



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 3/24/2020

To: The Board of Supervisors of Sonoma County
Department or Agency Name(s): Auditor-Controller-Treasurer-Tax Collector
Staff Name and Phone Number: Brooke Koop 565-1294
Vote Requirement: Majority
Supervisorial District(s): All

Title:

Consolidated Fee Hearing - Delinquent Unsecured Collection Fee

Recommended Action:

Approval of Resolution of the Board of Supervisors of the County of Sonoma, State of California, authorizing the Auditor-Controller-Treasurer-Tax Collector's Office to increase the charge for Delinquent Unsecured Collection Fee from \$35 to \$100.

Executive Summary:

Pursuant to Revenue and Taxation Code 2903, the Tax Collector shall collect delinquent taxes on unsecured property; and, according to Revenue and Taxation Code 2922(e) the Tax Collector is allowed to recover the actual costs incurred by the County up to the time that the delinquency is paid. We are requesting an increase in the Delinquent Unsecured Collection Fee (previously referred to as the 'Unsecured Transfer fee') from \$35 to \$100.

Discussion:

Unsecured property is taxable personal property that is tangible or moveable and not attached to real estate. Annually, unsecured property tax bills are due in a single installment on August 31st unless the Tax Collector files for and is granted an extension by the State Controller's Office in which case bills are due on September 30th. Unsecured tax bills become delinquent at 5:01 p.m. on the due date.

Currently, the Sonoma County Auditor-Controller-Treasurer-Tax Collector's office attaches a \$35 fee to each delinquent unsecured tax bill at the time delinquency occurs which, in accordance with Revenue and Taxation Code 2292(e), is intended to recover the actual cost of collection. The \$35 fee has been in place for over 20 years.

A review of this fee for FY 2018-19 shows the cost of collecting delinquent unsecured taxes exceeded fee revenue collected by approximately \$263,750. This is due to 1) the high rate of non-collection associated with unsecured taxes and, 2) an insufficient fee amount.

Effective July 1, 2020, the Auditor-Controller-Treasurer-Tax Collector is requesting to increase the delinquent unsecured collection fee from \$35 to \$100. The increased fee is estimated to generate additional revenue of

\$113,750 and reduce the net cost of collecting delinquent unsecured taxes from \$263,750 to \$150,000. The gap in funding is a result of setting the fee based on the total number of Delinquent accounts being pursued for collection and doesn't contemplate accounts anticipated to remain uncollected.

Unsecured taxes are statutorily limited to a personal lien against the owner of record which does not allow property be sold at auction in order to pay delinquent taxes. Conversely, secured taxes are by law a lien on real property, which has priority over all other liens on the property and tax defaulted property is subject to power of sale for nonpayment of taxes. As a result, delinquent unsecured taxes will continue to have a higher rate of non-collection than secured taxes and a net cost associated with collections.

Prior Board Actions:

None.

FISCAL SUMMARY

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected
Budgeted Expenses		\$113,750	\$113,750
Additional Appropriation Requested			
Total Expenditures		\$113,750	\$113,750
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other		\$113,750	\$113,750
Use of Fund Balance			
Contingencies			
Total Sources		\$113,750	\$113,750

Narrative Explanation of Fiscal Impacts:

The increase in the charge for Delinquent Unsecured Collection Fee from \$35 to \$100 will be effective 7/1/2020. Proposed changes to the fee are expected to generate approximately \$113,750 in additional revenue for Fiscal Year 2020-21.

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

Agenda Date: 3/24/2020

Narrative Explanation of Staffing Impacts (If Required):

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Attachments:

Attachment A: ACTTC FY19-20 Fee Resolution

Attachment B: ACTTC FY19-20 Fees Cover Sheet

Attachment C: ACTTC Delinquent Unsecured Collection Fee Summary

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

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