



# AGENDA REPORT


**TO:** Jestin D. Johnson  
City Administrator

**FROM:** Erin Roseman  
Director of Finance

**SUBJECT:** Delinquent Business Tax Assessment  
of Liens

**DATE:** June 4, 2024

City Administrator Approval

  
Jestin Johnson (Jul 2, 2024 12:24 PDT)

Date: Jul 2, 2024

## **RECOMMENDATION**

**Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion:**

**Adopt A Resolution 1) Confirming The Report And Notice Of Liens For Delinquent Business Taxes With Penalties, Interest, And Administrative And Assessment Charges, And 2) Overruling Any Protests And Objections Related To The Liens Included In Said Report And Authorizing The Recordation Of Liens, And 3) Directing The Notice Of Lien And Assessment Charges Be Turned Over To The County Tax Collector For Collection.**

## **EXECUTIVE SUMMARY**

Staff recommends the adoption of the proposed resolution, which will authorize the placement of liens on real property for unpaid City of Oakland Business Taxes (BT) and authorize the subsequent assessment, pursuant to Chapter 5.04 of the Oakland Municipal Code (O.M.C.), should the fees and charges remain unpaid prior to the transfer/recording of said special assessment levies to the Alameda County Tax Collector and Auditor Controller for inclusion on the next property tax roll. The liens will be recorded against 869 delinquent parcels in an amount of \$2,451,525.32, as well as \$147,730.00 for administrative fees, for a total property tax roll of \$2,599,255.32. The proposed assessments represent delinquent taxes for residential and commercial properties up to tax year 2023. Failure to place liens to recover the delinquent taxes will result in a loss of \$2,599,255.32 in revenues to the General Purpose Fund.

## **BACKGROUND / LEGISLATIVE HISTORY**

Chapter 5.04 of the O.M.C. provides that “the amount of business tax, penalty and interest imposed under the provisions of this chapter is assessed against the business property on which the tax is imposed in those instances where the owner of the business and the business property are one and the same.” Pursuant to Chapter 5.04 of the Oakland Municipal Code, staff cross-referenced Alameda County Assessor data with the business tax system data to identify potential non-compliant/delinquent business operators where the owner of the business and the business property are the same. During the review and assessment process, 1,626 property owners were notified to address delinquent business taxes determined to be owed to

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the City. An administrative hearing for delinquent business taxes was held on May 14, 2024, and Property owners were given the opportunity to appeal their business tax assessments in this administrative process.

### **ANALYSIS AND POLICY ALTERNATIVES**

Of the originally identified 1,626 properties, 757 were deleted from the list through the administrative hearing process, payments, and/or account closures.

A total of eleven taxpayers appeared at the Fourth Quarter Lien (4QL) Administrative Hearing on May 14, 2024.

The remaining 869 property owners who failed to respond were notified of the City's intent to record a lien against their property; these remaining parcels are subject to lien. A breakdown by the property type of the parcels is as follows (**Table 1**):

**Table 1: Property Type**

Property Use	Number of Accounts	Total Value of Liens
<b>Multi Residential, 2-4 Units &amp; Mobile Homes</b>	<b>283</b>	<b>\$ 399,056.35</b>
<b>Single Family Residential</b>	<b>210</b>	<b>\$ 218,413.85</b>
<b>Commercial</b>	<b>178</b>	<b>\$ 792,062.56</b>
<b>Multi Residential, 5 or More Units</b>	<b>105</b>	<b>\$ 651,112.50</b>
<b>Industrial</b>	<b>58</b>	<b>\$ 378,553.01</b>
<b>Improved Commercial 8x Series</b>	<b>35</b>	<b>\$ 160,057.05</b>
<b>Total</b>	<b>869</b>	<b>\$ 2,599,255.32</b>

Following the administrative hearings, the Finance Director filed with the City Administrator a written notice of those property owners on whom the City will file liens for unpaid taxes, penalties, interest, and other charges. (**Attachment A**) A resolution has been prepared to confirm the placement of liens on 869 properties and authorizing the subsequent assessment for all fees and charges.

Upon confirmation of the lien list in this staff report by the City Council, after a public hearing, the lien list shall constitute a special assessment against said property and shall be collected at the time established by the County Assessor for inclusion in the next property tax assessment.

### **FISCAL IMPACT**

Property owners owe the City delinquent business taxes and administrative fees for the accounts not resolved at the administrative hearings, as shown in **Attachment A**. Failure to place liens on these properties will result in the loss of \$2,451,525.32 in General Purpose Fund revenues and \$147,730.00 in administrative fees, for a total of \$2,599,255.32 over this period.

### **PUBLIC OUTREACH / INTEREST**

Property owners were notified, and an administrative hearing for delinquent business taxes was held on May 14, 2024, to hear protests and resolve any inconsistencies or inequities raised by property owners regarding the non-payment of business taxes. Property owners subject to a property lien were sent lien notices on June 8, 2024, and notified of the public hearing.

At the public hearing, the Council will hear the City Administrator's reports on delinquent business taxes and proposed recordation of liens, along with any objections or protests which may be raised by any of the property owners liable to be assessed for costs incurred for delinquent business taxes, and any other interested persons, such as those that have a right in or claim against the subject property.

### **COORDINATION**

In coordination with the Finance Department, Budget Bureau, and the City Attorney's Office, the agenda report, proposed resolutions, and supporting items attached to this report have been reviewed and/or approved for fiscal implications.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** The City will realize additional revenue from the collection of delinquent business taxes to fund and support the City's services without raising taxes.

***Environmental:*** There are no environmental opportunities resulting from the recordation of liens.

***Race and Equity:*** The collection of delinquent business taxes is necessary to raise revenue which, in turn, supports the City's financial ability to carry out its affairs and priorities that include making critical financial investments aimed at advancing racial and equity opportunities to historically underserved communities.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion

Adopt A Resolution 1) Confirming The Report And Notice Of Liens For Delinquent Business Taxes With Penalties, Interest, And Administrative And Assessment Charges, And 2) Overruling Any Protests And Objections Related To The Liens Included In Said Report And Authorizing The Recordation Of Liens, And 3) Directing The Notice Of Lien And Assessment Charges Be Turned Over To The County Tax Collector For Collection.

For questions regarding this report, please contact Sherry Jackson, Revenue & Tax Administrator, at (510) 238-7480.

Respectfully submitted,



Erin Roseman (Jul 2, 2024 10:55 PDT)

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ERIN ROSEMAN  
Finance Director  
Finance Department

Reviewed by:  
Sherry Jackson, Revenue & Tax Administrator  
Revenue Management Bureau

Prepared by:  
Rafael Martinez, Tax Enforcement Officer II  
Revenue Management Bureau

Attachment (1):

A: 4th Quarter 2024 Business Tax Liens