COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 383
LOS ANGELES, CALIFORNIA 90012
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SACHI A. HAMAI
EXECUTIVE OFFICER

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MICHAEL D. ANTONOVICH

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

13 January 29, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

January 22, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

SET FOR HEARING: FEBRUARY 26, 2013

Dear Supervisors:

AMENDMENT TO THE LOS ANGELES COUNTY CODE ADDING THE TAX AGENT REGISTRATION ORDINANCE AND AUTHORITY TO SET FOR HEARING THE ADOPTION OF THE TAX AGENT REGISTRATION ORDINANCE AND ASSOCIATED FILING FEES AND RELATED ACTIONS (3 VOTES)

SUBJECT

Recommendation to introduce an amendment to the Los Angeles County Code adding the Tax Agent Registration Ordinance and authority to set for public hearing the adoption of the Tax Agent Registration Ordinance and associated filing fees and related actions.

JOINT RECOMMENDATION WITH COUNTY COUNSEL AND REGISTRAR-RECORDER/COUNTY CLERK THAT YOUR BOARD:

1. Approve for introduction the accompanying ordinance amending Title 2 – Administration of the Los Angeles County Code to add Chapter 2.165, the Tax Agent Registration Ordinance, which sets forth detail registration requirements for tax agents.

2. Instruct the Executive Officer of the Board of Supervisors to publish a notice and set for public hearing, pursuant to Government Code sections 6018 and 6062a, the consideration of the Tax Agent Registration Ordinance which also implements a tax agent registration fee.

AFTER THE PUBLIC HEARING, IT IS RECOMMENDED THAT YOUR BOARD:

3. Adopt the ordinance implementing the Tax Agent Registration Program which, among other things, also imposes the tax agent registration fee.

4. Approve the attached Rules Relative to County of Los Angeles Tax Agent Registration Ordinance, Chapter 2.165 of the Los Angeles County Code and instruct the Executive Officer of the Board of Supervisors to distribute copies of the Rules to registered tax agents and affected County Departments.

5. Approve an interim ordinance authority for the Executive Office of the Board of Supervisors, pursuant to County Code section 6.06.020, for one (1.0) Head, Commission Services; two (2.0) Head Board Specialists; and one (1.0) Senior Board Specialist to enable the Executive Office to begin the administration of the Tax Agent Registration Ordinance.

6. Approve an appropriation adjustment in the amount of $279,000 which includes $130,000 for Salaries and Employee Benefits (S&EB), and $149,000 for Services and Supplies (S&S) for Fiscal Year 2012-13 to support the first four months of the program. Included in the S&S are one-time costs for system development and to address space issues related to the program. The initial cost of the program will be a one-time investment for the County, however, in the subsequent years the program is expected to be funded by the revenue generated from the tax agents' registration fees.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On August 28, 2012, your Board instructed the Office of County Counsel, Executive Officer and Registrar-Recorder/County Clerk, among other actions, to draft an ordinance requiring tax agents to register with the Executive Office and file reports disclosing all campaign contributions made by tax agents to any elected official or candidate for elected office in any jurisdiction within Los Angeles County, other than the Assessor or candidate for Assessor.

The Executive Office of the Board of Supervisors plans to implement the Tax Agent Registration Program within the Assessment Appeals Board Division, which currently interacts with tax agents and other County departments responsible for the local property tax system. The Tax Agent Registration Program will involve identifying tax agents, processing registrations, and posting online reports of the tax agents who represent various taxpayers throughout the County and online posting of the names of

agents who are not in compliance with the ordinance. In addition, the Assessment Appeals Board Division will be responsible for receiving the tax agents' semi-annual campaign activity reports, and the Registrar-Recorder/County Clerk will continue to be responsible for publishing the semi-annual tax agents' campaign activity reports.

