



**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: 1/13/2009
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s) Robert W. Geis, CPA (x2101)
Contact Info: Jennifer Christensen (x2134)

SUBJECT: Property Tax Administrative Fee for 2008-09 (SB2557)

County Counsel Concurrence:

As to form: Yes No N/A

Auditor-Controller Concurrence:

As to form: Yes No N/A

Other Concurrence: N/A

As to form: Yes No N/A

Recommended Action(s):

1. Receive and file report prepared by the Santa Barbara County Auditor-Controller establishing the 2008-09 Property Tax Administrative Fee (Exhibits I through III).
2. Adopt the Resolution to impose the fee pursuant to Revenue and Taxation Code sections 95.3 and 97.75.

Summary:

The County is allowed to recover a portion of its costs attributable to assessing, collecting and allocating property tax revenues from cities, special districts and redevelopment agencies; school districts and the Education Revenue Augmentation Fund (ERAF) are exempt from paying the costs. For 2008-09 the County's recoverable costs are \$2,376,984, which is approximately 26% of the total net costs.

Background:

Revenue and Taxation Code (RTC) section 95.3 establishes the method and authorizes the County Auditor to annually determine property tax administrative costs proportionately attributable to cities and special districts and to charge each such entity its proportionate share of costs by withholding same from each entity's property tax distribution. Senate Bill 2557 established the fee in 1990; several modifications to the methodology have been approved by the legislature in the years since.

In 2004-05 the Sales Tax 'flip' and the Vehicle License Fee (VLF) 'swap' were initiated by the State of California. The 'flip' and 'swap' reapportioned property tax revenues away from ERAF and to counties and cities; by following the guidelines of the State Controller's Office and the County Auditors'

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Association of including the ‘flip’ and ‘swap’ in the property tax administrative fee calculation, the cities proportionate share of the administrative fee increased.

In August 2008, several Los Angeles County cities initiated litigation against the County of Los Angeles to prevent paying a portion of these fees. This is a statewide problem affecting most counties.

Fiscal and Facilities Impacts:

Budgeted: Yes No

Fiscal Analysis:

<u>Entity</u>	<u>Administrative Cost</u>	<u>Not Recoverable</u>	<u>Recoverable (1/4 of 1% Fee)</u>	<u>Recoverable (SB2557)</u>
County of SB	\$ 2,465,956	\$ 2,465,956	\$ -	\$ -
Cities	1,020,127	-	-	1,020,127
Dependent Special Districts	586,202	-	95,986	490,216
Independent Special Districts	427,788	-	68,144	359,644
School Districts	4,233,920	4,233,920	-	-
ERAF	(14,869)	(14,869)	-	-
RDA	506,997	-	-	506,997
Total 08-09	9,226,121	6,685,007	164,130	2,376,984
Total 07-08	6,788,903	4,909,642	152,587	1,726,674
Difference	\$ 2,437,218	\$ 1,775,365	\$ 11,543	\$ 650,310

Staffing Impact(s):

Legal Positions:

FTEs:

Special Instructions:

None

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Attachments:

Exhibits I, II and III.
Resolution

Authored by:

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CC:

Anne Rierson, County Counsel