



San Francisco

T

TREASURER
& Tax Collector

CITY AND COUNTY OF SAN FRANCISCO



Annual Report
Fiscal Year 2001-2002
Hon. Susan Leal, Treasurer

www.sfgov.org/tax/annualreport

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It is my pleasure to present the Annual Report for Fiscal Year 2001-02. The past year has been one of significant change. As a country, we witnessed the tragedy of September 11 and its aftermath. From the Federal, to the State to the local level, we have experienced the burst of the dot-com bubble and the economic downturn that followed. San Francisco especially felt the affects that led to unemployment, budget cuts and fiscal uncertainty.

Even during these difficult times, San Francisco continues to achieve a yield on the investments of our pooled funds that surpasses our peers such as Los Angeles, San Diego and Sacramento.

In addition, our Bureau of Delinquent Revenue did an outstanding job and increased its collections efforts by more than 11%, to over \$54 million.

The Treasurer's office strives to maintain the highest level of customer service. We understand that the success of small businesses is paramount for our city. Thus, we consolidated the annual registration renewal and filing deadlines in an effort to simplify the filing process.

These are a few of the accomplishments highlighted in the 2001-02 Annual Report. For more information on the office of the Treasurer & Tax Collector please visit our web page at www.sfgov.org/tax, email me at treasurer.taxcollector@sfgov.org, come to the City Payment Center City Hall Room 140, write to me (1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102), or call my office (415.554.4478) if you have questions or comments. Your feedback is essential to the success of my department and I look forward to hearing from you.

Susan Leal
Treasurer



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This report covers the fiscal year from July 1, 2001, through June 30, 2002, and contains information from each operating section with statistical data on performance.

The report is available for download at: <http://www.sfgov.org/tax/annualreport>

STATEMENT OF PURPOSE

Treasurer Susan Leal and her staff serve as the banker, tax collector, collection agent, and investment officer for the government of San Francisco, the only combined City and County in the State of California. The Treasurer, an elective office created by the City Charter in 1850, supervises a department of ten sections that receives over \$10.6 billion and disburses over \$9.67 billion annually.

The *mission* of the Office of the Treasurer & Tax Collector is to:

- Facilitate voluntary compliance with the tax laws of the City and County of San Francisco by simplifying all processes and procedures and by providing efficient and customer-friendly service.
- Collect all taxes and fees due to the City.
- Provide safekeeping for all City funds, prudently investing the monies to achieve maximum yield with low risk and high liquidity.

The Office of the Treasurer & Tax Collector serves two broadly -defined functions for the residents of the City and County of San Francisco:

1. The collection of taxes and other city revenue.

Through the mail, in person at the City Payment Center, and now through the Internet, the Department collects taxes and other obligations owed to the City, including business taxes, property taxes, and fees for various business licenses and permits that are required by the Municipal Code. Tax Collection units collect over \$2 billion annually in property taxes, business taxes, and license fees. Additionally, the Department investigates and collects unreported and delinquent tax obligations. Through the City Payment Center and the Bureau of Delinquent Revenue, the Department contracts to collect current and delinquent obligations owed to other City Departments, such as Water Dept. and hospital bills.

2. The oversight of monies before disbursement.

The Treasurer manages all city funds in order to gain the maximum return with low risk and high liquidity, including investing the City's portfolio of pooled funds. The Treasurer works with all City departments to ensure that funds are received, deposited, and reconciled as quickly and accurately as possible, so as to provide maximum interest and investment returns for the people of San Francisco. The Department administers and monitors the bank accounts and wire transactions used by all City agencies and contracts with banks for their services. She also disburses payments on the City's General Obligation municipal bonds.



- **Consolidation of Renewal and Annual Filing:** During FY 2000-01, the Board of Supervisors approved legislation to consolidate the annual business registration and business tax filing deadlines. The consolidation will be implemented in FY 2002-03.
- **Crackdown on Parking Lot Scofflaws:** Despite the dramatic downturn in the economy most noted by the statewide decline in hotel and sales tax revenues, the Treasurer's parking task force has maintained parking tax revenues near their peak through comprehensive efforts to identify tax scofflaws, conduct audits and investigations and enforce collections efforts.
- **Yield Remains High:** The annual yield of San Francisco pooled funds, managed by the Treasurer, was 4.139%, a remarkably high return in a financial market that continues to fluctuate dramatically.
- **Delinquent Revenue Collections Rise:** Bureau of Delinquent Revenue collections increased more than 11% over the previous fiscal year, to over \$54 million. The most revenue generated was in the area of Business Tax related collections at \$36,223,035.
- **Property Tax Delinquencies Decline:** Secured Property Tax delinquency rate for FY 2001-02 remained historically low at a rate of 1.46%.
- **Business Tax System Converting to Oracle Software:** Initiated conversion of the business tax software to a more comprehensive and functional Oracle database. The system is an expeditious and thorough program through which the department maintains all business tax records. The conversion, which is expected to increase efficiency, will be completed in FY 2002-03.
- **San Francisco Business Information (sfbizinfo):** Scheduled for launch in early 2003, San Francisco Business Information will provide a central location for businesses to access the full range of available public and private business resources. This includes, but is not limited to, information regarding tax incentives, training and access to capital.

San Francisco



TREASURER
& Tax Collector

SECTIONS

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CITY PAYMENT CENTER



The City Payment Center provides a consolidated information and payment facility where taxpayers conduct a multitude of City transactions. Emphasis is placed on providing a user-friendly environment with superior levels of customer service. The City Payment Center staff provides guidance and direction regarding all City transactions, tax ordinances and outstanding City obligations. The Center also houses the Bay Area's leading passport acceptance facility.

The City Payment Center was created to:

1. Collect and process all City payments received from taxpayers by the Treasurer & Tax Collector's Office;
2. Provide substantive information and assistance to taxpayers, other members of the public, and City departments;
3. Promote a positive environment for taxpayers and ensure that the Payment Center is regarded as a service-oriented unit.

The City Payment Center consists of four major sections: Taxpayer Assistance, Passport Services, the Information Counter and Cashiering.



MISSION:

To provide tax information effectively and expediently to taxpayers and other member of the public and city departments; to promote and perpetuate outstanding public relations as a service oriented unit; and to serve as the Office of the Treasurer & Tax Collector's primary public contact unit.

TAXPAYER ASSISTANCE

The Taxpayer Assistance (TPA) section, located in the City Payment Center, provides efficient and courteous help to San Francisco taxpayers via the phone and in person. The staff is cross-trained on all City tax procedures and places strong emphasis on customer service. This section embodies the Department's philosophy that customers' needs are a priority and that the public should receive quality service and accurate information.

During FY 2001-02, approximately 26,180 taxpayers worked with TPA staff regarding their questions about business taxes, property taxes, business licenses/permits and general inquiries regarding starting a business.

During the fiscal year, TPA registered 9,805 new businesses, a 9% decrease as compared to last fiscal year. This percentage is directly related to the state of the economy. In total, business registrations resulted in the collection of \$728,404 in registration fees and \$3.4 million in business taxes, penalties and interest.

In addition, the phone bank received more than 71,500 calls. According to our customer surveys, TPA received a 96% "Excellent" rating on its overall service.

To further assist taxpayers, The Treasurer's office houses an Automated Teller Machine (ATM), operated by the San Francisco Federal Credit Union. It is accessible to the visually impaired and does *not* impose surcharges on customers.



PASSPORT SERVICES

The Treasurer's U.S. Passport Application Acceptance facility opened in Fiscal Year 1999-00. Serving as authorized passport acceptance agents, department staff processes

U.S. passport applications and serves as an information resource for the public regarding passport issuance and legislation. The staff's excellent service has quickly made this the premier Passport Acceptance facility in Northern California and the primary referral by the San Francisco Passport Agency for passport services in the Bay Area.

Treasury Passport Services processed 8,969 passport applications in 2001-02, representing a 25% decrease from the previous year. This decline was a direct result of the sharp decrease in travel following the September 11 tragedy. Despite the reduction in travel, the Treasury passport services unit earned \$134,535 in revenue for the City, and simplifies the passport application process for thousands of travelers and new citizens.

