



**Background:**

The Williamson Act enables local governments to enter into contracts with private landowners for the purpose of restricting the land to agricultural or related open space uses. In return, landowners receive reduced property tax assessments based upon agricultural and/or open space uses as opposed to Prop 13 base year values. Local governments have historically received an annual subvention payment of a portion of the forgone property tax revenues. Today, there are currently 2,599 parcels located within Agricultural Preserves under Williamson Act contracts comprising a total of 295,117 acres or approximately 31 percent of the 960,000 total acres in Sonoma County.

The total Prop 13 base year values for the contracted lands are \$3.2 billion and the enrolled valuation of lands under Williamson Act is \$1.85 billion, resulting in a net decrease in valuation of \$1.3 billion. The adjusted valuation for the Williamson Act contracts results in a total tax loss of \$13.3 million for all taxing entities combined. The County's share of the property tax loss averages 27.5 percent or approximately \$3.7 million with a state subvention for 2008 of only \$438, 178. Because the reduction in property taxes is substantially more than the subvention reimbursement, the burden of costs for this program is generally absorbed by the County. The subvention payments cover only 12% of the reduced property tax revenues. The net cost to the County for the Williamson Act program is estimated to be approximately \$3.2 million annually. In addition to the cost of foregone property tax revenues, the Assessor's Office expends an estimated \$230,000 per year in staff resources to administer the program. Without the subvention payments, the total cost to the County of the program for FY09/10 is currently estimated to be \$3.9 million.

During the state budget process, the Governor deleted the annual subvention payments for the Williamson Act Program. During review of the County's budget, the Board requested that staff provide an analysis of the impact of the state's budget cuts on the Program and provide options for the Board's consideration. The attached memo provides an overview of the program's scope and costs and identifies policy options for the Board's consideration.

Based on the analysis outlined in the attached memo, staff recommends that the County continue to support the existing Williamson Act contracts and replacement contracts and defer entering any new contracts until the subvention revenue is restored or an alternative funding source is identified. Staff will continue to evaluate the substandard parcels and bring forward for Board approval of Notice of Non-renewal for those properties that cannot be brought into compliance. Staff further recommends that the County continue to press for legislative changes to allow the County to initiate partial non-renewals as well as limitations on the use of Certificates of Compliance on lands under Williamson Act contract.

**Attachments:** Memo dated October 20, 2009

**On File With Clerk:** None.

**CLERK OF THE BOARD USE ONLY**

**Board Action (If other than "Requested")**

**Vote:**