



**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: 3/15/2011
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 Costs for 2010-11 (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 determining recoverable 2010-11 Property Tax Administrative Costs (Exhibits I and II).
2. Adopt the Resolution to recover property tax administrative costs pursuant to California Revenue and Taxation Code sections 95.3 and 97.75.
3. Determine that approval of the Resolution to recover property tax administrative costs pursuant to California Revenue and Taxation Code sections 95.3 and 97.75 is not a project under the California Environmental Quality Act (CEQA) pursuant to sections 15060(c)(3), 15378(b)(4), and 15378(b)(5) of the CEQA Guidelines, because it will not result in a direct or reasonably foreseeable indirect physical change in the environment.

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 2010-11 the County's recoverable costs are \$3,268,401, 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 recover from each such entity its proportionate share of costs by withholding same from each entity’s property tax distribution. Senate Bill 2557 established the methodology in 1990; several modifications to the methodology have been approved by the legislature in the years since.

Fiscal and Facilities Impacts:

Budgeted: Yes No

Fiscal Analysis:

The costs of property tax administration and the allocation of administrative costs to the various taxing entities, including revenue adjustments, are shown in Exhibits I and II. The calculation is prepared in accordance with the guidelines issued by the California Accounting Standards and Procedures Committee, which represents county auditors.

Exhibit I shows the current and prior year administrative costs. The FY 10-11 administrative costs related to the collection of property taxes is \$12,552,433, a net increase of \$2,466,722 over the FY 09-10 cost; the collectible portion of the costs increased \$703,244 over the prior year.

- The net increase in administrative costs is primarily related to a net increase of \$2,266,483 in salaries & benefits and related overhead costs. The largest increase was in the Assessor’s costs: salaries & benefits increased \$713,800 due mostly to the early retirement program, and overhead costs increased \$1,612,123 due mostly to an overhead rate increase of 16.62% over the prior year.
- A net decrease in offsetting revenues of \$171,972 also contributed to the overall increase in property tax administrative costs.

Exhibit II is summarized below. For 2010-11 the County’s recoverable costs are \$3,268,401. With respect to the County’s apportionment of costs, the County’s General Fund does not directly reimburse departments for property tax administrative costs calculated pursuant to SB 2557. Rather, operations for all departments that perform administrative functions are funded from the County’s General Fund.

<u>Entity</u>	<u>Administrative Cost</u>	<u>Not Recoverable</u>	<u>Direct Credit (1/4 of 1%)</u>	<u>Recoverable (SB2557)</u>
County of SB	\$ 3,356,961	\$ (3,356,961)	\$ -	\$ -
Cities	1,310,483	-	-	1,310,483
Dependent Special Districts	818,244	-	(104,505)	713,739
Independent Special Districts	591,154	-	(74,535)	516,619
School Districts	5,737,052	(5,737,052)	-	-
ERAF	10,979	(10,979)	-	-
RDA	727,560	-	-	727,560
Total 10-11	12,552,433	(9,104,992)	(179,040)	3,268,401
Total 09-10	10,085,711	(7,348,007)	(172,547)	2,565,157
Difference	\$ 2,466,722	\$ (1,756,985)	\$ (6,493)	\$ 703,244

Property Tax Administrative Costs for 2010-11 (SB2557)

3/15/2011

Page 3 of 3

Staffing Impact(s):

Legal Positions:

FTEs:

Special Instructions:

None

Attachments:

Exhibits I and II
Resolution

Authored by:

LeAnne Hagerty, CPA (x2180)

cc:

Anne Rierson, County Counsel