

Ad Valorem Tax Process and the Sheriffs' Role and Responsibilities

Presented to:

Joint Select Committee on Tax Reform-Interim

H. Allen Bleigh, II, CPA, Chief Tax Deputy

Kanawha County Sheriff's Office-Tax Division

June 29, 2015



Kanawha County Sheriff's Office



WV Sheriff's Association

Sheriffs' Responsibilities:

Tax Collection - 101

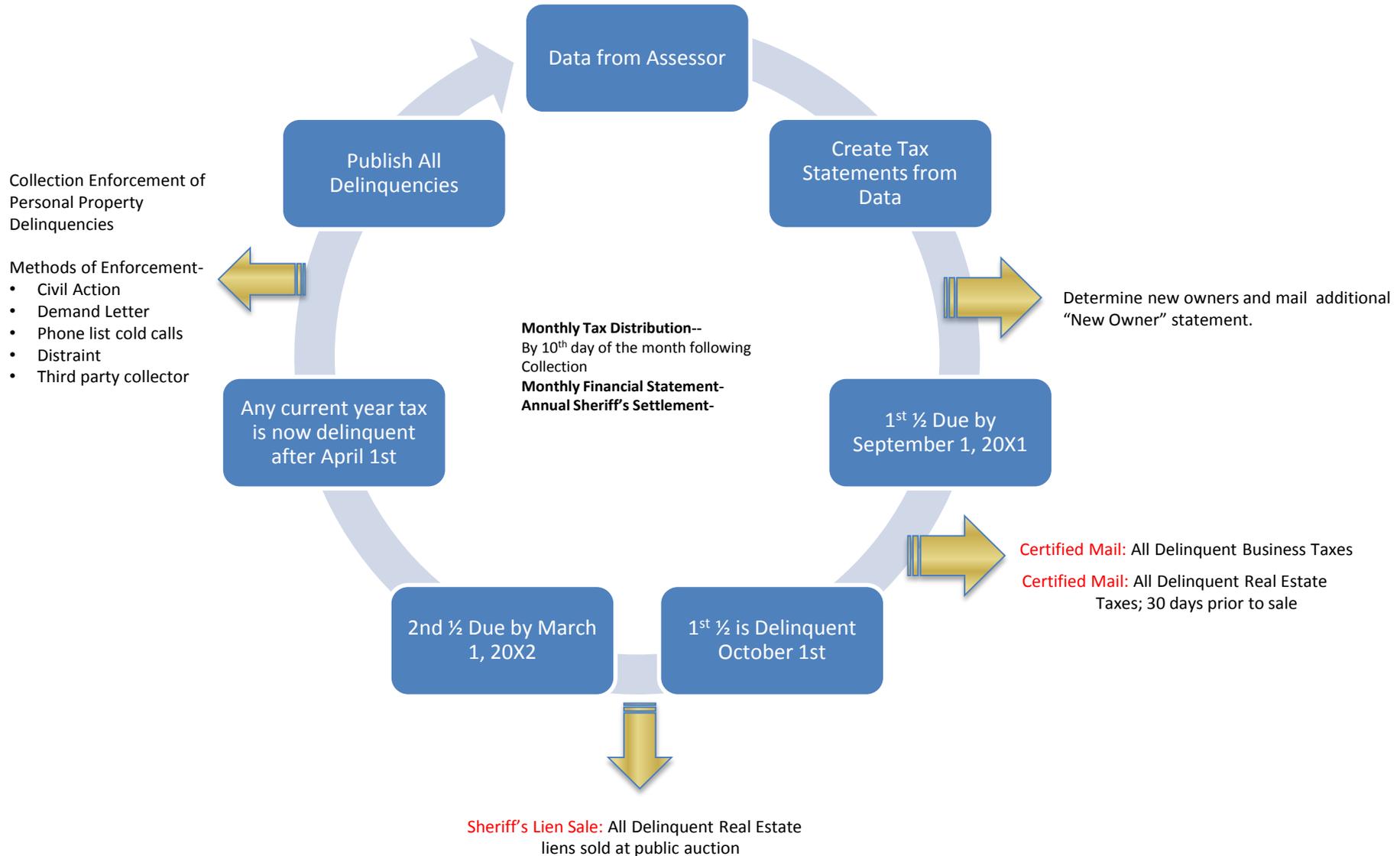
Sheriffs' Responsibilities

Tax Collection 101

REFERENCES TO W. VA. CODE FOR COLLECTION AND APPLICATION OF FEES/INTEREST ON AD VALOREM TAXES:

