measure D: a tax based on total building area square footage on each parcel; passed in 2008; Emery’s Measure A: a tax assessed “per square foot of improved property” foot; passed in 2007; Berkeley’s Measure A: a tax based on “the Square Footage of all Improvements, including all Buildings and Structures,” with different rates for residential and for nonresidential; a flat tax per parcel for unimproved parcels;
- Advantages and Disadvantages

# Background

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## *PTAG Deliberations on Possible Structures*

- Structure #4: A “split roll.” Parcels are taxed differently based on their use code or on other characteristics (“PTAG Structure”)
- Examples: AUSD’s Measure H; Albany’s Measure A (a flat tax per parcel for residential; a tax based on lot square footage for nonresidential; an inflation escalator; passed in 2005); Piedmont’s Measure B and Measure E.
- Advantages and Disadvantages

# Background

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## *PTAG Recommendations*

- 1) The new parcel tax should replace the existing AUSD parcel taxes, Measure A and Measure H.
- 2) The new parcel tax should be a “split roll.”
- 3) The new parcel tax should treat unimproved property on a per-lot-square-foot basis.
- 4) The new parcel tax should include a “per dwelling unit” tax on multi-family and multi-unit properties.

# Background

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## *PTAG Recommendations*

- 5) The “per dwelling unit” tax rate on multi-family and multi-unit properties in the new parcel tax should be lower than the rate for a single family home or a condominium.
  
- 6) The new parcel tax should balance the tax burden/responsibility between residential and nonresidential so that the taxes levied on nonresidential property account for not more than 25% of the total revenue raised by the new tax

# Background

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## *PTAG Recommendations*

- 7) The new parcel tax should include a minimum tax for each parcel
- 8) The new parcel tax should include a maximum tax or cap for each parcel
- 9) The new parcel tax should be for a term of no less than 10 years.

# Background

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## *PTAG Recommendations*

- 10) The new parcel tax should include an “escalator.”
- 11) The new parcel tax should include a mechanism to address any surplus funds.
- 12) The new parcel tax should include an option for seniors to exercise an exemption from the tax

# Projected Revenue and Possible Rates

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*For \$14M, by Structure #1 “flat tax per parcel”*

All non-exempt parcels \$809/per  
parcel

Residential/Nonresidential allocation 95%/5%

# Projected Revenue and Possible Rates

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*For \$14M, by Structure #2 “per parcel square foot”*

All non-exempt parcels	16.1 cents/ lot sq. foot (if a \$9500 cap)
Residential/Nonresidential allocation	80%/20%



# Projected Revenue and Possible Rates

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*For \$14M, by Structure #3 “per building square foot”*

All non-exempt parcels	28.6 cents/ bldg sq. foot (no cap)
Residential/Nonresidential allocation	83%/17%

# Projected Revenue and Possible Rates

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*For \$14M, by Structure #4 “PTAG Structure”*

Single-family homes and condos	\$669
2-3-4plex and multi-family 5+ units	\$189/unit
Nonresidential and vacant	13 cents/lot square foot (if a \$9500 cap)
Residential/Nonresidential allocation	84%/16%

*\*Variables\**

# Projected Revenue and Possible Rates

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*For \$16M, by Structure #1 “flat tax per parcel”*

All non-exempt parcels \$924/per  
parcel

Residential/Nonresidential allocation 95%/5%

# Projected Revenue and Possible Rates

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*For \$16M, by Structure #2 “per parcel square foot”*

All non-exempt parcels	18.4 cents/ lot sq. foot (if a \$9500 cap)
Residential/Nonresidential allocation	80%/20%

# Projected Revenue and Possible Rates

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*For \$16M, by Structure #3 “per building square foot”*

All non-exempt parcels	32.8 cents/ bldg sq. foot (no cap)
Residential/Nonresidential allocation	83%/17%

# Projected Revenue and Possible Rates

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*For \$16M, by Structure #4 “PTAG Structure”*

Single-family homes and condos	\$765
2-3-4plex and multi-family 5+ units	\$219/unit
Nonresidential and vacant	15 cents/lot square foot (if a \$9500 cap)
Residential/Nonresidential allocation	83%/17%

# Projected Revenue and Possible Rates

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*For \$12M, by Structure #1 “flat tax per parcel”*

All non-exempt parcels \$695/per  
parcel

Residential/Nonresidential allocation 95%/5%

# Projected Revenue and Possible Rates

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*For \$12M, by Structure #2 “per parcel square foot”*

All non-exempt parcels	13.8 cents/ lot sq. foot (if a \$9500 cap)
Residential/Nonresidential allocation	80%/20%



# Projected Revenue and Possible Rates

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*For \$12M, by Structure #3 “per building square foot”*

All non-exempt parcels

24.5 cents/  
bldg sq. foot  
(no cap)

Residential/Nonresidential allocation

83%/17%

# Projected Revenue and Possible Rates

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*For \$12M, by Structure #4 “PTAG Structure”*

Single-family homes and condos	\$575
2-3-4plex and multi-family 5+ units	\$149/unit
Nonresidential and vacant	12 cents/lot square foot (if a \$9500 cap)
Residential/Nonresidential allocation	82%/18%