



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 8/14/2018

Agenda Placement: 6Q

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 2017-2018

RECOMMENDATION

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

1. Authorizing the issuance of a promissory note, in the amount of \$2,512,654, to fund payment of the Fiscal Year 2017-2018 delinquent secured taxes;
2. Authorizing the Chair and Clerk of the Board to sign the note; and
3. Authorizing the continuance of the Teeter Plan, as governed by Revenue and Taxation Code, for Fiscal Year 2018-2019.

EXECUTIVE SUMMARY

The Napa County Board of Supervisors adopted Resolution No. 93-79 on July 13, 1993 to approve and implement the alternative method of property tax apportionment known as the Teeter Plan. This item authorizes the promissory note for Fiscal Year 2017-2018 and the continuance of the Teeter Plan for Fiscal Year 2018-2019.

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 \$388,395 for delinquent secured and supplemental taxes as of June 30, 2018. Instead, the General Fund would only receive the tax revenues actually collected and would receive the delinquent taxes when they are paid over the next several years.
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

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 . Attachment A Teeter Letter From Auditor-Controller
- B . Attachment B Teeter Resolution & Note 2018-19

CEO Recommendation: Approve

Reviewed By: Leigh Sharp