SHOW ME THE MONEY!
WHERE YOUR PROPERTY TAXES GO

2018-2019 Civil Grand Jury
of Santa Clara County

April 9, 2019
# TABLE OF CONTENTS

GLOSSARY AND ABBREVIATIONS

SUMMARY

BACKGROUND

METHODOLOGY

DISCUSSION

Steps to locate the 1% Tax Distributions by parcel

CONCLUSIONS

FINDINGS AND RECOMMENDATIONS

Finding 1

Finding 2

REQUIRED RESPONSES

REFERENCES
# GLOSSARY AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ad valorem</td>
<td>In proportion to the assessed value.</td>
</tr>
<tr>
<td>APN</td>
<td>Assessor’s Parcel Number. The unique number assigned to each legal parcel of real property in a given county.</td>
</tr>
<tr>
<td>Debt Payments</td>
<td>Payments of debt service, such as bonds issued by local governments and agencies, typically issued for a specific purpose.</td>
</tr>
<tr>
<td>DTAC</td>
<td>Santa Clara County Department of Tax and Collections.</td>
</tr>
<tr>
<td>One-Percent Maximum Property Tax Levy (1% Tax)</td>
<td>Property taxes, excluding parcel taxes, assessments and debt payments, may not exceed 1% of the assessed value of the real property. This one-percent maximum levy is shared by taxing entities through a formula set by the California State Legislature.</td>
</tr>
<tr>
<td>QRC</td>
<td>Quick Response Code. A readable square box similar to a bar code that can be read by devices equipped with a camera such as cell phones.</td>
</tr>
<tr>
<td>Parcel Tax</td>
<td>A tax that is the same for every parcel, regardless of the size or valuation of the parcel.</td>
</tr>
<tr>
<td>Property Tax</td>
<td>An ad valorem tax paid by the owner of the real and personal property. The tax is a percentage of the value of the property, including land, improvements and certain personal property. The total property tax bill also adds parcel taxes, assessments and debt payments.</td>
</tr>
</tbody>
</table>
**SUMMARY**

Do you know which governmental entities share the one-percent maximum property tax levy (1% Tax) you pay every year? This is the single largest component of your property tax.

Property taxpayers in Santa Clara County (SCC) prior to 2018 could not easily obtain information for their property as to how the 1% Tax was distributed amongst the various governmental entities.

Beginning with the 2018-19 tax year, property tax bills provide web page links that enable a search by address or Assessor’s Parcel Number (APN) for the specific distribution of the 1% Tax.

Detailed steps a taxpayer can take to access this information are provided in this report.

The Grand Jury commends the County of Santa Clara for joining a small group of other counties in making this information easily available to its taxpayers.
BACKGROUND

Property taxes in California are the sum of the ad valorem 1% Tax, parcel taxes, assessments and debt payments. An ad valorem tax for any given parcel is the product of the tax rate and the property’s assessed valuation.

The passage of Proposition 13 in 1978 established the maximum ad valorem property tax rate at one-percent (1%) for all real property in California. This is the one-percent maximum levy. In Santa Clara County, most of the money goes to school districts and community colleges.

The legislature determines the formula by which the 1% Tax is distributed amongst the governmental entities who levy property taxes. The distribution formula has been revised several times by the legislature; the specifics are beyond the scope of this report.

The 2017-18 Grand Jury began an investigation into the detail of the 1% Tax distribution. In discussions with the Santa Clara County Department of Tax and Collections (DTAC), the 2017-18 Grand Jury learned the distribution detail was being considered for implementation. Further investigation by the 2018-19 Grand Jury revealed DTAC had completed the 1% Tax detail project in October 2018.

METHODOLOGY

The Grand Jury interviewed employees of DTAC, inspected SCC web pages related to property tax collections and distributions prior to the current 2018-19 tax year, and inspected property tax web pages from a select number of other California counties.
DISCUSSION

A property owner’s tax bill includes the 1% Tax in addition to levies for voter-approved bonded indebtedness, parcel taxes and special assessments by percentages and/or dollar amounts.

Each county in California is divided into Tax Rate Areas (TRA). A TRA consists of those parcels of real property, generally contiguous, that share the identical set of taxing entities, such as city, school district, special districts, bonded indebtedness, etc. There are numerous TRAs in any given county.

Santa Clara County fully complies with the California Tax Code that defines the minimum content of county property tax bills¹. The tax bill must show each parcel tax, assessment and debt payment that applies to a given TRA. However, the state tax code does not require that the components of the 1% Tax be included on the tax bill or published elsewhere. Prior to 2018, Santa Clara County only provided each governmental entity’s share of the total county-wide taxes collected in the form of a pie chart.

At the time the 2017-18 Grand Jury began its investigation, a few counties offered greater detail in the form of the parcel-specific distributions of the 1% Tax. For instance, see El Dorado², Riverside³ and Contra Costa⁴ counties’ web sites for examples of the detailed breakdown of the 1% Tax. Contra Costa goes a step further

---

¹ California Revenue and Taxation Code Section 2611.6
² [https://www.edcgov.us/Government/Auditor-Controller/PropTax/Pages/distribution_of_proposition_13_s_1__general_property_tax.aspx](https://www.edcgov.us/Government/Auditor-Controller/PropTax/Pages/distribution_of_proposition_13_s_1__general_property_tax.aspx)
⁴ [http://www.co.contra-costa.ca.us/6581/Where-Your-Taxes-Go](http://www.co.contra-costa.ca.us/6581/Where-Your-Taxes-Go)
with its tax bills by providing both the percentage and the actual dollar value distributed to each entity.\textsuperscript{5}

The Grand Jury found that the format of property tax bills for 2018-19 has been revised to contain web links that allow a search by property address or APN. The search will display the percentage each county governmental entity shares in the 1\% Tax for that parcel. Each tax bill also provides a Quick Response Code (QRC) that will take the taxpayer directly to their specific parcel information and, with one further step, give the detailed percentages as shown in Figure 1.

