

# Memo

**To:** Mayor McConnell and Assembly Members  
**Via:** Jay Sweeney, Interim City Administrator  
**From:** Mike Middleton, Interim Finance Director  
**Date:** 7/2/2013  
**Re:** Lydia and Timothy McGraw Property Tax remaining debt

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Lydia McGraw came to the Assembly on 6/25/13 and during "Persons to be heard" asked to have her remaining property tax bill forgiven. The Assembly directed staff to prepare this for the next Assembly Agenda.

Staff called Mrs. McGraw to request a letter or email with her request. Due to differing schedules, staff had received no such request by the deadline for the Assembly agenda.

Currently the property tax account for Lydia and Timothy McGraw owes \$96.00. The original property tax due was \$504.00 and the amount was due on 8/31/12. The property tax amount was not paid until 12/6/12. Sitka General Code (SGC) section 4.12.130 sets the due date and determines any not paid by the due date are delinquent. SGC section 4.12.150 sets the rates of penalty and interest and the priority for crediting payments. The penalty is 3% after the due date, another 7% after 30 days and an additional 5% after 60 days. The interest is 12% annually on all unpaid taxes after the due date until paid in full. Under the SGC, all payments are applied to penalty, interest, past due taxes and then current taxes. The relevant SGC sections are reprinted on page 2.

When the payment was processed on 12/6/12, staff correctly applied SGC 4.12.50 and applied the payment to penalty, interest and the balance to the past due taxes. This left a balance due of \$90.72 in delinquent property tax in December. Interest from December to June was \$5.46 for a current due of \$96.18.

This account has a history of late payments since 2009. The penalty charged totals \$219.46 and interest is \$35.70 for a total of \$255.16. See included schedule on page 2.

## Staff recommendation

As the Finance Director, I do not recommend forgiving the property tax due. This is a pattern of late payments for which the SGC provides clear direction. Staff correctly followed the process applied to all property tax accounts and no unusual circumstances have been brought to Management's attention as a justification for forgiving the bill.

**4.12.130 Due date.**

A. All property taxes become due sixty days after the billing date, unless that date falls on a Saturday, Sunday or holiday, in which case the taxes shall be due on the next business day. The date of payment shall be the date of actual receipt by the municipality or the postmark date, whichever is earlier.

B. Those taxes not paid by the due date are delinquent.

(Ord. 89-896 § 4(A), 1989.)

**4.12.150 Rates of penalty and interest—Priority for crediting payments.**

If the taxes are not paid when due and become delinquent, (a) a penalty of three percent of the total tax for the current year shall be added; (b) an additional penalty of seven percent shall be added to any tax more than thirty days delinquent; and (c) an additional penalty of five percent will be added to any tax amount remaining delinquent after sixty days. Interest at a rate of twelve percent per year shall be charged on all of the unpaid taxes, not including the penalties, from the due date until paid in full. All payments made for taxes, penalty and interest on any one piece of property shall be credited first to the penalty, then to the interest, then to the past due taxes, and then to the current taxes, in that order. (Ord. 07-22 § 4 (part), 2007; Ord. 99-1554 § 4, 1999; Ord. 97-1469 § 4, 1997.)

**HISTORY**

Prop#..:	16380000000000	School Dist.:	Sitka S.D.
Owner..:	TIMOTHY/LYDIA MCGRAW	Payoff Date.:	7/02/2013
Address:	288 KOGWANTON ST	Total Billed:	7,607.95
Mail To:	MCGRAW, TIMOTHY/LYDIA	Total Dscnt.:	.00
	288 KOGWANTON ST	Total Paid.:	7,007.77
	SITKA AK 99835	Total Due...:	600.18
Phone..:			

  

				Enter Option: <u>    </u>				
F3=Exit	F8=Summary	F22=Add'l Info						Remaining
X	Year	Perd	Type	Bill#	Tax	Pen	Int Collected	w/Discount
—	2013	A	R	201371023	504.00	.00	.00	.00
—	2012	A	R	201271004	504.00	75.60	20.58	504.00
—	2011	A	R	201170995	504.00	50.40	5.04	559.44
—	2010	A	R	201070994	504.00	43.06	.00	547.06
—	2009	A	R	200970993	504.00	50.40	10.08	564.48
—	2008	A	R	200870995	504.00	.00	.00	504.00
—	2007	A	R	200770993	504.00	.00	.00	504.00
—	2006	A	R	020060991	459.00	.00	.00	459.00