

File No. 160551 Committee Item No. 1
Board Item No. 1

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date July 21, 2016

Board of Supervisors Meeting Date September 6, 2016
Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Referral FYI - 05/24/2016</u> |
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Completed by: Erica Major Date July 15, 2016
Completed by: JM Date 7/27/2016

1 [Reward for Information About Underpayment of Property Tax - Charles Scoble - \$1,848.17]

2
3 **Ordinance approving Assessor's recommended reward of \$1,848.17 to Charles Scoble**
4 **for information that led to detection of underpayment of property tax from an**
5 **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 in her discretion recommend that the Board authorize a
16 reward for information that leads to the detection of property taxes that were underpaid due to
17 a change of ownership that was not reported as required by law.

18 (b) On November 20, 2012, the Assessor was notified by Mr. Charles Scoble that
19 the property located at 1445 10th Avenue, Assessor's Parcel No. 14-1843-007, had been
20 improperly excluded from reassessment because the transferor and the transferee did not
21 qualify for a parent-child exclusion under California Revenue and Taxation Code Section 63.1,
22 which excludes certain property transfers between parents and children from property tax
23 change in ownership.

24 (c) The information Mr. Scoble gave the Assessor enabled her staff to investigate
25 and discover that the documents filed with the Office of the Assessor-Recorder in November
2001 erroneously stated that the transfer occurring on November 7, 2001 was to "terminate a

1 co-signor" and was a transfer from parent to child. Upon further review, the transferor and
2 transferee were not eligible for any exclusion from reassessment.

3 (d) Following Mr. Scoble's notification to the Assessor and the staff investigation of
4 the transfer, the Assessor reassessed the property as of November 7, 2001, and established
5 a new base year value of \$695,000. The Assessor issued a Supplemental Assessment for
6 2001, and Escape Assessments for the years 2002 - 2013. The transferee filed assessment
7 appeal applications (#2013-3131 through 2013-3143) to contest the reassessment and the
8 base year value. The Assessment Appeals Board ruled that a change in ownership occurred
9 on November 7, 2001 that did not qualify for the parent-child exclusion, and upheld the
10 escape assessments for years 2010, 2011, 2012, and 2013. The Assessment Appeals Board
11 also reduced the base year value from \$695,000 to \$625,000.

12 (e) The Assessor has concluded that Mr. Scoble did not participate in the erroneous
13 reporting of the transfers, and that he provided information regarding the transfer that the
14 Assessor did not know. The Assessor hereby certifies that the escaped tax assessments for
15 2010, 2011, 2012 and 2013 have been paid in full, and that Mr. Scoble's information led to the
16 collection of these additional taxes.

17 (f) The Assessor recommends that the Board award Mr. Scoble \$1,848.17, which is
18 10% of the amount of collected taxes eligible for an award.

19 (g) The City has had a "real estate watchdog" program, previously codified at
20 Administrative Code Sections 10.177-2 and 10.177-3, by which the Assessor could
21 recommend to the Board of Supervisors that it provide a monetary reward to a person for
22 providing information leading to the detection of an underpayment of property tax. Pursuant
23 to subsection (e) of Section 10.177-2, that program sunsetted in April 2016 and thereby
24 expired by operation of law. Nevertheless, the Assessor retains the inherent power to
25 recommend to the Board that a person receive such a reward, and the Board has the inherent

1 power to accept the recommendation. In this case, the Assessor's recommendation, as
2 stated in subsection (e) of this ordinance, is consistent with all the criteria for and all the
3 limitations on such rewards as set forth in the sunsetted Code provisions. Further, as stated
4 in subsections (b) and (c) of this ordinance, Mr. Scoble provided the information to the
5 Assessor that is the basis for the Assessor's 2012 determination that an unreported change in
6 ownership had occurred, when Administrative Code Sections 10.177-2 and 10.177-3 were still
7 in effect.

8 (h) It serves a public purpose, and is in the public interest, to adopt the Assessor's
9 recommendation and award Mr. Scoble \$1,848.17.

10 Section 2. The Board hereby approves the Assessor's recommendation that the City
11 and County of San Francisco pay Mr. Charles Scoble a reward of \$1,848.17 for information
12 that led to the collection of property taxes from an unreported change of ownership. The
13 Controller shall pay Mr. Scoble a \$1,848.17 reward from the City's general fund.