SERVICE & INFORMATION COUNTER

Employees who staff the Service & Information Counter are cross-trained in San Francisco's property and business taxes, licenses, city services, passport processing, and other city information. Staff members work with taxpayers to assess their needs and assist or refer them to the appropriate section within the Office of the Treasurer & Tax Collector. Members act as liaisons on behalf of taxpayers with other City and County departments and serve as resources beyond City Hall regarding taxpayer issues.

Staff members also conduct outreach to a variety of community, neighborhood and business organizations, educating the public about local requirements and available City resources.

*"Wow -- best service I've received in a long time, from a public or private agency."
-Customer*

ACCOUNTING SECTION

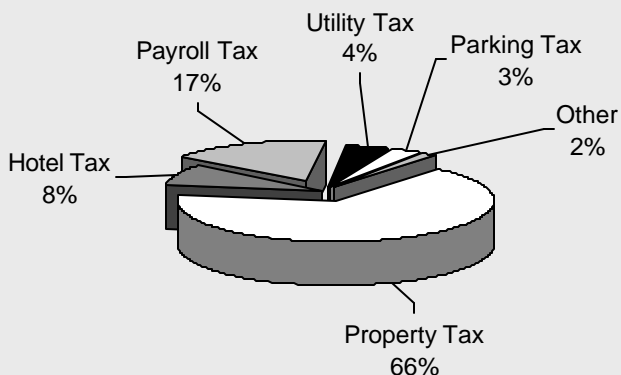


THE ACCOUNTING SECTION'S two primary goals are to provide internal control systems to safeguard the City's assets and to assist the Treasurer in improving office efficiency and productivity.

On a daily basis, this unit provides accounting and support services to the Office of the Treasurer & Tax Collector, performing regular coordination in the reconciliation of cash and bank accounts. The Accounting unit monitors collections, deposits, investments, and other related financial activities that involve cash and securities. Major responsibilities include providing input for the department's budget preparation, expenditure tracking, appropriation payment requests, purchasing, statistical reports, data processing services, and equipment and facilities maintenance. Additionally, this unit handles the reconciliation of business tax credits.

The Accounting team is divided into four subsidiary ledger groups: Real Property Secured and Unsecured, Supplemental Secured and Unsecured, Redemption, and Business Taxes.

**TOTAL RECONCILED COLLECTIONS
FY 2001-02**



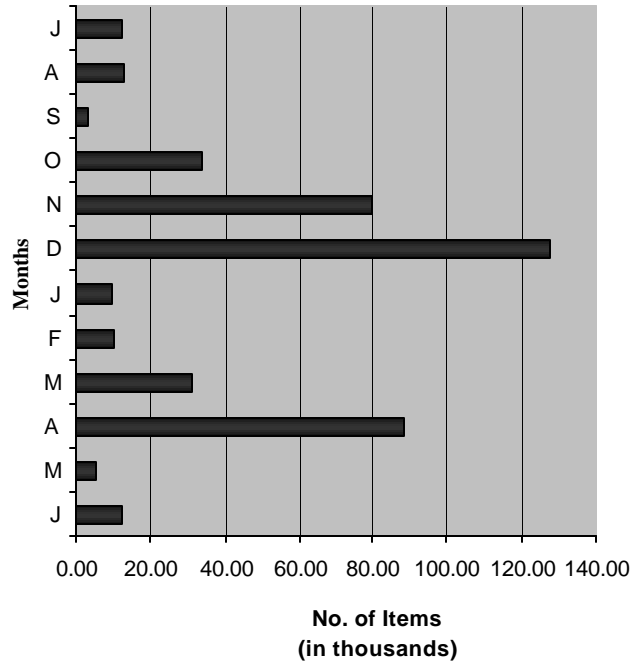
Mission:

To increase accounting efficiency in the Office of the Treasurer & Tax Collector. To serve the public more effectively and to reconcile the posting to individual taxpayers' accounts in an accurate and timely fashion. This includes real estate taxes, business taxes, other taxes, licenses, and all other account receivables under the jurisdiction of the Treasurer.

Highlights of FY 2001-02:

- A total of 427,348 items were reconciled for secured real estate taxes, an increase of .6% (2,662) from last fiscal year.
- The total amount of reconciled dollars increased by \$39.56 million or 2.5% from last fiscal year.
- Staff was cross-trained on different systems to maximize flexibility and optimize productivity.

**ACCOUNTING SECTION
MONTHLY RECONCILIATIONS
FY 2001-02**



TOTAL RECONCILED COLLECTIONS

Collection Type	2001-02	2000-01
Property Tax	\$1,086,670,447	\$966,894,368
Payroll Tax	272,396,592	254,937,220
Gross Receipts Tax	837,857	42,003,291
Business Reg./License	6,730,207	10,022,932
Hotel Tax	134,579,467	190,114,192
Utility Users Tax	72,030,775	69,384,542
Parking Tax	50,697,808	52,022,688
Emergency Response Fees	15,805,498	14,327,070
Stadium Tax	2,392,912	2,866,736
Roofers' Fees	12,210	12,510
TOTAL	\$ 1,642,153,773	\$ 1,602,585,549

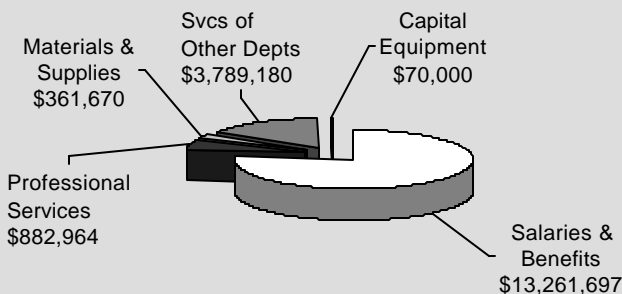
ADMINISTRATION SECTION



THE ADMINISTRATION SECTION provides centralized support services to the various operating sections of the Office of the Treasurer & Tax Collector. These services include personnel, payroll, purchasing, information services, departmental accounting, budget preparation, and general administrative services.

The section also responds to requests for ad-hoc reports for the Mayor, Board of Supervisors, citizen interest groups and individuals, and other City departments.

FINAL BUDGET OFFICE OF THE TREASURER & TAX COLLECTOR FISCAL YEAR 2001-02



BUDGETED EXP. :	\$18,365,511
LESS RECOVERIES FROM WORK ORDERS:	1,347,161
TOTAL BUDGET ALLOCATION:	\$17,018,350

MISSION:

To provide such effective support services throughout the Office of the Treasurer & Tax Collector that the Department is recognized as the most efficient, knowledgeable and helpful revenue-producing organization in the State of California.

• **Payroll**

The Payroll Clerk processes daily attendance data and prepares and submits bi-weekly time rolls.

• **Budget Management**

A priority for the administration section is the preparation of the annual departmental budget request. The department's budget request is determined based on the needs of the nine separate sections and is prepared in consultation with designated managers and senior management. The final budget appropriation for FY 01-02 totaled \$17.01 million.

• **Personnel Management**

Administration's Personnel staff handles the recruitment and hiring of personnel and assists managers in addressing disciplinary matters in a fair and equitable manner. Staff also monitors the application of entitlement programs that have been enacted at the federal and state level. Examples of these programs include: the Family Medical Leave Act [FMLA], Americans with Disabilities Act [ADA] and Workers Compensation [WC].

• **Purchasing and Supply**

Administration staff provides support to all sections by ordering office supplies, equipment,

and other minor furnishings, arranging for maintenance of copiers and other office equipment, and managing an inventory of approximately 130 different forms and statements.

• **Departmental Accounting**

The Administration Section's Principal Accountant is responsible for accounts payable and monitors and analyzes spending patterns and historical data for budget preparation. The Principal Accountant also serves as the Department's contact for the FAMIS, ADPICS and BPREP online systems.

• **Information Systems**

The staff is responsible for maintaining all telecommunications and data processing activities for the Treasurer's office. The staff also manages the computer systems, servers, databases and workstations for approximately 200 employees. Specialized systems maintained by this group support efforts to collect delinquent accounts, register businesses, collect business and property taxes, and perform cashing and remittance processing functions. Staff installs computers, troubleshoots performance problems and provides in-house training for new users.