- §11A-1-2 Tax becomes a lien on July 1st for real estate taxes.
- §11A-1-3 Tax may be paid in two installments the first due on September 1st, becoming delinquent on October 1st; the second due on March 1st becoming delinquent on April 1st.
- §11A-1-6 July 15th is the first day collections may commence.
- §11A-1-7 Cannot collect current year tax if prior year is still due.
- §11A-1-8 Requires the Sheriff to send a tax statement to last known address, but further states that failure to send or failure of taxpayer to receive such statement does not impair or prevent the right to collect tax and interest.
- §11A-2-13 First Pub/mark-off fee \$20/\$3
- §11A-3-2 Second Pub/mark-off fee \$25/\$3, plus \$10 for Certified notice
- §11A-3-2c Lienholder notice \$10 per lien notice
- §11A-3-5 Lien Sale must begin sometime between October 14th and November 23rd
- §11A-3-13 After sale pub fee \$15
- §11A-3-14 Certificate of Sale fee \$10

Sheriff's Duties Life Cycle



Collection Trend Analysis

Kanawha County Sheriff's Office

H. Allen Bleigh, II, Chief Tax Deputy

Analysis of General County Tax Collections 97/98 thru 14/15

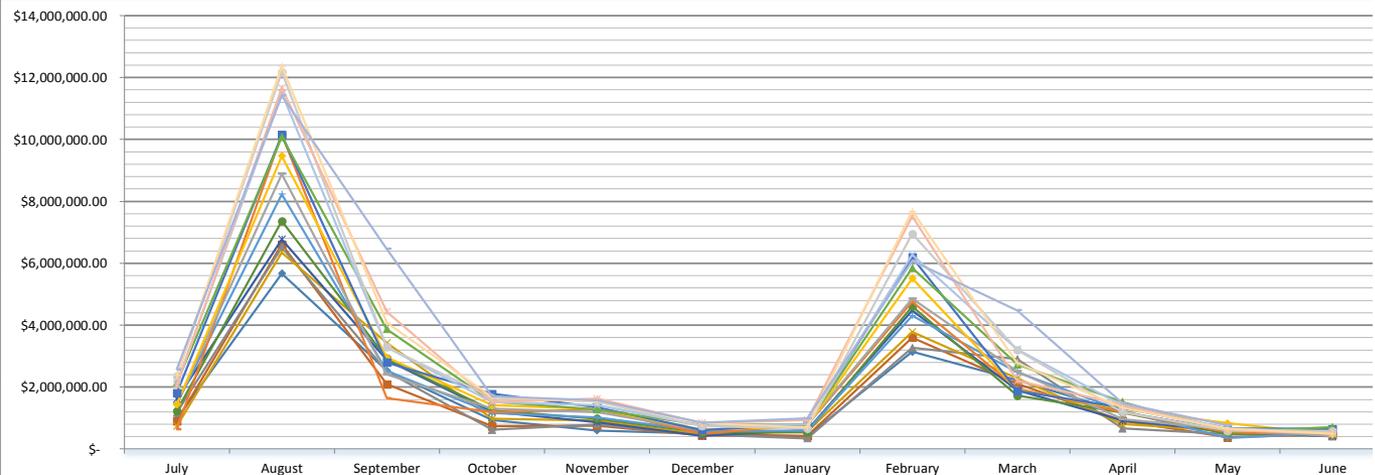
31-May-15

	July	August	September	October	November	December	January	February	March	April	May
97/98	\$ 973,870.19	\$ 5,670,253.18	\$ 2,530,349.22	\$ 929,999.14	\$ 598,079.39	\$ 498,001.77	\$ 405,911.99	\$ 3,137,107.72	\$ 2,225,396.20	\$ 1,184,996.03	\$ 605,786.76
98/99	894,512.40	6,607,627.05	2,095,156.43	732,944.59	755,979.17	432,081.33	422,033.10	3,604,116.26	2,114,969.77	908,130.76	378,831.81
99/00	1,172,515.90	6,518,631.84	2,509,670.39	620,619.87	796,597.38	464,971.46	340,929.91	3,267,666.79	2,899,631.07	663,675.89	476,418.24
00/01	736,639.28	6,350,646.05	3,431,286.90	972,313.39	925,537.75	461,041.09	559,690.73	3,786,266.27	2,284,148.05	805,508.24	576,416.65
01/02	1,621,185.74	6,776,605.13	2,881,983.68	1,201,859.64	865,867.32	429,011.78	602,070.08	4,473,563.86	1,890,748.65	915,430.43	567,188.34