The recommended positions are necessary to administer the Tax Agent Registration Program which will increase transparency in the Assessment Appeals process and provide efficient interaction between the tax agents, Assessment Appeals Board, Office of the Assessor, Treasurer and Tax Collector, Auditor-Controller and taxpayers to reduce any delays in a taxpayers due process rights.

The anticipated cost of this program is approximately $431,000 annually, but will be offset by the tax agent registration fee in future years. Justification for inclusion of funded ordinance positions for one Head, Commission Services; two Head Board Specialists; and one Senior Board Specialist will be included in the fiscal year (FY) 2013-14 Recommended Budget.

In addition, pursuant to the authority granted under the Ordinance, the Executive Office of the Board of Supervisors in collaboration with the Office of the County Counsel has developed the attached Rules Relative to the County of Los Angeles Tax Agent Registration Ordinance.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended action is consistent with principles of the countywide Strategic Plan Goal 1: Operational Effectiveness.

FISCAL IMPACT/FINANCING

The appropriation adjustment for FY 2012-13, in the amount of $279,000, will provide spending authority for S&EB in the amount of $130,000 and S&S in the amount of $149,000 to support the first four months of the Tax Agent Registration Program. The appropriation will be funded by the Provisional Financing Uses budget; however, ongoing costs for the program will be fully off-set by the revenue collected from the tax agents' registration fees.

The annualized cost of the S&EB and S&S ($431,000) will be included in the FY 2013-14 Recommended Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On August 28, 2012, your Board instructed the Office of County Counsel, Executive Officer and Registrar-Recorder/County Clerk to draft language for a new ordinance that would ensure increased transparency in the property tax arena in the County of Los Angeles.

At your November 7, 2012, Board meeting, the initially drafted ordinance was referred back to our departments for further review and modification, based in part on discussions with the tax agent community and a further review of the existing requirements imposed on tax agents under State law.

County Counsel, in consultation with the Executive Office of the Board of Supervisors, has drafted an ordinance requiring the registration of tax agents who practice in Los Angeles County and who have business before the Office of the Assessor, the Treasurer and Tax Collector, the Auditor-Controller, Assessment Appeals Board, and Assessment Hearing Officers. The ordinance amends Title 2 – Administration of the Los Angeles County Code by adding Chapter 2.165 which sets forth all of the registration and other requirements for tax agents practicing in Los Angeles County.

The ordinance and the rules require annual registration and semi-annual reports. The reports will describe campaign contributions made to any elected official or candidate for elected office in any jurisdiction within Los Angeles County, other than to the Assessor or candidate for Assessor.

This ordinance is also consistent with the campaign contribution ban set forth in the County Code Chapter 2.190 – Political Campaigns for County Officers which your Board approved on November 13, 2012.

The ordinance establishes an annual $250 filing fee for tax agents. A public hearing is required for consideration of this fee pursuant to Government Code section 60018.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the appropriation adjustment will enable the Executive Office of the Board of Supervisors to begin the administration of the Tax Agent Registration Program.

CONCLUSION

Please return one adopted copy of this letter to the Executive Office, Fiscal Services Division.

Respectfully submitted,

SACHI A. HAMAI
Executive Officer, Board of Supervisors

JOHN F. KRATTLI
County Counsel

DEAN C. LOGAN
Registrar-Recorder/County Clerk

SAH:hc

Attachments

c: Chief Executive Officer
Treasurer and Tax Collector
Auditor-Controller

PINK (1)

BA FORM 09/09

BOARD OF SUPERVISORS OFFICIAL COPY

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. NO. 061

DEPARTMENT OF BOARD OF SUPERVISORS

January 22, 2013

AUDITOR-CONTROLLER:
THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2012-13

3 - VOTES

SOURCES

PROVISIONAL FINANCING USES - VARIOUS
A01-CB-2000-13749-13760
Services and Supplies - $279,000
DECREASE APPROPRIATION

USES

BOARD OF SUPERVISORS
A01-BS-1000-10010
Salaries and Employee Benefits - $130,000
INCREASE APPROPRIATION

BOARD OF SUPERVISORS
A01-BS-2000-10010
Services and Supplies - $149,000
INCREASE APPROPRIATION

SOURCES TOTAL: $ 279,000

USES TOTAL: $ 279,000

JUSTIFICATION

Reflects a transfer of funds from CEO PFU to the Executive Office to support the Property Tax Agent Registration and Enforcement Program.