14 Section 3. Source of Funds:

15 Fund 1G AGF AAA, Index Code 025006 - \$1,848.17.

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

21 APPROVED AS TO FORM:
22 DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE:
BEN ROSENFELD, Controller

23 By:

24 Moe Jamil
Deputy City Attorney

By:

25 n:\legana\as2016\1600650\01100744.doc

LEGISLATIVE DIGEST

[Reward for Information About Underpayment of Property Tax - Charles Scoble - \$1,848.17]

Ordinance approving Assessor's recommended reward of \$1,848.17 to Charles Scoble for information that led to detection of underpayment of property tax from an unreported change in ownership.

Background Information

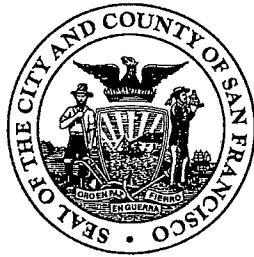
The Assessor may in her discretion recommend that the Board authorize a reward for information that leads to the detection of property taxes that were underpaid due to a change of ownership that was not reported as required by law. On November 20, 2012, the Assessor was notified by Mr. Charles Scoble that the property located at 1445 10th Avenue, Assessor's Parcel No. 14-1843-007, 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, which excludes certain property transfers between parents and children from property tax change in ownership.

The information Mr. Scoble gave the Assessor enabled her staff to investigate and discover that the documents filed with the Office of the Assessor-Recorder in November 2001 erroneously stated that the transfer occurring on November 7, 2001 was to "terminate a co-signor" and was a transfer from parent to child. Upon further review, the transferor and transferee were not eligible for any exclusion from reassessment. Following Mr. Scoble's notification to the Assessor and the staff investigation of the transfer, the Assessor reassessed the property as of November 7, 2001, and established a new base year value of \$695,000. The Assessor issued a Supplemental Assessment for 2001, and Escape Assessments for the years 2002 - 2013.

The Assessor hereby certifies that the escaped tax assessments for 2010, 2011, 2012 and 2013 have been paid in full, and that Mr. Scoble's information led to the collection of these additional taxes. The Assessor recommends that the Board award Mr. Scoble \$1,848.17, which is 10% of the amount of collected taxes eligible for an award.

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BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Carmen Chu, Assessor-Recorder, Office of the Assessor-Recorder

FROM: Erica Major, Assistant Clerk, Government Audit and Oversight Committee,
Board of Supervisors

DATE: May 24, 2016

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Peskin on May 17, 2016:

File No. 160551

Ordinance approving Assessor's recommended reward of \$1,848.17 to Charles Scoble for information that led to detection of underpayment of property tax from an unreported change in ownership.

If you have any additional comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c:
Edward McCaffrey, Office of the Assessor-Recorder

Introduction Form

By a Member of the Board of Supervisors or the 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 [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Question(s) submitted for Mayoral Appearance before the BOS on []

Use 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 a Imperative Form.

Sponsor(s):

Supervisor Aaron Peskin

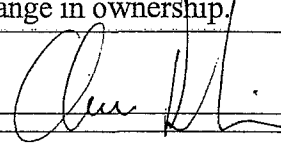
Subject:

[Reward for Information About Underpayment of Property Tax - Charles Scoble - \$1,848.17]

The text is listed below or attached:

Ordinance approving Assessor's recommended reward of \$1,848.17 to Charles Scoble 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:

CARMEN CHU
ASSESSOR-RECORDER



RECEIVED 8/4/16
SAN FRANCISCO
OFFICE OF THE ASSESSOR-RECORDER

160551

TO: Angela Calvillo, Clerk of the Board of Supervisors

CC: Supervisor London Breed, President of the Board of Supervisors
Supervisor Aaron Peskin, Government Audit and Oversight Committee Chair

DATE: Wednesday, June 1, 2016

RE: Summary Report of Taxpayer Complaints of Property Tax Underpayment,
Ord. 051759 (2006) and Ord. 110068 (2011)

The Office of the Assessor-Recorder is committed to investigating taxpayer complaints of underpayment of property taxes owed to the City. In general, taxpayers exercise a number of options to report underpayment of property taxes owed including, but not limited to, the City's whistleblower program or through direct reporting to the Office of the Assessor-Recorder. This memo summarizes the results of those complaints.