02/03	1,226,911.50	7,361,606.94	2,922,540.27	1,248,878.11	979,791.48	537,501.06	537,501.06	4,607,682.53	1,723,807.96	1,182,203.98	475,828.52
03/04	1,453,965.62	8,234,016.53	2,519,140.29	1,158,954.98	1,022,065.91	583,375.79	590,979.16	4,309,426.61	2,482,632.92	1,237,388.51	348,882.23
04/05	632,965.15	10,149,579.78	1,640,124.29	1,191,493.50	1,273,933.55	500,625.24	779,260.82	4,751,657.27	1,951,839.00	1,185,457.95	532,864.09
05/06	1,462,548.13	8,883,892.65	2,412,144.05	1,308,929.77	1,189,271.49	612,968.24	788,792.11	4,856,025.32	2,509,173.65	964,600.65	633,512.98
06/07	1,434,629.28	9,466,293.82	2,954,347.78	1,409,871.05	1,293,145.27	622,062.02	743,030.90	5,511,317.63	1,909,879.70	1,289,711.24	835,031.39
07/08	1,806,288.64	10,144,554.31	2,795,361.45	1,779,006.93	1,350,853.06	614,377.13	811,012.55	6,190,691.61	1,882,600.63	1,334,259.71	664,082.98
08/09	2,142,172.32	10,081,927.73	3,873,323.36	1,529,055.94	1,275,721.41	772,524.20	799,428.24	5,847,344.57	2,729,305.72	1,516,885.81	551,403.90
09/10	2,098,566.40	11,501,591.30	3,284,115.71	1,515,499.78	1,411,755.60	746,361.95	797,558.90	6,280,693.20	3,216,165.75	1,395,166.90	666,711.79
10/11	2,343,929.06	12,173,810.85	3,289,931.39	1,656,042.21	1,535,505.31	737,666.33	659,608.39	6,947,973.93	3,197,522.97	1,191,534.87	588,178.87
11/12	2,047,317.20	11,666,258.55	4,439,287.72	1,514,380.15	1,621,768.27	837,609.27	940,549.33	7,517,514.11	2,208,099.21	1,426,155.84	602,443.69
12/13	2,383,079.95	12,358,186.54	4,073,573.85	1,671,224.04	1,538,645.36	830,211.36	695,086.21	7,685,281.89	2,782,590.77	1,334,989.42	647,133.11
13/14	2,791,724.62	11,643,141.63	5,739,043.49	1,520,051.29	1,776,790.47	815,891.67	885,472.62	6,530,642.16	3,930,726.12	1,758,866.63	721,490.05
14/15	2,573,908.20	11,421,635.03	6,463,951.95	1,697,405.73	1,568,948.34	847,594.28	989,676.31	6,078,505.32	4,479,538.38	1,472,182.55	764,873.36

