



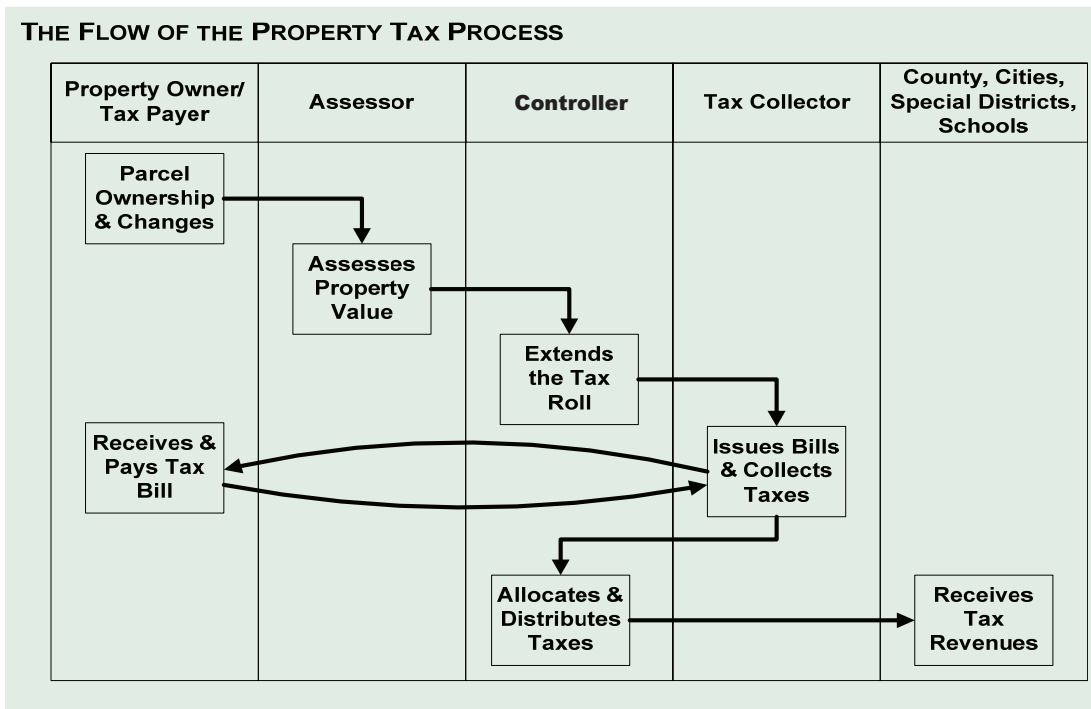
Property Tax Highlights

County of San Mateo

Fiscal Year July 1, 2007 to June 30, 2008

Property Tax Process

Today, California schools, counties, cities and special districts depend on property tax as a primary source of revenue. Property tax raised \$1.24 billion for local governments within the boundaries of San Mateo County during fiscal year 2006-07 and is expected to generate \$1.33 billion for fiscal year 2007-08. The *Property Tax Highlights* is intended to provide an overview of the property tax process in San Mateo County. It includes highlights of current results and a broad description of how the property tax is generated from the taxpayers and distributed to local government agencies. Please visit our website located at www.co.sanmateo.ca.us/controller to view or download copies of the *Property Tax Highlights* and other publications.



The Proposition 13 property tax initiative approved overwhelmingly by California voters in 1978 is the basis for the current tax process. Proposition 13 limits the property tax rate to 1% of assessed value, plus the rate necessary to fund local voter-approved bonds. It limits assessed value increases to 2% per year on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel.

Since the passage of Proposition 13, the California legislature and the voters have continually altered, interpreted, and implemented changes in the property tax laws. This publication helps to explain some of the complexities of Proposition 13 and subsequent statutes that govern the property tax process. We welcome your comments and questions, which can be emailed to us at thuening@co.sanmateo.ca.us.

THREE ELECTED COUNTY OFFICIALS PROVIDE MANY OF THE CHECKS AND BALANCES THAT GOVERN THIS TAX PROCESS

Warren Slocum
Assessor-County Clerk-Recorder
(650) 363-4500

Tom Huening, CPA, CPFO
Controller
(650) 363-4777

Lee Buffington
Treasurer-Tax Collector
(650) 363-4142

Parcel Ownership and Taxpayers

Annually, whoever owns taxable property on January 1 (the lien date) becomes liable for property tax based on the value of the property. The assessed value for most property is the prior year's assessed value adjusted for inflation up to 2%. However, if there has been a change in ownership, the new assessed value will be the market value of the property that changed ownership. New construction value is added to the property's prior base values.

The owners of property in San Mateo County are responsible for timely payments of taxes, and late penalties can be significant.

Principal Taxpayers 2007-08

	Type of Business	Assessed Value	% of Total Assessed Value
Genentech	Biopharmaceutical	\$ 2,010,927,726	1.52%
United Airlines	Air Transportation	1,760,548,364	1.33%
Pacific Gas & Electric	Utility	1,570,481,766	1.19%
Oracle	Software	586,436,369	0.44%
Pacific Shores Development	Commercial RE	490,888,500	0.37%
AT&T of California (SBC)	Utility	392,926,658	0.30%
Sun Microsystems	Software	368,615,259	0.28%
Wells REIT II University Circle LP	Commercial RE	298,860,000	0.23%
Westport Office Park LLC	Commercial RE	244,494,000	0.18%
Tyco Electronics (Tyco Thermal)	Manufacturing	232,137,003	0.18%
Total Top 10 Principal Taxpayers		<u>\$ 7,956,315,645</u>	<u>6.02%</u>

The top ten taxpayers make up only 6.02% of total valuation. This is an indicator that the County has diversification within its tax base.

The County has 218,785 parcels that include both residential (homes, condos, and apartments) and non-residential businesses (hotels, retail, etc.) property. Utilities and railroads are valued across multiple parcels. Business personal property (machinery and equipment) is taxable where it has established "permanent status"; while vessels (boats) are assessed where moored, and aircraft are taxed at the location of the airport.

Under Prop 13, similar properties can have substantially different assessed values based on the date of purchase.

Major Reappraisals - Secured Property*

2006-07 Total Assessed Value		\$ 114,189,015,393
Reason for Change in Appraisal:		
2% Prop 13 CPI adjustment	\$ 2,308,020,224	
Property Ownership Changes	5,551,066,580	
New Construction	780,958,360	
Other	245,658,336	8,885,703,500
2007-08 Total Assessed Value		<u>\$ 123,074,718,893</u>

* Excludes unsecured and unitary properties.

Reappraisal based on ownership changes and new construction accounted for the major increase in valuation change last year. The 2% inflation adjustment also contributes to the increase in base value.

