



# COUNTY OF HUMBOLDT

For the meeting of: 4/6/2020

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File #: 20-438

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**To:** Board of Supervisors

**From:** Supervisor Rex Bohn

**Agenda Section:** Initiated by Board Member

**SUBJECT:**

Discussion on Postponement of Standard Penalty Waiver Procedures for Late Payment of Property Taxes (Supervisor Rex Bohn)

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Discuss postponing standard penalty waiver procedures for late payment of property taxes; and
2. Take other action as necessary.

**SOURCE OF FUNDING:**

General Fund

**DISCUSSION:**

In an effort to slow the spread of novel coronavirus (COVID-19) and preserve critical health care capacity across the region, the Humboldt County Health Officer, announced a legal order on March 19, 2020 (the "Order"), directing residents to shelter in place for three weeks beginning March 20<sup>th</sup>. The Order directs county residents to stay home, limiting activity, travel, and business functions to only the most essential needs. On March 30, 2020, the Health Officer modified the Order and extended the effective date of the Order until rescinded.

The county thereafter announced that it would significantly modify the way its public-facing services would be provided during the term of the Order. Consistent with this directive, the county's social distancing guidelines, and Center for Disease Control (CDC) guidance, the Treasurer-Tax Collector's Office (T-TC) has been closed to the public with respect to the acceptance of walk-in tax payments and will remain closed through the duration of the Order.

The second installment of county-wide property taxes for fiscal year 2019-20 is due on April 10, and the T-TC does not have the authority to extend the second installment deadline, which is set forth in state law. Revenue and Taxation Code 4985.2 provides that any penalty, costs, or other charges resulting from tax delinquency may be canceled by the T-TC if failure to make a timely payment is due

to reasonable cause and circumstances beyond the taxpayer's control. The COVID-19 pandemic fits those circumstances due to the extreme financial fallout effecting many taxpayers.

FINANCIAL IMPACT:

Pursuant to Revenue & Taxation Code Section 4701 *et seq.*, the county distributes (teeters) the property tax levies on the secured roll for all other taxing entities and, in turn, receives all penalties and interest on late tax payments. Such penalty and interest amounts received by the county could decrease by as much as \$2 million dollars if penalties were waived for the outstanding tax payments still due as of today's date.

In addition, teeter obligations require the county to distribute 45% of property taxes billed but not necessarily collected on April 10, 2020. The teeter fund does not currently contain sufficient funding available for this distribution, leaving any shortfall as the responsibility of the county until the remaining tax payments have been collected.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by protecting vulnerable populations .

OTHER AGENCY INVOLVEMENT:

N/A

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could take no action and allow the Treasurer-Tax Collector to evaluate the waiver of penalties on a case by case basis.

ATTACHMENTS:

N/A

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A