File No. 240569 **Committee Item No.** 13
Board Item No. 26

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Appropriations Committee **Date** June 26, 2024
Board of Supervisors Meeting **Date** July 23, 2024

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☒	☒	**Ordinance**
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OTHER **(Use back side if additional space is needed)**

☒	☒	Presidential Action Memo – 30-Day Waiver
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Completed by: Brent Jalipa **Date** June 14, 2024
Completed by: Brent Jalipa **Date** July 1, 2024

FILE NO. 240569 ORDINANCE NO.

[Appropriation - Assessment Appeals Fee Revenue - $400,000 - Board of Supervisors - FY2023-2024]

Ordinance appropriating $400,000 of assessment appeals fee revenue from filing fees, hearing fees, and finding of fact fees collected in Fiscal Year (FY) 2023-2024 to support the Assessment Appeals Boards' costs of operation, including the development of an online assessment appeals application filing system.

Note: Additions are *single-underline italics Times New Roman*; deletions are ~~*strikethrough italics Times New Roman*~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. In FY 2023-24, actual revenue from filing fees, hearing fees, and finding of fact fees collected from assessment appeals filings by the Assessment Appeals Board of the Office of the Clerk of the Board of Supervisors is projected to be $400,000 higher than the estimated revenue projected and appropriated in the FY 2023-24 Annual Appropriation Ordinance resulting in unappropriated revenue.

Section 2. Pursuant to San Francisco Administrative Code Section 2B.10(c), all revenues generated by the filing fees including hearing fees shall be used exclusively to pay for the Assessment Appeals Boards' costs of operation.

Section 3. Pursuant to San Francisco Administrative Code Section 2B.11(f), revenues generated by the findings fees shall be used exclusively to pay expenses incurred by the County for producing the findings.

Section 4. The County and the Assessment Appeals Board of the Office of the Clerk of the Board of Supervisors require an online assessment appeals application filing system to support the operation of the Assessment Appeals Boards.

Section 5. The sources of funding outlined below from the unappropriated assessment appeals fee revenue from filing fees, hearing fees, and finding of fact fees are herein appropriated to reflect the projected sources of funding for FY 2023-24.

SOURCES Appropriation

Fund / Department ID	**Project & Activity / Authority**	**Account**	**Description**	**Amount**
10000 General Fund Account Controlled / 229018 BOS Clerk of the Board	10003454-0001 BOS Clerk of the Board / 10000 Operating	460199	Other General Government Charge	$400,000
Total SOURCES Appropriation				**$400,000**

Section 6. The uses of funding outlined below are herein appropriated in the general fund continuing authority controlled fund under the Assessment Appeals Board of the Office of the Clerk of the Board of Supervisors to fund the costs of supporting operation of the AAB, including by building a new state-of-the-art assessment appeals application filing system in a future fiscal year when sufficient funding is accumulated and appropriated for this purpose.

USES Appropriation

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
10020 General Fund Continuing Authority Controlled / 229019 BOS Assessment Appeals Board	10003457-0001 BD Assessment Appeals Board / 22688 BOS Charter Mandates	506070	Online Assessment Appeals Application Filing System Programmatic Project Costs	$400,000
Total USES Appropriation				**$400,000**

Section 7. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this ordinance as necessary to conform with Generally Accepted Accounting Principles and other laws.

Section 8. The amount of $58,700 is hereby placed on Controller's Reserve pending receipt of actual May 2024 and June 2024 assessment appeals fee revenue from filing fees, hearing fees, and finding of fact fees.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/
ANNE PEARSON
Deputy City Attorney

FUNDS AVAILABLE:
GREG WAGNER, Controller

By: /s/
GREG WAGNER
Controller

Item 16 File 24-0569	Department: Board of Supervisors

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would appropriate $400,000 in assessment appeal fee revenue generated in FY 2023-24 to a continuing fund for the Assessment Appeals Board. The funding would be used to help fund the procurement of a new online assessment appeals filing system.

Key Points

- The Assessment Appeals Board is a division of the Board of Supervisors and is responsible for evaluating tax assessment appeals. In general, Assessment Appeal Board fees must be used to fund related operations. Due to an increase in assessment appeals, fee revenue is projected to be approximately $400,000 more than budgeted ($304,150) in FY 2023-24.
- The Assessment Appeals Board's current filing system is more than ten years old and beyond its useful life. In addition, the current system will not be able to accept data from the Assessor-Recorder's new assessment filing system. The total estimated cost for the Assessment Appeals Board's new filing system is $1 - $2 million; no other funding has been secured.

Fiscal Impact

- The proposed ordinance would appropriate up to $400,000 in assessment appeal fees for a new online filing system. As noted above, this revenue must be spent on assessment appeals costs.

Recommendations

- Approve the proposed ordinance.
- Request the Clerk of the Board create a special revenue fund to deposit excess assessment appeal revenue to fund operating costs of the Assessment Appeals Board.

MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

BACKGROUND

Section 16 of Article XIII of California State Constitution requires every county to have a board of equalization to evaluate tax assessment appeals. These assessment appeal boards are established by each county's board of supervisors. The San Francisco Assessment Appeals Board is a division of the San Francisco Board of Supervisors.

Consistent with State law, Administrative Code Chapter 2B establishes fees for processing assessment appeals, hearings, and fact findings. Processing and hearing fees must be used for the Assessment Appeal Board's operating costs, and fact-finding fees must be used to fund fact-finding expenses incurred by the county. The City Attorney is paid for actual hours spent on fact-finding. Assessment appeal filings have increased from approximately 3,000 filings in FY 2022-23 to a projected 8,000 in FY 2023-24. Due to this increase, fee revenue is projected to be approximately $400,000 more than budgeted ($304,150) in FY 2023-24.[1] In FY 2023-24, actual findings of fact fee revenue collected was $17,000 and findings of fact fee revenue is much less than this amount in normal years. Per SF Admin Code Section 2B.11(f), the amount of fee revenue that City Attorney can collect from the Assessment Appeals Board is limited to actual findings of fact fee revenue collected during the fiscal year less the Assessment Appeals Board's cost to assist with production of findings of fact.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate $400,000 in assessment appeal fee revenue generated in FY 2023-24 to a continuing fund for the Assessment Appeals Board. The funding would be used for a new online assessment appeals filing system.

The ordinance also places $58,700 on Controller's Reserve pending receipt of revenue due to the uncertainty of final collections in FY 2023-24.

New Assessment Appeals Filing System

According to Edward de Asis, Deputy Director of Administration & Finance for the Board of Supervisors, the Assessment Appeals Board's current filing system is more than ten years old and beyond its useful life. In addition, the current system will not be able to accept data from the Assessor-Recorder's new assessment filing system. The total estimated cost for the Assessment

[1] The projected fee revenue is still below the FY 2023-24 Assessment Appeals Board budget of $958,404.

Appeals Board's new filing system is $1 - $2 million; no other funding has been secured. The Clerk of the Board may wish to consider creating a special fund for excess assessment appeal revenue for this system or other operating costs of the Assessment Appeals Board.

FISCAL IMPACT

The proposed ordinance would appropriate up to $400,000 in assessment appeal fees for a new online filing system. As noted above, this revenue must be spent on assessment appeals costs.

RECOMMENDATIONS

1. Approve the proposed ordinance.
2. Request the Clerk of the Board create a special revenue fund to deposit excess assessment appeal revenue to fund operating costs of the Assessment Appeals Board.

President, District 3
BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-7450
Fax No. 554-7454
TDD/TTY No. 544-6546

Aaron Peskin

PRESIDENTIAL ACTION

Date: 6/3/2024

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

☒ Waiving 30-Day Rule (Board Rule No. 3.23)

File No. 240569 Peskin (Primary Sponsor)

Title. Appropriation - Assessment Appeals Fee Revenue - $400,000 - Board of Supervisors - FY2023-2024

☐ Transferring (Board Rule No 3.3)

File No. ______ ______ (Primary Sponsor)

Title.

From: ______ Committee

To: ______ Committee

☐ Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: ______ Replacing Supervisor: ______

For: ______ (Date) ______ (Committee) Meeting

Start Time: ______ End Time: ______

Temporary Assignment: ◉ Partial ○ Full Meeting

Aaron Peskin, President
Board of Supervisors

Introduction Form

(by a Member of the Board of Supervisors or the Mayor)

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

- [x] 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- [ ] 2. Request for next printed agenda (For Adoption Without Committee Reference) *(Routine, non-controversial and/or commendatory matters only)*
- [ ] 3. Request for Hearing on a subject matter at Committee
- [ ] 4. Request for Letter beginning with "Supervisor ______ inquiries..."
- [ ] 5. City Attorney Request
- [ ] 6. Call File No. ______ from Committee.
- [ ] 7. Budget and Legislative Analyst Request (attached written Motion)
- [ ] 8. Substitute Legislation File No. ______
- [ ] 9. Reactivate File No. ______
- [ ] 10. Topic submitted for Mayoral Appearance before the Board on ______

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission

☐ Planning Commission ☐ Building Inspection Commission ☐ Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

☐ Yes ☐ No

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

Sponsor(s):

Supervisor Peskin

Subject:

Appropriation - Assessment Appeals Fee Revenue - $400,000 - Board of Supervisors - FY2023-2024

Long Title or text listed:

Ordinance appropriating $400,000 of assessment appeals fee revenue from filing fees, hearing fees, and finding of fact fees collected in Fiscal Year (FY) 2023-2024 to support the Assessment Appeals Boards' costs of operation, including the development of an online assessment appeals application filing system.

Signature of Sponsoring Supervisor: [signature]