

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



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

Agenda Number:
Prepared on: 9/26/02
Department Name: Auditor-Controller
Department No.: 061
Agenda Date: 10/15/02
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors
FROM: Robert W. Geis, CPA
Auditor-Controller
STAFF CONTACT: Michael Struven (Ext 2134)
Chief, Financial Reporting, Budget and Cost
SUBJECT: PROPERTY TAX ADMINISTRATION FEE

Recommendation(s):

That the Board of Supervisors:

- A. Receive and file report prepared by the Santa Barbara County Auditor-Controller establishing the 2002-03 Property Tax Administration Fees (Exhibits I through IV).
- B. Set a hearing on November 5, 2002 for adoption of the resolution to impose the fee pursuant to Revenue and Taxation Code Section 95.3.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with actions required by law or by routine business necessity.

Executive Summary and Discussion:

Senate Bill 2557 (1990) as modified by Senate Bills 188 (1991), 1559 (1992), and Assembly Bill 1055 (1996) authorizes the County Auditor to annually determine property tax administration costs proportionately attributable to cities and special districts, and to charge each entity its proportion of costs as Property Tax Administration Fees. The Auditor is directed to withhold property tax from each entity as payment of the fee.

Collection of the Property Tax Administration Fees will provide \$1,405,909 in General Fund cost reimbursement. This represents about 19.81787% of the total costs of property tax administration. The General Fund cost of \$1,399,542 School Districts costs of \$3,280,158 and the Education Revenue Augmentation Fund costs of \$906,321 are exempted from collection. 1/4 of 1% collection fees for special districts in the amount of \$102,217 have also been exempted from the calculation.

The costs of tax administration and the allocation of the property tax administration fees to the various taxing entities, including revenue adjustments by tax year are shown in Exhibits 1 through IV. The calculation is prepared in accordance with the guidelines issued by the California Accounting Standards and Procedures Committee, which represents county auditors. It is requested that your Board set a hearing date of October 15, 2002 and, if appropriate, adopts the 2002-03 Property Tax Administration Fee for each entity to be charged.

The total net property tax administration costs decreased \$295,551 from the prior year. The collectable portion of the fee decreased \$39,304. The major contributing factors to the overall decrease in total net costs was a \$109,045 increase in the Treasurer's costs which was offset by net cost decreases of \$291,319 and \$123,113 for the Assessor and Auditor-Controller, respectively. The Assessor's office net costs decrease was due mainly to an increase in fees collected for Supplemental Owner Billings. The State AB818 program augments the property tax administration budgets by funding efforts to reduce work backlogs, assessment appeals, and system modernization. The law specifically excludes the AB818 program revenues as offsets in the fee calculation so that cities and districts share in these costs. The theory is that these efforts will result in revenue increases for all taxing agencies.

Mandates and Service Levels:

No change in programs or service level.

Fiscal and Facilities Impacts:

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Special Instructions: None

Concurrence: