

File No. 171316

Committee Item No. 1

Board Item No. 25

### COMMITTEE/BOARD OF SUPERVISORS

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Committee: Government Audit and Oversight

Date: April 18, 2018

Board of Supervisors Meeting:

Date: April 24, 2018

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- Department/Agency Cover Letter and/or Report
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- \_\_\_\_\_
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- \_\_\_\_\_
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Prepared by: John Carroll  
Prepared by: John Carroll

Date: April 13, 2018  
Date: April 19, 2018

1 [Reward - Property Tax Underpayment Information - Natasha Khoruzhenko - \$7,095.42]

2  
3 **Ordinance approving the Assessor's recommended reward of \$7,095.42 to Natasha**  
4 **Khoruzhenko for information that led to detection of underpayment of property tax**  
5 **from an unreported change in ownership.**

6 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
7 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
8 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
9 **Board amendment additions** are in double-underlined Arial font.  
10 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
11 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
12 subsections or parts of tables.

13 Be it ordained by the People of the City and County of San Francisco:

14 Section 1. Findings.

15 (a) The Assessor may recommend that the Board authorize a reward for information  
16 that leads to the detection of property taxes that were underpaid due to a change of  
17 ownership that was not reported as required by law.

18 (b) On October 9, 2015, the Assessor was notified by Ms. Natasha Khoruzhenko  
19 that the May 3, 1988 transfer of the property located at 160 Palo Alto Avenue, Assessor's  
20 Parcel No. 2721-079, had been improperly excluded from reassessment because the  
21 transferor and the transferee did not qualify for a parent-child exclusion under California  
22 Revenue and Taxation Code Section 63.1, which excludes certain property transfers between  
23 parents and children from property tax change in ownership.

24 (c) The information Ms. Khoruzhenko provided enabled the Assessor to determine  
25 that a parent-child exclusion was granted in error, and that the transferor and transferee were  
not eligible for any exclusion from reassessment.

1 (d) Following Ms. Khoruzhenko's notification to the Assessor and the investigation  
2 of the transfer, the Assessor reassessed the property as of May 3, 1988, and established a  
3 new base year value of \$1,100,000. The Assessor issued escape assessments for the years  
4 2013 through 2016, as permitted by law.

5 (e) The Assessor has concluded that Ms. Khoruzhenko did not participate in the  
6 erroneous reporting of the transfers, and that she provided information regarding the transfer  
7 that the Assessor did not know. The Assessor hereby certifies that the escaped tax  
8 assessments for years 2013 through 2016 have been paid in full, and that Ms. Khoruzhenko's  
9 information led to the collection of these additional taxes in the amount of \$70,954.20.

10 (f) The Assessor has recommended that the Board award Ms. Khoruzhenko  
11 \$7,095.42, which is 10% of the amount of collected taxes.

12 (g) The City formerly had a "real estate watchdog" program, codified at  
13 Administrative Code Sections 10.177-2 and 10.177-3, by which the Assessor could  
14 recommend to the Board of Supervisors that it provide a monetary reward to a person for  
15 providing information leading to the detection of an underpayment of property tax. That  
16 program expired by operation of law in April 2016. Nevertheless, the Assessor retains the  
17 power to recommend to the Board that a person receive such a reward, and the Board has  
18 the power to accept the recommendation if to do so would serve a public purpose. In this  
19 case, the Assessor's recommendation is consistent with all the criteria for and all the  
20 limitations on such rewards as were set forth in the sunsetted Code provisions. Further, as  
21 indicated in subsection (b) of this ordinance, Ms. Khoruzhenko provided the information to the  
22 Assessor when Administrative Code Sections 10.177-2 and 10.177-3 were still in effect.

23 (h) It serves a public purpose, and is in the public interest, to adopt the Assessor's  
24 recommendation and award \$7,095.42 to Ms. Khoruzhenko to encourage accurate property  
25 tax reporting.

1 Section 2. The Board of Supervisors hereby approves the Assessor's recommendation  
2 that the City and County of San Francisco pay Ms. Khoruzhenko a reward of \$7,095.42 for  
3 information that led to the collection of property taxes from an unreported change of  
4 ownership. The Controller shall pay Ms. Khoruzhenko a \$7,095.42 reward from the City's  
5 general fund.

6 Section 3. Source of Funds: Fund 1G AGF AAA, Index Code 025006 - \$7,095.42.

7 Section 4. Effective Date. This ordinance shall become effective upon enactment.  
8 Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance  
9 unsigned or does not sign the ordinance within ten days of receiving it, or the Board of  
10 Supervisors overrides the Mayor's veto of the ordinance.

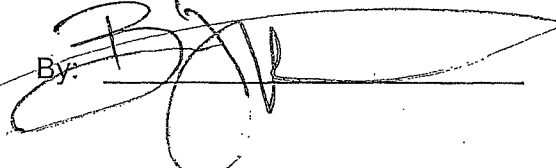
11  
12 APPROVED AS TO FORM:  
13 DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE:  
BEN ROSENFELD, Controller

14 By:

  
15 MOE JAMIL  
Deputy City Attorney

By:



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**LEGISLATIVE DIGEST**

[Reward - Property Tax Underpayment Information - Natasha Khoruzhenko - \$7,095.42]

**Ordinance approving the Assessor's recommended reward of \$7,095.42 to Natasha Khoruzhenko for information that led to detection of underpayment of property tax from an unreported change in ownership.**

**Background Information**

The Assessor may recommend that the Board authorize a reward for information that leads to the detection of property taxes that were underpaid due to a change of ownership that was not reported as required by law. On October 9, 2015, the Assessor was notified by Ms. Natasha Khoruzhenko that the May 3, 1988 transfer of the property located at 160 Palo Alto Avenue, Assessor's Parcel No. 2721-079, had been improperly excluded from reassessment because the transferor and the transferee did not qualify for a parent-child exclusion under California Revenue and Taxation Code Section 63.1.

The information Ms. Khoruzhenko provided enabled the Assessor to determine that a parent-child exclusion was granted in error, and that the transferor and transferee were not eligible for any exclusion from reassessment. Following Ms. Khoruzhenko's notification to the Assessor and the investigation of the transfer, the Assessor reassessed the property as of May 3, 1988, and established a new base year value of \$1,100,000. The Assessor issued escape assessments for the years 2013 through 2016, as permitted by law. The Assessor has concluded that Ms. Khoruzhenko did not participate in the erroneous reporting of the transfers, and that she provided information regarding the transfer that the Assessor did not know. The Assessor hereby certifies that the escaped tax assessments for years 2013 through 2016 have been paid in full, and that Ms. Khoruzhenko's information led to the collection of these additional taxes.

The Board hereby approves the Assessor's recommendation that the City and County of San Francisco pay Ms. Khoruzhenko a reward of \$7,095.42 for information that led to the collection of property taxes from an unreported change of ownership. The Controller shall pay Ms. Khoruzhenko a \$7,095.42 reward from the City's general fund.

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Print Form

# Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning: "Supervisor [ ] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Peskin

Subject:

Reward - Property Tax Underpayment Information - Natasha Khoruzhenko

The text is listed:

Ordinance approving Assessor's recommended reward of \$7,095.42 to Natasha Khoruzhenko for information that led to detection of underpayment of property tax from an unreported change in ownership.

Signature of Sponsoring Supervisor: [ ]

For Clerk's Use Only