\textbf{Figure 1: Sample 1\% Tax Distribution for a Fictitious Parcel or APN}

![Sample 1\% Tax Distribution for a Fictitious Parcel or APN](image)

Note: To obtain the dollar amount for any given component of the 1\% Tax, the taxpayer must multiply the relevant percentage above by the total 1\% Tax amount for the parcel in question.

Each Santa Clara County property owner receives a property tax bill as shown below in Figures 2 and 3.

\textsuperscript{5} http://www.co.contra-costa.ca.us/DocumentCenter/View/45682/CCC_SecBill_How-To-Read_Apr-2017
SHOW ME THE MONEY!

Figure 2: Front of a Fictitious Tax Bill

Figure 3: Back of a Fictitious Tax Bill
Steps to locate the 1% Tax Distributions by parcel

The tax bills reviewed by the Grand Jury did not include instructions to find the specific parcel 1% Tax distribution. However, the Grand Jury found several methods to locate the 1% Tax distribution. The Grand Jury details three of these methods below. To assist in describing these methods, three black numbered circles have been included on the property tax bill images above in Figures 2 and 3.

Method 1 (black circle 1): On the front of the tax bill in the “Pay Your Taxes Online” box is a website address listed as http://www.WhereDoTaxesGo.org. When the address is inserted into a web browser, it takes the user to Santa Clara County’s Countywide Property Tax 1% Allocation website in Figure 4.

Figure 4: County Property 1% Tax Allocation Search Site
There, the user can enter the parcel address in the text box displayed above (circled in red). After selecting the Submit button, the data will be displayed as shown in Figure 1 above.

**Method 2 (black circle 2):** On the front of the tax bill in the “Pay Your Taxes Online” box is a QRC. When a user scans that QRC with a QR reader such as a smartphone, it returns an alert to the reader’s device inviting the user to launch a web browser to the website http://payments.sccgov.org/propertytax/secured/parcel. That website provides the tax currently owed and a link to the “Where do my 1%-tax dollars go” website, as shown in Figure 5.

**Figure 5: Sample Parcel Tax Summary from the QRC**

![Sample Parcel Tax Summary from the QRC](image-url)
Select the “Where do my 1%-tax dollars go?” link (circled in red) in a web browser to view the parcel’s 1% Tax distribution as shown in Figure 1.

**Method 3 (black circle 3):** This is a 4-step process. In the center of the back page of the property tax bill, as shown in Figure 3 (Tax Details), there is a notation that reads: “Visit http://www.sccgov.org/tra for Tax Rate information”. This link provides a variety of tax detail including access to the 1% Tax distribution.

Step 1: When a user types that web address into a web browser, the County of Santa Clara Finance Agency website is displayed as shown in Figure 6.

**Figure 6: Tax Rate Info Web Site**

Step 2: From the Tax Rate Info site (Figure 6), there is a reference link near the top entitled “Property Tax” (circled in red) which directs the user to Santa Clara County’s tax related information on the web (Figure 7). Click on this link.
Step 3: From the Santa Clara County Tax site (Image 7), select the reference link entitled “Where My Taxes Go” (circled in red) which directs the user to Santa Clara County’s property tax-related information on the web. This is the same web site as shown earlier for Method 1 in Figure 4.

Step 4: The user would enter either a property address or APN number to display the 1% Tax breakdown.

CONCLUSIONS

Understanding where our tax monies are distributed, and thus ultimately spent, is important to a well-informed taxpayer. The California 1% Tax is divided amongst many governmental entities depending on the location of a given parcel. When the Grand Jury began this investigation, Santa Clara County did not provide a detailed distribution of the 1% Tax. During the course of the investigation, the Grand Jury was pleased to learn that DTAC, starting with the 2018-19 tax bill, includes links to a searchable webpage where this level of detail may be found for each property. The Grand Jury suggests that Method 1 or 2 is the easiest way to locate this detail but recommends that additional instructions be provided to tax payers.
FINDINGS AND RECOMMENDATIONS

Finding 1

The County of Santa Clara and its Department of Tax and Collections are commended for revising the format of the 2018-19 tax bill to direct county property taxpayers to the distribution of the one-percent maximum tax levy by address or APN via tax bill web page links or QRC.

Recommendation 1

None

Finding 2

Although the tax bill now provides links to find the distribution of the 1% Tax, the links are not entirely obvious.

Recommendation 2

The County of Santa Clara could further improve the presentation of the tax bill by clarifying how to locate the 1% Tax distribution data to facilitate a better user experience by inserting an explanation with the tax bill beginning with the 2019-20 tax year.
REQUIRED RESPONSES

Pursuant to Penal Code Sections 933 and 933.05, the Grand Jury requests responses as follows:

From the following governing body:

<table>
<thead>
<tr>
<th>Responding Agency</th>
<th>Finding</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The County of Santa Clara</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>
REFERENCES


Santa Clara County Resources


7. SCC Property Tax Apportionment Quarterly Schools Meeting Information: https://www.sccgov.org/sites/fin/Controller-Treasurer%20Department/Property%20Tax%20Apportionment/Pages/Schools-Meeting.aspx
8. SCC Property Tax Refresher Workshop (2013):
www.sccgov.org/sites/fin/Controller-Treasurer%20Department/Property%20Tax%20Apportionment/Documents/Property%20Tax%20Refresher%20Workshop.pptx
This report was ADOPTED by the 2018-2019 Santa Clara County Civil Grand Jury on this 9TH day of APRIL, 2019.

John Pedersen
Foreperson