Assessor Values Property

The primary responsibility of the County Assessor is to determine the taxable value of each property so that each owner is assured of paying the proper amount of property tax for the support of local government. The main categories of taxable property include real property (secured) and business personal property, vessels and aircraft (unsecured). Real property is defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines. Personal property includes items such as machinery, equipment, office tools and supplies. It is important to note that there are numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

Assessed value is determined and enrolled to the person owning it on January 1, which is the tax lien date. As an example, property change in ownership (sales) and new construction (captured from permits) during the prior calendar year 2006 are valued and enrolled as of January 1, 2007. The 2% inflation adjustment is applied along with exemptions and other appraisable events. The net assessed value of \$132.5 billion as of January 1, 2007 is then taxed for the fiscal year July 1, 2007 to June 30, 2008.

Historical Assessed Value of Property in the County (in billions)

Fiscal Year	Assessed Valuation	Percent Increase
79-80	16.3	9.6%
80-81	18.1	11.4%
81-82	20.2	11.8%
82-83	22.1	9.3%
83-84	23.9	8.0%
84-85	26.0	8.9%
85-86	28.6	9.9%
86-87	31.6	10.5%
87-88	34.8	10.0%
88-89	37.9	9.0%
89-90	41.7	10.0%
90-91	46.7	12.1%
91-92	49.6	6.2%
92-93	51.9	4.5%
93-94	54.3	4.7%
94-95	55.6	2.4%
95-96	57.2	2.9%
96-97	58.8	2.7%
97-98	61.9	5.3%
98-99	67.1	8.4%
99-00	72.9	8.6%
00-01	80.1	9.9%
01-02	90.1	12.5%
02-03	95.5	5.9%
03-04	100.7	5.5%
04-05	105.5	4.8%
05-06	113.2	7.3%
06-07	122.9	8.7%
07-08	132.5	7.8%

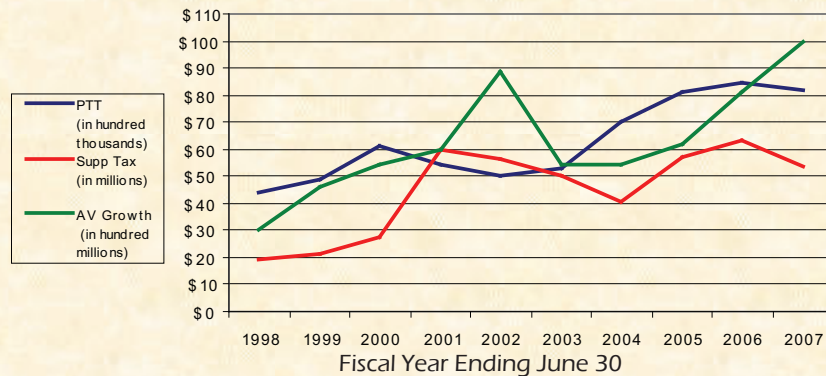
Includes all property (secured and unsecured) net of all exemptions

Other significant processes include:

- A Supplemental roll places reappraisals into immediate effect on the date of transfer or the new construction completion date rather than waiting for the next lien date; resulting in the capture of tax for a portion of the current fiscal year.
- A Unitary roll contains properties such as railroads and utilities crossing the county and is valued by the State Board of Equalization.
- An assessment appeals process allows taxpayer to dispute values through administrative and judicial processes.

The leading indicators of property tax growth are property transfer tax (PTT) and supplemental property tax (Supp Tax) growth rates, which are trending downward in FY 2006-07, suggesting future decline in assessed value (AV) growth.

County General Fund AV Growth vs. Property Transfer & Supplemental Taxes



**For more information on the assessment process visit:
www.smcare.org**

Controller Prepares Tax Roll

Once the assessed valuation is determined and enrolled by the Assessor, it is delivered to the Controller by July 1. The tax roll is then prepared by the Controller by multiplying the value of each parcel by the 1% tax rate plus the amount necessary to make annual payments on bonds or other indebtedness approved by the voters to finance local facilities. The majority of outstanding bonds in the County are for school facilities.

3-Year Total Tax Levy

Fiscal Year	Amount
2005-06	\$ 1,338,522,776
2006-07	\$ 1,475,636,023
2007-08	\$ 1,575,258,958

In addition, numerous fixed charges approved by voters or permitted by legislation are added to the tax roll (examples include sewer, flood control, and library assessments). This

determines the legal liability per parcel and is passed on to the Tax Collector by September 30.

Since 1978, bonds require a two-thirds super majority vote, but effective January 1, 2001, certain bonds for school facilities can be approved by 55% of voters.

2007-08 Tax Calculation

Secured Value - Local	\$123,074,718,893
Secured Value - SBE non-unitary	33,808,711
Unsecured Value	8,158,641,285
Unitary Value*	1,330,404,830
Taxable Value (Before exemptions)	132,597,573,719
Homeowners' Exemptions	924,208,963
Total Taxable Value	\$133,521,782,682
1% General Tax Rate	x 1%
Property Tax	\$1,335,217,827
Bonds	95,641,064
Fixed Charges & Special Assessments	144,400,067
Total Tax Levy	\$1,575,258,958

*Unitary properties (groups of utility and railroad properties that function as a unit) are assessed annually by the State Board of Equalization.

School District Bonds

District	Debt Authorized by Voters	Bonds Issued		Taxes per \$100K Assessed Value
		Amount Originally Issued	Balance as of 6/30/2007	
Elementary				
Belmont	\$ 36,720,000	\$ 36,720,000	\$ 11,095,000	\$ 39.10
Brisbane	10,996,439	10,996,439	10,876,439	25.40
Burlingame	19,220,000	19,220,000	16,300,000	18.30
Hillsborough	42,001,422	42,001,422	39,476,422	30.00
Jefferson	50,959,269	50,959,269	50,459,269	34.10
Las Lomas	22,129,944	22,129,944	21,794,944	39.80
Pacifica	30,221,712	30,221,712	28,511,712	45.70
Menlo Park	119,465,000	63,365,000	52,610,000	41.60
Portola Valley	23,000,000	23,000,000	20,895,000	40.40
Ravenswood	14,520,226	14,520,226	14,520,226	33.50
Redwood City	65,995,163	65,995,163	58,870,163	26.50
San Bruno	29,588,566	29,588,566	23,293,567	32.40
San Carlos	59,415,000	54,233,165	53,193,645	53.20
San Mateo/Foster City	104,057,425	104,057,425	98,125,741	33.20
Woodside	17,732,159	17,732,159	17,392,159	38.10
High Schools				
Jefferson	164,460,000	77,560,000	74,365,000	17.40
San Mateo	133,459,950	133,459,950	126,054,950	15.60
Sequoia Union	202,580,000	202,580,000	198,775,000	22.80
Unified Schools				
Cabrillo	35,000,000	35,000,000	23,296,263	49.20
South San Francisco	36,825,170	36,825,170	36,825,170	19.50
College District				
SMC Community College	674,994,994	674,994,994	662,864,994	18.40

Treasurer-Tax Collector Issues Bills & Collects Taxes

The Tax Collector sends annual secured tax statements (bills) by November 1. The bill can be paid in two installments due November 1 and delinquent after December 10 and due February 1 and delinquent after April 10. (Note that payment due dates are well into the fiscal year July to June, when they become due). Supplemental tax may be billed when there is a change in ownership or when new construction is complete.

