



**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR**

500 WEST TEMPLE STREET
437 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

TELEPHONE
(213) 974-2101

TELECOPIER
(213) 626-1812

August 2, 2002

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Mark J. Saladino 
Treasurer and Tax Collector

**SUBJECT: REPORT ON TAXPAYER CONTRIBUTIONS TO SUPPORT
TRAUMA AND EMERGENCY MEDICAL CARE**

At the meeting held on July 30, 2002, on motion of Supervisor Antonovich your Board requested a report on the feasibility of a program to allow property taxpayers to make voluntary contributions in support of trauma and emergency medical care. Supervisor Antonovich's motion contemplated a "check-off" box on the annual tax bill for the taxpayer to contribute \$45 (in addition to payment of the regular annual taxes).

Additional study is required to finalize various legal and operational details, but we believe that a fundraising effort undertaken in connection with the collection of annual property taxes could be accomplished in the current fiscal year at relatively low cost. We present below two alternative programs for your consideration.

In order to reduce taxpayer confusion and payment processing errors, if your Board directs us to implement either alternative, we recommend that the taxpayer/contributor be allowed to designate the amount of the contribution rather than limiting contributions to a fixed amount.

Contribution Indicated on the Tax Bill Payment Stub

Under this alternative, each payment stub on the annual tax bill would include a box in which the taxpayer could designate a contribution. The contribution box would appear under a short heading such as "Voluntary Contribution - Trauma/Emergency Medical Care" and the taxpayer would be required to fill in the amount of the contribution, which would be added to the tax payment in a single check.

The property tax bill stock for the current year has already been printed with formatted shaded areas. Because the annual property tax bill was not designed to include a contribution box, the box must be placed in a shaded area. Therefore, on this year's bills the box would be visible but it would not be highlighted. This can be corrected next year, when the contribution box would be in a highlighted area.

An informational insert would be sent with each annual tax bill to make it clear that the voluntary contribution is *in addition* to the taxes due. It would also briefly explain how the County would spend the contribution and remind the taxpayer that gifts to the County are deductible for income tax purposes.

We estimate that the cost to implement this program would be \$20,000 in the first year and \$17,000 in each subsequent year. Ongoing expenses include: \$12,000 for printing the informational insert, and \$5,000 for envelope stuffing and mailing contract services. We estimate \$3,000 in one-time programming costs to enable our automated remittance processing equipment to recognize the contributions and allocate them to the proper account.

We would coordinate the establishment of appropriate accounts and accounting procedures with the Auditor-Controller.

Contribution Indicated on a Separate Payment Coupon

Under this alternative, an additional payment coupon would be included with the annual tax bill which would enable the taxpayer to contribute to one or more County departments or agencies, for specific purposes, all as specified by your Board.

For example, in Napa County each property tax bill is accompanied by an insert which allows the taxpayer to make up to two voluntary contributions, to the County Public Library for new books, or to a children's trust for the prevention of abuse and neglect, or for both causes. In 2001-02 the Napa County program generated \$14,200 in Library donations and \$14,250 in gifts to the Children's Trust. Napa County has 59,777 taxable parcels of land.

In Los Angeles County, the taxpayer would be able to direct a contribution for any or all of the purposes listed on the payment coupon by filling in the amount of each contribution. The taxpayer would return the payment coupon along with the tax bill payment stub, and a single check to cover both the contributions and the tax payment.

Taxpayers could be given the opportunity to support law enforcement (Sheriff, District Attorney, Probation, etc.), mental health services, libraries, health care, homeless services, children's services, museums, parks, or any of the other services the County provides, subject to limitations on the size of the payment coupon. Any payment coupon larger or heavier than a standard tax bill payment stub would increase costs very significantly. Postage costs would increase by at least \$517,000 per year, and it is also likely that we would have to use larger and more costly envelopes for mail-out.

The reverse side of the payment coupon would contain informational text similar to that described above under the first alternative, to make it clear that the voluntary contribution is *in addition* to the taxes due. It would also *briefly* explain how the County would spend the contributions and remind the taxpayer that gifts to the County are deductible for income tax purposes.

We estimate that the cost to implement this program would be \$30,000 in the first year and \$23,000 in each subsequent year. Ongoing expenses include: \$18,000 for printing the payment coupon and \$5,000 for envelope stuffing and mailing contract services. We estimate \$7,000 in one-time programming costs to enable our automated remittance processing equipment to recognize the multiple contribution designations and allocate them to the proper accounts.

Observations and Considerations

Under either alternative outlined above, this department would experience an increase in workload attributable to the manual handling of transactions rejected by our automated remittance processing system. At this time we have no way of estimating the magnitude of this workload increase, although we expect it to be small relative to our total volume of transactions.

If either alternative is adopted by your Board, we recommend that the cost of the program be paid from the contributions received, thereby relieving this department (or the General Fund) from having to absorb any additional out-of-pocket and processing costs. In this regard, we believe that the first alternative (contribution indicated on the tax payment stub) would be somewhat easier for us to process and a bit less costly than the second alternative. However, we could implement either program.

It should be noted that there are 1,783,830 single-family residential parcels in Los Angeles County. The property taxes on approximately 580,000 of those parcels are paid through impound accounts. Taxpayers with impound accounts receive the same materials as those who do not have impound accounts, but it would be less convenient for them to contribute because they would not otherwise be sending a property tax payment to the County. They would have to make a special effort to make a voluntary contribution, which could negatively affect contribution rates.

Should your Board choose to proceed this year, we request that a formal action so directing us and specifying the authorized purpose(s) be adopted by your Board on August 6. Annual tax bills are mailed beginning October 1, and all the intervening time would be needed to design and print the necessary insert or payment coupon, and to write and test the necessary programming. In future years, we would request your Board's direction not later than May 31, the deadline for changes to the property tax bill stock.

c: Executive Officer-Clerk of the Board
Chief Administrative Officer
Auditor-Controller
County Counsel