



# Napa County

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## Legislation Text

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**File #:** 24-301, **Version:** 1

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**TO:** Board of Supervisors

**FROM:** Robert G. Minahen, Treasurer-Tax Collector

**REPORT BY:** Robert G. Minahen, Treasurer-Tax Collector

**SUBJECT:** Introduction and intention to adopt an Ordinance approving a new Tax Collector fee for enhanced collection of certain delinquent unsecured property taxes (Fiscal Impact: Increased revenues to offset collection costs; Discretionary)

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### **RECOMMENDATION**

PUBLIC HEARING - Introduction of Ordinance

Introduction and intention to adopt an Ordinance approving an update to Part 180 of the Napa County Policy Manual adding a 25% enhanced collection fee for certain delinquent unsecured property taxes. (Fiscal Impact: Increased revenues to offset collection costs, Discretionary)

### **BACKGROUND**

California Government Code and Revenue and Taxation Code provide county tax collectors with a variety of collection tools to use in collecting unsecured property taxes that are currently employed by the Tax Collector staff. There are additional enhanced collection programs that are allowable under State law that the Tax Collector's Office does not frequently use such as bank levies, property seizures and sales, and the use of outside collection agencies.

Pursuant to a 2019 Memorandum of Understanding with the California State Association of Counties-Finance Corporation, the Tax Collector previously utilized the Tax Refund Exchange and Compliance System (CalTRECS) to pursue unsecured property taxes. However, unsecured property tax collection services are no longer available through CalTRECS, leaving Napa and other counties to look elsewhere for outside collection assistance.

The Tax Collector researched options for outside enhanced collection assistance and determined that American Financial Credit Services, Inc. (AFCS) was the only available company that specializes in cost-neutral debt collection for local agencies. AFCS provides the same services elsewhere in California for a 25% fee on the base tax. The collection fee will not be charged on the 10% late payment penalty nor the 18% per annum interest set in the Revenue and Taxation Code. The Tax Collector intends to only refer outstanding unsecured debts that are more than four (4) years delinquent to AFCS; the highest actual collection fee will be 13.7% of the outstanding tax debt plus penalties and interest. This is less than one year's worth of interest and is, in the Tax Collector's opinion, reasonable. Should the proposed ordinance be adopted, the Tax Collector will present a sole source contract with AFCS to this Board for approval.

The only change to the proposed fee schedule is the addition of an enhanced collection fee of up to 25% for delinquent unsecured property taxes assigned to, and successfully collected by, the outside collection agency.

Because the proposed fee is in addition to the delinquent penalties and County costs set in Revenue and Taxation Code Section 2922, the County Counsel's Office advised adopting the fee by ordinance pursuant to Government Code Sections 54985 and 54986 rather than by resolution. GOV 54985 allows the Board of Supervisors to set fees which exceed limits established elsewhere by law so long as the amount of the fee is reasonably necessary to cover costs. GOV 54986 requires that, when the County establishes fees pursuant to GOV 54985, it do so by ordinance.

The Clerk of the Board caused a notice of the proposed be published in a newspaper of general circulation in Napa County as required by Government Code Section 25124.

#### PROCEDURAL REQUIREMENTS:

1. Staff report
2. Public comment
3. Motion, second, discussion, and vote on intention to adopt the ordinance.

#### REQUESTED ACTION:

Vote to indicate the Board of Supervisors' intent to adopt the Ordinance at its next regular meeting on March 12, 2024.

#### FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
Is it Mandatory or Discretionary?	Discretionary

Discretionary Justification:	The addition of an enhanced collection fee will allow the Tax Collector to cover the costs incurred to contract with an outside agency to collect delinquent unsecured property taxes..
Is the general fund affected?	Yes
Future fiscal impact:	The fee will allow the County for be fully reimbursed for the cost of utilizing an outside collection agency. Enhanced collections would be result in no net additional cost while providing additional tax revenues to benefit the County, cities/town, schools and special districts.
Consequences if not approved:	The County will not have a source of funds to contract for the collection of certain delinquent unsecured property taxes and said taxes will remain outstanding.

### **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.