Penalties for late payments are significant at 10% for the first installment delinquency, 10% plus \$40 for the second installment delinquency and an additional 1.5% per month beginning the following July 1. After 6 years of taxes being delinquent, property can be sold at a tax sale to pay the tax. As a result of the strong property values in San Mateo County, delinquency rates are among the lowest in the state.

Number of Tax Bills Issued

Fiscal Year	Secured	Unsecured	Supplemental	Total
2005-06	215,112	20,235	20,853	256,200
2006-07	215,177	19,404	14,008	248,589
2007-08	215,705	19,955	11,761	247,421

Delinquent Tax Payment History

as of June 30th of the Fiscal Year Due

Fiscal Year	Amount	Rate
1997-98	6,965,820	1.37%
1998-99	6,623,683	1.21%
1999-00	7,803,913	1.31%
2000-01	9,215,516	1.43%
2001-02	12,620,007	2.02%
2002-03	11,399,078	1.74%
2003-04	13,868,824	1.68%
2004-05	14,562,265	1.64%
2005-06	17,057,199	1.30%
2006-07	26,152,114	1.70%

2007-2008			SAN MATEO COUNTY SECURED TAX BILL			2007-2008		
FOR FISCAL YEAR BEGINNING JULY 1, 2007 AND ENDING JUNE 30, 2008								
PARCEL NUMBER	TAX RATE AREA	VOLUME	ASSESSMENT INFORMATION			VALUES		
047-208-190	87-008	Bill# 311888 073	Land		12,126	Improvements		0
			Fixtures		0	Personal Property		0
			Full Cash		12,126	Exemption		0
			Value After Exemption		12,126			
LEGAL DESCRIPTION LOT 21 BLOCK 27 RESUB OF SUBS 2 & 3 OF G RANADA RSM			TAXING AGENCY			RATE		
SITUS:			GENERAL TAX RATE			1.0000		
ASSESSED TO: Taxpayer Jane PO BOX 2263 EL GRANADA, CA 94018-2263			CABRILLO UNIFIED			.0496		
			SM JR COLLEGE BD			.0171		
			GENERAL TAX TOT			1.0667		
			HMB Fire Spcl Tax			(650)726-5213		
			FedCA&NPDES Storm Fee			(650)599-1417		
			SMC Mosq Abatemnt Assmnt			(800)289-3771		
			Granada Sewer Bond			(800)676-7516		
			1st Penalty			27.90		
			2nd Penalty			27.90		
			2nd Penalty Cost			40.00		
			Tax Payable			653.80		
1 DUE NOVEMBER 1, 2007 AFTER DECEMBER 10, 2007... ADD 10% PENALTY TO YOUR PAYMENT			2 DUE FEBRUARY 1, 2008 AFTER APRIL 10, 2008... ADD 10% PENALTY + \$40.00 COST TO YOUR PAYMENT					
306.90			346.90					
* Pay Online at www.sanmateocountytaxcollector.org								

STATEMENT PORTION FOR YOUR RECORDS

You can now pay your taxes online at:
www.co.sanmateo.ca.us/tax

Controller Distributes Property Taxes

After collection, the Tax Collector forwards the taxes to the Controller for apportionment and distribution to all eligible jurisdictions in the County. The law requires the Controller to allocate the revenue in accordance with specified formulas and procedures as explained on page 12.

Summary of Fiscal Year 2007-08 Incremental Secured, Unsecured & Homeowners Exemptions

