File #: 18-164, **Version:** 1

Approve the FY2017/18 Property Tax Administration Fee to recover the cost to administer the property tax system from cities and local agencies in accordance with the Revenue and Taxation Code section 95.3(f)

Published Notice Required?   Yes _____ No _X_
Public Hearing Required?   Yes _____ No _X_

DEPARTMENTAL RECOMMENDATION:

The Auditor-Controller's Office (ACO) recommends the Board of Supervisors (BOS) approve the Property Tax Administration Fee for FY2017/18 to recover the cost to administer the property tax system 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 the countywide property tax system. 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 Auditor-Controller, 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 FY2017/18 is $7,245,728. The allocation to schools ($3,174,151) and General Fund ($1,145,557) are excluded. Therefore, the FY2017/18 recoverable amount for the County is $2,926,020.

FINANCIAL IMPACT:

The Property Tax Administration Fee revenue of $2,926,020 is included in the FY2017/18 Adopted Budget of the respective departments who provide the property tax administrative support. This represents a decrease of $121,154 compared to the FY2016/17 Property Tax Administration Fee of $3,047,174.

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 FY2017/18 are $7,245,728 (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 43.81% of the total cost or $3,174,151. In addition, the cost for the County's General Fund share is $1,145,557 which represents 15.81% and is excluded from the amount recoverable (Attachment B).

The recoverable cost for each department who provides the property tax administration services are: Assessment Appeals Board $31,885; Assessor $2,177,589; Tax Collector $648,678; and the Auditor-Controller

$67,868 for a total of $2,926,020. The calculation includes all actual direct costs and countywide overhead charges for the respective departments for FY2016/17. Other revenues received for property tax related functions are subtracted from the total cost to arrive at the net property tax administration cost to be recovered. The net cost is distributed to all local agencies based on their proportionate share of the total property taxes apportioned for FY2017/18.

ALTERNATIVES:

The BOS may choose not to approve the Property Tax Administration Fee for FY2017/18 as recommended. However, failure to approve the Property Tax Administration Fee will result in the revenue loss of $2,926,020 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 FY2017/18.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION