

FOR IMMEDIATE RELEASE May 9, 2012

Contact: Howard Sutter 714.834.6203 office Howard.Sutter@ocgov.com

County of Orange Files Claim Against State of California

(Santa Ana, CA) — The County of Orange has filed a claim against the State of California seeking over \$23 million in Vehicle License Fee Adjustment Amount (VLFAA) owed to the County for Fiscal Year 2010-11.

"Going back to 2005, the State of California has received the benefit of millions of dollars in property taxes that should have been available to provide services to the people of Orange County," said John M.W. Moorlach, Chairman of the Orange County Board of Supervisors. "This claim seeks to restore some of the property tax funding that Orange County should have received."

The County believes it has been significantly shortchanged by the State in relation to other counties in the distribution of property taxes since 2005-06. The State received this financial windfall in violation of the constitutional requirement for counties to receive uniform treatment.

At issue is how the State calculated amounts owed to Orange County following the 2004 Vehicle License Fee swap, under which most counties received property taxes called "VLFAA" to replace Vehicle License Fees (VLF). The County of Orange continued to receive some VLF revenues that were pledged as security for bankruptcy debt and a reduced amount of VLFAA. However, this pledge was removed in 2005. In the years that followed, VLF revenues decreased, while property tax revenues which fund VLFAA increased dramatically. The continued unnecessary VLF set aside resulted in significant decreased property taxes to the County.

The County's claim seeks \$23,075,736 from the State of California.