FUND NO	TAXING AGENCY	PRIOR YEAR ACTUAL TAXES NET OF RDA ¹	CURRENT YEAR TAXES NET OF RDA ²	CURRENT YEAR INCR GROWTH \$	CURRENT YEAR INCR GROWTH %	VLF /SWAP FY 07/08
00100	COUNTY -GENERAL FUND	\$ 159,698,030	\$ 170,905,427	\$ 11,207,397	7.02%	\$ 68,182,663
CITIES AND CITY-MANAGED SPECIAL DISTRICTS						
10101	TOWN OF ATHERTON	\$ 4,046,144	\$ 4,399,352	\$ 353,208	8.73%	\$ 569,719
10701	CITY OF BELMONT	2,449,116	2,530,977	81,861	3.34%	1,803,497
10901	CITY OF BRISBANE	1,675,248	1,763,368	88,120	5.26%	249,988
11301	CITY OF BURLINGAME	8,408,045	9,005,499	597,454	7.11%	2,017,242
11801	TOWN OF COLMA	56,924	61,045	4,121	7.24%	94,950
12301	CITY OF DALY CITY	13,840,555	14,781,320	940,765	6.80%	7,521,885
74630	DALY CITY SANI DIST	1,254,895	1,344,812	89,917	7.17%	-
12701	CITY OF EAST PALO ALTO	3,925,229	4,541,801	616,572	15.71%	2,838,025
14401	CITY OF HALF MOON BAY	1,128,779	1,189,856	61,077	5.41%	900,267
14701	TOWN OF HILLSBOROUGH	8,721,259	9,253,408	532,149	6.10%	767,750
15701	CITY OF MENLO PARK	6,847,800	7,476,608	628,808	9.18%	2,191,692
15801	CITY OF MILLBRAE	3,248,676	3,464,039	215,363	6.63%	1,518,548
16701	CITY OF PACIFICA	7,619,582	8,179,753	560,171	7.35%	2,850,505
17901	TOWN OF PORTOLA VALLEY	679,868	716,283	36,415	5.36%	318,782
78707	PORTOLA VALLEY RANCH RD	437	467	30	6.86%	-
78740	WOODSIDE HILAND RD MAINT	21,924	24,959	3,035	13.84%	-
18401	REDWOOD CITY AREA #1	14,653,067	15,862,133	1,209,066	8.25%	5,325,590
18403	REDWOOD CITY AREA #3	6,991,197	7,438,213	447,016	6.39%	-
18420	REDWOOD CITY PARKING #1	23,528	23,664	136	0.58%	-
18430	REDWOOD CITY GEN IMP DS I-64	579,378	618,551	39,173	6.76%	-
18501	CITY OF SAN BRUNO	4,896,086	5,238,265	342,179	6.99%	3,177,759
18601	CITY OF SAN CARLOS	5,786,452	6,147,527	361,075	6.24%	1,983,424
18701	CITY OF SAN MATEO	20,213,329	21,824,978	1,611,649	7.97%	6,680,074
19401	CITY OF SO SAN FRANCISCO	12,281,105	13,177,156	896,051	7.30%	4,608,649
19701	TOWN OF WOODSIDE	1,519,694	1,593,456	73,762	4.85%	403,679
72810	TOWN CTR SEWER MAINT	32,459	33,592	1,133	3.49%	-
	TOTAL CITIES	\$ 130,900,776	\$ 140,691,082	\$ 9,790,306	7.48%	\$ 45,822,025
SCHOOL DISTRICTS						
30030	BAYSHORE ELEM	\$ 721,615	\$ 714,576	\$ (7,039)	-0.98%	\$ -
30070	BELMONT ELEM	17,075,576	17,928,755	853,179	5.00%	-
30090	BRISBANE ELEM	3,221,026	3,390,760	169,734	5.27%	-
30130	BURLINGAME ELEM	10,616,518	11,368,712	752,194	7.09%	-
30470	HILLSBOROUGH ELEM	10,812,662	11,487,844	675,182	6.24%	-
30480	JEFFERSON ELEM	17,436,964	18,544,576	1,107,612	6.35%	-
30520	PACIFICA SCHOOL DISTRICT	10,113,892	10,843,649	729,757	7.22%	-
30530	LAS LOMITAS ELEM	8,738,231	9,563,493	825,262	9.44%	-
30570	MENLO PARK ELEM	14,754,652	16,037,996	1,283,344	8.70%	-
30580	MILLBRAE ELEM	7,882,999	8,282,088	399,089	5.06%	-
30790	PORTOLA VALLEY ELEM	6,741,546	7,139,849	398,303	5.91%	-
30830	RAVENSWOOD ELEM	5,704,197	6,298,144	593,947	10.41%	-
30840	REDWOOD CITY ELEM	30,904,358	33,556,142	2,651,784	8.58%	-
30850	SAN BRUNO ELEM	12,475,050	13,501,509	1,026,459	8.23%	-
30860	SAN CARLOS ELEM	10,585,812	11,284,464	698,652	6.60%	-
30870	SAN MATEO-FOSTER CITY ELEM	44,345,273	47,545,162	3,199,889	7.22%	-
30970	WOODSIDE ELEM	3,896,543	4,054,779	158,236	4.06%	-
40480	JEFFERSON HIGH SCH	25,900,522	27,532,004	1,631,482	6.30%	-
40870	SAN MATEO HIGH SCH	73,190,558	78,267,921	5,077,363	6.94%	-
40890	SEQUOIA HIGH SCH	71,139,042	76,507,393	5,368,351	7.55%	-
50200	CABRILLO UNIFIED SCH	16,137,163	17,115,624	978,461	6.06%	-
50700	LA HONDA-PESCADERO UNI	2,552,704	2,673,877	121,173	4.75%	-
50940	SO SAN FRANCISCO UNI	44,405,887	47,609,327	3,203,440	7.21%	-
60870	SAN MATEO JR COLLEGE	77,349,133	82,821,829	5,472,696	7.08%	-
79994	COUNTY EDUCATION TAX	40,253,301	43,101,361	2,848,060	7.08%	-
79995	EDUC REV AUGH FUND (ERAF)	159,747,962	171,026,793	11,278,831	7.06%	-
	TOTAL SCHOOL DIST.	\$ 726,703,186	\$ 778,198,627	\$ 51,495,441	7.09%	\$ -

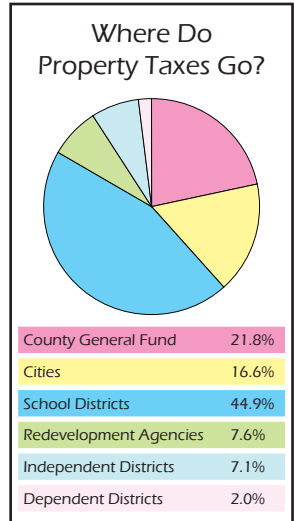
¹ RDAs are Redevelopment Agencies. The prior year taxes in this column include ERAF I and ERAF II amounts.

² The current year taxes in this column represents actual collections of current unsecured, homeowners exemptions and estimated levies from current secured.

Growth and Property Tax Allocation by Fund
(exclusive of Unitary & General Aircraft Revenue)

The County's General Fund allocation is \$304.8 million.

TRIPLE FLIP FY 07/08	TOTAL SWAP & TRIPLE FLIP	CURRENT YR ALLOCATION NET OF SB1096	EXCESS ERAF & DEFICIT NON BASIC AID SCHOOLS ³	CURRENT YEAR ALLOCATION NET OF EXCESS ERAF	PCT OF TOTAL
\$ 4,615,928	\$ 72,798,591	\$ 243,704,018	\$ 61,128,118	\$ 304,832,136	21.8%
\$ 54,235	\$ 623,954	\$ 5,023,306	\$ 489,941	\$ 5,513,247	0.4%
748,886	2,552,383	5,083,360	414,716	5,498,076	0.4%
1,318,099	1,568,087	3,331,455	175,170	3,506,625	0.3%
2,505,787	4,523,029	13,528,528	794,333	14,322,861	1.0%
2,018,975	2,113,925	2,174,970	10,322	2,185,292	0.2%
2,717,996	10,239,881	25,021,201	1,950,331	26,971,532	1.9%
-	-	1,344,812	21,672	1,366,484	0.1%
615,600	3,453,625	7,995,426	251,121	8,246,547	0.6%
540,108	1,440,375	2,630,231	128,430	2,758,661	0.2%
22,063	789,813	10,043,221	772,209	10,815,430	0.8%
1,864,868	4,056,560	11,533,168	849,335	12,382,503	0.9%
559,224	2,077,772	5,541,811	377,162	5,918,973	0.4%
388,062	3,238,567	11,418,320	1,008,343	12,426,663	0.9%
38,893	357,675	1,073,958	78,806	1,152,764	0.1%
-	-	467	-	467	0.0%
-	-	24,959	-	24,959	0.0%
5,323,158	10,648,748	26,510,881	2,381,598	28,892,479	2.1%
-	-	7,438,213	363,719	7,801,932	0.6%
-	-	23,664	924	24,588	0.0%
-	-	618,551	23,880	642,431	0.0%
1,702,946	4,880,705	10,118,970	541,922	10,660,892	0.8%
1,768,956	3,752,380	9,899,907	695,984	10,595,891	0.8%
4,323,177	11,003,251	32,828,229	1,844,230	34,672,459	2.5%
3,312,791	7,921,440	21,098,596	1,429,004	22,527,600	1.6%
145,736	549,415	2,142,871	155,731	2,298,602	0.2%
-	-	33,592	1,187	34,779	0.0%
\$ 29,969,560	\$ 75,791,585	\$ 216,482,667	\$ 14,760,070	\$ 231,242,737	16.6%



