



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

A-34

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

Department Name: CEO/Clerk of the Board
Department No.: 012
For Agenda Of: 4/5/11
Placement: Set Hearing
Estimated Tme: 20 Min. on 4/12/11
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Chandra L. Wallar, County Executive Officer, 568-3400
Director(s)
Contact Info: Michael Allen, Clerk of the Board, 568-2240

SUBJECT: Establishment of Assessment Appeal Application Fee

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: County Clerk-Recorder-Assessor

As to form: Yes

Recommended Actions:

That the Board of Supervisors,

Set a hearing for April 12, 2011 to consider the introduction (first reading) of an Ordinance amending Article IV of Chapter 32 of the County Code, as follows:

- a) Establishing and implementing a \$50.00 per parcel, non-refundable processing fee for Assessment Appeals applications on parcels, or appraisal units, with an assessed value of less than \$30,000,000, and establishing a \$1,000.00 per parcel non-refundable processing fee for Assessment Appeals applications on parcels, or appraisal units, with an assessed value of greater than \$30,000,000; and
- b) Set a hearing on the Administrative Agenda of April 19, 2011 to consider the adoption (second reading) of the Ordinance.

Summary Text:

Article 13, Section 16 of the California Constitution enables the Board of Supervisors to create a separate Assessment Appeals Board to ensure in the processing and decision of equalization petitions. In September of 1973, the Board of Supervisors adopted Ordinance No. 2482, creating an Assessment Appeals Board and set forth the requirement that the Clerk of the Board act as Clerk to this Board. In 2009, the Clerk of the Board accepted and reviewed 768 Applications for Changed Assessment. There is currently no fee for these services. The staff time involved in this process can be lengthy and it

is estimated that each application takes approximately one hour to process. This does not include the additional staff costs associated with those applications that reach the hearing stage before the Assessment Appeals Board. These hearings can last from between one day to twenty or more depending on the complexity of the case.

In addition to managing the initial application process, there are substantial costs associated with Assessment Appeal hearings that are not offset by any fee structure. In 2009, the Assessment Appeals Board met a total of 16 times with a total cost of \$119,000. The proposed filing fee will not cover the full, actual costs of processing the numerous Assessment Appeals, which are approximately \$75 to \$100 per appeal, nor will it eliminate all withdrawals, frivolous appeals, fraudulent appeals, or individuals who fail to attend their scheduled hearings. However, it will provide some revenue to offset the costs of this program.

Given the budgetary challenges facing the County it is imperative that a portion of the costs of this service be recovered. A fee for service is the fairest way to accomplish this goal without spreading the costs to all taxpayers. As such, staff is recommending that the Board adopt the attached Ordinance establishing fees for filing Applications for Changed Assessment.

Background:

Four years ago, four California counties were charging assessment appeals processing fees. There are now 21 counties charging Assessment Appeal processing fees (Attachment A). In addition to the 21 counties that are currently charging a processing fee, several other California counties (as many as 14) are looking at implementing a processing fee to cover at least a portion of the cost of the Assessment Appeals process. This is particularly relevant in the County of Santa Barbara due to our FY 2011-12 budget shortfall, the general budgetary constraints facing local governments, and the multi-year increase in appeal filings.

The proposed processing fee for an Assessment Appeal application will help offset the annual assessment appeals program costs to the County. We anticipate that the total number of appeals filed will reach approximately 800-900 for FY 10/11. Using 750 as an average normal year's filing, the proposed fee of \$50 per parcel would generate approximately between \$40,000 and \$45,500 in revenue to help offset the cost of the Assessment Appeals process. This revenue estimate is detailed in the Fiscal Narrative section. Although the proposed application fees will not cover the full cost of processing our annual assessment appeal applications, it will help to offset some of the costs, possibly as much as 50 percent.

This proposed application processing fee is exempt from being characterized as a tax, pursuant to Section 1(e)(2) of Article XIII C of the California Constitution which provides that "(e) As used in this article, "tax" means any levy, charge, or exaction of any kind imposed by a local government, except the following... (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product." The Board of Supervisors may impose a reasonable fee for the filing of Applications for Changed Assessment pursuant to Article 13, Section 16 of the California Constitution as well as pursuant to Government Code Section 54985.

Board of Supervisors Resolution 02-228 established the procedural rules for the Assessment Appeals Boards with respect to properties with a taxable value on the current role in excess of \$30,000,000.

These cases are time consuming, and are therefore costly to process. Recognizing the complexity and elevated costs for these appeals, we are recommending a \$1,000 filing fee.

The Clerk of the Board respectfully requests that your Board adopt this Ordinance and approve the implementation of fees for processing Applications for Changed Assessment effective July 2, 2011, and direct the Clerk of the Board to amend the Assessment Appeals Board and Hearing Officer Rules of Procedures to include the processing fee requirement.

Fiscal Narrative:

The FY 2010/11 estimated actual cost of managing the Assessment Appeals Program is approximately \$119,000. The recommended action will potentially generate approximately \$45,500 in revenue to partially offset the costs of this program. The table below reflects the estimated actual revenue for FY 2011-12 with the recommended filing fee in place

Estimated Revenue – Fiscal Year 2010/2011

		Filing Fee	Estimated Revenue
Average Number of Standard Appeals Filed (2009)	750	\$ 50	\$ 37,500
Average Number of Complex Cases Filed	8	\$ 1,000	\$ 8,000
Average Number of Appeals Filed (2009)	758		
Proposed Fee Amount per Standard Appeal Filed	\$ 50		
Proposed Fee Amount per Complex Case Filed	\$ 1,000		
Total Estimated Revenue		\$ 45,500	\$ 45,500
Note: Estimated FY 2010/2011 revenue is based on 2009 actuals.			

Special Instructions:

The Clerk of the Board shall notice this item pursuant to Government Code Section 54986 and shall also include a notice in a newspaper of general circulation published in the County of Santa Barbara 5 and 10 days prior to the consideration of this item by the Board of Supervisors. In addition, before the expiration of fifteen (15) days after its passage, the Ordinance or a summary of it shall be published once, with the names of the members of the Board of Supervisors voting for and against the same in a newspaper of general circulation published in the County of Santa Barbara.

Attachments:

- Attachment A: California Counties with an Assessment Appeals Application Fee
- Attachment B: Proposed Ordinance

Authored by:

Michael Allen, Clerk of the Board
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