



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 3/26/2024

To: Board of Supervisors

Department or Agency Name(s): Auditor-Controller-Treasurer-Tax Collector

Staff Name and Phone Number: Lindsay VanMidde (707) 565-3279

Vote Requirement: Informational Only

Supervisorial District(s): Countywide

Title:

2023-24 Property Tax Administration Charge

Recommended Action:

Receive report of Property Tax Administration Charges to local taxing agencies to reimburse the County for costs incurred to process property taxes for FY 2023-24

Executive Summary:

During Fiscal Year 1990-91, the State Legislature gave Counties the authority, under Senate Bill 2557, to collect property tax administration costs from local taxing jurisdictions as reimbursement for processing their property taxes. This authorization was codified in Revenue and Taxation Code section 97 (now Revenue and Taxation Code section 95, et seq.), and its intent was to fairly apportion the burden of collecting property tax revenues between other jurisdictions and redevelopment agencies. This item is reporting the charges for property tax administration in FY 2023-24 that will be charged and collected by the Auditor-Controller-Treasurer-Tax Collector (ACTTC).

FY 2023-24 property tax administration charges total \$11,726,678, which represents FY 2022-23 actual property tax administration costs net of offsetting revenue. Charges for special districts, cities and redevelopment successor agencies total \$2,962,487, and will be collected by the ACTTC. School entities are exempt from property tax administration charges, and as a result, the remaining amount of \$8,764,191 will be borne by the County General Fund. Amounts collected from taxing jurisdictions are programmed in the FY 2023-24 Adopted budget as County General Fund revenue in the Non-Departmental budget unit.

Because the property tax administration charges are statutorily authorized, there is no action for the Board of Supervisors to take, and this is an informational only item.

Discussion:

In accordance with the Revenue and Taxation Code Section 95, taxing jurisdictions will be charged in FY 2023-24 for the FY 2022-23 actual net cost of property tax administration provided by the ACTTC, Assessor, and Assessment Appeals Board. Attachment 1 provides a summary of FY 2022-23 actual property tax administration costs by department, offsetting revenue and net cost included in the FY 2023-24 charges.

The net cost of property tax administration is apportioned to taxing jurisdictions proportionally based on each jurisdiction's share of the countywide property tax allocation adjusted for redevelopment tax

increment. The State Legislature has exempted school entities from property tax administration charges and, as a result, the ACTTC will not charge county school districts, community college districts, Educational Revenue Augmentation Fund, and county offices of education for their proportional share of costs.

FY 2023-24 property tax administration charges total \$11,726,678, which is an increase of \$106,582, or 0.9%, from FY 2022-23, and total property tax administration charges of \$11,726,678 is equivalent to 1.0% of the countywide property tax allocation. The year-over-year increase is attributable to a \$267,998, or 1.7%, increase in eligible property tax administration costs and a \$161,415, or 3.8%, increase in offsetting revenue. The increase in eligible costs is primarily due to higher salaries and benefits costs, as well as increased Information Systems Department charges. Offsetting revenue includes various property tax administration fees and reimbursements collected in accordance with State statutes. The increase in total offsetting revenue is primarily due to an increase in collection fees resulting from higher supplemental tax bill revenue collections.

Attachment 2 shows the FY 2023-24 distribution of property tax administration costs to each taxing jurisdiction and includes a comparison to the FY 2022-23 distribution. Special districts, cities and redevelopment successor agencies will be charged a total amount of \$2,962,487 and the remaining amount of \$8,764,191 will be borne by the County General Fund. School amounts are included as information only and, if not exempt, school entities would pay \$6,649,719 and the County General Fund share would be reduced to \$2,114,472.

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

October 23, 1990: First established a charge for Property Tax Administration.

1991 - current: Annual item related to Property Tax Administration Charges.

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses	\$11,726,678		
Additional Appropriation Requested			
Total Expenditures	\$11,726,678		
Funding Sources			
General Fund/WA GF	\$8,764,191		
State/Federal			
Fees/Other	\$2,962,487		
Use of Fund Balance			

Agenda Date: 3/26/2024

General Fund Contingencies			
Total Sources	\$11,726,678		

Narrative Explanation of Fiscal Impacts:

In FY 2022-23, the Auditor-Controller-Treasurer-Tax Collector, Assessor and Assessment Appeals Board collectively incurred net costs of \$11.7 million for the administration of property taxes. Of these costs, \$2.9 million will be recovered through property tax administration charges. Property tax administration charges are recorded as revenue in the General Fund under the Non-Departmental budget unit and are collected from special districts, cities and redevelopment successor agencies. The remaining \$8.8 million in costs are financed with discretionary County General Fund; \$2.1 million represents the County’s share of tax administration, and \$6.7 million is attributable to schools.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

- Attachment 1 - Actual 2022-2023 Cost of Tax Administration for Calculating 2023-2024 SB 2557 Charges
- Attachment 2 - Actual 2023-2024 SB 2557 Property Tax Administration Cost Allocations

Related Items “On File” with the Clerk of the Board:

County Property Tax Administrative Costs (SB 2557) Guidelines from the California Property Tax Manual