



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: Treasurer-Tax
Collector-Public
Administrator
Department No.: 065
For Agenda Of: June 19, 2012
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Harry E. Hagen, CPA, CPFO, CPFIM
Director(s) Treasurer-Tax Collector-Public Administrator
Contact Info: Clinton P. Donati, Assistant Treasurer-Tax Collector-
Public Administrator

SUBJECT: **Casmalia Disposal Uncollectable Tax Amounts / Discharge from Accountability**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form:

Recommended Actions:

- a. Receive and accept the verified application from the Treasurer-Tax Collector for Discharge of Accountability for the collection of secured property taxes, penalties, fees and costs for parcels 113-260-002 (alternately known as 113-260-02) and 113-260-003 (alternately known as 113-260-03) along with supporting information from the United States Environmental Protection Agency;
- b. Determine that the delinquent taxes on parcel numbers 113-260-002 and 113-260-003 are uncollectable and make an order discharging the Treasurer-Tax Collector from further accountability related to these parcels pursuant to Section 2611.3 of the California Revenue and Taxation Code, and Sections 25257, 25258, and 25259 of the California Government Code;
- c. Direct the Auditor-Controller to adjust any charge against the Treasurer-Tax Collector related to parcel numbers 113-260-002 and 113-260-003 in the amount stated in the application; and
- d. Direct the Auditor-Controller to remove the taxes, late penalties, fees and costs for parcel numbers 113-260-002 and 113-260-003 from the tax roll.

Summary Text:

The taxes on parcel numbers 113-260-002 and 113-260-003 have gone unpaid for twenty years since Casmalia Disposal ceased operations. In 1992 the United States Environmental Protection Agency (hereafter EPA) assumed the lead role in the clean-up of the site, and subsequently the property was declared a Federal Superfund Site. The California Controller's Office recommends a tax collector not attempt to sell a Superfund Site to recover delinquent property taxes. The Treasurer-Tax Collector believed that the EPA would eventually be able to advise where the toxic contamination stops, and that the County would then be able to subdivide the approximately 556 acres in order to sell a portion to recover the property taxes, late penalties, fees and costs.

In June 2011 the EPA advised the Treasurer-Tax Collector that the toxic contamination is in the ground water and that they will never be able to state where the toxic contamination stops. The Treasurer-Tax Collector received written confirmation of the above facts and that the parcels will likely be a superfund site into perpetuity from the EPA on March 1, 2012.

If the Treasurer-Tax Collector determines at a future date the taxes are collectable he or she can request the taxes be re-enrolled on the tax roll by the Auditor-Controller, and may initiate collection action.

Background:

The Treasurer-Tax Collector's property tax system is a mainframe based system that was implemented between 1977 and 1984. The Board of Supervisors approved the purchase of the Manatron GRM Tax System to replace the mainframe in 2010. The Treasurer-Tax Collector and Auditor-Controller are working with Manatron on a multi-year project to implement a California compliant tax system, which is scheduled to become operational in the 2013-2014 Fiscal Year.

Our current mainframe tax system is programmed with a maximum twenty year rule regarding tax delinquencies. Our most experienced programmer, who worked on the system design, has advised the Treasurer-Tax Collector that if these two parcels are not either paid or removed from the Redemption Roll by June 30, 2012 there will be a catastrophic failure when the twenty-first year is moved to the delinquent roll by operation of law. Alternately, attempting to reprogram may also result in a catastrophic failure.

The letter from the EPA substantiates these taxes are uncollectable.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

As of May 31, 2012, the unpaid taxes for these two parcels total \$297,917.94 (\$510.80 on the Current Roll plus \$297,407.14 on the Redemption Roll). Of this amount \$296,155.83 was advanced over the years to those taxing entities enrolled in the Teeter Program. Accordingly these taxing entities will be required to reimburse the Teeter Program for their portion of the amount received over the years. Those taxing entities not participating in the Teeter Program do not have to make a reimbursement as they never received an advance on their share of the unpaid taxes.

In addition to the unpaid property taxes, these two parcels also accrued the following costs, fees and penalties since first going delinquent more than twenty years ago in tax year 1990-1991:

	<u>Total</u>
Delinquent Penalties	29,791.40
Costs	680.00
Redemption Fees	60.00
Redemption Penalties	845,839.65
	<u>\$ 876,371.05</u>

As these amounts are not recognized in the financial statements until collected no financial adjustments are necessary.

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund	\$69,617.96		
State			
Federal			
Fees			
Other:			
Total	\$ 69,617.96	\$ -	\$ -

Narrative: The General Fund’s portion of unpaid taxes advanced over the years which now is required to be reimbursed back to the Teeter Program equals \$69,617.96. This is a reduction of revenues received in prior years.

Special Instructions:

Instruct the Clerk of the Board to provide a Minute Order to the Auditor-Controller directing the removal of all taxes, penalties, fees and costs for parcels 113-260-002 and 113-260-003 from the tax rolls and adjusting the charge against the Treasurer-Tax Collector.

Attachments:

Request for and Discharge of Accountability from the Treasurer-Tax Collector, and a Letter from the United States Environmental Protection Agency

Authored by:

Clinton P. Donati, Assistant Treasurer-Tax Collector-Public Administrator

cc: