



**County of Santa Cruz Board of Supervisors
Agenda Item Submittal**

From: Auditor-Controller-Treasurer-Tax Collector
(831) 454-2500

Meeting Date: February 27, 2018

Recommended Action(s):

Accept and file the 2017 Annual Report on Applications for Tax Penalty Relief.

Executive Summary

Pursuant to the Santa Cruz County Policies and Procedures Manual Section VII 1000, this report to your Board provides statistical information on the 2017 calendar year tax penalty relief activity.

Background

A taxpayer has the opportunity to request a cancellation (waiver) of interest and/or penalties, costs and fees (IPCF) that have attached to their taxes due to being delinquent and/or defaulted. The cancellation of IPCF is set forth in California State Revenue & Taxation (R&T) Code. The relevant R&T code for the cancellation of IPCF is noted below:

4985.2. Any penalty, costs, or other charges resulting from tax delinquency may be canceled by the auditor or the tax collector upon a finding of any of the following: (a) Failure to make a timely payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the principal payment for the proper amount of the tax due is made no later than June 30 of the fourth fiscal year following the fiscal year in which the tax became delinquent. (b) There was an inadvertent error in the amount of payment made by the taxpayer, provided the principal payment for the proper amount of the tax due is made within 10 days after the notice of shortage is mailed by the tax collector. (c) The cancellation was ordered by a local, state, or federal court.

Analysis

During the calendar year 2017 the Treasurer-Tax Collector received 325 Tax Penalty Cancellation Request forms, requesting waivers of \$233,607.09 in penalties, interest, cost and fees.

Of the 325 requests, 203 were granted (62%) and 122 were declined. This resulted in a total of \$130,315.57 in penalties, interest, cost and fees being waived and \$103,291.52 being declined.

Financial Impact

Penalties, interest, cost and fees related to Secured Property Tax in the amount of \$130,315.57 were waived during calendar year 2017. No property taxes were waived. The 2016-17 and 2017-18 budgets include estimated amounts for these revenue types.

The actual amounts to be received during the fiscal year are unknown and are budgeted for conservatively.

Submitted by:

Edith Driscoll, Auditor-Controller-Treasurer-Tax Collector

Recommended by:

Carlos J. Palacios, County Administrative Officer