



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: 4/24/2007
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: Robilyn Eggertsen, CPA (x2134)

SUBJECT: Property Tax Administrative Cost Fee for 2006-07 (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 2006-07 Property Tax Administrative Cost 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 2006-07 the County's recoverable costs are \$2,010,591, which is approximately 25% of the total net costs. Of the \$2 million, \$470 thousand represents an increased cost allocation to the cities resulting from a change in the current year tax allocation (see discussion below.)

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' was initiated by the State of California. Section 97.75 of the RTC prohibited counties from imposing any fee on cities related to implementing the 'flip' and 'swap' for the 2004-05 and 2005-06 fiscal years, but allowed for cost recovery from

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cities for 2006-07 and thereafter. 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’ Association of including the ‘flip’ and ‘swap’ in the property tax administrative fee calculation, the cities proportionate share of the administrative fee increases. The League of California Cities is in discussion with the State Controller and Auditors’ Assn regarding the appropriateness of including the ‘flip’ and ‘swap’ in the calculation.

Fiscal and Facilities Impacts:

Budgeted: Yes No

Fiscal Analysis:

<u>Entity</u>	<u>Administrative Cost</u>	<u>Not Recoverable</u>	<u>Recoverable</u>
County of SB	\$ 2,107,563	\$ 2,107,563	\$ -
Cities	908,586	-	907,820
Dependent Special Districts	502,499	-	420,338
Independent Special Districts	349,036	-	292,795
School Districts	3,617,880	3,617,880	-
ERAF	(45,467)	(45,467)	-
RDA	389,638	-	389,638
Total	\$ 7,829,735	\$ 5,679,976	\$ 2,010,591

(Note: \$139,168 of administrative costs already recovered from special districts in the 1/4 of 1% fee.

If the ‘flip’ and ‘swap’ were not to be included in the administrative fee calculation the amount recoverable from the cities’ would decrease by approximately \$470 thousand to \$439 thousand.

Staffing Impact(s):

Legal Positions:

FTEs:

Special Instructions:

Attachments:

Exhibits I, II and III.
Resolution

Authored by:

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cc:

Anne Rierson, County Counsel