



**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: April 16, 2013
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Robert Geis, CPA
Director(s) Ext 2100
Contact Info: Ed Price, CPA
Ext 2181

SUBJECT: Impoundment of Various Taxing Entities' 2012-13 Property Tax Revenue

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a. Approve and authorize the Auditor-Controller to impound \$3,144,183 of 2012-13 current year taxes from various entities' property tax revenues as noted on the attached Schedule A to mitigate potential losses from large assessment appeals filed by taxpayers; and
- b. Determine that the decision to approve and authorize the impoundment is not a project under the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(3) and 15378(b)(4) of the CEQA Guidelines, because it is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical effect on the environment.

Summary Text:

California Government Code § 26906.1 authorizes the Auditor-Controller, with the approval of the Board of Supervisors, to impound disputed revenues of any tax upon secured or unsecured property levied and collected by the county for the county or any revenue district when a claim or action is filed for the return of the revenues. The significant Assessment Appeals cases described under the Background section below are being recommended for impounding of taxes. This action does not require the Board to conclude that refunds are reasonably likely in whole or in part.

The impounded tax revenues will be held in an interest bearing fund. The Auditor-Controller will continue to impound the revenues until the final disposition of the claim or action, or a refund of the tax is no longer anticipated. If, under final disposition, it is determined that the taxes were properly levied against the property, the Auditor-Controller will release the revenues to the County or revenue district.

By separate correspondence we will inform all impacted entities.

Background:

For the past two years the Board of Supervisors approved the impounding of property taxes for certain significant Assessment Appeals cases. As these cases have not yet been settled and new significant Assessment Appeals cases have been filed it is recommended that property taxes be impounded for 2012-13 as following:

Mobile Home Parks (continuing appeals)

The Rancho Goleta – Silver Sands case involves assessment appeals by two separate mobile home parks which are being adjudicated together on the same assessment issues. This case has been in progress for several years and while the tax disputed for each individual tax year contested is not significant, in the aggregate the amount of tax being disputed is now considerable. Summerland by the Sea is a separate case which has not gone to assessment appeal hearing. This case will most likely be continued until after the Court of Appeal issues a decision on Rancho Goleta - Silver Sands. Below is a table listing the disputed taxes by taxpayer.

<u>Taxpayer</u>	<u>Number of Tax Years Contested</u>	<u>Current Year Taxes to be Impounded</u>
Rancho Goleta	11	\$ 122,964
Silver Sands	11	93,923
Summerland by the Sea	6	36,333
		<u>\$ 253,223</u>

For the fiscal year 2012-13 regular taxes, we feel impoundment of 100% of this and any future year's disputed amount is warranted until the total impoundment equates to approximately 50% of the total taxes contested for all years. Attached is Schedule A which identifies by taxing entity each taxing entity's share of this year's current tax impoundment.

Aerospace (new)

In 2011 and 2012 United Launch Alliance, one of the county's largest taxpayers, filed appeals involving unsecured assessments on three launch facilities and the business unit on Vandenberg Air Force Base. The appeals filed cover 2011 and 2012 tax years and prior year escapes billed in 2012. The smallest cases filed, all related to one launch facility, have been withdrawn. Based on the remaining appeals filed the amount of regular tax revenues disputed totals approximately \$7.2 million.

While we feel it is unlikely that the entire amount in dispute would be required to be refunded to the taxpayer, we do feel it would be prudent to set aside via this impound a portion of these revenues. We feel impoundment of 50% (\$2.891 million) of the disputed tax amount for the appeals filed in fiscal year

2012-13 is warranted. Attached is a Schedule A which identifies by taxing entity each taxing entity's share of the impoundment.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

Schedule A attached delineates the impacts to the affected taxing entities for the proposed 2012-13 impounds.

Attachments:

Schedule A – Proposed 2012-13 Impounds by Taxing Entity and Assessment Appeal

Authored by:

Ed Price, Property Tax Division Chief