

**To:** The Board of Supervisors of Sonoma County  
**Department or Agency Name(s):** Auditor-Controller-Treasurer-Tax Collector  
**Staff Name and Phone Number:** Brooke Koop 565-1294  
**Vote Requirement:** Majority  
**Supervisorial District(s):** All

**Title:**

Consolidated Fee Hearing - Delinquent Unsecured Collection Fee

**Recommended Action:**

Approval of Resolution of the Board of Supervisors of the County of Sonoma, State of California, authorizing the Auditor-Controller-Treasurer-Tax Collector's Office to increase the charge for Delinquent Unsecured Collection Fee from \$35 to \$100.

**Executive Summary:**

Pursuant to Revenue and Taxation Code 2903, the Tax Collector shall collect delinquent taxes on unsecured property; and, according to Revenue and Taxation Code 2922(e) the Tax Collector is allowed to recover the actual costs incurred by the County up to the time that the delinquency is paid. We are requesting an increase in the Delinquent Unsecured Collection Fee (previously referred to as the 'Unsecured Transfer fee') from \$35 to \$100.

**Discussion:**

Unsecured property is taxable personal property that is tangible or moveable and not attached to real estate. Annually, unsecured property tax bills are due in a single installment on August 31<sup>st</sup> unless the Tax Collector files for and is granted an extension by the State Controller's Office in which case bills are due on September 30<sup>th</sup>. Unsecured tax bills become delinquent at 5:01 p.m. on the due date.

Currently, the Sonoma County Auditor-Controller-Treasurer-Tax Collector's office attaches a \$35 fee to each delinquent unsecured tax bill at the time delinquency occurs which, in accordance with Revenue and Taxation Code 2292(e), is intended to recover the actual cost of collection. The \$35 fee has been in place for over 20 years.

A review of this fee for FY 2018-19 shows the cost of collecting delinquent unsecured taxes exceeded fee revenue collected by approximately \$263,750. This is due to 1) the high rate of non-collection associated with unsecured taxes and, 2) an insufficient fee amount. Effective July 1, 2020, the Auditor-Controller-Treasurer-Tax Collector is requesting to increase the delinquent unsecured collection fee from \$35 to \$100. The increased fee is estimated to generate additional revenue of \$113,750 and reduce the net cost of collecting delinquent unsecured taxes from \$263,750 to \$150,000. The gap in funding is a result of setting the fee based on the total number of Delinquent accounts being pursued for collection and doesn't contemplate accounts anticipated to remain uncollected.

Unsecured taxes are statutorily limited to a personal lien against the owner of record which does not allow property be sold at auction in order to pay delinquent taxes. Conversely, secured taxes are by law a lien on real property, which has priority over all other liens on the property and tax defaulted property is subject to power of sale for nonpayment of taxes. As a result, delinquent unsecured taxes will continue to have a higher rate of non-collection than secured taxes and a net cost associated with collections.

**Prior Board Actions:**

None.

**FISCAL SUMMARY**

	<b>FY 19-20 Adopted</b>	<b>FY20-21 Projected</b>	<b>FY 21-22 Projected</b>
<b>Expenditures</b>			
Budgeted Expenses		\$113,750	\$113,750
Additional Appropriation Requested			
<b>Total Expenditures</b>		<b>\$113,750</b>	<b>\$113,750</b>
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other		\$113,750	\$113,750
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>		<b>\$113,750</b>	<b>\$113,750</b>

**Narrative Explanation of Fiscal Impacts:**

The increase in the charge for Delinquent Unsecured Collection Fee from \$35 to \$100 will be effective 7/1/2020. Proposed changes to the fee are expected to generate approximately \$113,750 in additional revenue for Fiscal Year 2020-21.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>


**Narrative Explanation of Staffing Impacts (If Required):**

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**Attachments:**

Attachment A: ACTTC FY19-20 Fee Resolution

Attachment B: ACTTC FY19-20 Fees Cover Sheet

Attachment C: ACTTC Delinquent Unsecured Collection Fee Summary

**Related Items "On File" with the Clerk of the Board:**

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County of Sonoma  
State of California

Date: March 24, 2020

Item Number: \_\_\_\_\_

Resolution Number: \_\_\_\_\_

4/5 Vote Required

**Resolution Of The Board Of Supervisors Of The County Of Sonoma, State Of California,  
Authorizing the Auditor-Controller-Treasurer-Tax Collector's Office To Increase The Charge  
For Delinquent Unsecured Collection Fees**

**Whereas**, Revenue and Taxation Code Section 2903 states that the Tax Collector shall collect taxes on unsecured property, and;

**Whereas**, Revenue and Taxation Code Section 2922(e) allows for the recovery of the actual costs incurred by the County up to the time that the delinquency is paid, and;

**Whereas**, a study of the actual costs incurred by the Auditor-Controller-Treasurer-Tax Collector Office has determined the actual cost of processing a delinquent unsecured tax bill to be \$101.40.

**Now**, Therefore, Be It Resolved that the Board of Supervisors of the County of Sonoma hereby authorizes the Auditor-Controller-Treasurer-Tax Collector to enact a \$100.00 fee for the processing of each delinquent unsecured tax bill, and this charge shall become effective July 1, 2020.

**Supervisors:**

Rabbitt:

Zane:

Gore:

Hopkins:

Gorin:

Ayes:

Noes:

Absent:

Abstain:

**So Ordered.**

ATTACHMENT B

Department: ACTTC

Fee Hearing: Spring, 2020

Reference number	Fee Description (short)	Legal basis for fee*	Requirement to adjust fee (resolution or ordinance)	FY 2018-19 Units	Anticipated units, FY 2019-20	Current fee amount	Proposed fee amount	Change in fee	Proposed effective date	Additional revenue expected**	Last date fee changed	Amount prior to last change	Actual cost of providing service
1	Delinquent Unsecured Collection Fee	R&T 2922 (e)	Resolution	1,750	1,750	\$ 35.00	\$ 100.00	186%	7/1/2020	\$ 113,750.00	7/1/1998	n/a	\$ 101.40

**COUNTY OF SONOMA  
AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR**

**DELINQUENT UNSECURED COLLECTION FEE SUMMARY**

**Cost to Pursue Collection:**

A.	Direct Departmental Labor Cost	\$ 182,000
B.	Indirect Costs (Labor and Services and Supplies)	143,000
	Total Estimated Cost	\$ 325,000

**Revenue at Current Fee:**

A.	Delinquent Unsecured Collection Fee	
	Delinquent Unsecured Collection Fee Charge:	
	3,200 @ \$35.00	\$ 112,000
	Less: Allowance for uncollectible accounts:	
	1,450 @ \$35.00	(50,750)
	Total Estimated Revenue	\$ 61,250

**Proposed Fee Additional Revenue:**

	Additional Revenue from Proposed Fee Increase:	
	3,200 @ \$65.00	\$ 208,000
	Less: Allowance for Uncollectible Accounts:	
	1,450 @ \$65.00	(94,250)
	Total Estimated Additional Revenue	\$ 113,750

**Cost over Revenue:**

	Total Estimated Cost	\$ 325,000
	Total Revenue at Current Fee	61,250
	Total Cost over Current Revenue	(263,750)
	Total Estimated Revenue Increase	113,750
	Net Cost over Revenue with Fee Increase	\$ (150,000)