



COUNTY OF HUMBOLDT

AGENDA ITEM NO.

C-18

For the meeting of: September 6, 2016

Date: August 26, 2016

To: Board of Supervisors

From: Treasurer-Tax Collector

Subject: Letter of Opposition for Assembly Bill 2169 (Holden) Property taxation: Monthly Property Tax Program

RECOMMENDATION(S):

That the Board of Supervisors send a letter to the Governor opposing Assembly Bill (AB) 2169 related to implementing a monthly property tax payment program

SOURCE OF FUNDING: General Fund

DISCUSSION:

AB 2169 would allow a county board of supervisors permission to adopt a resolution or ordinance to implement a Monthly Property Tax Payment Program, which would authorize qualified senior taxpayers to pay the property tax owed on their principal place of residence in monthly installments.

At present the tax operating system is designed to accept full installment payments only so it would require a significant, and costly, upgrade to also allow monthly payments. The Megabyte tax collection system was established according to Revenue and Taxation Code and billing is predicated on the December 10 and April 10 collection dates. Changes to the system would take enormous time and money that the TTC would have to request from the County's general fund.

Prepared by John Bartholomew

CAO Approval

*Eushia Hayes*

REVIEW:

Auditor *MDM*

County Counsel *Ken*

Human Resources

Other

TYPE OF ITEM:

- Consent
- Departmental
- Public Hearing
- Other

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor *Sundberg* Seconded by Supervisor *Bass*

- Ayes *Sundberg, Fennell, Lovelace, Bohn, Bass*
- Nays
- Abstain
- Absent

PREVIOUS ACTION/REFERRAL:

Board Order No. \_\_\_\_\_

Meeting of: \_\_\_\_\_

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: *Sept. 10, 2016*

By: *Kathy Hayes*  
Kathy Hayes, Clerk of the Board

Generating and mailing monthly bills would also increase printing and postage expenses, and would definitely increase the staff time needed for accomplishing these tasks.

The measure also does not take into account the great likelihood that some seniors would miss monthly payments. When this occurs what would be the procedures for them being late? Would penalties and fees be applied even though those payments were during a normal installment window for everyone else not on a monthly payment schedule? Any missed payments during the year would mean the total taxes owed for the year would not be satisfied so would the delinquency only apply to those amounts not received? Would the default date then apply to the full year of payments due? Would the amount collected be returned for there being a lack of full payment? Would the county need to pay interest on money held more than 60 days that was then returned to the taxpayer? These and other procedural problems are not addressed in the bill.

Right now seniors could impound their tax payments if they have a mortgage, or set up automatic savings accounts with their existing banks to transfer one-twelfth of the taxes owed to a specific account each month so that the funds are available when needed. Many do this already so why should tax collection operations be changed to accommodate monthly payments?

In summary, there are existing options available to assist seniors who wish to remain current on their taxes without creating new local, publicly funded, program. What may seem like a sensible and considerate program to help seniors on fixed budgets would actually require a significant public investment in order to establish a system that would work properly. Such a system and required tax code changes would also take a lot of time to establish and implement. There are currently easier and other inexpensive ways to achieve this same goal.

This request supports your Board's 'strategic framework' by managing resources to ensure sustainability of services, and would help enforce current laws and regulations to protect all citizens without shifting additional costs to benefit the few at the expense of everyone else.

For all these reasons, the Board of Supervisors should oppose AB 2691.

FINANCIAL IMPACT:

There is no direct financial impact to the county by submitting a letter of support.

OTHER AGENCY INVOLVEMENT:

Not applicable.

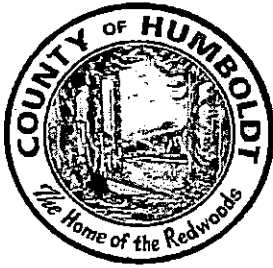
ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to submit the letter of support.

ATTACHMENTS:

1. Letter of Opposition to AB 2169

# ATTACHMENT 1



**BOARD OF SUPERVISORS  
COUNTY OF HUMBOLDT**

825 5th Street, Suite 111, Eureka, CA 95501-1153  
Telephone (707) 476-2390 Fax (707) 445-7299

The Honorable Edmund G. Brown Jr.  
Governor, State of California  
State Capitol, First Floor  
Sacramento CA 95814

**RE: AB 2691 (Holden) Property taxation: Monthly Property Tax Program- OPPOSE**

Dear Governor Brown:

On behalf of the Humboldt County Board of Supervisors, I regret to inform you that the Board has taken a position of OPPOSE on AB 2691 related to property tax collection.