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

Celia Zavala
AUTHORIZED SIGNATURE Celia Zavala

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

76 APR 30 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

REFERRED TO THE CHIEF EXECUTIVE OFFICER FOR ---

☐ ACTION

☑ RECOMMENDATION

AUDITOR-CONTROLLER BY Kevin Shikuma

B.A. NO. 067 Jan 23 2013

☑ APPROVED AS REQUESTED

☐ APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER BY Matthew McDonnell

January 23, 2013

SEND 6 COPIES TO THE AUDITOR-CONTROLLER

RULES RELATIVE TO
COUNTY OF LOS ANGELES
TAX AGENT ORDINANCE
CHAPTER 2.165 OF THE COUNTY CODE

Section 1.0 Definitions

1.1 Contribution shall have the meaning set forth in Government Code section 82015, except that as used in Chapter 2.165 of the Los Angeles County Code, contribution shall also include a loan or an extension of credit for a period of more than 30 days, other than loans or extensions of credit from financial institutions which are given in the regular course of business upon terms and conditions generally available to other customers of that financial institution.

1.2 County official means: the Assessor; the Treasurer and Tax Collector; the Auditor-Controller; an Assessment Appeals Board member; an Assessment Hearing Officer; and any other County employee within the Office of the Assessor, Treasurer and Tax Collector, or Auditor-Controller whose duties are not primarily clerical or manual.

1.3 Gift shall be defined as set forth in the Political Reform Act, Government Code section 81000 et seq., and the regulations adopted thereunder; except that the exclusion for campaign contributions shall be defined and governed as set forth in Chapter 2.165 of the Los Angeles County Code.

1.4 Influencing official action means representing a taxpayer as an agent in connection with any matter before any County official, by promoting, supporting, influencing, seeking modification of, opposing or seeking delay of any official action, as described in Section 1.5 of these Rules, by any means.

1.5 Official action means: locating all taxable property in the County; identifying ownership; establishing a taxable value for all property subject to property taxation, including the initial value, declines in value, corrections to values and any other changes in the taxable value set; completing an assessment roll showing the assessed values of all property; applying all legal exemptions to assessments; issuing refunds; and deciding all property assessment disputes between taxpayers and a County official.

1.6 Public official and public employee means any government official or employee of any state or local government agency.

1.7 Tax Agent means any individual who is employed, is under contract, or otherwise receives compensation to communicate directly, or through agents, employees or subcontractors, with any County official for the purpose of influencing official action. A tax agent shall not include:

A. An elected or appointed public official or public employee when acting in his or her official capacity; or

B. A person representing any of the following:

1. Himself or herself;
2. An immediate family member; or
3. An entity of which the person is a partner, officer, or owner of 10 percent or more of the value of the entity.

Section 2.0 Registration

2.1 Registration. Each tax agent, within 30 days after July 1, 2013, or within 30 days of first becoming a tax agent, shall file with the Executive Officer of the Board of Supervisors (Executive Officer) a registration containing the following information, or such different or additional information as determined by the Executive Office:

1. The tax agent's full name, business address, business telephone number and business email address (if applicable);
2. Name of tax agent's employing tax agent firm (if applicable); and
3. A statement that the tax agent has read and understands the duties and prohibitions contained in Section 4.0 and 5.0 of these Rules.

The online registration forms submitted to the Executive Officer shall be accompanied by payment of the appropriate fee or fees as provided in Section 6.0 of these Rules.

2.2 Annual Renewal of Registration.

A. Every tax agent shall be issued a tax agent registration number.

B. Beginning July 1, 2013, no tax agent shall represent tax payers before a County official without first being registered as evidenced by a current tax agent registration number.

C. A tax agent who is registered pursuant to Section 2.0 of these Rules, shall retain that status through the next June 30th, unless and until that person terminates the status as provided by Section 2.3 of these Rules. Thereafter, each tax agent shall be required to renew the registration on an annual basis, and shall pay an annual registration fee to the Executive Officer, as provided in Section 6.0 of these Rules, on or before the 10th day of July of the year of renewal.

D. A person may not register or provide services as a tax agent if that person:

1. Has been convicted of any criminal offense under state or federal tax laws;
2. Has been convicted of any other criminal offense involving perjury, fraud, breach of trust, or moral turpitude; or

3. Has been disbarred or suspended from practice as an attorney, certified public accountant, public accountant, or actuary by any duly constituted authority of any state, territory, or possession of the United States, including a commonwealth, or the District of Columbia, any court of record, or any agency, body, or board.

2.3 Registration amendments and terminations

A. Within 30 days of any change in any of the registration information reported pursuant to Section 2.0 of these Rules, and before any attempt to influence official action on behalf of any previously unreported person or entity occurs, a tax agent shall file with the Executive Officer a revised registration.

B. When a tax agent ceases all activities related to influencing official action, this fact shall be so indicated in the last semi-annual report filed pursuant to Section 3.0 of these Rules.

C. It shall be a violation of Chapter 2.165 of the Los Angeles County Code for any person to act as a tax agent if that tax agent's registration has been suspended or that tax agent has been deregistered.

Section 3.0 Semi-Annual Reports

A Beginning on January 1, 2014, and no later than the 31st of every July and January thereafter, the tax agent shall file with the Executive Officer a report of all campaign contributions made by the tax agent to any elected official or candidate for elected office in any jurisdiction within Los Angeles County, other than the Assessor or candidate for Assessor. Campaign contributions by tax agents to the Assessor or any candidate for Assessor are prohibited by Chapter 2.190 of the Los Angeles Code.

B. The Executive Officer shall provide a report listing all tax agents semi-annually to the Registrar-Recorder electronically to help facilitate the enforcement of compliance with Chapter 2.190 of the Los Angeles Code. Said reports shall be provided beginning February 1, 2014, and no later than the end of every month of August and February thereafter.

Section 4.0 Duties of Tax Agents

A. Every tax agent shall have an affirmative duty to comply with all applicable state and local laws, regulations and rules pertaining to property taxes including the California Revenue and Taxation Code, State Board of Equalization Property Tax Rules, and Rules of the Assessment Appeals Board.

B. The existence of a dispute over fees with a taxpayer does not relieve the agent of his or her responsibilities under this section.

Section 5.0 General Prohibitions

A. No tax agent shall engage in any of the following activities:

1. Use, or participate in the use of, any public communication or private solicitation containing false, misleading, fraudulent or deceptive representations, or intimate that the tax agent is able to improperly obtain special consideration or action from the County or any County official.

2. Act as, attempt to act as, or claim to be, the tax agent of a taxpayer, or represent a taxpayer before the County or any County official, without the authorization of that taxpayer.

3. Willfully assist, counsel, or encourage a taxpayer to violate any federal, state, or local tax law, or knowingly counsel or suggest to a taxpayer an illegal plan to evade federal, state, or local taxes or the payment thereof.

4. Violate sections 17533.6 or 17537.9 of the Business and Professions Code.

5. Knowingly aid and abet another person to practice as a tax agent before the County or a County official during a period of suspension, deregistration, or ineligibility of such other person to lawfully act as a tax agent.

