



City Council Report

Date: June 27, 2011
To: City Council
Through: Christopher J. Brady, City Manager
From: Edward Quedens, Business Services Director
Mickey Tait, Audit & Tax Collections Administrator
Subject: Fees and Charges for Business Services, Tax Audit & Collections

**Strategic
Initiatives**



Purpose and Recommendation

The purpose of this report is to propose a new fee and adjust one fee (see attached) for Tax Audit & Collections. Council previously adopted Mesa City Code (MCC) Title 1-32-1000 - Collection of Delinquent Amounts Owed to the City; Collection Charges on October 4, 2010 (Ordinance #5005). This provided the City the authority to pass on the collection fees, staff time and any direct costs to taxpayers/citizens. Adding the proposed new fees will allow staff to charge and collect these fees per the Code.

Background

1. Enforcement Letter Fees

Tax Audit & Collections utilizes different methods to try and persuade taxpayers/citizens to voluntarily file and pay their transaction privilege and use tax, and transient lodging tax, however when they have failed to comply there are times when staff needs to send enforcement letters explaining what is expected of the taxpayers/citizens and giving deadline dates to respond. These letters are delivered through certified mail which provides evidence the letter was delivered.

2. Lien Fees

Tax Audit & Collections utilize different methods to protect the City of Mesa's interest against taxpayers/citizens who refuse to voluntarily pay their transaction privilege and use tax, transient lodging tax debt, however when they have failed to comply there are times when we need to file liens against the business. These liens may be filed with the following government agencies Maricopa County, other Arizona Counties, Arizona Secretary of State and out of state Uniform Commercial Code filings.

Discussion

Adding the Enforcement Letter Fee of \$3 will recover the direct cost of sending out the certified mail. City of Tempe charges an enforcement letter fee for cost recovery (see attached Comparisons 2011). City of Mesa Utility Service Fee Schedule (Ordinance #4988) has similar charges for their non-payment disconnection letter.

Tax Audit & Collections currently charges and collects a Lien Fee of \$20 for filing and releasing a lien since approximately 1990. However, this fee is currently not in the Schedule of Fees and Charges. If approved by Council, this fee will be included in the 2011/12 Schedule of Fees and Charges.

The City currently pays a filing and release fee to the Counties and Secretary of State for each lien filed; this is a common practice among local municipalities. Staff recommends an increase to the Lien Fee, from \$20 to \$50. This will help with cost recovery of the fees charged for filing and releasing liens plus some of the administrative costs involved. The proposed fee is consistent with the \$50.00 lien fee imposed by the City of Chandler (see attached Comparisons 2011) and in accordance with Mesa City Code Sec. 1-32-100 (Ordinance 5005) and the City-Wide Standard Fees for Collection Charges as adopted by Council effective 07/01/08 (Resolution 9278).

Alternatives

1. Adopt and/or adjust the fees and charges as recommended or amend the recommendation.
2. Continue with the present fees and charges.

These fees are not being proposed as the result of a mandate by the State or any other organization.

Fiscal Impact

The estimated revenue of the proposed Tax Audit & Collections fees is \$14,400 annually. This is based on the average number of cases processed from 2008 through 2010.

Mickey Tait, Audit & Tax Collections Administrator

Edward Quedens, Business Services Director