\$ -	\$ -	\$ 714,576	\$ (433,283)	\$ 281,293	0.0%
-	-	17,928,755	-	17,928,755	1.3%
-	-	3,390,760	-	3,390,760	0.2%
-	-	11,368,712	(2,739,716)	8,628,996	0.6%
-	-	11,487,844	-	11,487,844	0.8%
-	-	18,544,576	(4,697,778)	13,846,798	1.0%
-	-	10,843,649	(2,631,952)	8,211,697	0.6%
-	-	9,563,493	-	9,563,493	0.7%
-	-	16,037,996	-	16,037,996	1.1%
-	-	8,282,088	(2,191,354)	6,090,734	0.4%
-	-	7,139,849	-	7,139,849	0.5%
-	-	6,298,144	(2,774,675)	3,523,469	0.3%
-	-	33,556,142	(8,801,684)	24,754,458	1.8%
-	-	13,501,509	-	13,501,509	1.0%
-	-	11,284,464	(2,942,326)	8,342,138	0.6%
-	-	47,545,162	(13,048,112)	34,497,050	2.5%
-	-	4,054,779	-	4,054,779	0.3%
-	-	27,532,004	(7,214,077)	20,317,927	1.5%
-	-	78,267,921	-	78,267,921	5.6%
-	-	76,507,393	-	76,507,393	5.5%
-	-	17,115,624	(4,124,714)	12,990,910	0.9%
-	-	2,673,877	-	2,673,877	0.2%
-	-	47,609,327	(14,294,566)	33,314,761	2.4%
-	-	82,821,829	(21,869,467)	60,952,362	4.4%
-	-	43,101,361	-	43,101,361	3.1%
-	(152,074,200)	18,952,593	87,763,704	106,716,297	7.6%
\$ -	\$ (152,074,200)	\$ 626,124,427	\$ -	\$ 626,124,427	44.9%

See page 9 for definitions of ERAF, Revenue Limit and Basic Aid.

The net effect of the Swap and Triple Flip is a \$152 million decrease in taxes allocated to the ERAF fund.

Local school districts receive an allocation of \$626.1 million.

³ This represents the remaining balance due to taxing entities after non basic aid schools are funded up to their allowable amounts. FY2007-08 distribution amounts represents the release of FY 2003-04 reserves, the remaining balance for FY 2006-07 and 50% of FY 2007-08.

Controller Distributes Property Taxes *cont.*

Summary of Fiscal Year 2007-08 Incremental Secured, Unsecured & Homeowners Exemptions

FUND NO	TAXING AGENCY	PRIOR YEAR ACTUAL TAXES NET OF RDA ¹	CURRENT YEAR TAXES NET OF RDA ²	CURRENT YEAR INCR GROWTH \$	CURRENT YEAR INCR GROWTH %	VLF /SWAP FY 07/08
REDEVELOPMENT AGENCIES (RDA)						
10799	BELMONT-LOS COSTANOS	\$ 5,213,360	\$ 6,138,068	\$ 924,708	17.74%	\$ -
10902	BRISBANE NO. 1	3,267,692	3,190,605	(77,087)	-2.36%	-
10903	BRISBANE NO. 2	1,064,520	719,532	(344,988)	-32.41%	-
12303	DALY CITY	3,049,750	3,597,964	548,214	17.98%	-
12304	DALY CITY BAYSHORE	2,867,778	3,228,940	361,162	12.59%	-
12397	EPA GATEWAY	2,954,379	2,996,132	41,753	1.41%	-
12398	EPA RAVESWOOD	427,372	556,787	129,415	30.28%	-
12399	EPA UNIV. CIRCLE	3,721,446	4,054,464	333,018	8.95%	-
13197	FOSTER CITY HILLS-GULL	260,557	261,731	1,174	0.45%	-
13198	FOSTER CITY MARLIN COVE	745,362	753,013	7,651	1.03%	-
13199	FOSTER CITY COMMUNITY	12,505,581	12,665,771	160,190	1.28%	-
15799	MENLO PARK LAS PULGAS	8,417,749	9,243,503	825,754	9.81%	-
15899	MILLBRAE	2,540,679	2,824,273	283,594	11.16%	-
16799	PACIFICA ROCKAWAY BEACH	293,140	300,765	7,625	2.60%	-
18498	REDWOOD CITY NO. 2 ANNEX	6,498,445	7,245,538	747,093	11.50%	-
18499	REDWOOD CITY NO. 2	3,359,117	3,248,079	(111,038)	-3.31%	-
18599	SAN BRUNO	5,454,259	6,390,165	935,906	17.16%	-
18699	SAN CARLOS	3,189,868	3,635,850	445,982	13.98%	-
18798	SAN MATEO DOWNTOWN	4,551,188	4,729,806	178,618	3.92%	-
18799	SAN MATEO SHORELINE	7,051,984	7,681,199	629,215	8.92%	-
19496	SSF EL CAMINO ANNEX	223,127	197,498	(25,629)	-11.49%	-
19497	SSF EL CAMINO ANNEX	2,056,261	2,353,979	297,718	14.48%	-
19498	SSF UN STEEL PLANT SITE	2,418,911	2,784,867	365,956	15.13%	-
19499	SSF GATEWAY	7,303,792	7,657,741	353,949	4.85%	-
19599	SSF DOWNTOWN -CENTRAL	7,815,308	9,621,194	1,805,886	23.11%	-
TOTAL RDAS		\$ 97,251,625	\$ 106,077,464	\$ 8,825,839	9.08%	\$ -
INDEPENDENT DISTRICTS						
14391	GUADALUPE VALLEY IMP	\$ 28,085	\$ 28,051	(\$ 34)	-0.12%	\$ -
23891	ESTERO MUNI IMP	9,835,246	10,283,049	447,803	4.55%	2,250,733
71070	BELMONT FIRE DIST	5,542,699	5,729,129	186,430	3.36%	-
71071	BELMONT SPEC FIRE Z-1	45,800	35,822	(9,978)	-21.79%	-
71072	BELMONT SPEC FIRE Z-2	1,692	2,192	500	29.55%	-
71073	BELMONT SPEC FIRE Z-3	42,056	44,936	2,880	6.85%	-
73030	BAYSHORE SANI DIST	67,870	67,521	(349)	-0.51%	-
73420	GRANADA SANI DIST	421,014	450,141	29,127	6.92%	-
73590	MONTARA SANI DIST	339,997	358,073	18,076	5.32%	-
75010	ATHERTON CHANNEL DRNGE	56,494	62,478	5,984	10.59%	-
77070	MID-PENINSULA WATER	118,611	122,081	3,470	2.93%	-
77150	CANADA COUNTY WATER	20,382	19,382	(1,000)	-4.91%	-
77170	COASTSIDE CO. WATER	581,074	616,083	35,009	6.02%	-
77560	LOS TRANCOS CO. WATER	175,554	186,204	10,650	6.07%	-
77620	NO. COAST CO. WATER	408,644	438,822	30,178	7.38%	-
77910	SKYLINE CO. WATER	157,682	166,637	8,955	5.68%	-
77980	WESTBOROUGH CO. WATER	209,770	229,132	19,362	9.23%	-
78560	MIDPENIN REG OP SPACE	7,682,270	8,280,519	598,249	7.79%	-
78700	WEST PK PKS & PKWYS	379,977	419,357	39,380	10.36%	-
78701	STONEGATE PK & PKWYS	191,957	205,539	13,582	7.08%	-
78702	WEST PARK 3 PK & PKWY	605,113	650,370	45,257	7.48%	-
78703	WILLOW GDNS PK & PKWYS	36,400	36,320	(80)	-0.22%	-
78712	WAYSIDE RD MAINT Z-2	13,018	13,281	263	2.02%	-
78721	CRESCENT AVE MAINT Z-A	1,307	1,332	25	1.91%	-
78722	CRESCENT AVE MAINT Z-B	4,994	5,257	263	5.27%	-
78723	CRESCENT AVE MAINT Z-C	647	659	12	1.85%	-
78724	CRESCENT AVE MAINT Z-D	212	216	4	1.89%	-
79020	BAY AREA AIR QUALITY	2,383,361	2,552,005	168,644	7.08%	-
79450	S.M. CO. HARBOR DIST	3,026,639	3,240,370	213,731	7.06%	-
79730	PENINSULA HOSP DIST	3,685,153	3,939,736	254,583	6.91%	-
79890	SEQUOIA HOSP DIST	6,703,973	7,190,594	486,621	7.26%	-
79920	RESOURCE CONSERVATION	39,156	41,490	2,334	5.96%	-
70110	BROADMOOR POLICE	886,700	944,416	57,716	6.51%	-
71180	COLMA FIRE DIST	580,302	587,381	7,079	1.22%	-
71440	HMB FIRE DIST	5,228,041	5,551,109	323,068	6.18%	-
71570	MENLO PARK FIRE DIST	21,831,893	23,873,403	2,041,510	9.35%	-
71770	PT MONTARA FIRE DIST	1,202,736	1,268,385	65,649	5.46%	-
71970	WOODSIDE FIRE DIST	10,161,885	10,685,015	523,130	5.15%	-
73690	EPA SANI DIST	278,672	322,133	43,461	15.60%	-
78460	HIGHLANDS REC	258,046	275,304	17,258	6.69%	-
78510	LADERA REC DIST	96,432	102,122	5,690	5.90%	-
79600	MOSQUITO ABATEMENT	1,354,483	1,450,879	96,396	7.12%	-
TOTAL INDEPEND. DISTRICTS		\$ 84,686,037	\$ 90,476,925	\$ 5,790,888	6.84%	\$ 2,250,733