6. Knowingly engage in any false or misleading conduct, practice or deception, or knowingly provide or rely upon false, inaccurate, deceitful or misleading information, or knowingly fail to prepare, execute, or submit required documentation or information which lawfully must be revealed with respect to any matter, decision, administrative action or proceeding before the County or any County official.

7. Directly or indirectly attempt to influence, or offer or agree to attempt to influence, the official action of any County official by the use of threats, false accusations, duress, or coercion, by the offer of any special inducement or promise of an advantage or by the bestowing of any gift, campaign contribution, favor, or thing of value.

8. Do anything with the purpose of placing any County official under personal obligation to the tax agent or another.

9. Represent, either directly or indirectly, that the tax agent can control the official action of any County official.

10. No person who is registered under Section 2.0 as a tax agent, or who is required to be registered under this section, or who has been so registered at any time in the previous 12 months shall make any contribution to the Assessor or candidate for Assessor consistent with Chapter 2.190 of the Los Angeles County Code.

11. No tax agent shall make to a County official a gift or gifts of any monetary value. No tax agent shall act as an agent or intermediary in the making of any such gift or arrange for the making of any such gift by any other person.

B. No County official shall knowingly receive from a registered tax agent a gift or gifts of any monetary value.

Section 6.0 Fees

A. Each tax agent shall pay a filing fee when filing or renewing a registration pursuant to Section 2.0 of these Rules, according to the following fee schedule:

Initial Registration	**$250***	***The annual registration fee will be prorated to $125, if the tax agent registers after January 1 of any calendar year.**
Annual Renewal of Registration	**$250**	

Section 7.0 Enforcement

A. If it is determined by the Executive Officer that any tax agent acting on behalf of the taxpayer fails to comply with the provisions of Chapter 2.165 of the Los Angeles County Code and these Rules, the Executive Officer shall send the tax agent and the taxpayer(s) whom the tax agent represents a notice of the tax agent's alleged non-compliance.

B. Any person may file a complaint with the Executive Officer that any tax agent has violated any provision of Chapter 2.165 of the Los Angeles County Code and these Rules.

C. For any violation of Chapter 2.165 of the Los Angeles County Code and these Rules, the Executive Officer shall have the discretion to pursue administrative fines or noncompliance fees issued pursuant to the provisions of Chapter 1.25 of Los Angeles County Code. The Executive Officer shall be designated as the enforcement officer for determination and imposition of the administrative fines and noncompliance fees to be issued and for providing representation, either directly or in conjunction with other County departments,

on behalf of the County before the administrative hearing officer as provided for in Chapter 1.25 of the Los Angeles County Code.

D. Notwithstanding the provisions of subsection C above, no administrative fine or noncompliance fees shall be issued if a violation of Chapter 2.165 of the Los Angeles County Code and these Rules is cured within thirty (30) days of the date in which the tax agent receives notice of the alleged violation from the Executive Officer.

E. All noncompliant tax agents shall be listed on the Executive Officer's website until such time as the tax agent's violation is cured.

COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL
648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
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JOHN F. KRATTLI
County Counsel

January 3, 2013

Agenda No. 17
11/07/12

TO: SUPERVISOR MARK RIDLEY-THOMAS, Chairman
SUPERVISOR GLORIA MOLINA
SUPERVISOR ZEV YAROSLAVSKY
SUPERVISOR DON KNABE
SUPERVISOR MICHAEL D. ANTONOVICH

FROM: JOHN F. KRATTLI
County Counsel

SACHI A. HAMAI
Executive Officer, Board of Supervisors

DEAN C. LOGAN
Registrar-Recorder/County Clerk

RE: **County Tax Agent Registration Ordinance**

Purpose of the Memorandum

This memorandum is to provide an update on the proposed ordinance requiring tax agent registration which we prepared at your instruction. The ordinance was initially presented to your Board at your November 7, 2012, meeting and it was referred back at that time for further review and modifications. The revised ordinance will be presented to your Board at your January 22, 2013, Board meeting.

