

Assessor floats changes to Fresno County's Williamson Act

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Written by Gabriel Dillard

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Fresno County Assessor Paul Dictos spends a lot of time thinking about the Williamson Act, and he believes he has found a way to make it work better for family farmers.

Dictos has completed a draft proposal that aims to redistribute tens of million of dollars among Fresno County landowners who participate in the program, which gives farmers a break on their property taxes as long as the property is involved in producing food or fiber.

Dictos calls the change a “tune-up” for the program expected to save Fresno County growers \$23.3 million in the current tax year. It also benefits farmers who have been left behind in the program due to current agricultural market conditions.

“To me, everybody needs help,” Dictos said.

The Williamson Act works by assessing farmland based on income potential, as opposed to market value, the idea being that landowners wouldn't have to pay higher taxes on farmland in close proximity to urban development.

The more conventional way to assess property is based on market value, and in California, property tax increases are limited to no more than 2 percent a year by Proposition 13, approved by voters in 1978.

Farmland income potential is based on crop yields as well as land rents, Dictos said. Given the hot market for ag commodities such as almonds, the Williamson Act assessment on some farms is higher than the Prop. 13 value. In those situations, the property's Prop. 13 value is used for tax purposes.

In those situations, the landowner is receiving no Williamson Act tax benefit, but is still bound by the agreement to remain in agriculture.

Dictos said many second- and third-generation almond growers are in that position, while new landowners typically receive an immediate property tax benefit from entering into a Williamson Act contract.

“Fresno County provides incentives that encourage agricultural land to change hands — the exact opposite of the Williamson Act’s intent and one that directly assaults our family agribusiness-oriented heritage,” Dictos said.

Under Dictos’ proposal, all Williamson Act participants in Fresno County would receive a reduction from their property’s Proposition 13 value. Depending on the type of land and how the supervisors choose to implement the plan, the reduction could range from 10-30 percent.

Dictos said Tulare, Merced and San Joaquin counties have already adopted the change, billed as 423.3 of the Revenue and Taxation Code.

Under the current administration of the Williamson Act in Fresno County, 53 percent of total tax savings — \$12.3 million — goes to only 10 percent of 15,066 total parcels in the program. Another 18 percent of parcels receive no tax benefit.

Based on a 10-percent reduction of Prop. 13 values, \$12.4 million in tax benefits would still go to the largest farmers, but all farmers would receive a benefit of at least \$5.21 per acre.

The change would mean a loss of tax dollars for the county to the tune of \$25.2 million, compared to \$23.3 million without the change. But Dictos believes Fresno County agencies, cities and school that receive those funds could absorb the loss.

“Such an adoption would adhere to the Williamson Act’s original intent to encourage agricultural land conservation, while providing fair and equitable property tax relief to our family agribusiness base — one of the key pillars of our County’s heritage and way of life,” Dictos said.

He added that of the farm leaders who have looked at his proposal, the reaction has been positive as long as farmers do not face higher taxes.

For now, Dictos said he is just testing the waters with the proposal, and doesn’t anticipate the measure going before the current board of supervisors.

Supervisors elect Brian Pacheco and Buddy Mendes take their seats on the board in January 2015, replacing Phil Larson and Judy Case McNairy, respectively.

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