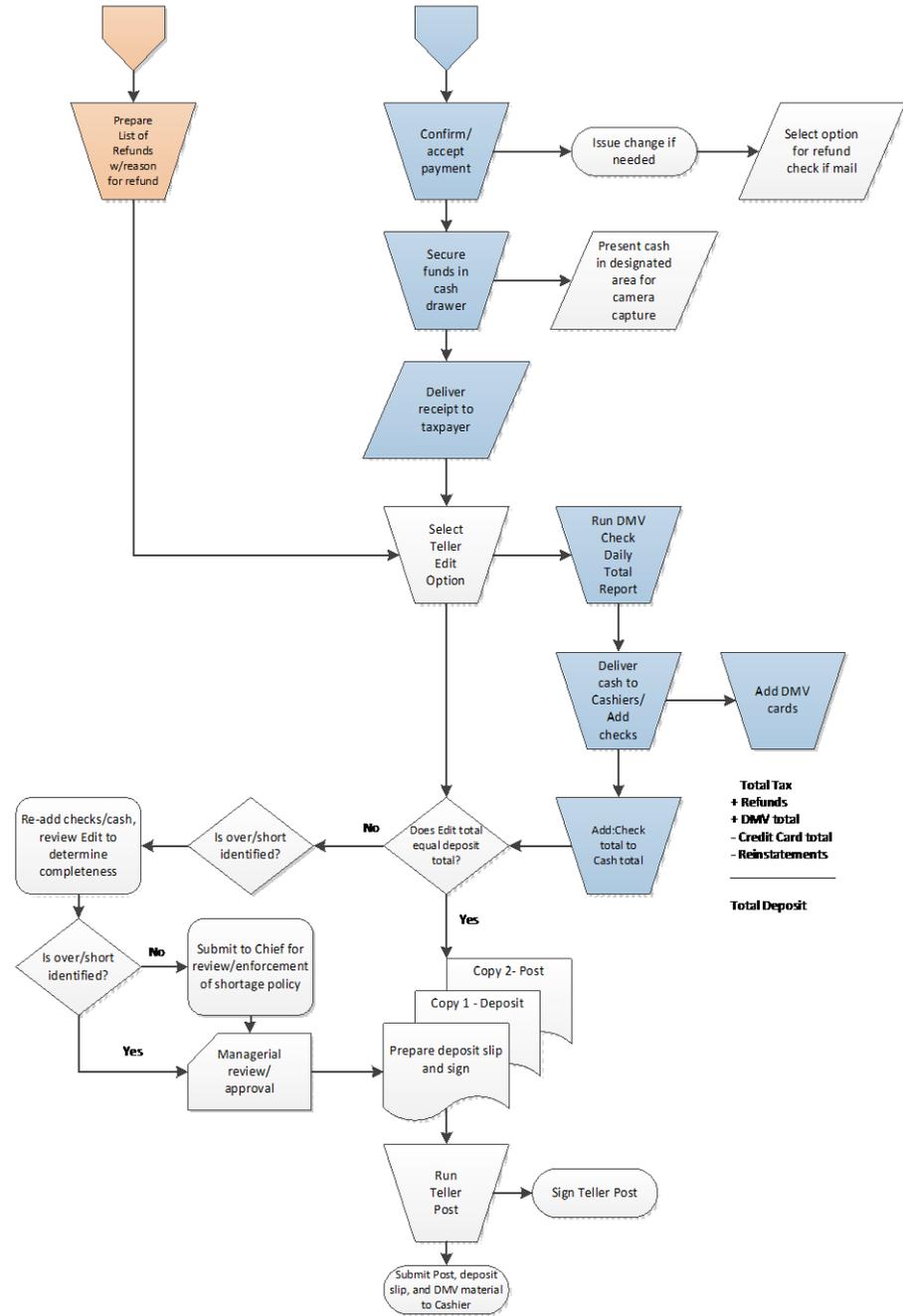
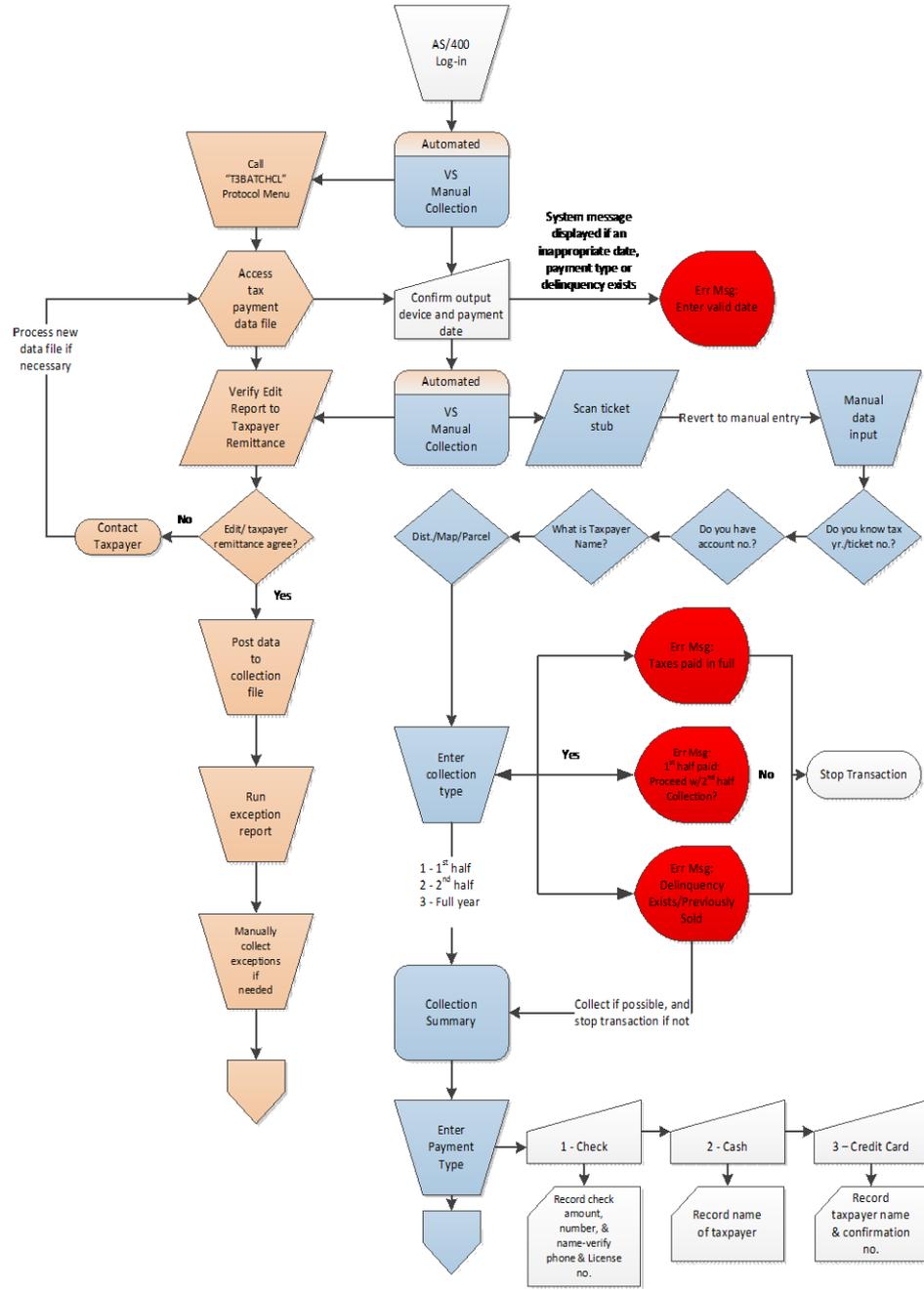
July 2004--Tax Div. failed to disseminate tax statement in a timely manner causing delay in receiving payments; subsequent increase in August collections is a byproduct of this issue.

