



# Mendocino County

## Legislation Text

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**File #:** 20-0350, **Version:** 1

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**To:** Board of Supervisors

**From:** Treasurer-Tax Collector and Supervisors Gjerde and McCowen

**Meeting Date:** April 20, 2020

**Department Contact:** Shari Schapmire

**Phone:** 463-4441

**Department Contact:** Supervisor Gjerde

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**Department Contact:** Supervisor McCowen

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**Item Type:** Regular Agenda

**Time Allocated for Item:** 20 Minutes

**Agenda Title:**

OFF AGENDA ITEM: Pursuant to Government Code Section 54954.2 - Discussion and Possible Action Including Direction to Defer Without Penalty Collection of TOT and BID Funds Due April 30, 2020 Until July 31, 2020

(Sponsors: Supervisors Gjerde and McCowen and Treasurer-Tax Collector)

**Recommended Action/Motion:**

1) Hear Off Agenda item pursuant to Government Code 54954.2 and move that this item will be added to the agenda as item 8a); 2) Direct County Counsel to present an Urgency Ordinance at a Special Meeting to be held April 28, 2020, that will defer without penalty the collection of TOT and BID funds due April 30, 2020 until July 31, 2020, to be applicable to lodging operators but not agents.

**Previous Board/Board Committee Actions:**

None.

**Summary of Request:**

The Board of Supervisors received a letter dated April 16, 2020 from the "Lodging Operators COVID-19 Response Team" requesting deferral without penalty of the quarterly payment of TOT and BID funds normally due April 30, 2020 until July 31, 2020. Supervisors Gjerde and McCowen have phone conferenced with the authors of the letter, who are industry leaders, and have phone conferenced with Treasurer-Tax Collector Schapmire and County Counsel Curtis who have also been in communication with the authors of the letter. The Shelter In Place Order immediately cut off revenue and unlike most industries also triggered a need to issue refunds for pre-bookings. Meanwhile, the timing, conditions and effectiveness of Federal financial relief is uncertain. Based on the impacts of the Shelter In Place Order, uncertainty over the availability and effectiveness of financial relief and the uncertainty of re-opening and recovery, Treasurer-Tax Collector Schapmire and Supervisors Gjerde and McCowen believe a short term deferral of payment of the TOT and BID taxes due April 30, 2020 until July 31, 2020 is warranted.

Although the letter from the lodging operators requested an allowance for partial payment of TOT and BID funds and a requirement to timely file returns, even if no funds are remitted, Treasurer-Tax Collector Schapmire strongly supports a simplified process such that no partial payments shall be accepted and no

returns filed unless payment is remitted in full. Processing returns with partial payment or without payment would place an undue burden on staff who are already tasked with reviewing requests for waiver of penalties and interest for late property tax payments. Finally, Treasurer-Tax Collector Schapmire and Supervisors Gjerde and McCowen recommend that those lodging operators who are able to pay on time be encouraged to do so and that the deferral only be extended to lodging operators themselves and not third party rental agencies.

The fiscal effect of this action is to delay for three months collection of up to an approximate amount of \$1,000,000 dollars normally due and collectible on April 30 and to waive penalties and interest that would normally be imposed. If payment is made on or before July 31, 2020 the payments will be accrued in Fiscal Year 2019-2020. If payment is not made by July 31, 2020 penalties and interest would be applied at that time unless the Board takes additional action at a future date. Without this action it is uncertain how much of the anticipated approximate amount due April 30, 2020 would be collected and the imposition of penalties and interest would only add to the burden of an industry that is already beset with significant uncertainty. The travel and tourism industry is a mainstay of the Mendocino County economy and without the proposed relief there is an increased likelihood that local lodging operators will be forced to close permanently with the prospect that properties will be taken over by distant corporations and/or sit vacant for years.

Treasurer-Tax Collector Schapmire and Supervisors Gjerde and McCowen request that the Board direct County Counsel to prepare and present an Urgency Ordinance defer without penalty payment of TOT and BID due April 30, 2020 until July 31, 2020, said ordinance to be considered at a Special Meeting to be held April 28, 2020.

**Alternative Action/Motion:**

Do not discuss or do not approve giving direction to County Counsel to present an Urgency Ordinance.

**Supervisory District:** All

**vote requirement:** Majority

**Supplemental Information Available Online At:** N/A

**Fiscal Details:**

**source of funding:** N/A

**current f/y cost:** N/A

**annual recurring cost:** N/A

**budget clarification:** N/A

**budgeted in current f/y:** N/A

**if no, please describe:**

**revenue agreement:** N/A

**Agreement/Resolution/Ordinance Approved by County Counsel:** N/A

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**CEO Liaison:** Executive Office

**CEO Review:** Yes

**CEO Comments:**

**FOR COB USE ONLY**

Executed By: Lindsey Dunham, Deputy Clerk I

Final Status:**Approved**

Date: April 23, 2020