*"I am always impressed by the helpfulness and courtesy of this staff."
-Customer*

BUREAU OF DELINQUENT REVENUE/INVESTIGATIONS



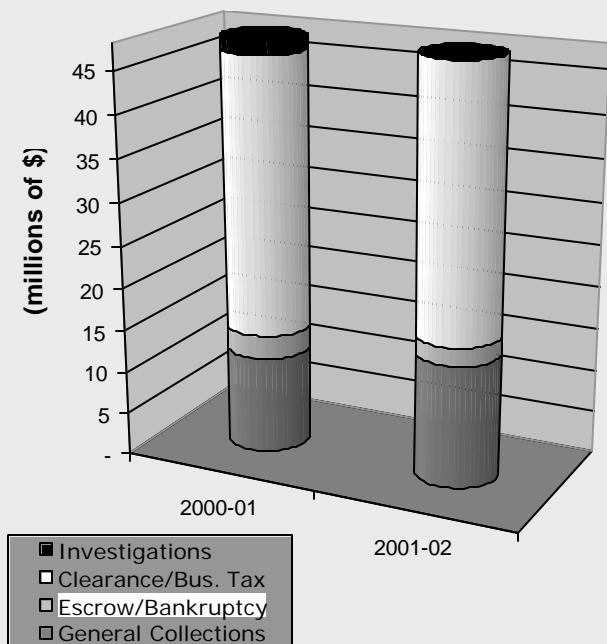
THE BUREAU OF DELINQUENT REVENUE

(BDR) is the official collection arm of the City and County of San Francisco. It is authorized to collect all accounts receivable over \$300 and at least 90 days overdue. This pertains to City and County departments including: San Francisco General Hospital, Laguna Honda Hospital, The Department of Public Works, the City Attorney, the Fire Department, the Mayor's Office of Community Development, the Water Department, among others.

BDR uses the Columbia Ultimate Business Systems (CUBS) automated collection software to ensure that all accounts are handled in both a timely and legal manner. The Bureau's objectives are to work with customers to collect payments consistent with their ability to repay debt while maintaining client satisfaction.

Additionally, BDR remains updated on collection and system techniques and employees are members of both the California Municipal Business Tax Association and the California Revenue Officers Association. The staff strives to remain educated about current industry trends and attends annual conferences.

BDR COLLECTIONS



TOTAL 2000-01: \$49,182,010
 TOTAL 2001-02: \$54,882,577

MISSION:

To serve the City and County of San Francisco with expertise in all collection matters; to recover debts accrued; to enforce the local ordinances and achieve compliance therewith. Additionally, to balance this commitment with providing efficient, effective and equitable service and support to the public and business communities so that they may accept their responsibilities.

*"Friendly, caring interaction made the difficult parts tolerable."
 -Customer*

BDR STAFF IS DIVIDED INTO FIVE UNITS OF WHICH EACH HAS SEPARATE AND DISTINCT ROLES:

GENERAL COLLECTIONS UNIT

The General Collections Unit (formerly the Medical Unit) processes delinquent accounts from various departments. A majority of accounts are referred from San Francisco General and Laguna Honda hospitals. In addition, various accounts are referred from the Department of Public Works, the Mayor's Office, Recreation & Park, and the Department of Elections.

The Collections unit's new clients include: the Water Department, the Mayor's Office of Community Development and the Adult Probation Department.

**GENERAL COLLECTIONS UNIT
FY 2001-02**

SFGH	\$ 12,908,624
Ambulance	270,315
Via Collection Agency	474,510
Laguna Honda	33,343
Water Dept.	20,202
MOCD	42,655
Adult Probation	9,078
Commission	54,620
Other	210,253
TOTAL	\$ 14,023,600

In January 2002, the Office of the Treasurer & Tax Collector began a pilot project in which it collected all moving violation citations issued by the Trial Courts. This venture led to the signing of a contract with the Trial Courts for the ongoing collection of all moving violation citations.

