



CITY OF SACRAMENTO

CITY MANAGER'S OFFICE
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DEPARTMENT OF FINANCE
915 I STREET
ROOM 112
SACRAMENTO, CALIFORNIA 95814
TELEPHONE (916) 449-5736

JACK R. CRIST
DIRECTOR OF FINANCE
FRANK MUGARTEGUI
ASSISTANT DIRECTOR

April 3, 1980

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: City Additional Real Property Transfer Tax Amendment
(Code Section 41, Article IX)

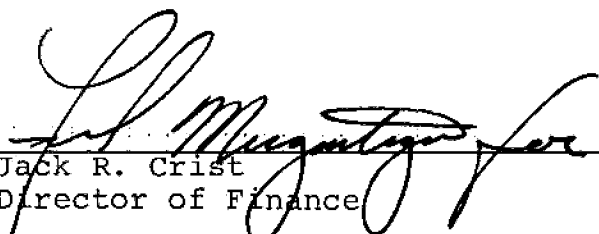
SUMMARY

The attached memorandum and ordinance amendment was heard by the Budget and Finance Committee on April 1, 1980. The ordinance amendment provides for a grace period for payment of the Real Property Transfer Tax and allows for a waiver of penalties and interest for just cause. The grace period will permit notification by City staff of the tax prior to the tax being considered delinquent. The waiver will permit the Director of Finance for reasonable cause to correct unjust and inequitable penalties and interest charges.

RECOMMENDATION

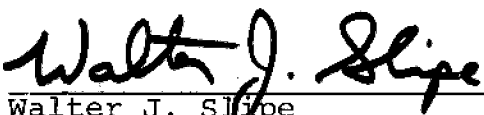
The Budget and Finance Committee voted to recommend that the City Council approve the ordinance revision as submitted.

Respectfully submitted,



Jack R. Crist
Director of Finance

Recommendation Approved:



Walter J. Slupe
City Manager

APPROVED
BY THE CITY COUNCIL

APR 8 1980

OFFICE OF THE
CITY CLERK

MLM:JRC:am
Attachments

April 8, 1980
All Districts



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

DIVISION OF REVENUES AND COLLECTIONS
915 I STREET SACRAMENTO, CA 95814
ROOM 104 TELEPHONE (916) 449-5681

March 12, 1980

Budget and Finance Committee
City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: City Additional Real Property Transfer Tax
(Code Section 41, Article IX)

SUMMARY

The current ordinance indicates that the tax is due and payable at the time the deed is delivered and is delinquent if unpaid at the time of recording. Because there is no grace period between date of recording and when penalties apply, the staff is experiencing great difficulty administering the tax. The attached ordinance amendment is recommended for approval.

BACKGROUND

In June 1978, the City of Sacramento adopted the Additional Real Property Transfer Tax (Code Section 41.127 - 41.144). The tax is $\frac{1}{4}$ of 1% of the full value of property transferred. In fiscal year 1978-79, 8,095 transfers totaling \$1,376,394 were processed by the Revenues & Collections Division. To date in fiscal year 1979-80 (through February 29, 1980) 6,740 transfers totaling \$1,382,259 have been processed by the Division.

The staff is spending an unreasonable amount of time dealing with citizens and title companies over penalties accruing immediately after recording since title companies often do not disburse escrow impounds until after recording.

The staff feels that a 45 day grace period between date of recording and the penalty accrual beginning point is reasonable.

Additionally, current ordinance does not expressly give the Finance Director authority to waive penalties for reasonable cause. It is requested that such authority be granted.


FINANCIAL

While some penalty income (\$12,677.19 collected in total since July 1, 1979) will be lost by this change, the staff believes this minor loss will be offset by a reduced rate of unpaid delinquencies. The net result will thus be greater interest income as well as ease of administration.

RECOMMENDATION

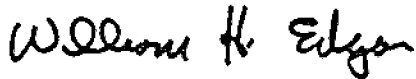
That Council approve the attached amendment to City Code Section 41.133.

Respectfully submitted,



Michael L. Medema
Revenues & Collections Officer

Recommendation Approved:



William H. Edgar
Assistant City Manager

JRC:MLM:am
Attachment

ORDINANCE NO. 4342 FOURTH SERIES

AN ORDINANCE AMENDING SECTION 41.133
RELATING TO THE DELINQUENCY DATE OF THE
REAL PROPERTY TRANSFER TAX AND WAIVER
OF PENALTIES AND INTERESTS ON SAID TAX

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO AS FOLLOWS:

SECTION 1.

Section 41.133 of the Sacramento City Code hereby is amended to read as follows:

Sec. 41.133 Due Dates, Delinquencies, Penalties, Interest

(a) The tax imposed under this article is due and payable at the time the deed, instrument or writing effecting a transfer subject to the tax is delivered, and is delinquent if unpaid forty-five (45) days after the recordation thereof. In the event that the tax is not paid prior to becoming delinquent, a delinquency penalty of ten percent (10%) of the amount of tax due shall accrue. In the event a portion of the tax is unpaid prior to becoming delinquent, the penalty shall only accrue as to the portion remaining unpaid. An additional penalty of ten percent (10%) shall accrue if the tax remains unpaid on the ninetieth (90th) day following the date of recordation. Interest shall accrue at the rate of one-half of one percent a month, or fraction thereof, on the amount of tax, exclusive of penalties, from the date the tax becomes delinquent to the date of payment. Interest and penalty accrued shall become part of the tax.

(b) Notwithstanding anything to the contrary in subdivision (a) above, the Director shall have the authority to waive the penalty and interest provisions in subdivision (a) where he determines that the administrative costs involved in collecting said penalties and interest exceeds the amount of penalties and interest which can reasonably be expected to be collected. Nothing contained in this subdivision (b) shall authorize the Director to waive any penalty in excess of \$500.00 or interest in excess of \$500.00 on any single transfer.

PASSED FOR PUBLICATION:

PASSED:

EFFECTIVE:

ATTEST:

APPROVED
BY THE CITY COUNCIL

APR 8 1980
MAYOR

OFFICE OF THE
CITY CLERK

CITY CLERK

ORDINANCE NO.

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MAYOR

CITY CLERK