



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 8/11/2015

Agenda Placement: 6V

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: Teeter Plan for Fiscal Year 2014-2015

RECOMMENDATION

Auditor-Controller requests adoption of a resolution authorizing the implementation of the Teeter Plan as follows:

1. Authorizing the continuance of the Teeter Plan, as governed by Revenue and Taxation Code, for Fiscal Year 2015-2016;
2. Authorizing the issuance of a promissory note, in the amount of \$2,329,880, to fund payment of the Fiscal Year 2014-2015 delinquent secured taxes; and
3. Authorizing the Chair and Clerk of the Board to sign the note.

EXECUTIVE SUMMARY

This agenda item details the steps required for the County to continue participating in the Teeter Plan for the 2015-2016 fiscal year.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Central Services supports the reserve and the interest payments for the Teeter Plan, which is offset by funding from the Teeter Tax Loss Reserve.
Is it Mandatory or Discretionary?	Mandatory

Is the general fund affected?	Yes
Future fiscal impact:	The County receives the benefits of collecting all penalties and interest on delinquent payments for all taxing entities under the Teeter Plan.
Consequences if not approved:	The General Fund will not receive its portion of the Teeter Buyout of \$367,368 for delinquent secured and supplemental taxes as of 6/30/15. Instead, the General Fund would only receive the tax revenues actually collected as of 6/30/15 and would receive the delinquent taxes when they are paid over the next several years.

Additional Information:

ENVIRONMENTAL IMPACT

There is no Environmental Impact for this item.

BACKGROUND AND DISCUSSION

In California, property tax revenue is collected by counties and distributed, or apportioned, to the local taxing entities under one of two methods. Under the first method, the taxing entities receive the actual tax revenue collected in a particular year, which is typically less than the amount billed, and any delinquent taxes received in future years are then distributed to the taxing entities in those years. Use of a Teeter Plan is the alternative method of property tax apportionment established by Revenue & Taxation Code 4702 et seq. It is an accrual method that recognizes a tax receivable and establishes a tax loss reserve fund. Teeter allows counties to allocate secured and supplemental property taxes to jurisdictions at 100% of the billed amount rather than the actual tax collections. The county itself then receives all future delinquent tax payments, penalties and interest.

The Napa County Board of Supervisors adopted Resolution No. 93-79 on July 13, 1993 to approve and implement the use of this alternative distribution of tax method, which includes establishing a tax loss reserve fund and issuance of a promissory note to fund the payment to the jurisdictions. The promissory note authorizes the County to borrow the amount needed to cover delinquent property tax revenue from the funds managed by the County Treasurer. The note is then paid off annually, over a maximum of five years, from collections of delinquent taxes. The tax loss reserve fund is required to cover promissory note repayment costs in the event that delinquent tax payments are not sufficient to do so. This reserve is funded by penalties and interest paid with delinquent tax payments.

Please see the attached letter, resolution and promissory note for the ongoing implementation of the Teeter Plan.

SUPPORTING DOCUMENTS

- A . Memo from Auditor-Controller
- B . 2015-16 Teeter Note & Resolution Attachment B

CEO Recommendation: Approve

Reviewed By: Molly Rattigan