



Board Report

File #: PAR 23-005, **Version:** 1

Receive a report and response to Board Referral No. 2023.02 seeking the implementation of the Easy Smart Pay Program that would allow Monterey County residents and businesses the option of making monthly installment payments for real property taxes.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive a response from the Treasurer-Tax Collector to Board Referral No. 2023.02 on the current status and anticipated implementation date of the Easy Smart Pay Program.

SUMMARY:

The above-referenced board referral requested the Treasurer-Tax Collector (“TTC”) to implement the Easy Smart Pay (“ESP”) program allowing real property taxpayers to make monthly tax payments on their property. At this time, the TTC lacks sufficient staff to implement the ESP program due to position vacancies and leaves of absence. At the soonest, the TTC may possess sufficient staff to implement the program in the Fall of this year. In the interim, the TTC will enter into negotiations with the ESP program to address the additional considerations described below.

PRELIMINARY ANALYSIS:

Easy Smart Pay program

ESP is a private company bill assignment service that has partnered with the California State Association of Counties Finance Corporation (“CSAC-FC”) that was created to, in part, provide taxpayers the ability to pay real property taxes in monthly installments rather than in the traditional two installments in December and April. State law allows taxpayers the ability to pay their annual real property taxes in two monthly installments. Many taxpayers who have mortgages on their property use impound accounts to add payments for taxes and insurance to their monthly mortgage obligation. When the tax due date arrives, the mortgage companies utilize the County Reciprocal Tax Accounting (“CORTAC”) process to electronically submit mass tax payments to the TTC. Other taxpayers who may not have monthly mortgages use interest earning savings or “Holiday Club” accounts at their financial institutions. This method allows them to make monthly deposits, earn interest and then have sufficient funding to make the property tax installment payments.

However, there is another group of taxpayers that might wish to engage the services of a private party that will charge their credit or debit card monthly, accumulate funds and utilize the CORTAC process to submit tax payments on their behalf. ESP is such a vendor.

Currently Monterey County is unable to accept monthly payments for real property tax and providing taxpayers with the ability to pay taxes in a way that makes sense for them is a goal of the TTC. This office plans to implement ESP in the near future but the TTC must work through staffing requirements and several issues prior to contracting with the vendor and implementing this program. Once these issues have been resolved, the TTC has the full intention of implementing ESP in Monterey County as long as the following matters can be sufficiently addressed. At the soonest, this office anticipates we will begin notifying taxpayers of this payment

option with the mailing of the 2023-24 tax bills.

Staffing Issues

The Tax Division currently does not have sufficient staffing to on-board or manage a new program. Of the nine positions in that division there is currently a vacancy for the division head, there are two employees out on long term leave and three employees in position for less than six months. The TTC must have the appropriate positions filled and staff trained in order to successfully implement ESP and create a positive taxpayer experience. It is anticipated this will occur in the fall of 2023.

Contract Negotiations

The TTC has identified three issues which must be considered, in conjunction with the County Counsel Office, prior to the implementation of the ESP program.

First, despite ESP program practice, the TTC recommends the County of Monterey obtain a written contract with the ESP program. Other counties have on-boarded the ESP program vendor by asking the Board to approve a resolution “endorsing” ESP to do business with the county in lieu of a written contract. To the TTC’s knowledge, the ESP program vendor has not previously contracted with any local government for services. This is not a process normally used by Monterey County to solicit services and the Tax Collector is uncomfortable proceeding in this manner without advice from counsel. This is further complicated by the fact the Tax Collector sits on the CSAC-FC Board, who oversees ESP, and she wants to make sure there is not a perception of favoritism for this company over others who may wish to engage with the county. That being said, the Tax Collector is not aware of any other vendors who currently provide this service.

Second, the TTC currently has an enterprise vendor for the acceptance of credit card payments for taxes as well as throughout many departments in the county. The TTC recommends the County research its vendor contracts to ensure the ESP program agreement does not conflict with any exclusivity or other existing provisions.

Third, ESP might be perceived as receiving preferential treatment as a CORTAC vendor by receiving tax files at no charge. All other vendors of this nature are required to purchase tax files from the TTC. Costs range from \$316 a month to \$3,792 a year. By contrast, the ESP program requires the TTC provide these files at no fee. This matter should be reviewed with counsel and resolved prior to program implementation.

Financing:

There are no hard costs to implement ESP in Monterey County however there are soft costs and staffing considerations that effect the implementation, program support and CORTAC processing requirements. There could also be a loss of revenue of approximately \$4,000 a year if ESP is not required to purchase the tax roll.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

To promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability, and transparency.

Mark a check to the related Board of Supervisors Strategic Initiatives

Economic Development

Administration

Health & Human Services
 Infrastructure
 Public Safety

Prepared & Approved by: Mary A. Zeeb, Treasurer-Tax Collector, 5015

Attachments:

Board Referral Response

Board Referral No. # 2023.02