



COUNTY OF LAKE

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The Honorable J. David Markham
Presiding Judge of the Superior Court
County of Lake
255 N Forbes St
Lakeport, CA 95453

RE: Response to FY 2022-23 Civil Grand Jury's Final Report: Tax Collections and Property Assessment in Lake County.

Dear Judge Markham,

Pursuant to Penal Code § 933 et seq., the Treasurer – Tax Collector's Office submits this response to the FY 2022-23 Civil Grand Jury's Final Report on "Tax Collections and Property Assessment in Lake County."

First, the Grand Jury should be commended for taking the time and effort to examine the matter of tax collections in the County. The revenue derived from these collections is critical to the operation of all local government, schools and special districts. Any steps that can be feasibly taken to improve these processes is certainly a worthwhile endeavor, but given structural and operational limitations they are not always possible. While this office agrees in principle with recommendations made by the Grand Jury, the capacity to implement them is more nuanced as will be addressed below. Many of the findings and recommendations discussed both the Assessor – Recorder and Treasurer – Tax Collector, but the applicability of the responses below are limited to the latter.

Response to Grand Jury Recommendations

R-1: That the Treasurer-Tax Collector and Assessor-Recorder's offices answer taxpayers' calls promptly or have an option for taxpayers to leave a message. (F-2)

AGREE, recommendation has been implemented to the extent Treasurer – Tax Collector staff capacity permits it to do so.

Presently, staff makes best efforts to answer the phones but it is not possible to keep up with the influx of phone calls during tax season. Generally, staff is split between assisting the public at the counter and answering phones during this time. The phones are not shut down, but are limited by the number of staff

members actually available to handle a line. The only viable solution is to either add additional staff during tax season, or to address the underlying basis of the phone calls.

The majority of phone calls are inquiries into whether a payment has been processed, so as these processing backlogs can be reduced during tax season the number of calls should drop to a more manageable level. This office has now implemented electronic check deposits which will significantly improve the manual processing delay noted in the report. The final software upgrades necessary are underway to prepare for a lockbox integration. Once this process is in effect, the County's existing payment processing vendor will be able to assist in directly processing tax payments on our behalf.

When both the electronic deposit and lockbox programs are fully operational, we expect standard payment processing to be completed within days, thereby eliminating the majority of our incoming calls. This will in turn free up our staff to respond to a more normalized call volume and address the concerns raised in this recommendation.

R-2: That the Treasurer-Tax Collector, upon detecting an error in the tax payments, contact taxpayers immediately to resolve the problem. (F-3)

AGREE, recommendation has been implemented to the extent Treasurer – Tax Collector staff capacity permits it to do so.

Erroneous payments require a significant amount of staff resources to address. These can involve an incorrect parcel, a transposed number, missing documentation, or any other number of issues. The volume during tax season can approach tens of thousands of payments arriving at our office in a given week. Considering the limited staffing noted in the report, it is not possible to keep up in real time with the rapid influx of these payment attempts while maintaining necessary operations.

Similarly to R-1 discussed above, the only viable solution is to either add additional staff during tax season, or to address the underlying basis of the phone calls. The same solutions being implemented in R-1 are applicable here, as the electronic deposit and lockbox programs can streamline or automate the majority of our payment processing. This will free staff capacity to more rapidly address the errors associated with an attempted payment.

R-3: That the Treasurer-Tax Collector absorb the credit-card payment fee. (F-6)

DISAGREE, recommendation will not be implemented as the Treasurer – Tax Collector does not have the authority to absorb the credit-card payment fee.

Any decision for County to pay the various payment processing vendor fees must be made by the Board of Supervisors. The processing fee associated with property tax payments is 2.5% and is presently paid by the taxpayer.

Approximately \$99 million in secured and secured and unsecured property taxes were paid for FY 21-22. Although there may be some ability in the future to negotiate lower fees, the lowest fee at the County payment level this office is currently aware of is approximately 2%. If the Board of Supervisors were to absorb the fee, this could result in a potential revenue loss of up to approximately \$2 million impacting all local taxing agencies. Should the County choose to absorb the credit-card processing fees on all payment types this revenue loss could run even higher.

This office is not taking a position on whether local government should absorb the fee at this time, merely noting that impacts to local agency budgets could be significant and any action should be carefully studied before the Board of Supervisors makes a decision.

Respectfully,

Patrick Sullivan
Treasurer – Tax Collector