



Agenda Submittal

Agenda #: 12 **Status:** Consent Calendar
Type: Report **Department:** Auditor-Controller
File #: 19-229 **Contact:** Phyllis Taynton, 784-6288
Agenda date: 3/26/2019 **Final action:** 3/26/2019
Title: Approve the FY2018/19 Property Tax Administration Fee to recover the cost to administer property taxes from cities and local agencies in accordance with the Revenue and Taxation Code Section 95.3(f)
Governing body: Board of Supervisors
District: All
Attachments: 1. A - Property Tax Admin Cost Summary, 2. B - Property Tax Admin Fee Distribution, 3. Minute Order

Date	Ver.	Action By	Action	Result
3/26/2019	1	Board of Supervisors	Approved	

Published Notice Required? Yes ☐ No ☒
Public Hearing Required? Yes ☐ No ☒

DEPARTMENTAL RECOMMENDATION:

The Auditor-Controller's Office (ACO) recommends the Board of Supervisors (Board) approve the Property Tax Administration Fee for FY2018/19 to recover the costs to administer property taxes from cities and local agencies in accordance with the Revenue and Taxation Code Section 95.3(f).

SUMMARY:

The Property Tax Administration Fee represents the total costs of the County to administer countywide property taxes. Revenue and Taxation Code § 95.3(f) authorizes the County to recover the property tax administrative costs attributable to cities and local jurisdictions within the County, excluding schools and Education Revenue Augmentation Fund (ERAF). The ACO, Assessor-Recorder, Tax Collector/County Clerk/Treasurer, County Counsel and County Administrator's Office (by providing staff support to the Assessment Appeals Board) provide property tax administrative support. Their respective costs are included in the administrative fee calculation to determine the amount eligible for recovery from cities and other local jurisdictions. The total allocable property tax administration cost for FY2018/19 is \$6,957,201. The allocation to schools (\$3,042,040) and General Fund (\$1,092,742) are excluded. Therefore, the FY2018/19 recoverable amount for the County is \$2,822,419.

FINANCIAL IMPACT:

The Property Tax Administration Fee revenue of \$2,822,419 is included in the FY2018/19 Adopted Budget of the respective departments who provide the property tax administrative support. This represents a decrease of \$103,601 compared to the FY2017/18 Property Tax Administration Fee of \$2,926,020 primarily due to an increase in revenue offsets.

The costs associated with preparing the agenda item are nominal and absorbed by the department's FY2018/19 Adopted Budget.

DISCUSSION:

SB 2557, Maddy, (Chapter 466 of 1990), codified in Section 95.3(f) of the Revenue and Taxation Code authorizes counties to recover property tax administrative costs attributable to incorporated cities and local jurisdictions within each county except schools and ERAF. The total allocable costs for property tax administration services for FY2018/19 are \$6,957,201 (Attachment A).

The schools are excluded by law from paying their share of the property tax administrative fee. The schools' share of the property tax administration costs represents approximately 43.73% of the total cost or \$3,042,040. In addition, the cost for the County's General Fund share is \$1,092,742 which represents 15.71% and is excluded from the amount recoverable (Attachment B).

The calculation of recoverable costs includes all actual direct costs and countywide overhead charges for the respective departments for FY2017/18 less other revenues received for property tax-related functions to arrive at the net property tax administration cost to be recovered. The net recoverable cost for each department who provides the property tax administration services are: Assessment Appeals Board \$35,808; Assessor \$2,080,569; and Tax Collector \$706,042; for a total of \$2,822,419. The ACO has no recoverable cost as its revenues were sufficient to cover its cost. The net recoverable cost is distributed to all local agencies based on their proportionate share of the total property taxes apportioned for FY2018/19.

ALTERNATIVES:

The Board may choose not to approve the Property Tax Administration Fee for FY2018/19 as recommended. However, failure to approve the Property Tax Administration Fee will result in the revenue loss of \$2,822,419 to the county departments who provide the property tax administrative support. Therefore, the ACO recommends the Board approve the Property Tax Administration Fee as calculated.

OTHER AGENCY INVOLVEMENT:

The staff from the Assessor-Recorder, Tax Collector/County Clerk/Treasurer and the Assessment Appeals Board provided and reviewed the data used to calculate the Property Tax Administration Fee for FY2018/19.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION