

ATTACHMENT A

Clerk of the Board of Supervisors

County of Santa Barbara

105 East Anapamu Street

Santa Barbara, CA 93101

RE: APPEAL OF FINAL DETERMINATION – SECTION 32-18

Taxpayer / Operator: 15 Miramar Club LLC

Property: 66 Eucalyptus Lane, Santa Barbara, CA

Audit Period: April 1, 2022 – March 31, 2025

Amount Assessed: \$192,250.74

May 4, 2026

To the Honorable Board of Supervisors:

15 Miramar Club LLC hereby appeals the Final Determination issued April 24, 2026 by the County Treasurer-Tax Collector.

This appeal does not dispute the underlying Transient Occupancy Tax (TOT) and TBID principal of \$153,593.78. The taxpayer accepts the tax liability and will make all reasonable efforts to settle this liability in full.

This appeal concerns only:

1. The imposition of \$38,656.96 in penalties and interest; and
2. The denial of any payment arrangement.

I. NATURE OF THE APPEAL

The Final Determination concludes that the Tax Collector lacks authority to waive penalties and interest or to establish a payment plan.

While this may be correct at the administrative level, Section 32-18 expressly provides the Board of Supervisors with appellate authority over determinations relating to tax, interest, and penalties. This appeal respectfully requests the Board to exercise that authority.

II. EXTRAORDINARY AND UNDISPUTED FACTS

The non-compliance at issue was directly caused by catastrophic and documented circumstances:

- The sole managing member was exclusively responsible for all accounting, compliance, and tax filings.
- Beginning in 2022, she suffered from a serious and debilitating illness, undergoing intensive treatment and experiencing prolonged incapacity.
- Her illness lasted 7 years, and she passed away on April 13, 2025.

These facts are not disputed and were previously presented at the audit hearing.

III. DIRECT CAUSATION AND GOOD FAITH

The failure to timely remit TOT was not willful, negligent, or profit-driven.

It resulted from:

- Severe medical incapacity
- Progressive deterioration over multiple years
- Complete operational disruption following death

At all times:

- The business remained active and generating taxable revenue
- No effort was made to conceal income
- The taxpayer now fully acknowledges and accepts the principal tax

We believe this is a case of reasonable cause under CA judicial standards

IV. EQUITY AND DISPROPORTIONATE PENALTIES

The penalties and interest total \$38,656.96 — a substantial amount imposed under circumstances where:

- The responsible individual was terminally ill
- The entity had no alternate management structure
- Compliance failure was unavoidable

The purpose of penalties is to deter misconduct, not to punish unavoidable tragedy.

V. PAYMENT CAPACITY AND ESTATE CONSTRAINTS

The estate remains in financial distress:

- Assets are heavily leveraged
- Probate proceedings delayed liquidation until late 2025
- Federal and state tax liabilities have priority

Immediate full payment is not feasible.

However, the taxpayer proposes:

- Full payment of principal
- Structured installment payments over 36–48 months

VI. REQUEST FOR RELIEF

For the reasons described above, the taxpayer respectfully requests that the Board of Supervisors:

1. Abate all penalties and interest assessed;
2. Authorize a reasonable installment payment plan for the principal tax;

We believe the combination of terminal illness, prolonged incapacitation, and death of the sole responsible party constitutes clear and substantial “reasonable cause” as contemplated in County Code Section 32-17 and supported by standard California administrative practices.

VII. ATTACHED DOCUMENTATION

- Final Determination Letter of April 24, 2026
- Excerpt of County Code Chapter 32 (Sections 32-16 through 32-18)

Additional supporting documents can be provided upon request.

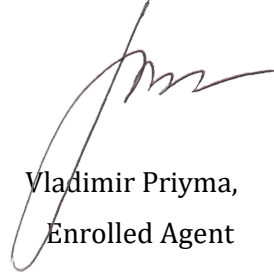
Thank you for your time and consideration of this appeal. We respectfully ask that the Board of Supervisors review this request for reasonable cause penalty and interest abatement. Please feel free to contact us at any time if additional information is needed.

Sincerely,



Olesya Kurnosova,
Certified Public Accountant

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Santa Barbara, CA 93108
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Vladimir Priyma,
Enrolled Agent

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TREASURER-TAX COLLECTOR

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April 24, 2026

15 Miramar Club LLC
Attn: Olesya Kurnosova
290 Penny Lane
Santa Barbara, CA 93108

RE: Transient Occupancy Tax Audit Hearing – Final Determination

Dear Ms. Kurnosova:

Thank you for testifying at the Transient Occupancy Tax (TOT) audit hearing on April 20, 2026. The purpose of the hearing, under Santa Barbara County (SBC) Code Section 32-17, was for you, the operator of the short-term rental located at 66 Eucalyptus Lane, Santa Barbara, CA, to show cause why the amount specified in the Tax Collector’s notice dated November 25, 2025, should not be fixed for such tax, penalties and interest. At this hearing, you requested relief from the penalties and interest and asked for a payment plan for the TOT balance due.

Final Finding #1

The County’s TOT ordinance does not give the Tax Collector the authority to waive penalties and interest.

Final Finding #2

The County Board of Supervisors has not given the Tax Collector the authority to officially set up a payment plan for the TOT balance due.

Action to Address Final Finding #1 & #2

It is determined that the amount due remains at **\$192,250.74**, consisting of \$153,593.78 in TOT/TBID and \$38,656.96 in penalties and interest. This amount is hereby assessed against you, the operator, and shall be promptly remitted to the County of Santa Barbara Treasurer-Tax Collector.

Pursuant to SBC Code Section 32-18, you, as the operator, have the right to appeal the determination of the Tax Collector by filing a written notice of appeal with the Clerk of the Board (sbcob@countyofsb.org) within fifteen days of the mailing of this determination, which is the date of this letter. The Board of Supervisors would then fix a time and date for an appeal hearing before the Board, and the Clerk of the Board would notify you in writing of the hearing. Enclosed please find a copy of SBC Code Section 32-18 so that you may be fully aware of your rights.

If you have any questions or concerns regarding this notice, please contact our office.

Sincerely,

A handwritten signature in blue ink, appearing to read 'H.E. Hagen', with a stylized flourish at the end.

Harry E. Hagen
CPA, CCMT, CFIP, CGIP, CPFA, CPFO, ACPFIM
Treasurer – Tax Collector

CC: Clerk of the Board, County of Santa Barbara

Sec. 32-16. Penalties and interest.

- (a) Original Delinquency. Any operator who fails to remit any tax imposed by this article within the time required shall pay a penalty of ten percent of the amount of the tax in addition to the amount of the tax.
- (b) Continued Delinquency. Any operator who fails to remit any delinquent remittance on or before a period of thirty days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent of the amount of the tax in addition to the amount of the tax and the ten percent penalty first imposed.
- (c) Fraud. If the county tax collector determines that the nonpayment of any remittance due under this article is due to fraud, a penalty of twenty-five percent of the amount of the tax shall be added thereto in addition to the penalties stated in subsections (a) and (b) of this section.
- (d) Interest. In addition to the penalties imposed, any operator who fails to remit any tax imposed by this article shall pay interest at the rate of one-half of one percent per month or fraction thereof on the amount of the tax, exclusive of penalties, from the date on which the remittance, first became delinquent until paid.
- (e) Penalties Merged With Tax. Every penalty imposed and such interest as accrues under the provisions of this section shall become a part of the tax herein required to be paid.

(Ord. No. 1570, § 8)

Sec. 32-17. Same—determination by tax collector upon failure to collect and report.

If any operator shall fail or refuse to collect such tax and to make, within the time provided in this article any report and remittance of such tax or any portion thereof required by this article, the county tax collector shall proceed in such manner as he may deem best to obtain facts and information on which to base his estimate of the tax due. As soon as the county tax collector shall procure such facts and information as he is able to obtain upon which to base the assessment of any tax imposed by this article and payable by any operator who has failed or refused to collect the same to make such report and remittance, he shall proceed to determine and assess against such operator the tax, interest and penalties provided for by this article. In case such determination is made, the county tax collector shall give a notice of the amount so assessed by serving it personally or by depositing it in the United States mail, postage prepaid, addressed to the operator so assessed at his last known place of address. Such operator may within ten days after the serving or mailing of such notice make application in writing to the county tax collector for a hearing on the amount assessed. If application by the operator for a hearing is not made within the time prescribed, the tax, interest and penalties, if any, determined by the county tax collector shall become final and conclusive and immediately due and payable. If such application is made, the county tax collector shall give not less than five days written notice in the manner prescribed herein to the operator to show cause at a time and place fixed in said notice why such amount specified therein should not be fixed for such tax, interest and penalties. At such hearing, the operator may appear and offer evidence why such specified tax, interest and penalties should not be so fixed. After such hearing the county tax collector shall determine the proper tax to be remitted and shall thereafter give written notice to the person in the manner prescribed herein of such determination and the amount of such tax, interest and penalties. The amount determined to be due shall be payable after fifteen days unless an appeal is taken as provided in section 32-18.

(Ord. No. 1570, § 9)

Sec. 32-18. Appeal from determination of tax collector.

Any operator aggrieved by any decision of the county tax collector with respect to the amount of such tax, interest and penalties, if any, may appeal to the board of supervisors by filing a notice of appeal with the county

clerk within fifteen days of the serving or mailing of the determination of tax due. The board of supervisors shall fix a time and place for hearing such appeal, and the county clerk shall give notice in writing to such operator at his last known place of address. The findings of the board of supervisors shall be final and conclusive and shall be served upon the appellant in the manner prescribed above for service of notice of hearing. Any amount found to be due shall be immediately due and payable upon the service of notice.

(Ord. No. 1570, § 10)

Sec. 32-19. Records.

It shall be the duty of every operator liable for the collection and payment to the county of any tax imposed by this article to keep and preserve, for a period of three years, all records as may be necessary to determine the amount of such tax as he may have been liable for the collection of any payment to the county, which records the county tax collector shall have the right to inspect at all reasonable times.

(Ord. No. 1570, § 11)

Sec. 32-20. Refunds.

- (a) Whenever the amount of any tax, interest or penalty has been overpaid or paid more than once or has been erroneously or illegally collected or received by the county under this article it may be refunded as provided in subsections (b) and (c) of this section provided a claim in writing therefore, stating under penalty of perjury the specific grounds upon which the claim is founded, is filed with the county tax collector within three years of the date of payment. The claim shall be on forms furnished by the county tax collector.
- (b) An operator may claim a refund or take as credit against taxes collected and remitted the amount overpaid, paid more than once or erroneously or illegally collected or received when it is established in a manner prescribed by the county tax collector that the person from whom the tax has been collected was not a transient; provided, however, that neither a refund nor a credit shall be allowed unless the amount of the tax so collected has either been refunded to the transient or credited to rent subsequently payable by the transient to the operator.
- (c) A transient may obtain a refund of taxes overpaid or paid more than once or erroneously or illegally collected or received by the county by filing a claim in the manner provided in subsection (a) of this section, but only when the tax was paid by the transient directly to the county tax collector, or when the transient having paid the tax to the operator, establishes to the satisfaction of the county tax collector that the transient has been unable to obtain a refund from the operator who collected the tax.
- (d) No refund shall be paid under the provisions of this section unless the claimant establishes his right thereto by written records showing entitlement thereto.

(Ord. No. 1570, § 13)

Sec. 32-21. Actions to collect.

- A. Suit for Taxes. Any tax required to be paid by any transient under the provisions of this article shall be deemed a debt owed by the transient to the county. Any tax due, whether or not collected by an operator, which has not been paid to the county shall be deemed a debt owed by the operator to the county. Any person owing money to the county under the provisions of this chapter may be liable to an action brought in the name of the county for the recovery of such amount. The remedy set out in this subsection is cumulative and not exclusive of any other remedy in this section.

(Supp. No. 42, Update 4)

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