From February 2006 through March 2016, the Office of the Assessor-Recorder received 188 total complaints of which 162 were determined to be unduplicated cases. Of the unduplicated complaints, six (or 3.7%) impacted the assessed value with approximately \$1.2 million in collections of back taxes and penalties. Of note, a single complaint resulted in \$1.1 million in collections of back taxes and penalties with the remaining cases resulting in significantly smaller collection amounts.

In addition, a real estate watchdog reward program was enacted in February 2006 (Ordinance 051759) and renewed in 2011 (Ordinance 110068) to provide the Assessor with the authority to recommend rewards for information related to the detection of underpayment of property tax owed to the City. The program had a sunset date of March 31, 2016, and over the ten year reward program period, only two rewards have been recommended for approval. The first reward was approved in 2008 in the amount of \$66,600.48. The second reward in the amount of \$1,848.17 is pending before the Board of Supervisors.

CARMEN CHU
ASSESSOR-RECORDER



RECEIVED 8/4/16
SAN FRANCISCO
OFFICE OF THE ASSESSOR-RECORDER

160551

March 22, 2016

Ms. Angela Calvillo
Clerk of the Board
1 Dr. Carlton B. Goodlett Place
City Hall – Room 244
San Francisco, CA 94102-4689S

RE: 2015 Annual Report of Real Estate Watchdog Cases
Chapter 10, Section 10.177-2(f) of the San Francisco Administrative Code

Dear Ms. Calvillo:

For the period January 1, 2015 to December 31, 2015, the Department received six complaints through the Assessor's Real Estate Watchdog Program. Two cases are closed and did not result in an increase in assessment or property taxes. Four cases are active and pending investigation. In 2015, the Department also resolved a prior year's complaint that resulted in an increase in assessment. Additionally, included in this report are the unresolved cases received during the period January 1, 2014 to December 31, 2014. A summary of each complaint is listed in Exhibit A.

Sincerely,

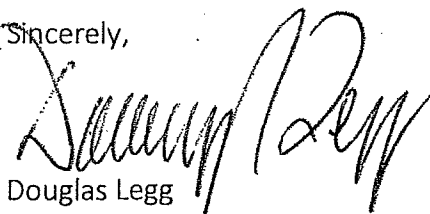

Douglas Legg
Deputy Director of Operations
Office of the Assessor-Recorder

EXHIBIT A – 2015 Annual Report of Real Estate Watchdog Cases Received

	Date	Complaint #	Real Estate Watchdog Complaint	Status
1	03/31/2015	5KKA38WQ	Alleged change in ownership between LLC's. Information was already known to the Assessor. Ineligible for an award.	Case Closed
2	08/08/2015	4978732	Fixed valet parking permits are possessory interest changes in ownership.	Investigation Pending
3	08/08/2015	4978641	Parklet permits are possessory interest changes in ownership.	Investigation Pending
4	08/08/2015	4978606	Permits for use of public sidewalks for tables and chairs are possessory interest changes in ownership.	Investigation Pending
5	08/08/2015	4978567	Permits for use of public sidewalks for merchandise display are possessory interest changes in ownership.	Investigation Pending
6	10/09/2015	5175343	Alleged change in ownership in 1988 and missed new construction. Information was already known to the Assessor and new construction does not qualify for an award. Ineligible for an award.	Case Closed
7	11/20/2012	A0007	Alleged change in ownership in November 2001. Assessor's investigation concluded in November 2015, corroborating complainant's allegations and resulting in an increase in assessment. Complaint is eligible for an award.	Case Closed
8	02/15/2014	3370121	Alleged company merger is a change in ownership	Investigation Pending
9	02/15/2014	3370769	Alleged company merger is a change in ownership	Investigation Pending
10	02/15/2014	3370937	Alleged transfer of fixtures is a change in ownership	Investigation Pending
11	02/15/2014	3370989	Alleged transfer of fixtures is a change in ownership	Investigation Pending

12	02/15/2014	3371282	Alleged company merger is a change in ownership	Investigation Pending
13	02/16/2014	3372846	Alleged transfer of fixtures is a change in ownership	Investigation Pending
14	2/17/2014	3375399	Alleged fixtures located on public property are a change in ownership	Investigation Pending
15	02/17/2014	3375447	Alleged fixtures located on public property are a change in ownership	Investigation Pending
16	02/24/2014	3396995	Alleged company merger is a change in ownership	Investigation Pending
17	02/25/2014	3403748	Alleged transfer of cell sites is a change in ownership	Investigation Pending