



## Legislation Text

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**File #:** 2019-0341, **Version:** 1

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**To:** Board of Supervisors

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

**Staff Name and Phone Number:** Dawn Calahan (707) 565-3294

**Vote Requirement:** Majority

**Supervisory District(s):** Countywide

**Title:**

2018-19 Property Tax Administration Charge

**Recommended Actions:**

Approve Resolution Authorizing Property Tax Administration Charge to local taxing agencies to reimburse the County for costs incurred to process property taxes for Fiscal Year 2018-19.

**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 agencies as reimbursement for processing their property taxes. This authorization was codified in Section 97 of the Revenue and Taxation Code (now Section 95 of the Revenue and Taxation Code). The purpose of this action is for the County Auditor to report the charges for Property Tax Administration Costs in FY 2018-19 to the Board of Supervisors and any other jurisdiction or person that requests the information.

Of the total \$10,622,595 cost for property tax administration, \$2,751,847 is distributed between the districts, cities, and redevelopment successor agencies, and \$7,870,748 is borne by the County General Fund. The \$2,751,847 total reimbursement received from non-County entities is programmed in the County's FY 2018-19 Adopted budget as General Fund revenue in the Non-Departmental budget unit.

**Discussion:**

FY 2018-19 Property Tax Administration charge of \$10,622,595 increased by \$26,838, or 0.25%, compared to the FY 2017-18 charge, and is equivalent to 1.2% of the total property tax levy. The increase is attributable to a \$243,504, or 1.8%, increase in reimbursable property tax administration costs and a \$216,666 or, 7.4%, increase in offsetting revenue.

In accordance with the Revenue and Taxation Code, jurisdictions will be charged in FY 2018-19 based on actual costs attributable to tax administration provided by the Auditor-Controller-Treasurer-Tax Collector, Assessor's Offices, and Assessment Appeals Board for FY 2017-18. Costs are allocated based on each jurisdiction's proportionate share of annual property taxes. A worksheet is provided in Resolution Attachment 1 that summarizes the actual property tax administration costs in FY 2017-18 for the FY 2018-19 charges. Resolution

Attachment 2 shows the distribution to each taxing jurisdiction in FY 2018-19, along with a comparison to FY 2017-18 charges.

As with years past, in accordance with Revenue and Taxation Code Section 95.3, the County Auditor will not charge county school districts, community college districts, Educational Revenue Augmentation Fund (ERAF), and county offices of education for their proportionate amounts of property tax administrative costs. This practice began during 1991-92 when the State Legislature exempted schools from the list of agencies to be charged annually (please note Resolution Attachment 2 includes school amounts for information only). If schools were not exempted from these charges by State action, schools would pay \$5,991,770 of the amount currently paid by the County General Fund, and would reduce the County's costs to \$1,878,978.

**Prior Board Actions:**

October 23, 1990: First established a charge for Property Tax Administration. Each year thereafter annual approval of Property Tax Administration Charges.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 18-19 Adopted</b>	<b>FY19-20 Projected</b>	<b>FY 20-21 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

The Auditor-Controller-Treasurer-Tax Collector, Assessor's Offices and Assessment Appeals Board have incurred a total of \$10.6M in costs in their respective department budgets related to tax administration. Of these costs \$2.7M are recovered through Property Tax Administration charge.

This revenue is recorded in the General Fund under the Non-Prop 4 department ID and is collected from special districts, cities and redevelopment successor agencies. The remaining \$7.9M in costs are a use of fund balance in the General Fund, \$1.9M representing the County's share of tax administration related expenses, and \$6.0M attributable to school districts.

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

**Narrative Explanation of Staffing Impacts (If Required):**

**Attachments:**

Resolution authorizing Property Tax Administrative Charge for 2018-19

Attachment #1 - FY 2017-2018 Costs of Tax Administration for Calculating 2018-2019 SB2557 Charges

Attachment #2 - FY 2018-2019 SB2557 Property Tax Administration Cost Schedule

**Related Items "On File" with the Clerk of the Board:**

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