



TAX WISE NEWSLETTER

Assessor
Auditor-Controller
Treasurer Tax Collector

Coordinated by Ray Rasmussen

HAPPY NEW YEAR!

*** **

By Ray Rasmussen, Auditor-Controller's Office

It is hard to believe, but this is the fifth volume of our publication! In October 2001 we held our first focus group session with taxing agencies and we have been publishing ever since.

This year **TAX WISE** has gone paperless. We have tried to assemble an electronic circulation database of email addresses that will allow us to send the newsletter to more people for less cost. We hope you like the change. Incidentally, you can view archived back issues by going to our [web site](#).

We hope you find this issue both informative and interesting. We have included an article on our enhanced web presence that we think will prove useful for taxing agencies, especially our direct assessment agencies. We've also included pieces from the Tax Collector and the Assessor along with information about our renewed efforts in apportioning prior years' tax collections.

Our goal is to keep you informed on developments in property tax administration both locally and on the State level. We encourage your feedback at TaxWise@co.stanislaus.ca.us as to how the newsletter is meeting your needs and welcome suggestions for improvement.

We are dedicated to meeting your needs and determined to give you the best customer service possible.

AUDITOR'S WEB PAGE DEVELOPMENT

By Todd Filgas, Auditor-Controller's Office

The Property Tax Division now has a web site. It is located at:

<http://www.co.stanislaus.ca.us/Auditor/PropertyTaxDivision.htm>

There are two sections, one for the general public, and a password protected area for taxing agencies. Within the general area you will find Certified Values by Tax Code for the last four years, Secured Tax Rates for the last five years, Unsecured Tax Rates, and a Final Trial Balance for the last fiscal year. Also within this area, you will find links to online services available from

the Tax Collector and Assessor. The area for Taxing Agencies contains all of the Property Tax Newsletters, Training Materials from previous course offerings, and the detail files for Direct Apportionments and Redemption Apportionments. An area that is being developed is an interactive question and answer forum. The user id for the taxing agency area is **taxagency** and the password is **pay.Stan**. We are anxious to hear your feedback and will implement changes to best meet your needs. These efforts are a direct response to your requests at our Taxing Agencies Focus Group sessions. Please let us know what is working and what is not.

All files posted on the web will be PDF files. If you do not already have software for extracting data from a PDF file, we use [Able2Extract](#) by Invest in Tech. It is easy to use, works well, and is inexpensive.

*** **

STATE PROPERTY TAX ADMINISTRATION PROGRAM FUNDING SUSPENDED

By Don Oppman, Assessor's Office

In the early 1990's, with the advent of the Educational Revenue Augmentation Fund, counties throughout California faced a dilemma in funding their property tax administration programs. The state began receiving most of the revenue generated through property taxes while the counties were left paying the bill. California counties reacted quickly to this inequity by simply cutting funding to Assessors, Tax Collectors and Auditors.

By the mid-1990's Assessors, without proper funding, did not have the resources to complete their duties and began generating backlogs of work left undone. These backlogs represented millions of dollars in revenue that went uncollected and resulted in the State creating the State-County Property Tax Administration Program (PTAP).

In Stanislaus County the program provided \$866,155 annually to help the Assessor increase staffing, improve technology, and support the Tax

Collector's, Auditor's, and Clerk of the Board's offices. Currently the grant pays for 18 positions.

Last August, when Governor Schwarzenegger signed the 2005-2006 California State Budget, PTAP was suspended for its final two years. The governor's recently released 2006-2007 proposed budget does not recommend reinstating the program.

The loss of this funding will result in a 23% staffing reduction in the Assessor's office beginning July 2006. This loss, compounded with a 10% staff reduction over the last three years due to budget cutbacks, will impact the Assessor's office in a dramatic way. The Assessor will have to make difficult decisions as to what tasks will be delayed or not performed at all. This will create backlogs, delays in enrolling values, delays in tax collection and a lower assessment/tax roll.

This will also result in confusion as tax bills may be sent to prior owners as transfers are not timely worked, supplemental assessments will be dragged out over a longer time period, and back taxes will occur when the backlogs are ultimately worked. Additionally, applications for changes to the assessment roll (appeals) may be delayed to the point where they are not timely heard.

The delayed tax collections and reduced assessment/tax roll will directly impact the revenues received by the State, county, cities, special assessment districts and redevelopment agencies.

