Ordinance amending the San Francisco Administrative Code by amending Chapter 10, Sections 10.177-2 and 10.177-3, authorizing the Assessor to recommend rewards for information related to the detection of underpayment of tax owed to the City and County of San Francisco.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The San Francisco Administrative Code is hereby amended by amending Sections 10.177-2 and 10.177-3 to read as follows:

SEC. 10.177-2. REWARD FOR INFORMATION CONCERNING UNDERPAYMENTS OF TAX.

(a) The Assessor of the City and County of San Francisco is hereby authorized to recommend a reward to be paid by the Board of Supervisors from the general fund for information leading to the detection of an underpayment of property tax owing to the City and County of San Francisco when the underpayment results from a change of ownership (as defined in Revenue and Taxation Code § 60 et seq.) that was not reported as required under Division 1, Part 2, Chapter 3, Article 2.5 of the Revenue and Taxation Code.

(b) For purposes of this section, the term "real estate watchdog" means a person providing information leading to the detection of an underpayment of property tax (when the underpayment results from a change of ownership as defined in Revenue and Taxation Code § 60 et seq.) owing to the City and County of San Francisco.
In order for a real estate watchdog to qualify for a reward:

(1) the Assessor must certify that the unreported change of ownership will result in a re-assessment leading to the actual collection of the tax or a lien or other device that is reasonably likely to result in the collection of the tax;

(2) the watchdog must not have participated in concealing the unreported transfer;

(3) the information furnished must be information unknown to the Assessor;

and

(4) the watchdog must file an application for reward along with supporting documentation in the Office of the Controller and the Assessor for the City and County of San Francisco, who shall have the authority to prescribe the form of the application and to design and administer the watchdog program.

The Controller shall forward all applications and supporting documentation received pursuant to this section to the Assessor for investigation and evaluation. The Assessor shall make a determination on every application filed and, if in his discretion a reward is warranted, recommend an amount of reward to the Board of Supervisors. Rewards are entirely in the City's discretion and there is in no circumstance the right to an award. The amount of the recommended reward on an application:

(1) reposes in the discretion of the Assessor;

(2) is subject to approval by the Board of Supervisors;

(3) will be determined based on the usefulness of information furnished;

(4) may be up to ten percent of the increase in tax due from the date of the unreported change in ownership to the date the information is provided that is or would be collected because of the information provided;
(5) may not be more than five hundred thousand dollars
($500,000.00); and
(6) will be paid as soon as administratively feasible after approval by the
Board of Supervisors.

(e) The authority provided for in this Section to recommend a reward to be
paid from the general fund for information leading to the detection of an underpayment of
property tax owing to the City and County of San Francisco when the underpayment results
from a change of ownership (as defined in Revenue and Taxation Code § 60 et seq.) that was
not reported as required under Division 1, Part 2, Chapter 3, Article 2.5 of the Revenue and
Taxation Code shall be available to and may be exercised by the Assessor for a period of five
years from the effective date of this Section.

(f) After review by the Controller, the Assessor shall submit an annual report to the
Board of Supervisors for each year for which the reward program authorized under this
Section is in existence that sets forth any identifiable increases in property tax assessments
resulting from information obtained due to this program.

(g) The Controller shall submit an annual report to the Board of Supervisors for each year
for which the reward program authorized under this Section is in existence that sets forth any
identifiable increases in property tax revenues resulting from information obtained due to this
program.

(hg) Not later than six months prior to the expiration of the Assessor's authority as
provided in subsection (d) above, the Controller and the Assessor shall confer and recommend to
the Board of Supervisors whether the Assessor's authority to recommend rewards under this
ordinance should continue for an additional period.
SEC. 10.177-3. PAYMENT.

The Controller shall pay out of any appropriation created for the purpose any reward authorized pursuant to Section 10.177-2 above, provided that an application for such reward is filed pursuant to the procedures established by the Controller's Assessor's office, the Assessor has recommended an amount of reward be paid on the application, and the recommended reward is approved by the Board of Supervisors.

Section 2. The Board of Supervisors authorizes the Assessor to recommend and the Controller to pay a reward for information concerning underpayments of tax, as provided in Administrative Code Sections 10.177-2 and 10.177-3, respectively, based on information provided after February 16, 2011, the date when the Assessor's prior authorization expired, and before the effective date of this ordinance.

Section 3. Unless the Board of Supervisors amends this ordinance to continue its operation prior to the sunset of the Assessor's authority to recommend rewards, this ordinance shall expire and the City Attorney shall cause it to be removed from the City's codes.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By:

STEPHANIE PROFT
Deputy City Attorney
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March 02, 2011 Budget and Finance Sub-Committee - RECOMMENDED

March 08, 2011 Board of Supervisors - PASSED, ON FIRST READING
  Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

March 15, 2011 Board of Supervisors - FINALLY PASSED
  Ayes: 8 - Avalos, Chiu, Chu, Elsbernd, Farrell, Kim, Mar and Wiener
  Excused: 3 - Campos, Cohen and Mirkarimi

File No. 110068

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 3/15/2011 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor Edwin Lee

Date Approved

3/16/11