



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 4/9/2019

Agenda Placement: 6R

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Tracy Schulze - Auditor-Controller
Auditor - Controller

REPORT BY: Christy Redford, Property Tax Specialist - 707 253-4577

SUBJECT: Property Tax Administrative Fee Cost Allocation for Public Entities Fiscal Year 2017-18

RECOMMENDATION

Auditor-Controller requests the Board accept, and instruct the Clerk of the Board to file, the report for the property tax administrative fee cost allocation to public entities in Napa County for Fiscal Year 2018-19 for services rendered in Fiscal Year 2017-18 as authorized by Chapter 3.44 of the Napa County Code and Section 95.3 of the Revenue and Taxation Code.

EXECUTIVE SUMMARY

The annual review and report regarding the property tax administrative fee cost allocation is to be prepared by the Auditor-Controller following the end of each fiscal year. Fee revenues will be recognized in Fiscal Year 2018-19 for the participating departments that have incurred the costs in Fiscal Year 2017-18.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Revenue is budgeted in the appropriate budget units that incurred the costs of administering the services.
Is it Mandatory or Discretionary?	Mandatory
Is the general fund affected?	Yes
Future fiscal impact:	To recover the costs of property tax related services being provided to local

entities, the appropriate allocation is calculated by the Auditor-Controller every year, in accordance with Revenue and Taxation Code 95.3. Revenues for the current year amount to \$765,101.

Consequences if not approved: The departments incurring the costs will not realize these revenues.

Additional Information:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

This item is specifically exempt from the voting requirements of Article XIII C of the California Constitution because it is an assessment or property related fee imposed in accordance with the provisions of Article XIII D; a reimbursement 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 Auditor-Controller has issued a report regarding the actual costs incurred by the County during the previous fiscal year for assessing, collecting, and allocating property taxes, including the applicable overhead costs as permitted by Federal 2 CFR Part 225 standards. The administrative fee is a reimbursement from each incorporated city and local taxing jurisdiction as its proportionate share of the administrative costs incurred by the County during Fiscal Year 2017-18, and will be recognized as revenue in Fiscal Year 2018-19. School entities are specifically exempt from this fee, although they benefit from the services provided and their unrecovered allocation totals \$2,647,245 million as noted in Attachment A.

The proposed cost allocation reflects a net billable amount of \$765,101, which is an increase of \$100,538, or 15.1%, over the prior year. This increase is the net effect of normal inflationary cost increases both in direct and indirect costs. In addition, the school share of the allocation factors are slightly lower than the previous year resulting in a greater amount of billable costs.

The Board approved Ordinance No. 1398 for Chapter 3.44 of the Napa County Code for the property tax administrative fee on March 3, 2015. The California Revenue and Taxation Code Section 95.3 was enacted to allow counties to recover actual costs of assessing, collecting and allocating property taxes from all local public entities excepting schools. This report is presented as an informational item to the Board. The Auditor-Controller requests the Board to accept and file the report.

SUPPORTING DOCUMENTS

A . Attachment A Property Tax Admin Fee FY 17-18 Actuals Paid in FY 18-19

CEO Recommendation: Approve

Reviewed By: Helene Franchi