Summary

On August 28, 2012, your Board directed the Office of the County Counsel and the Executive Office to develop a registration process for tax agents who have business before the Assessor, Assessor's staff, Assessment Appeals Board, and Assessment Hearing Officers. In this regard, our offices drafted a tax agent registration ordinance that would require registration and reporting to ensure transparency. The tax agent registration ordinance adds Chapter 2.165 to the Los Angeles County Code which requires tax agents to annually register and pay a registration fee.

At your November 7, 2012 Board meeting, the initially drafted ordinance was referred back to our departments for further review and modification, based in part on discussions with the tax agent community and a further review of the existing requirements imposed on tax agents under State law.

Since November 7, 2012, the proposed ordinance has been further revised in five ways: 1) the ordinance now requires tax agents to submit semi-annual, rather than quarterly reports identifying campaign contributions to any elected official or candidate; 2) the ordinance will be enforced pursuant to existing Chapter 1.25 of the Los Angeles County Code which already provides administrative fine and noncompliance fee remedies for enforcing the provisions of the Code; 3) duplicative duties and prohibitions were eliminated; 4) the definition of County official was modified to include the Auditor-Controller and the Treasurer and Tax Collector; and 5) enrolled agents (individuals enrolled as agents to practice before the Internal Revenue Service) are now included in the definition of tax agent.

Lastly, the Executive Office has also revised its estimates of the cost impact to its department, as well as the staffing and office space needs to implement the tax agent registration process.

Tax Agent Registration Ordinance

As requested by your Board, our offices have worked together to develop a new ordinance that requires the annual registration of tax agents who practice in Los Angeles County on Assessment Appeals and other property assessment matters. We have made revisions to the initially drafted ordinance to provide for a more streamlined process to ensure that it is efficient and cost effective. The ordinance amends Title 2 of the Los Angeles County Code by adding Chapter 2.165 which sets forth detailed registration requirements for tax agents.

Tax agents are defined as persons who are employed, under contract, or otherwise receive compensation to communicate directly, or through agents, employees, or subcontractors, with the Assessor, Assessment Appeals Board, Assessment Hearing Officers, Auditor-Controller, Treasurer and Tax Collector, or any other non-clerical County employee within the Office of the Assessor, Auditor-Controller, or Treasurer and Tax Collector for the purpose of influencing official action. Enrolled agents, as described above, are now included, along with attorneys and corporate in-house employees, within the definition of tax agent under the ordinance.

The ordinance requires semi-annual reports of all campaign contributions made by a tax agent to any elected official or candidate for elected office in any jurisdiction within Los Angeles County, *other than* the Assessor or candidate for Assessor.[1] The ordinance that was originally submitted to your Board required this information to be reported quarterly along with the identities of taxpayers whom the tax agent is authorized to advocate, and the Assessor's Identification Numbers ("AINs") of the properties for which the tax agent is authorized to render services in connection with Assessment Appeals and other assessment matters. However, taxpayer identities and property AINs can be gathered from the Assessment Appeals Division and/or the Office of the Assessor. Thus, this additional reporting was not deemed necessary and the requirement for it has been removed from the proposed ordinance.

The ordinance also requires every tax agent to comply with all applicable State and local laws. In this regard, the original ordinance that was submitted to your Board required tax agents to perform certain duties, such as using due diligence in representations, promptly submitting information upon request of public officials, not interfering with County officials to obtain records, and promptly returning records of the taxpayer. Upon further consideration, we determined that these duties were duplicative of requirements already mandated by California Revenue and Taxation Code sections 441, 461, 462, and 468. Accordingly, these duties were removed from the proposed ordinance.

Additionally, the ordinance enforcement provisions were streamlined by utilizing the existing enforcement provisions of Chapter 1.25 of the Los Angeles County Code which already provide for the imposition of administrative fines, noncompliance fees, and administrative hearing procedures. The ordinance was also revised to be more concise by condensing duplicative prohibitions.