The California Assessor's Association is working with the State Department of Finance, local government, and legislative leaders to reinstate state funding for property tax administration. This will take time however. The Assessor is working with the County Chief Executive Office and Board of Supervisors, hoping to find an interim funding source to mitigate the State's funding reduction.

You may contact the Assessor's office at 209-525-7623 for more information.

*** **

REDEMPTIONS

By Todd Filgas, Auditor-Controller's Office

We are often asked to explain what redemptions are and why they are so old. Redemptions are defaulted taxes which are finally paid off (the default is redeemed). Frequently, the direct assessment payments you receive on the redemption apportionments were placed on the roll a long time ago. The following is an overview of the entire system.

The State came up with a process called the "Teeter method" of tax apportionment. Under this method, the County apportions (gives out money) taxes to all taxing agencies whether taxes are actually paid or not. In effect, the County finances the delinquent taxes so that no other agencies are affected by delinquent taxpayers. The County is then entitled to the late fees and interest paid by the taxpayer.

An exception to this methodology is direct assessments. They are apportioned only after they are collected and are entitled to the late fees and interest when collected and apportioned as Redemptions. The apportionment of these taxes is made only after the delinquent account is fully redeemed. If a taxpayer owes several years they must pay off their entire account before we can calculate the interest and apportion your direct charges.

Even with a functional system in place, the redeemed taxes can be from a much earlier period. The first year, the taxes are current. If they remain unpaid they are transferred to the delinquent roll and taxpayers have the option to set up a five year payment plan. Unless they are paid off before the end of the plan, a "regular" redemption will not be paid off for six years, then apportioned in the next tax year. This means the typical process can take up to seven years regardless of a backlog. Bankruptcies and other issues delay this process even further.

This accounts for a portion of the delay that has been experienced. The rest of the delay is because

our old property tax software had no provisions for tracking and apportioning delinquent taxes. The sheer increase in volume over the years rendered our manual system dysfunctional to the point that we were not able to apportion redemption collections for a quite a number of years.

Our new software has apportionment capabilities, and for the past two years direct assessment agencies have been receiving the "current" redemption apportionments within a few months of when they are collected. In 2004 we began apportioning the backlog. The process involves going back to the original receipts and comparing them to the defaulted tax abstract. Both of these documents are on paper only, so this is quite a lengthy process. Currently, there are only 1.5 years of collections needing apportionment to clear up the old system's portion of the backlog.

At that point, all unapplied payments (most redemptions are on a 5 year payment plan) will be loaded into the new system to apportion when the default is fully paid. Significant progress has been made to clear up the backlog of unapportioned redemptions, and the goal of this department is to eliminate the old system's portion of the backlog by fiscal year end.

*** **

VENDOR LINK

By Naleena Singh, Auditor-Controller's Office

Any taxing agency receiving tax payments rather than keeping their funds on deposit with the County is eligible to receive Vendorlink payments. These electronic transfer payments are sent directly to savings or checking accounts with an email explaining what the payments are for. Vendorlink is the name of the software we use to make these transfers. There is a two day settlement period agreement on our electronic transfers. If you are interested in exploring this option, please contact the Accounts Payable Division in the Auditor's office at 525-6405.

*** **

CHANGES IN THE TREASURER-TAX COLLECTOR'S OFFICE

By Todd Filgas, Auditor-Controller's Office

As far back as 1997, former Tax Collector Tom Watson knew that collection efficiencies would be needed to keep pace with the increased volume of payments that development of the Central Valley would produce. Ever since then, the Tax Collector's office has been working towards obtaining funding for an electronic remittance processor. This past year the Board of Supervisors approved the long sought after budget appropriation and a Request for Proposals was sent out to prospective vendors. The selection committee reviewed the vendors' proposals and awarded R.T. Lawrence Corporation the contract.

The existing process in the Treasurer-Tax Collector's office requires manual entry of every check into the property tax system and subsequent microfilming of the check. It currently takes the Tax Collector a month or more beyond the due dates to process all of the Secured Tax payments they receive. The new system digitally scans the check, applies the payment in the tax system and



stores an image of the check in a searchable database. All of this processing occurs in real time.

