SAN LUIS OBISPO COUNTY

Frank L. Freitas, CPA
Tax Collector
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Auditor-Controller

July 27, 2010

Presiding Judge Charles S. Crandall
Superior Court of California
1050 Monterey Street
San Luis Obispo, CA 93408

Copy: San Luis Obispo County Grand Jury
PO Box 4910
San Luis Obispo, CA 93402

Honorable Judge Crandall:

We have reviewed the report provided by the 2009-2010 San Luis Obispo Grand Jury, (SLOGJ) dated June 7, 2010 and entitled

YOUR PROPERTY TAX BILL: THE DEVIL IS IN
THE DETAILS – BUT THERE ARE NO DETAILS

This is a combined formal response by the San Luis Obispo County Auditor-Controller and the San Luis Obispo County Treasurer-Tax Collector as required under California Penal Code Section 933.

Finding 1:
Our current tax bills contain several unique pieces of information including the property's assessed value, PROP 13 TAX RATE, and amount due.
Response:
We agree with this finding.

Finding 2:
Our tax bills do not include information on how the individual taxpayer's payments are distributed.
Response:
We partially disagree with this finding. It is true that our tax bills do not include information on how the individual taxpayer's payments are distributed for the 1% collected according to the limitations provided for in the 1978 Proposition 13, Constitutional Amendment. However, each additional amount collected above the 1% amount is specifically itemized. The Auditor-Controller's Office publishes contact information to assist taxpayers in communicating with the various public agencies that receive funds above the 1% amounts.

To our knowledge, no other California county prints complete tax distribution information on its property tax bills. San Luis Obispo County bills meet every known legal mandate. As required by state law, they disclose the amount of the 1% Proposition 13 tax, plus the amount of each special assessment or voter approved debt service charge on top of the 1%.

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Finding 3:
County officials argue that providing disbursement information on individual property tax bills would be difficult and perhaps expensive.
Response:
We agree with this finding.

Finding 4:
The web site listed on tax bills does not include a breakdown of how much of tax payer's payment goes to various school districts and agencies.
Response:
We partially disagree with this finding. A breakdown of the 1% amount on a total County basis is published annually by the Auditor-Controller. The report 'Tax Rate Information and Assessed Values' for fiscal year 2009-10 is available without charge on-line at http://www.slocounty.ca.gov/Assets/AC/Digital/2009-10TaxRateBook.pdf

Recommendation 1:
All San Luis Obispo County property tax bills should provide a good faith estimate of how much goes to support at least the six government agencies that receive the largest share thereof.
Response:
This recommendation will not be implemented. The recommendation addresses a subject that has not been an issue in the past. Each year, the Tax Collector sends over 100 customer surveys along with randomly selected tax bills giving taxpayers an opportunity to make comments about the tax bill. Prior to this report, we have never received a request for tax breakdown information of individual tax bills. The current method of providing tax information is in full compliance with state laws. The detailed information that would be added to each bill would be significant. In our judgment, a cost-benefit analysis of the Grand Jury's recommendation would not justify the cost of implementing a system modification to provide the requested information. A new computer system in the future may make this recommendation more viable.

The IT Master Plan for San Luis Obispo County was written in 2002, and it recommended replacement of the aging mainframe based property tax systems. One key goal of the plan was to move the County off of the mainframe computer and onto client-server platforms. The property tax system replacement remains a priority of the current IT Master Plan. There have been several attempts to get a project started since 2002, but a reasonably priced solution has not been identified. As a result, funding has not been provided for in the County budget. One possible source of funds was a state program called the Procurement Technical Assistance Program (PTAP) that was intended to enhance efficiency of property tax systems across the state. Unfortunately, PTAP funding was eliminated several years ago in a budget cutting move by the Legislature. At such time as a new property tax system solution is selected and funded

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it would be appropriate to consider including more readily accessible disclosure of revenue distribution information for taxpayers.

Recommendation 2:
The web site "Tax Information on the Web" that is referred to on the tax bill should provide detailed information on how tax payments are disbursed to various schools districts and other agencies.
Response:
This recommendation will not be implemented. The current method of providing tax disbursement information is in full compliance with state law. The Auditor-Controller's web site found at http://www.slocounty.ca.gov/AC/Property_Tax_Information.htm includes two publications that provide extensive information about property tax rates and allocations to local agencies. The publications "Property Tax Rates, Allocations, and Assessed Values" and "Property Tax Perspective" are available for the current fiscal year and several prior years.

Recommendation 3:
The County Treasurer-Tax Collector and the Auditor-Controller should proceed promptly to implement recommendations 1 & 2 above.
Response:
This recommendation will not be implemented. See detailed responses to recommendations 1 and 2 above.

Conclusion:
Additional review of the recommendations provided in this report will be considered at the time of the procurement of a new and more robust property tax assessment and collection computer system.

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cc: San Luis Obispo County Board of Supervisors
James Grant, County Administrative Officer