¹ RDAs are Redevelopment Agencies. The prior year taxes in this column include ERAF I and ERAF II amounts.

² The current year taxes in this column represents actual collections of current unsecured, homeowners exemptions and estimated levies from current secured.

Growth and Property Tax Allocation by Fund

(exclusive of Unitary & General Aircraft Revenue)

TRIPLE FLIP FY 07/08	TOTAL SWAP & TRIPLE FLIP	CURRENT YR ALLOCATION NET OF SB1096	EXCESS ERAF & DEFICIT NON BASIC AID SCHOOLS ³	CURRENT YEAR ALLOCATION NET OF EXCESS ERAF	PCT OF TOTAL
\$ -	\$ -	\$ 6,138,068	\$ -	\$ 6,138,068.00	0.4%
-	-	3,190,605	-	3,190,605	0.2%
-	-	719,532	-	719,532	0.1%
-	-	3,597,964	-	3,597,964	0.3%
-	-	3,228,940	-	3,228,940	0.2%
-	-	2,996,132	-	2,996,132	0.2%
-	-	556,787	-	556,787	0.0%
-	-	4,054,464	-	4,054,464	0.3%
-	-	261,731	-	261,731	0.0%
-	-	753,013	-	753,013	0.1%
-	-	12,665,771	-	12,665,771	0.9%
-	-	9,243,503	-	9,243,503	0.7%
-	-	2,824,273	-	2,824,273	0.2%
-	-	300,765	-	300,765	0.0%
-	-	7,245,538	-	7,245,538	0.5%
-	-	3,248,079	-	3,248,079	0.2%
-	-	6,390,165	-	6,390,165	0.5%
-	-	3,635,850	-	3,635,850	0.3%
-	-	4,729,806	-	4,729,806	0.3%
-	-	7,681,199	-	7,681,199	0.6%
-	-	197,498	-	197,498	0.0%
-	-	2,353,979	-	2,353,979	0.2%
-	-	2,784,867	-	2,784,867	0.2%
-	-	7,657,741	-	7,657,741	0.5%
-	-	9,621,194	-	9,621,194	0.7%
\$ -	\$ -	\$ 106,077,464	\$ -	\$ 106,077,464	7.6%
\$ -	\$ -	\$ 28,051	\$ 959	\$ 29,010	0.0%
1,233,291	3,484,024	13,767,073	579,050	14,346,123	1.0%
-	-	5,729,129	-	5,729,129	0.4%
-	-	35,822	-	35,822	0.0%
-	-	2,192	-	2,192	0.0%
-	-	44,936	-	44,936	0.0%
-	-	67,521	25,608	93,129	0.0%
-	-	450,141	148,142	598,283	0.0%
-	-	358,073	121,464	479,537	0.0%
-	-	62,478	3,726	66,204	0.0%
-	-	122,081	40,877	162,958	0.0%
-	-	19,382	-	19,382	0.0%
-	-	616,083	208,940	825,023	0.1%
-	-	186,204	34,230	220,434	0.0%
-	-	438,822	146,722	585,544	0.0%
-	-	166,637	56,008	222,645	0.0%
-	-	229,132	76,271	305,403	0.0%
-	-	8,280,519	13,609	8,294,128	0.6%
-	-	419,357	11,394	430,751	0.0%
-	-	205,539	15,805	221,344	0.0%
-	-	650,370	11,153	661,523	0.0%
-	-	36,320	3,075	39,395	0.0%
-	-	13,281	1,097	14,378	0.0%
-	-	1,332	-	1,332	0.0%
-	-	5,257	13	5,270	0.0%
-	-	659	-	659	0.0%
-	-	216	-	216	0.0%
-	-	2,552,005	3,317	2,555,322	0.2%
-	-	3,240,370	532,238	3,772,608	0.3%
-	-	3,939,736	2,073	3,941,809	0.3%
-	-	7,190,594	3,494	7,194,088	0.5%
-	-	41,490	2,643	44,133	0.0%
-	-	944,416	165,332	1,109,748	0.1%
-	-	587,381	-	587,381	0.0%
-	-	5,551,109	385,784	5,936,893	0.4%
-	-	23,873,403	1,498,536	25,371,939	1.8%
-	-	1,268,385	101,626	1,370,011	0.1%
-	-	10,685,015	746,125	11,431,140	0.8%
-	-	322,133	105,536	427,669	0.0%
-	-	275,304	44,110	319,414	0.0%
-	-	102,122	20,612	122,734	0.0%
-	-	1,450,879	143,386	1,594,265	0.1%
\$ 1,233,291	\$ 3,484,024	\$ 93,960,949	\$ 5,252,955	\$ 99,213,904	7.1%

GLOSSARY

ERAF
Education Revenue Augmentation Fund.