While we certainly appreciate the intent of the bill, what it seeks to enable for seniors would be nearly impossible to execute without significant financial resources made available to the Treasurer-Tax Collector (TTC) and Auditor-Controller to set up the program. There are several significant implementation problems with your measure.

The use of the word "installment" suggests that the TTC has the capacity to send out monthly bills reflecting that month's payment and outstanding balances; tax collectors do not have that capacity – this would require a significant investment at the Board of Supervisors' level to upgrade tax collection systems to produce those mailings and handle printing and postage costs.

Most counties' tax collection systems are well-established according to Revenue and Taxation Code and billing is predicated on the December 10 and April 10 collection dates. Changes to these systems take enormous time and resources that the TTC must request from the County's general fund (thus, competing against public safety, health and public works projects for local resources.) Additionally, the staffing required to handle payments by mail would be increased significantly year round and more so during "tax payment season."

The cost of generating monthly bills and mailing them out would also mean a 12 fold increase in printing and postage costs for those bills affected. Despite being the collection agency for the County, Treasurer-Tax Collectors are entirely reliant on a county general fund for their entire departmental budget, as are Auditor-Controllers. They have no ability to generate and hold funds for their own departmental purposes. They are subject to the Board of Supervisors' departmental budget decisions.

The measure also does not take into account the great likelihood that seniors would miss a monthly payment. Would they then be considered in arrears if that occurred before December 10, the statutory deadline for the first installment of taxes? How would Auditor-Controllers in Teeter counties manage funds? Hold them in a trust, or advance them monthly based on the expectation that all 12 payments will come in on time? Would tax collectors have to pay interest in those funds in the trust to taxing entities? Would we have to recover funds advanced to taxing entities with a Teeter plan if any portion of the total tax payment was unpaid? How can monthly bills even be issued when the tax roll is not established until late July, and it is a logistical impossibility to issue a bill for payment due in July – would counties have to estimate the next year's taxes, and do a true-up billing at some point? Currently, Tax Code allows the TTC to collect fees to cover the cost of setting up annual payment plans; we believe that fees imposed to offset the cost of establishing monthly payment plans would be too burdensome for the seniors for whom this legislation is to benefit.

There are so many implementation questions left unanswered by the measure in print that it would undoubtedly yield a widely-varying implementation county-by-county, which could then disrupt the orderly distribution of property tax dollars to the taxing entities, including schools.

Currently seniors could impound their tax payments if they have a mortgage, or set up automatic savings accounts with their existing banks to transfer one-twelfth of the taxes owed to a specific account each month so that the funds are available when needed. Many do this already so why should the property tax collection system be changed to accommodate something that seniors can already set up for themselves?

In summary, there are existing options available to assist seniors who wish to remain current on their taxes without creating new local, publicly funded program. What may seem like a sensible and considerate program to help seniors on fixed budgets would actually require a significant public investment in order to establish a system that would work properly. Such a system and required tax code changes would also take a lot of time to establish and implement. There are currently easier and other inexpensive ways to achieve this same goal.

For all these reasons, the Board of Supervisors opposes AB 2691 and urges your veto of the bill.

Sincerely,



Mark Lovelace  
Humboldt County Board of Supervisors, Chair

cc:

Shaw, Yoder, Antwih  
California State Association of Counties  
Humboldt County Treasurer-Tax Collector  
Humboldt County Auditor-Controller

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\*\*\* FAX TX REPORT \*\*\*  
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TRANSMISSION OK

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SUBADDRESS	
DESTINATION ID	CSAC
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RESULT	OK



Name: Humboldt County Board of Supervisors  
 Phone: 707-476-2390  
 Fax: 707-445-7299  
 Address: 825 Fifth Street, Eureka, CA 95501

To: California State Association of Counties

Fax #:

# of pages: 3

Messages:

## Hartwell, Ana

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**From:** Hartwell, Ana  
**Sent:** Wednesday, September 14, 2016 3:00 PM  
**To:** 'klange@shawyoderantwih.com'  
**Subject:** AB 2169 (Holden) Letter of Opposition  
**Attachments:** Opposition Letter to AB2169.pdf

Hi Karen, attached is a letter that the Board approved I sent to the Governor last week.

Best regards,

Ana Hartwell  
Deputy Clerk of the Board of Supervisors  
825 Fifth Street, Room 111  
Eureka, CA 95501  
(707) 476-2384