We anticipate having the processor fully operational for December 2006 first installment payment processing. The expectation is that, after implementation, the time frame for collections will be shortened to less than two weeks. After gaining some experience with the system, other

counties using similar setups are finishing in less than a week. Direct Taxing Agencies should realize larger, more timely apportionments in December and April as a result of the new electronic payment processing capability.

*** **

FOCUS GROUP FOLLOW-UP

By John Bettencourt, Auditor-Controller's Office

On October 27, 2005 the property tax administration departments (Assessor, Auditor-Controller and Tax Collector) held a customer focus group session with Stanislaus County taxing agencies. The property tax administration departments see taxing agencies as customers and sought input as to how they could be better served. During this meeting, four major customer needs were identified. Over the next year, we will be working on each one of them. Here is a report of the progress made to date:

More Information for Taxing Agencies

The Property Tax Division of the Auditor's office now has a web site. We are currently placing PDF versions of some electronic files created in Microsoft Excel, Access, and Word on the internet. There have been specific requests for information on the property tax calendar, tax rate areas (TRAs), redevelopment agencies, property tax orientation, and financial reports. Many of these items have been posted for access on our website. In addition, postings of apportionment journal vouchers, direct assessment information and a variety of training tools are available. The location for these items on the Internet is:

<http://www.co.stanislaus.ca.us/Auditor/PropertyTaxDivision.htm>.

The PDF links can be imported/converted into Excel, Word, HTML, or Text files using [Able2Extract](#). A full downloadable version is \$89.95.

Additionally, classes would be available on a request basis.

*** **

Faster Enrollment of Supplemental Assessments

Currently, it takes about nine months from when there is a change of ownership or completion of new construction for a bill to be issued. After that, the collection of those bills starts at the end of the next month for the first installment and four months later for the second installment. These taxes are apportioned on a cash basis, which means that the agencies get their money when the County gets its money. (Please see a more detailed discussion of Supplemental Tax assessments in [last year's newsletter](#).)

We have reviewed the entire workflow for this process. Our review indicated that current workload and staffing levels in the Assessor's Office (they do most of the work on supplemental assessments), have not been sufficient to support any significant improvement in the amount of time to **enroll** supplemental assessments.

However, we have made two changes that should reduce the time it takes for supplemental tax apportionments to show up in your fund balances. First we have started apportioning taxes on a monthly basis instead of three times a year. This change will result in smaller but more frequent apportionments, mitigating the irregular cyclical pattern of the past.

Secondly, we have started to mail value notices and extending supplemental assessments on a weekly rather than a monthly schedule. These changes have the potential to shorten the Supplemental cycle for some assessments by two months.

Workshop for New Customers (New Hires at Agencies)

We alluded to this above in the "More Information" section. We are planning to have a "new to property taxes" section on our web site. This way, folks can get oriented to property taxes until we find out about the new employees. Annual training will be offered and given (assuming sufficient interest) by the Auditor-Controller's Office. Many of the items we've planned for the website or offered in classes will benefit new employees and also be a good review for longer-term employees.

First Installment Tax Apportionment (including Direct Assessments) by December 31

We were able to meet this expressed need this year. Vendorlink payments and checks were issued on December 30, 2005. Vendorlink agencies and those who kept funds on deposit with the County Treasury had immediate access to their apportioned monies. Agencies receiving check payments had the option to pick up their checks in the Auditor's Office on that day.

Direct Assessment apportionments yielded a lower proportion of expected revenues this year due to slower processing of payments. Hopefully, this will be mitigated to a degree with increased payment processing capabilities next year. In addition we are making a second apportionment of first installment direct assessment collections at the end of January to equalize receipts this year versus last year.

CONTACT INFORMATION

Do you have a question for the County about property taxes, but you're not quite sure whom to ask? Maybe we can help. Here are three people who are very knowledgeable about their respective departments and are anxious to be of assistance to you:



Don Oppman
Assessor's Office
(209) 525-7623

oppmand@mail.co.stanislaus.ca.us



Mary Guerrero
Tax Collector's Office
(209) 525-6400

gurrrom@mail.co.stanislaus.ca.us



Ray Rasmussen
Auditor-Controller's Office
(209) 525-6597

rsmssnr@mail.co.stanislaus.ca.us



Sponsored by the Stanislaus County Board of Supervisors

- William O'Brien, District One*
- Tom Mayfield, District Two*
- Jeff Grover, District Three*
- Ray Simon, District Four*
- Jim DeMartini, District Five*