Finally, the ordinance is consistent with the campaign contribution ban set forth in the recent amendment to Chapter 2.190 and continues to exempt from the registration process persons representing: 1) themselves; 2) an immediate family member; or 3) an entity of which the person is a partner, officer, or owner of ten percent or more of the value of the entity.

The proposed effective date of the registration requirement is July 1, 2013, which coincides with the beginning of the Assessment Appeals filing period. This will allow the Executive Office sufficient time to hire staff and

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[1] Campaign contributions by tax agents to the Assessor or any candidate for Assessor are already prohibited by a separate ordinance your Board adopted in November amending Chapter 2.190 of the County Code.

complete computer system enhancements. This effective date will also allow other departments, such as the Assessor, Treasurer and Tax Collector, and Auditor-Controller, sufficient time to revise their taxpayer notices to provide information regarding the new tax agent registration requirements.

As a result of the revisions to the ordinance, the ordinance now establishes an annual registration fee of $250. Under Proposition 26,[2] any fee enacted by State or local government is deemed a tax, unless the fee qualifies for a specific exception. This tax agent registration fee qualifies under the "regulatory exception," a charge imposed for reasonable regulatory costs relating to issuing licenses or permits, investigations, inspections, audits, and related enforcement activities, which allows the fee to be imposed without voter approval. The $250 fee does not exceed the reasonable costs of the County's implementation and enforcement of the tax agent registration program. In addition, all fee payers directly benefit from the implementation by receiving a registration authorizing them to conduct business before the County, as well as enforcement against those who practice without a registration.

Impact on Executive Office

The Executive Office has conducted a new cost study and determined the anticipated costs of the tax agent registration process, in terms of staffing and ongoing costs, will be $431,000 annually. As indicated above, the Executive Office expects that these costs will be offset by the annual $250 tax agent registration fees.

The Executive Office plans to implement the tax agent registration program within the Assessment Appeals Division which currently interacts with the tax agents and other County departments responsible for the local property tax system. The tax agent registration program will involve identifying tax agents, processing registrations, posting online reports of the tax agents who represent various taxpayers throughout the County, and online posting of the names of agents who are not in compliance with the ordinance. In addition, the Assessment Appeals Board Division will be responsible for receiving the tax agents' semi-annual campaign activity reports, and the Registrar-Recorder/County Clerk will continue to be responsible for publishing the semi-annual tax agents' campaign activity reports.

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[2] Proposition 26, approved by the voters on November 2, 2010, amends article XIII A and C of the California Constitution. Under Proposition 26, any "fee" enacted by State or local government, including the County, is deemed a "tax" unless it falls within one of seven exceptions.

There are approximately 1,725 individuals that would meet the definition of tax agent under the proposed ordinance; however, given the above revisions to the ordinance, the Executive Office is now requesting only four additional positions to provide technical, administrative, analytical, and clerical functions. The number and levels of the requested positions are necessary for both the administration and enforcement of the program, in addition to providing efficient interaction with the tax agents and other County departments to ensure taxpayers can effectively present their cases.

The program is expected to cost approximately $279,000 during the first six months, and the Executive Office will be asking for general funds to cover this portion of the costs. A separate Board letter from the Executive Office confirming the appropriation authority and ordinance positions will be filed with your Board for review and approval at the same time as the public hearing on the ordinance's proposed registration fee, should your Board decide to proceed with this ordinance.

If you have questions concerning this matter, please contact County Counsel John F. Krattli, Executive Officer Sachi A. Hamai, or Registrar-Recorder/County Clerk Dean C. Logan.

JFK:DRH:plp

c: William T Fujioka
Chief Executive Officer

Santos H. Kreimann
Chief Deputy Assessor

Wendy L. Watanabe
Auditor-Controller

Mark J. Saladino
Treasurer and Tax Collector