

California

PROPERTY TAX INFORMATION



"Any local agency that provides water or sewer service may impose a standby charge on all or part of the properties within the district."

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What is a Standby Charge?

Background:

The Uniform Standby Charge Procedures Act authorizes any local agency that provides water or sewer services to impose a standby charge in connection with the provision of that service. A standby charge is essentially an assessment that is charged to unimproved properties to ensure that adequate water or sewer service will be available for that parcel when needed. Standby charges normally appear on property tax bills, although they may be billed directly by the local agency.

What Properties are Subject to a Standby Charge?

Normally standby charges are assessed on undeveloped properties that currently are not using the services. These standby charges provide equity between existing ratepayers and future customers by spreading the cost to maintain water and sewer systems to owners of unimproved property who may eventually develop. However, standby charges may also be imposed on developed properties as well to finance water and sewer service expansions, recycling projects and conservation programs.

Who Authorizes the Standby Charge?

Standby charges must be authorized each year for collection on the county property tax bills and are subject to public notice and hearing requirements. For ongoing standby charges, if more than 40% of property owners protest, the charge must be put on hold until the following year, or put out to a vote of affected property owners.

Special Requirements for New or Increased Charges

Prior to imposing a new standby charge, or increasing the amount or the properties affected by an existing charge, the agency is required to give written notice to all affected property owners prior to the public hearing and include a ballot for voting. A majority vote of the affected property owners is required to approve the standby charge or the rate increase.

Alternatively, the agency may put the vote out to the electorate residing in that area at its option. In that case, a two-thirds vote is required to apply the charge.

How is the Annual Charge Determined?

The charge may be imposed on an area, frontage, or parcel basis, or a combination of these. The formula will be established by an engineer and be specified in original documents on file at the agency.

How Long Will the Charge Continue?

As long as it continues to be authorized each year, standby charges normally are assessed every year on unimproved properties. Once the property is developed, the charge will cease, and normal service rates will apply. Or, if developed properties are assessed a standby charge to finance growth or special projects, the standby charge normally continues until the project is fully funded.

