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JOSEPH E. HOLLAND
COUNTY CLERK, RECORDER AND ASSESSOR

July 23, 2014

Ted Sten
Foreman
Santa Barbara County Grand Jury
1100 Anacapa St.
Santa Barbara, CA 93101

Dear Foreman Sten:

Please find enclosed the response of the Santa Barbara County Assessor for Finding 4 and Recommendation 4 of the June 2014 Grand Jury Report entitled, **North Branch Jail Operating Costs – When They Build It You Will Pay.**

Thank You,

A handwritten signature in blue ink that reads "Joseph E. Holland". The signature is stylized and cursive.

Joseph E. Holland
Santa Barbara County
Clerk, Recorder and Assessor
Registrar of Voters

North Branch Jail Operating Costs – When They Build It You Will Pay

Finding 4:

The Office of the County Assessor appears not to have the expertise to take full advantage of the potential for additional property tax revenue based on higher assessments of specialized industries such as oil and gas, wineries, and upscale hotels.

County Assessor Response: *Agrees with the Finding*

The budgetary constraints experienced during the great recession significantly impacted the number of employees working in the office of the County Assessor. A recently published report from the State Board of Equalization, that surveyed the Assessor's Assessment Practices, noted that the Assessor in 2009-2010 had 83 funded positions. For fiscal year 2012-13 the number of funded positions was reduced to 70 and currently for 2013-14 the number of positions stands at 68. This 18% reduction in staffing has severely impacted the ability of the Assessor to identify and fairly assess all taxable property within the County.

In addition to the reduced staffing the department has seen a high turnover of existing positions and currently 10 of the 31 appraisers on staff have been with the office less than two years.

A reality of this reduction in staffing is that many of the people who left the department were seasoned staff with expertise in the valuation of complex properties such as wineries, hotels and other commercial and industrial properties. The amount of time it takes to hire and train appraisal staff to properly and professionally value complex properties is considerable, typically requiring several years of hands-on experience. With the reduction in staffing it is very difficult to find the time to provide adequate training for newly hired appraisers as seasoned staff also need to meet the increased demands of higher workloads. For example the department recently lost two experienced commercial appraisers, leaving the department with only two qualified commercial appraisers to value all the commercial properties for the County. The heavy workload on these two appraisers leaves inadequate time for them to train new appraisers.

With regards to the assessment of oil and gas properties, the department currently has one qualified appraiser available to value these properties. The department recognizes the need to assign additional resources to this task but does not have the ability to do so at current staffing levels.

The lack of sufficient qualified appraisers in specialized assessments such as commercial and oil and gas properties puts the County at risk of not assessing potentially millions of dollars in property value. For the first time in over a dozen years the Assessor was not able to complete all of the assessment work for 2013. The Assessor was unable to complete all mandatory audits, process 700 property statements, review all mineral transfers, complete 450 new construction valuations on commercial/industrial properties and reassess about 20 transfers of large commercial properties. This type of backlog is likely to continue until the Assessor has the full staffing resources it requires to adequately train appraisal staff and to complete the annual assessment workload. The Assessor estimates it currently needs at least three additional Appraisers and one GIS Analyst position. The role and responsibility of the Assessor is to annually discover and assess all taxable property. The County and all agencies receiving property taxes, particularly local schools which receive 45% of all property tax revenue, have a financial interest in ensuring the Assessor has the resources it needs to adequately value all taxable property. The financial interest arises from the fact that the property taxes used to fund public agencies, including the County, is created by the assessment of property.

North Branch Jail Operating Costs – When They Build It You Will Pay

Recommendation 4:

That the Board of Supervisors collaborate with the County Assessor to assure the Office of the County Assessor has adequate capacity and expertise to optimize property tax receipts from specialized industries.

County Assessor Response:

The Assessor agrees that the Board of Supervisors should collaborate with the County Assessor to assure the Assessor has adequate capacity and expertise to value all taxable property. The role of the Assessor is to value property impartially, accurately and fairly and not to optimize property tax receipts, although adequately funding the Assessor could have that impact.

The County Assessor stands ready to work with the Board of Supervisors to assure the office has adequate resources.