The State passed into law two tax shifts, ERAF I (beginning FY 1992-93) and ERAF II (beginning FY 1993-94) to balance the State budget by shifting local AB8 property tax revenues from counties, cities, special districts and redevelopment agencies to K-12 schools and community colleges. The base ERAF I and II tax shift amounts for each entity were specified by the State based on population and other factors and are adjusted yearly per the incremental growth in property assessed values.

Revenue Limit
Every California school district is entitled to a minimum amount of funding per student. Revenue Limit schools receive a property tax share that is less than this limit (approx. \$5,000 per elementary/middle school student), so the State makes up the difference.

Basic Aid
These school districts receive more local property tax than the minimum state Revenue Limit, so they are not funded by the State. Basic Aid districts (10 of 24 currently in the County and 60 in the State) get to keep and spend all of the property tax they receive, including that amount in excess of the Revenue Limit.

³ This represents the remaining balance due to taxing entities after non basic aid schools are funded up to their allowable amounts. FY 2007-08 distribution amounts represents the release of FY 2003-04 reserves, the remaining balance for FY 2006-07 and 50% of FY 2007-08.

Controller Distributes Property Taxes *cont.*

Summary of Fiscal Year 2007-08 Incremental Secured, Unsecured & Homeowners Exemptions

FUND NO	TAXING AGENCY	PRIOR YEAR ACTUAL TAXES NET OF RDA ¹	CURRENT YEAR TAXES NET OF RDA ²	CURRENT YEAR INCR GROWTH \$	CURRENT YEAR INCR GROWTH %	VLF /SWAP FY 07/08
DEPENDENT DISTRICTS (COUNTY)						
01001	FREE LIBRARY	\$ 13,557,746	\$ 14,403,080	\$ 845,334	6.24%	\$ -
02000	CO. FIRE PROTECTION	4,286,869	4,545,082	258,213	6.02%	-
71400	CO. SERVICE AREA #1	1,778,782	1,900,863	122,081	6.86%	-
71560	CO. SERVICE AREA #6	44,146	49,125	4,979	11.28%	-
71568	CO. SERVICE AREA #8	698,812	758,660	59,848	8.56%	-
72140	BURLINGAME HILLS SEWER	46,422	49,745	3,323	7.16%	-
72350	EMERALD LAKE HTS SEWER	11,832	12,944	1,112	9.40%	-
72390	FAIR OAKS SEWER	317,035	330,166	13,131	4.14%	-
72450	HARBOR INDUSTRIAL SEWER	6,138	6,087	(51)	-0.83%	-
72490	KENSINGTON SQ SEWER	8,623	8,965	342	3.97%	-
72650	OAK KNOLL SEWER	2,616	2,723	107	4.09%	-
74210	CRYSTAL SPRINGS SANI	41,597	44,364	2,767	6.65%	-
74250	DEVONSHIRE CO. SANI	21,167	22,581	1,414	6.68%	-
74880	SCENIC HTS SANI	1,007	1,026	19	1.89%	-
75050	CAMPO BELLO UNIV PK DR	2,062	2,192	130	6.30%	-
75180	COLMA CREEK FLOOD CTRL	438,001	463,597	25,596	5.84%	-
75181	COLMA CREEK FLOOD Z-3	1,098,149	1,169,567	71,418	6.50%	-
75182	COLMA CREEK FLOOD Z-2	441,859	451,981	10,122	2.29%	-
75183	COLMA CREEK FLOOD Z-1	96,898	104,112	7,214	7.44%	-
75185	SAN BRUNO CREEK Z-2	176,264	189,670	13,406	7.61%	-
75188	SAN FRANCISQUITO Z-2	174,830	187,884	13,054	7.47%	-
75190	RAVENSWOOD SLOUGH FL	4,046	4,298	252	6.23%	-
75370	ENCHANTED HILLS DRAINAGE	1,368	1,433	65	4.75%	-
75460	HIGHLANDS DRAINAGE	355	379	24	6.76%	-
75750	E. P. A. DRAINAGE MAINT	46,084	62,806	16,722	36.29%	-
75760	SEQUOIA DRAINAGE	1,576	1,635	59	3.74%	-
75800	UNIVERSITY HTS DRAINAGE	11,100	12,037	937	8.44%	-
76050	BEL AIRE LIGHTING	34,459	36,550	2,091	6.07%	-
76070	BELMONT LIGHTING	4,052	4,153	101	2.49%	-
76150	COLMA LIGHTING	82,839	83,842	1,003	1.21%	-
76320	EL GRANADA LIGHTING	45,315	48,006	2,691	5.94%	-
76340	EMERAL LAKE LIGHTING	146,860	155,587	8,727	5.94%	-
76370	ENCHANTED HILLS LIGHTING	6,318	6,791	473	7.49%	-
76500	LA HONDA LIGHTING	8,792	9,189	397	4.52%	-
76570	MENLO PARK LIGHTING	170,163	186,123	15,960	9.38%	-
76590	MONTARA LIGHTING	66,223	69,842	3,619	5.46%	-
76750	PESCADERO LIGHTING	6,985	8,245	1,260	18.04%	-
76830	RAVENSWOOD LIGHTING	151,402	167,389	15,987	10.56%	-
79460	HIGHLANDS LANDSCAPE	6,005	6,491	486	8.09%	-
TOTAL DEPENDENT DISTRICTS		\$ 24,044,797	\$ 25,569,210	\$ 1,524,413	6.34%	\$ -
COUNTYWIDE TOTALS		\$1,223,284,451	\$1,311,918,735	\$ 88,634,284	7.25%	\$ 116,255,421

¹ RDAs are Redevelopment Agencies. The prior year taxes in this column include ERAF I and ERAF II amounts.

² The current year taxes in this column represents actual collections of current unsecured, homeowners exemptions and estimated levies from current secured.

