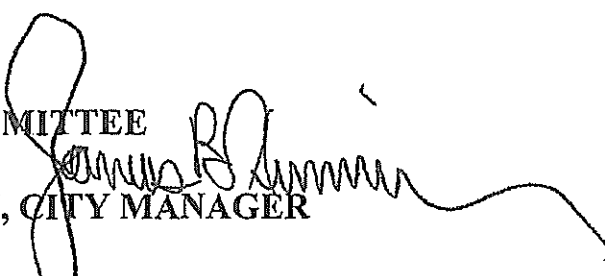




MEMORANDUM

TO: SPECIAL CITIZENS' COMMITTEE

FROM: JAMES B. HENDRICKSON, CITY MANAGER 

SUBJECT: TAX BURDEN OF PALOS VERDES ESTATES
PROPERTY OWNER VIS-À-VIS OTHER PENINSULA
CITIES

DATE: AUGUST 8, 2007

Periodically, articles appear in the local newspapers attempting to assess the relative tax burden borne by property owners in different cities in the Peninsula or in the South Bay. Most have been inaccurate in that they fail to account for the portion of the property tax in Rancho Palos Verdes, Rolling Hills Estates, and Rolling Hills that is allocated to Los Angeles County for fire protection services. Palos Verdes Estates, on the other hand, finances its contract with L.A. County Fire through a Special Tax – which is separate and apart from the 1% general property tax levy.

The Assistant City Manager has prepared the attached chart, which shows an “apples-to-apples” comparison of the relative property tax burden in each of the 4 Peninsula cities. It shows that when the true cost of City property taxes and fire protection costs are compared, PVE property owners bear the **lowest tax burden** of the 4 cities.

This is delineated as follows.....

- PVE is a “normal” property tax City. 11.3¢ of each dollar paid is remitted to the City. RPV, RH, and RHE are “no and low” property tax cities. They are remitted 6.4¢, 6.5¢, and 6.7¢, respectively, of each dollar paid.

addition, those three cities pay a special Fire Assessment Fee (Proposition E) over and above the portion of the property tax that is allocated to L.A. County Fire (\$49.93 in FY 06-07).

- When we factor in the PVE Fire and Paramedic Services Special Tax to develop an equivalent tax burden for comparison to the other cities, we find that in all 3 instances utilizing different assessed valuations, PVE pays less than RPV, RHE and RH taxpayers. In fact, for a home assessed at \$600,000, taxpayers in the other 3 cities pay from 24% to 29% more in taxes than PVE property owners. For homes with assessed valuation of \$900,000 and \$1,300,000, the amount paid by property owners in the other cities is between 32% - 38% higher.

It should be noted that these comparisons do **not** include any other special assessments or taxes levied on property owners or residents. For example, RPV has a Storm Drain Fee and Utility Users' Tax that are in addition to what it noted above; and Palos Verdes Estates has a Sewer Users' Fee.

Attachment

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Tax Burden and Distribution 1% General Levy - Property Taxes

	PVE	RPV	RHE	RH
1% general levy				
LA County General	0.332	0.238	0.241	0.264
ERAF	0.23	0.221	0.209	0.214
PVPUSD	0.21	0.194	0.201	0.191
LA County Fire Protection	0	0.168	0.173	0.165
City	0.113	0.064	0.067	0.065
PV Library District	0.035	0.032	0.033	0.031
LA County Community College	0.031	0.029	0.030	0.028
Other Districts	0.049	0.054	0.045	0.042
Total	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Equivalent Tax rates - City property taxes and Fire Protection Costs

Assessed Value		PVE	RPV	RHE	RH
\$600,000	City property tax	\$678.00	\$382.20	\$401.40	\$390.36
	LA County Fire	\$0.00	\$1,008.00	\$1,039.80	\$987.60
assume 1,700 sq ft	PVE Fire Tax	\$474.31	\$0.00	\$0.00	\$0.00
	Prop E - Fire Assessment	\$0.00	\$49.93	\$49.93	\$49.93
	Total	<u>\$1,152.31</u>	<u>\$1,440.13</u>	<u>\$1,491.13</u>	<u>\$1,427.89</u>

Assessed Value		PVE	RPV	RHE	RH
\$900,000	City property tax	\$1,017.00	\$573.30	\$602.10	\$585.54
	LA County Fire	\$0.00	\$1,512.00	\$1,559.70	\$1,481.40
assume 2,500 sq ft	PVE Fire Tax	\$584.42	\$0.00	\$0.00	\$0.00
	Prop E - fire assesment	\$0.00	\$49.93	\$49.93	\$49.93
	Total	<u>\$1,601.42</u>	<u>\$2,135.23</u>	<u>\$2,211.73</u>	<u>\$2,116.87</u>

Assessed Value		PVE	RPV	RHE	RH
\$1,300,000	City property tax	\$1,469.00	\$828.10	\$869.70	\$845.78
	LA County Fire	\$0.00	\$2,184.00	\$2,252.90	\$2,139.80
assumes 4,500 sq ft	PVE Fire Tax	\$823.70	\$0.00	\$0.00	\$0.00
	Prop E - fire assesment	\$0.00	\$49.93	\$49.93	\$49.93
	Total	<u>\$2,292.70</u>	<u>\$3,062.03</u>	<u>\$3,172.53</u>	<u>\$3,035.51</u>