



Office of the Auditor-Controller
COUNTY OF HUMBOLDT

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Date: June 17, 2020

To: Special Districts, Cities, and School Districts

From: Amanda Loftis, Assistant Auditor-Controller

Re: Direct Charge Process

The information provided in this memo is intended to assist districts and other taxing entities with placing direct charges on the county property tax roll. Please feel free to contact our office with any questions or concerns about this process.

BACKGROUND INFORMATION

Direct charges are permitted to be imposed and placed on the Humboldt County tax roll per government code. There are numerous California code sections that give cities, counties, and districts the authority to impose direct charges via the property tax billing process, including but not limited to GOV §§50075, 50077(b), 50078, 50079, and 53978.

Once the district has submitted all required information to the county, the Auditor-Controller places the charge on the tax roll. Property tax payments are collected by the Treasurer-Tax Collector and the funds are apportioned to the district's fund in the county treasury by the Auditor-Controller.

Direct charges include special taxes, special assessments, charges for services, delinquent charges for services, or abatements. Examples include fire protection, water/sewer, stormwater maintenance, delinquent water/sewer payments, code enforcement abatement costs, or Property Assessed Clean Energy (PACE) loans.

LEGAL REQUIREMENTS

It is the responsibility of the special district to determine that the direct charges are authorized to be placed on the tax roll. If the direct charges do not meet legal requirements, the Auditor-Controller's office cannot place the charges on the county tax roll.

The following four conditions must be met in order to apply direct charges to the county tax roll:

1. State law provides for the direct charge's authorization to exist.
2. The district is empowered by law to execute the direct charge.
3. The direct charge is authorized by law to appear on the tax roll.
4. The governing body of the district has directed the Auditor-Controller to place the direct charge on the applicable tax roll.

If your district currently has a direct charge that is collected by the Auditor-Controller that may not meet all the above legal requirements, it is recommended that you request an electronic copy of the most recent charge list as soon as possible. Please include the full name of the direct charge and/or the five-digit tax code with your request. This list should be reviewed by your district board, legal counsel, and/or Humboldt Local Agency Formation Commission (LAFCo).

If a special district will be placing a new direct charge on the tax roll, please contact the Auditor-Controller's office as soon as possible to ensure that all legal requirements are met.

Per Government Code §26911 and Health and Safety Code §§5474.4 and 101330, **August 10th** of each year is the last day that the Auditor-Controller may receive direct charges for the current year tax roll. After August 10, direct charge changes can only be processed individually (per parcel) and will bear a cost recovery charge.

COST TO THE DISTRICT

There is a cost recovery charge billed to any district placing items on the tax roll. These amounts are listed in the County of Humboldt Fee Schedule.

- New charges are \$3.00 per parcel and a flat rate \$250.00 direct charge setup cost.
- Ongoing charges are \$0.25 per parcel.
- Corrections after August 10 are \$15.00 each.

Cost recovery charges are billed to the district fund via journal entry prepared by the Auditor-Controller staff. Annual charges post in December after tax revenues have been apportioned. Other charges will be posted in April and/or June. The journal entry dates for these charges are determined by Auditor-Controller staff to prevent district funds from over-drafting as a result of cost recovery charges whenever possible.

PREPARING THE DIRECT CHARGE LIST

Each year, the district is responsible for determining the validity and accuracy of the direct charges. The direct charge should be for the correct assessment and for the correct amount. The Auditor-Controller cannot verify this information for the districts. The Auditor-Controller can only act in an administrative capacity and is not legally responsible to determine validity of assessments or charges.

Direct charges cannot be placed on an assessment that does not have a valid, billable assessment number for the year (the assessment number must exist). Direct charges cannot be placed on low

value or exempt parcels due to the Treasurer-Tax Collector not mailing bills for those parcels. Low value or exempt parcels will have to be direct billed by the district.

Assessment roll information can be obtained by contacting the Humboldt County Assessor's office at (707) 445-7663. The information that will be provided free of charge in Excel format will be: Assessment/Fee Parcel Number, Assessee Name, Situs, Tax Rate Area, Use Code, and Exemption Code. The Assessor can also provide a list of Use Codes and Exemption Codes with descriptions. If your district wants mailing address and/or value information included there will be a cost for that information and you should contact the Assessor directly for the amount.

SUBMITTING DIRECT CHARGES TO THE AUDITOR-CONTROLLER

Direct charges are submitted to the Auditor-Controller in electronic format. This should be an Excel file containing the parcel number, dollar amount, and tax code (five-digit number assigned by the Auditor-Controller) for each direct charge.

Please be sure to avoid any special formatting as this will cause the property tax system to reject processing the file.

Formatting tips:

- Do not include a header row.
- Assessment number should have "text" or "general" format in Excel and should not be formatted as "number." The leading zeros need to display.
- Column 1 is the assessment number. Column 2 is the direct charge amount. Column 3 is the tax code.

Data example:

001023045000	25.00	50123
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Annual direct charge lists must be accompanied by a resolution adopted by the district which states clearly the district's intent to levy direct charges via the tax roll for 2019-20 and should include other pertinent information such as cost per unit of benefit, original date of ballot proposal, direction to Auditor-Controller to list direct charges on the tax roll, etc.

Note: LAFCo will be making available to all special districts a resolution template that complies with the state law and the Auditor-Controller's requirements for direct charges.

Annual direct charge submittal to the Auditor-Controller should include:

- Excel file of direct charges
- District Resolution
- Direct Charge Information Sheet

Districts can submit individual requests for changes to direct charges via the Auditor-Controller's Direct Charge Roll Correction form attached. This form is used to request adjustments throughout the year (after August 10) and will incur the \$15 roll correction cost.

PROPERTY TAX REVENUE APPORTIONMENT

Property taxes are due December 10 and April 10. Additional time is needed after the due date for the Treasurer-Tax Collector to post the payments before the Auditor-Controller can apportion the money to districts. Apportionments will typically occur 2-4 weeks after the due dates, and again in late July for June 30 apportionments. Once the property tax revenue is apportioned, the revenue is available to you in your district fund.

As a courtesy, the Auditor-Controller can process revenue distributions for property tax revenue upon request. This involves providing direct charge reports and sending a check or EFT payment to the district for property tax revenue that has been apportioned to the district fund(s). Please contact our office to discuss options for revenue distributions.

REPORTS

Detail reports for direct charges are available upon request. Please include the full name of the direct charge and/or the five-digit tax code with your request. These reports can be for Paid or Unpaid Direct Charges for the current tax year. These reports cannot be run for prior years.

Please email PropertyTax@co.humboldt.ca.us or call (707) 476-2452 with any direct charge or property tax related inquiries.

Information for this process is updated annually and is available online at:
<https://humboldt.gov.org/2390/Property-Tax>