Growth and Property Tax Allocation by Fund

(exclusive of Unitary & General Aircraft Revenue)

TRIPLE FLIP FY 07/08	TOTAL SWAP & TRIPLE FLIP	CURRENT YR ALLOCATION NET OF SB1096	EXCESS ERAF & DEFICIT NON BASIC AID SCHOOLS ³	CURRENT YEAR ALLOCATION NET OF EXCESS ERAF	PCT OF TOTAL
\$ -	\$ -	\$ 14,403,080	\$ 1,806,392	\$16,209,472	1.2%
-	-	4,545,082	-	4,545,082	0.3%
-	-	1,900,863	-	1,900,863	0.1%
-	-	49,125	2,835	51,960	0.0%
-	-	758,660	2,219	760,879	0.1%
-	-	49,745	16,574	66,319	0.0%
-	-	12,944	4,299	17,243	0.0%
-	-	330,166	113,945	444,111	0.0%
-	-	6,087	2,250	8,337	0.0%
-	-	8,965	3,002	11,967	0.0%
-	-	2,723	948	3,671	0.0%
-	-	44,364	15,101	59,465	0.0%
-	-	22,581	7,524	30,105	0.0%
-	-	1,026	359	1,385	0.0%
-	-	2,192	371	2,563	0.0%
-	-	463,597	45,570	509,167	0.0%
-	-	1,169,567	60,865	1,230,432	0.1%
-	-	451,981	28,487	480,468	0.0%
-	-	104,112	9,091	113,203	0.0%
-	-	189,670	11,226	200,896	0.0%
-	-	187,884	17,708	205,592	0.0%
-	-	4,298	1,246	5,544	0.0%
-	-	1,433	140	1,573	0.0%
-	-	379	126	505	0.0%
-	-	62,806	3,371	66,177	0.0%
-	-	1,635	932	2,567	0.0%
-	-	12,037	1,333	13,370	0.0%
-	-	36,550	17,114	53,664	0.0%
-	-	4,153	1,728	5,881	0.0%
-	-	83,842	32,003	115,845	0.0%
-	-	48,006	4,214	52,220	0.0%
-	-	155,587	60,664	216,251	0.0%
-	-	6,791	2,597	9,388	0.0%
-	-	9,189	4,186	13,375	0.0%
-	-	186,123	83,715	269,838	0.0%
-	-	69,842	34,883	104,725	0.0%
-	-	8,245	3,997	12,242	0.0%
-	-	167,389	75,157	242,546	0.0%
-	-	6,491	328	6,819	0.0%
\$ -	\$ -	\$ 25,569,210	\$ 2,476,500	\$ 28,045,710	2.0%
\$ 35,818,779	\$ -	\$1,311,918,734	\$ 83,617,643	\$ 1,395,536,377	100.0%

See page 9 for definitions of ERAF, Revenue Limit and Basic Aid.

This allocation does not include \$16.8 million of Unitary & General Aircraft taxes which are distributed under different formulas.

³ This represents the remaining balance due to taxing entities after non basic aid schools are funded up to their allowable amounts. FY 2007-08 distribution amounts represents release of FY 2003-04 reserves, the remaining balance for FY 2006-07 and 50% of FY 2007-08.

Controller Distributes Property Taxes

After collection, the Tax Collector forwards the tax revenue to the Controller for apportionment and distribution to all eligible jurisdictions in the County. The law requires the County Controller to allocate the revenue in accordance with specified formulas and procedures.

AB8 (Assembly Bill 8 of 1979-80), with many subsequent amendments, governs the complicated tax allocation process. Each taxing jurisdiction (entity) was assigned a base amount of property tax determined by 1978-79 revenue. Each year, the entity is then allocated an amount equal to the total received in the previous year plus a percentage of tax growth within the geographic tax area served by the entity.

Around October of each year, the Controller provides each taxing agency an estimate of its property tax revenue. These estimates are based on the tax rolls compiled by the Assessor. During the year, the Assessor and the Assessment Appeals Board approve tax roll corrections that change the original levy, some of which result in refunds to taxpayers. Due to changing economic conditions, as well as misfortunes and calamities, total refunds fluctuate substantially from year to year, making it imperative that taxing agencies budget conservatively and maintain an appropriate amount of reserves.

Adding to the complex tax allocation process, legislation (SB1096) was enacted in fiscal year 2004-05 that (for only cities and the County) permanently swaps Vehicle License Fee revenue for Property Taxes (the "Swap") and temporarily exchanges Sales Tax Revenues ("Flip") for Property Taxes. The Flip expires when the State Deficit Bonds are retired in approximately 15-20 years. In addition, the enacted legislation required additional revenues to be shifted away from most taxing agencies to the Education Revenue Augmentation Fund ("ERAF III Shift") for the 2004-05 and 2005-06 fiscal years. The legislation specifies that the property tax revenues necessary for the Swap and Flip are to be taken from the ERAF Fund while the two-year ERAF III Shift will be added to the fund.

For fiscal year 2007-08 the total Swap was \$116.2 million and the Flip was \$35.8 million of additional property taxes for cities and the county. The net effect of the Swap and the Flip was a decrease of \$152 million of property tax revenue allocated to the ERAF Fund.

For fiscal year 2007-08, overall countywide property tax growth remains strong; ranging from 4.53% for City of Brisbane to 14.22% for City of East Palo Alto. Total countywide property taxes (including general, bonds and special assessments/taxes) increased by \$99.6 million, representing a 6.8% increase from the prior year. Listed on the page 6-11 is a summary of the growth percentage and taxes for the various agencies that receive property tax revenue. As you will notice, there are large fluctuations in growth percentages between agencies due to growth in the various geographic regions within the county.

Refunds

(Revenue Reductions to Tax Agencies)

Fiscal Year	Amount
2002-03	\$ 13,342,496
2003-04	8,017,468
2004-05	4,141,317
2005-06	25,311,246
2006-07	8,374,175

I hope you will take the time to provide us with your thoughts or ideas for improvement after reading this year's report. Drop me a note at thuening@co.sanmateo.ca.us or call my office at (650)363-4777. I look forward to hearing from you.

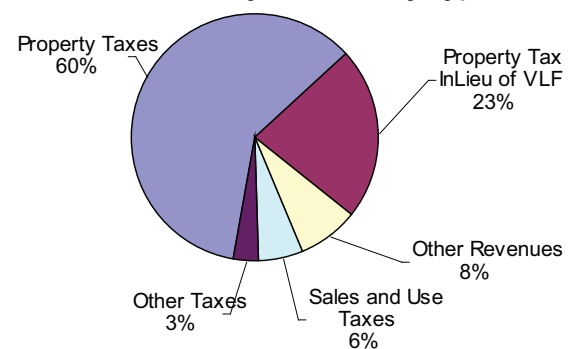
*Tom Huening, CPA, CPFO
Controller*

County Property Taxes

The County receives property taxes for the General Fund and eight types of dependent special districts. The dependent district taxes are allocated directly to the entity to provide specific services within geographic areas. The most significant district services are free library and fire.

The General Fund property tax is the most important tax source for the County. It is 60% of the County's discretionary revenue. This source of tax is the historic funding for public safety, law and justice. However, the state requires mandated services in health and public assistance without adequate funding that also compete for this important revenue source.

Discretionary Revenue by Type



**For more information on tax apportionment visit:
www.co.sanmateo.ca.us/controller/propertytaxpubs**