



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: June 19, 2012
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Robert Geis, CPA
Director(s) Ext 2100
Contact Info: Ed Price, CPA
Ext 2181

SUBJECT: Impoundment of Various Taxing Entities' 2011-12 Property Tax Revenue

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a. Approve and authorize the Auditor-Controller to impound \$787,065 of 2011-12 current year taxes from various entities' property tax revenues as noted on the attached Schedule A to mitigate potential losses from large assessment appeals filed by taxpayers; and
- b. Determine that the decision to approve and authorize the impoundment is not a project under the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(3) and 15378(b)(4) of the CEQA Guidelines, because it is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical effect on the environment.

Summary Text:

California Government Code § 26906.1 authorizes the Auditor-Controller, with the approval of the Board of Supervisors, to impound disputed revenues of any tax upon secured or unsecured property levied and collected by the county for the county or any revenue district when a claim or action is filed for the return of the revenues. The significant Assessment Appeals cases described under the Background section below are being recommended for impounding of taxes. This action does not require the Board to conclude that refunds are reasonably likely in whole or in part.

The impounded tax revenues will be held in an interest bearing fund and will be released when the assessment appeals actions are considered final.

By separate correspondence we will inform all impacted entities.

Background:

Last year the Board of Supervisors approved the impounding property taxes for the significant Assessment Appeals cases. As these cases have not yet been settled and the taxpayers filed appeals again for 2011-12 taxes it is recommended that property taxes again be impounded for the following:

Oil and Energy

Breitbart Energy, one of the county’s largest taxpayers, is a petroleum and gas company and had filed significant assessment appeals disputing escaped tax assessments for fiscal year 2009-10 and regular taxes for 2010-11. Breitbart Energy filed appeals again for 2011-12.

Based on the appeals filed for fiscal year 2011-12, the amount of tax revenues disputed are approximately \$1.4 million. While we feel it is unlikely that the entire amounts in dispute would be required to be refunded to the taxpayer, we do feel it would be prudent to set aside via this impound a portion of these revenues. For the fiscal year 201-12 regular taxes, we feel impoundment of 50% of the disputed amount is warranted. Attached is a Schedule A which identifies by taxing entity each taxing entity’s share of the impoundment.

Mobile Home Parks

The Rancho Goleta – Silver Sands case involves assessment appeals by two separate mobile home parks which are being adjudicated together on the same assessment issues. This case has been in progress for several years and while the tax disputed for each individual tax year contested is not significant, in the aggregate the amount of tax being disputed is now considerable. Summerland by the Sea is a separate case which has not gone to hearing yet. It will most likely be continued until after the Court of Appeal issues a decision on Rancho Goleta - Silver Sands. Below is a table listing the disputed taxes by taxpayer.

<u>Taxpayer</u>	<u>Number of Tax Years Contested</u>	<u>Amount of Tax Contested this year</u>	<u>Current Year Taxes to be Impounded</u>
Rancho Goleta	10	\$ 1,300	\$ 1,252
Silver Sands	10	88,050	85,903
Summerland by the Sea	5	36,511	35,621
		<u>\$ 125,861</u>	<u>\$ 122,776</u>

For the fiscal year 2011-12 regular taxes, as suggested last year we feel impoundment of 100% of this and future year’s disputed amount is warranted until the total impoundment equates to approximately 50% of the total taxes contested for all years. Attached is Schedule A which identifies by taxing entity each taxing entity’s share of this year’s current tax impoundment.

Attached is Schedule A which identifies by taxing entity each taxing entity's share of the impoundment. Schedule B delineates the impacts of these assessment appeals by affected taxing entity.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

Schedule A attached delineates the impacts to the affected taxing entities for the proposed 2011-12 impounds. Schedule B shows by affected taxing entity the amounts of taxes disputed by these appeals. This would represent the worst case scenario where the entire appeal amounts are won by the appellant for all years appealed.

Attachments:

Schedule A – Proposed 2011-12 Impounds by Taxing Entity and Assessment Appeal

Authored by:

Ed Price, Property Tax Division Chief