*- Error in levy rate for City of Charleston created a distribution matrix error that shorted several levies and overpaid the City; **- Corrected distribution payment

5-yr. AVERAGE	\$ 2,427,991.81	\$ 11,852,606.52	\$ 4,801,157.68	\$ 1,611,820.68	\$ 1,608,331.55	\$ 813,794.58	\$ 834,078.57	\$ 6,951,983.48	\$ 3,319,695.49	\$ 1,436,745.86	\$ 664,823.82
% of Total	7.06%	34.46%	13.96%	4.69%	4.68%	2.37%	2.42%	20.21%	9.65%	4.18%	1.93%



Property Tax Remittance Cycle



Sheriffs' Responsibilities:

Collection Enforcement

Sheriff's Monthly Distribution Report

Beginning A/R Balance: \$117,379,630.73 \$58,347,656.13 \$115,562,270.51 \$61,351,751.22 \$108,749,670.90 \$58,853,677.86 \$104,323,438.48 \$57,406,758.17 \$101,166,123.01 \$59,265,108.41

STATEMENT OF CHANGES IN TAXES RECEIVABLE AND REPORT OF COLLECTIONS
 JOHN RUTHERFORD, SHERIFF/TREASURER, KANAWHA COUNTY, WV

For the Month Ending: 5/31/2015														
Tax Entity: Total All Funds		MEMO	CURRENT	CURRENT	1st Prior	1st Prior	2nd Prior	2nd Prior	3rd Prior	3rd Prior	4th Prior	4th Prior	5th Prior	5th Prior
DESCRIPTION	TOTAL	REAL	2014	2014	2013	2013	2012	2012	2011	2011	2010	2010	2009	2009
			REAL	PERS	REAL	PERS	REAL	PERS	REAL	PERS	REAL	PERS	REAL	PERS
Taxes Receivable, Beg. Bal. 5/1/2015	\$ 24,729,613.99	\$	10,662,903.92	\$ 5,495,380.43	\$ 9,891.90	\$ 2,630,360.81	\$ (55,815.50)	\$ 1,731,547.87	\$ (17,214.53)	\$ 1,654,307.57	\$ 3,008.00	\$ 1,359,412.56	\$ 3,012.64	\$ 1,252,818.31
CHANGES:														
Sheriff's Tax Collections	\$ 2,674,419.40		1,563,297.31	1,058,921.41	(896.11)	39,043.82	(346.84)	5,881.70	-	4,808.68	-	2,919.99	-	789.44
Exonerations	3,668.90		661.33	3,007.57	-	-	-	-	-	-	-	-	-	-
Back Taxes	-		-	-	-	-	-	-	-	-	-	-	-	-
Sold to State	(137.22)		-	-	(137.22)	-	-	-	-	-	-	-	-	-
Suspended from Sheriff's sale	(2,684.92)		-	-	(2,533.33)	-	-	-	(151.59)	-	-	-	-	-
Write-off due to Bankruptcy	(2,299.94)		-	-	-	-	-	-	-	(1,999.98)	-	(299.96)	-	-
Other Adjustments	215,093.54		-	209,425.97	-	4,343.09	-	690.70	-	583.38	-	-	-	50.40
Undistributed Change in A/R	7.90		1.97	2.77	(0.05)	1.39	(0.01)	0.64	-	0.60	-	0.30	-	0.29
NET CHANGE	2,888,067.66		1,563,960.61	1,271,357.72	(3,566.71)	43,388.30	(346.85)	6,573.04	(151.59)	3,392.68	-	2,620.33	-	840.13
Taxes Receivable, End Bal. 5/31/2015	\$ 21,841,546.33	\$	9,098,943.31	\$ 4,224,022.71	\$ 13,458.61	\$ 2,586,972.51	\$ (55,468.65)	\$ 1,724,974.83	\$ (17,062.94)	\$ 1,650,914.89	\$ 3,008.00	\$ 1,356,792.23	\$ 3,012.64	\$ 1,251,978.18
Supplemental Taxes Collected	213,921.82		-	213,920.47	-	-	-	-	-	-	-	-	-	1.35
Interest & Penalties	94,826.90		43,920.57	41,446.13	(31.23)	5,628.64	(28.59)	1,434.72	-	1,010.12	-	1,041.05	-	405.49
Exonerations Refunded	19,849.73		9,481.57	1,361.70	4,294.47	818.91	2,038.46	655.19	875.92	323.51	-	-	-	-
Discounts	655.02		643.84	16.09	(3.57)	(1.34)	-	-	-	-	-	-	-	-
Fees	40,484.00		32,669.00	-	(5.00)	5,400.00	(90.00)	1,080.00	-	740.00	-	420.00	-	270.00

