



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: May 18, 2021
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: 4/5

TO: Board of Supervisors

FROM: Department Betsy M. Schaffer, CPA, CPFO
Director(s) Ext 2100
Contact Info: Trevor Lysek, CPA
Ext 2181

SUBJECT: Release of Prior Years Impounded Property Tax Revenue, for the 2020-21 Tax Year

County Counsel Concurrence

As to form: No

Other Concurrence: N/A

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a. Approve Budget Revision Request No 0006827 to increase fund balance components by \$3,430,968 in multiple County funds and departments, funded by release of nonspendable fund balance due to the resolution of multiple assessment appeals cases (4/5ths vote); and
- b. Determine that the above action is not a project under the California Environmental Quality Act (CEQA) pursuant to Section 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.

No new Assessment Appeals cases are being recommended for impoundment of taxes. However, several Assessment Appeals cases have been resolved, and as required by California Government Code § 26906.1 the Auditor-Controller is releasing the related impounded property taxes. Impounded tax revenues have been held in an interest bearing fund and earned interest will be distributed to the County and other taxing entities accordingly. Total impounds of \$10,705,581 will be released, of which \$3,430,968 comes under Board of Supervisors budgetary control.

We will inform all impacted entities by separate correspondence.

Background:

For the past several years the Board of Supervisors approved the impoundment of property taxes for the significant Assessment Appeals cases. Although new Assessment Appeals cases have been filed, the Auditor-Controller, based on discussion with the County Assessor, has determined that no new impounds are necessary at this time. Additionally, certain Assessment Appeals cases have been settled, requiring release of those impounds, as discussed below.

Impounds Being Released

2020-21 Impounds Released					
	2014	2015	2016	2017	Total
United Launch Alliance, LLC	\$ 2,245,100	\$ 2,175,167	\$ 1,337,700	\$ 1,090,491	\$ 6,848,458
Fairway BB Property, LLC		513,772	319,872	378,048	1,211,692
ExxonMobil Corporation			1,790,731	854,700	2,645,431
Totals	<u>\$ 2,245,100</u>	<u>\$ 2,688,939</u>	<u>\$ 3,448,303</u>	<u>\$ 2,323,239</u>	<u>\$ 10,705,581</u>

United Launch Alliance, LLC (ULA), one of the County’s largest taxpayers, is a 50-50 joint venture between Lockheed Martin Corporation and The Boeing Company providing space launch services for the US Government, filed significant assessment appeals on its leased land, launch facilities, and business property on Vandenberg Air Force Base. ULA filed appeals on disputed taxes in 2014-15, 2015-16, 2016-17 and 2017-18, resulting in cumulative impoundments of \$6,848,458. During the 2020-21 fiscal year, all ULA appeals cases were either withdrawn or stipulations were approved. Accordingly, all impounds are being released.

Fairway BB Property, LLC (Private Residence), filed appeals on disputed taxes in 2015-16, 2016-17 and 2017-18 resulting in cumulative impoundments of \$1,211,692. During the 2020-21 tax year, all Fairway BB Property, LLC appeals cases were either withdrawn or stipulations were approved. Accordingly, all impounds are being released.

ExxonMobil Corporation, a petroleum and gas company with operations along the coast of Gaviota in Las Flores Canyon, filed appeals on disputed taxes for 2016-17 and 2017-18, resulting in cumulative impoundments of \$2,645,431. During the 2020-21 fiscal year, all ExxonMobil Corporation appeals cases were either withdrawn or stipulations were approved. Accordingly, all impounds are being released.

Fiscal and Facilities Impacts:

Budgeted: No.

The release of impounded property taxes reduces the accounts receivable, while increasing cash, for multiple departments and funds under the control of the County. Accordingly, nonspendable fund balances must be decreased, increasing spendable fund balances, in order to reflect the reduction of property tax accounts receivable. Budget Revision Request 0006827 increases spendable fund balance components in these funds by the release of nonspendable fund balances.

Fiscal Analysis:

The schedule below delineates the 2020-21 impacts to those funds under your Board’s control. In addition, summary totals for other categories of taxing entities are included for your reference.

2020-2021 Impounds Released by Fund					
For Tax Years: 2014, 2015, 2016 and 2017					
Fund	Aerospace	Residences and Estates	Oil and Energy	Total Impounds Released	Releases Under County Control (BJE #0006827)
	United Launch Alliance, LLC	Fairway BB Property, LLC	ExxonMobil Corporation		
0001 - Santa Barbara County General	\$ 1,512,168	\$ 253,123	\$ 502,259	\$ 2,267,550	\$ 2,267,550
2120 - CSA 3	2,848	818	3,099	6,765	6,765
2130 - CSA 4	122	35	133	290	290
2140 - CSA 5	365	106	397	868	868
2170 - CSA 11	148	43	161	352	352
2220 - CSA 31	203	58	222	483	483
2280 - SB County Fire Protection Dist	788,445	45,058	170,066	1,003,569	1,003,569
2400 - SB County Flood Cntrl/Wtr Cnsvr	21,334	3,666	7,654	32,654	32,654
2460 - Guadalupe Flood Zn 3	206	60	224	490	490
2470 - Lompoc City Flood Zn 2	1,011	290	1,102	2,403	2,403
2480 - Lompoc Valley Flood Zn 2	618	177	669	1,464	1,464
2500 - Los Alamos Flood Zn 1	198	57	215	470	470
2510 - Orcutt Flood Zn 3	968	278	1,054	2,300	2,300
2560 - Santa Maria Flood Zn 3	2,965	854	3,222	7,041	7,041
2570 - SM River Levee Flood Zn	290	83	314	687	687
2590 - Santa Ynez Flood Zn 1	1,015	292	1,106	2,413	2,413
2610 - South Coast Flood Zn 2	20,386	12,916	22,218	55,520	55,520
2670 - North County Lighting Dist	1,494	430	1,627	3,551	3,551
2700 - Mission Lighting Dist	24	7	27	58	58
3050 - Santa Barbara County Wtr Agency	27,471	4,718	9,851	42,040	42,040
Dependent Special Districts	870,111	69,946	223,361	1,163,418	1,163,418
Incorporated Cities	143,071	41,167	155,642	339,880	-
Independent Special Districts	252,880	121,465	129,126	503,471	-
School Districts	4,070,228	725,991	1,635,043	6,431,262	-
Totals	\$ 6,848,458	\$ 1,211,692	\$ 2,645,431	\$ 10,705,581	\$ 3,430,968

Attachments: BRR/BJE 0006827

Authored by: Trevor Lysek, Property Tax Division Chief