SUMMARY DISTRIBUTION PAYMENT

Tax Collections	\$ 2,674,419.40
Sheriff's Commission	-
Supplemental tax collections	213,921.82
Interest/penalties	94,826.90
Exonerations refunded	19,849.73
Discounts	655.02
Publication fees	40,484.00
Computer difference	1.79
Off-distribution collections	1,407.50
Distribution before Investment Interest	\$ 3,048,609.66
Investment Interest	71.53
Advance/Other Withholding	-
TOTAL TAX DISTRIBUTION	\$ 3,048,681.19
ASSESSOR'S VALUATION FUND	\$ -
TOTAL NET PAYMENT	\$ 3,048,681.19

SCHEDULE OF BALANCE DUE TO ASSESSOR'S VALUATION FUND (AVF)

Beginning Balance Due to AVF	\$ -
Current Month Remittance	-
Ending Balance Due to AVF	\$ -

SCHEDULE OF BALANCE DUE TO PUBLIC SAFETY LEVY FUND

Beginning Balance Due	\$ -
Current Month	-
Ending Balance Due	\$ -

Signature: Jonathan S. Rutherford

7.75%

7.24%

4.22%

2.93%

2.88%

2.29%

Levy Estimate-Allowance

**KANAWHA COUNTY
LEVY PAGE
REGULAR CURRENT EXPENSE LEVY
2015 - 2016**

Current Year	Column E	Levy	Taxes
	Certificate of Valuation Assessed Value for Tax Purposes	Rate/\$100	Levied
Class I			
Personal Property	\$ 0	14.30	\$ 0
Public Utility	0		0
Total Class I	\$ 0		\$ 0
Class II			
Real Estate	\$ 3,754,658,960	28.60	\$ 10,738,325
Personal Property	24,243,316		69,336
Total Class II	\$ 3,778,902,276		\$ 10,807,661
Class III			
Real Estate	\$ 939,224,970	57.20	\$ 5,372,367
Personal Property	1,120,027,968		6,406,560
Public Utility	594,877,909		3,402,702
Total Class III	\$ 2,654,130,847		\$ 15,181,629
Class IV			
Real Estate	\$ 1,787,803,490	57.20	\$ 10,226,236
Personal Property	1,144,577,430		6,546,983
Public Utility	396,499,741		2,267,979
Total Class IV	\$ 3,328,880,661		\$ 19,041,198
Total Value & Projected Revenue	\$ 9,761,913,784		\$ 45,030,488
Less Delinquencies, Exonerations & Uncollectable Taxes		6.00%	2,701,829
Less Tax Discounts		2.00%	846,573
Less Allowance for Tax Increment Financing - see worksheet (Subtracted from regular current expense taxes levied only)			109,630
Total Projected Property Tax Collection			41,372,456
Less Assessor Valuation Fund (Subtracted from regular current expense taxes levied only)		2.00%	827,449
Net Amount to be Raised by Levy of Property Taxes For Budget Purposes (Transfer amount to #301-01 on page 4)			\$ 40,545,007



6%: Allowance for Delinquencies, Exonerations, & Uncollectible Taxes

Sheriffs' Responsibilities:

Collection Enforcement

NSF Collections

Outstanding NSF Balance: \$492,065.24
(816 Checks)

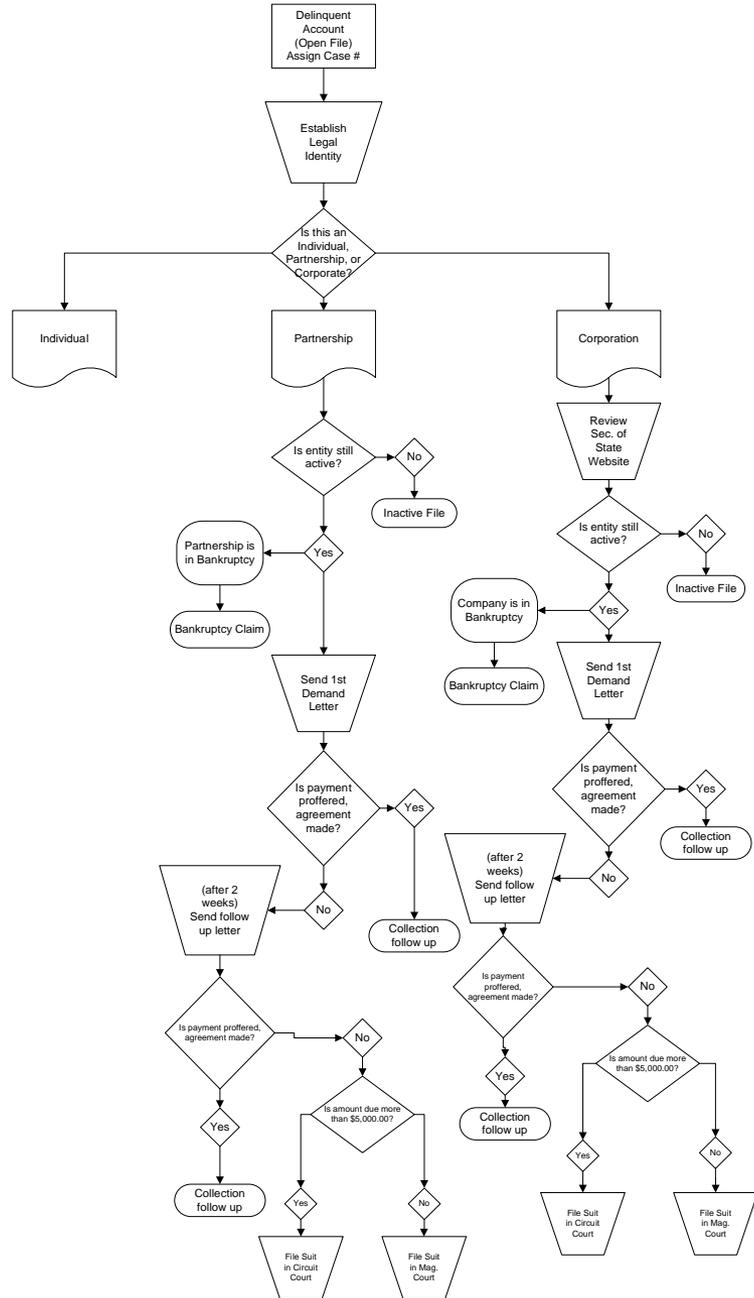
Current solution is a cooperative effort with the Prosecuting Attorney's Office to enforce/secure payment for NSF Checks.

Kanawha County Sheriff's Department

Tax Division

Collection Enforcement Unit

Debt Collection Workflow



Wherewithal to pay: There is no consideration of a taxpayer's ability to pay the tax due when it is based on an assessed value.

Scenario- I have had many conversations with widows aged 80-90 who live on a fixed income and cannot pay \$300-\$400 in annual real estate taxes. Their life decision is whether they should purchase their medicine or pay the taxes on their home.

Timing of Assessment vs. Collection: Collection of taxes is complicated by involving an assessment date that is one year old at the time collection commences, and almost two-years old upon declaration of delinquency.

Scenario- Many delinquent accounts are non-collectible because the taxpayer lived in the County on July 1 of the previous year, but have since moved to another County or State. Other states have a shortened collection cycle based on more recent ownership records.

Annual Mechanical Process: There is no consideration or forethought for future economic conditions. Every aspect of the budget process is predicated on an annual event.

Scenario- If the Levy Estimate for the current year generates sufficient revenue to allow growth then life is good, raises are granted, positions are filled, etc. If it does not positions are cut, spending is limited, etc. There is no planning for the future built in to the revenue/budget process.

Real Estate Lien vs. Personal Property: The enforcement of the lien placed on real estate provides for an effective resolution of taxes owed. There is no parallel with personal property.

The Sheriff must resort to non-effective methods of collection like civil action in order to facilitate response from a taxpayer. One possible enforcement method may be to suspend the driver's license of anyone who fails to pay personal property taxes. Suspension of the business license did help with the collection of delinquent business taxes.