The General Collections Unit has increased its collections for fiscal year 2001-02 to \$14,323,690, a 25.8% increase compared to

**ESCROW/BANKRUPTCY UNIT
FY 2000-01**

Unsec. Prop	\$ 679,252
Supp. Prop.	25,650
Sec. Prop.	711,822
Bus. Tax	447,329
Hotel Tax	-
Parking Tax	-
Utility Users Tax	13,434
Bus. Reg. Fee	73,713
License	31,090
Misc.	130,505
TOTAL	\$ 2,112,795

the 2000-2001 fiscal year collection of \$11,384,427. This increase is the result of restructuring, prioritizing cases where medical liens have been filed, collecting old debts by use of outside collection agencies as well as hiring additional collections officers. In addition, collection officers have increased substantially their efforts to collect from established clients, resulting in a 26.6% increase in collections for San Francisco General Hospital and a 169% increase for Laguna Honda Hospital compared to last fiscal year.

ESCROW/BANKRUPTCY UNIT

The Escrow and Bankruptcy unit researches, compiles data and files claims on outstanding debts owed to the City once escrow or bankruptcy has been filed.

The research phase begins when notices are published or sent to the Escrow Bankruptcy Unit. The Unit then conducts database research. During fiscal year 2001-02, this research led to the successful collection of \$2,112,795. Since claims sent to this section are directly related to the state of the economy, it is not surprising that collections were down 21% from the last fiscal year.

CLEARANCE/BUSINESS TAX UNIT

The Clearance staff works with business owners, the Business Tax and Property Tax Sections to

CLEARANCE UNIT (CONT'D)

either collect or resolve delinquent business-related taxes as well as unsecured personal property taxes. All outcomes are resolved in a manner equitable to both the customer and the City.

In Fiscal Year 2001-02, the Clearance Unit generated \$36,223,035 in collections, an 11.89% increase from the previous year. The section significantly increased its collection of delinquent unsecured personal property taxes by 233.9% as compared to last fiscal year.

INVESTIGATIONS UNIT

The Investigations Unit ensures that taxpayers comply with City and State tax regulations. The unit operates in support of all sections in the Tax Collection Division. Investigations unit is responsible for a wide range of enforcement activities such as surveys, surveillance, small claims filings, post-judgment execution, seizures, summary judgments, FTB Offsets, complicated accounts, citations, business tax and UPP liens and judgment renewals.

There have been significant enhancements to the Investigations unit. Third party tax unit hired new senior investigators, replacing outgoing retirees. At full capacity, the unit has increased its productivity, particularly in the area of surveys. In addition, senior investigators worked closely with the Sheriff's Department on a case that resulted in the collection of approximately \$654,092. Investigators also were critical in discovering evidence that led to a \$2.2 million settlement for the City. For Fiscal Year 2001-02, the unit collected a total of \$2,223,056.

Surveys

The investigators are assigned to systematically research, inspect and interview city businesses with potentially high revenue. Unregistered businesses are currently referred to the Clearance Unit. During fiscal year 2001-02, investigators doubled their business field surveys and found that 22% of businesses surveyed were unregistered. Referrals generated from these surveys contributed to the increase in revenue generation.

CLERICAL UNIT

This sub-unit is responsible for providing all clerical work for the various units of BDR. Clerical staff conducts the initial screening of customers and determine which section or employee would most appropriately address the person's questions. Counter coverage is provided on a rotational basis from Clerical staff. BDR has set a goal so that each clerk is cross-trained to handle and/or assist any unit that needs staff support. During fiscal year 2001-02, the unit screened approximately 19,336 customers in person, a 13% increase from the previous fiscal year. In addition, the requests for Spanish translation services increased by 84%, from 397 to 732 requests.

HIGHLIGHTS OF 2001-02

- Collections during the FY increased over 11% to \$54,882,577.
- Collections increased by 26.6% for San Francisco General Hospital and 169% for Laguna Honda Hospital.
- Investigations doubled its field surveys and discovered that 22% of the businesses surveyed were unregistered.

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BUSINESS TAX SECTION



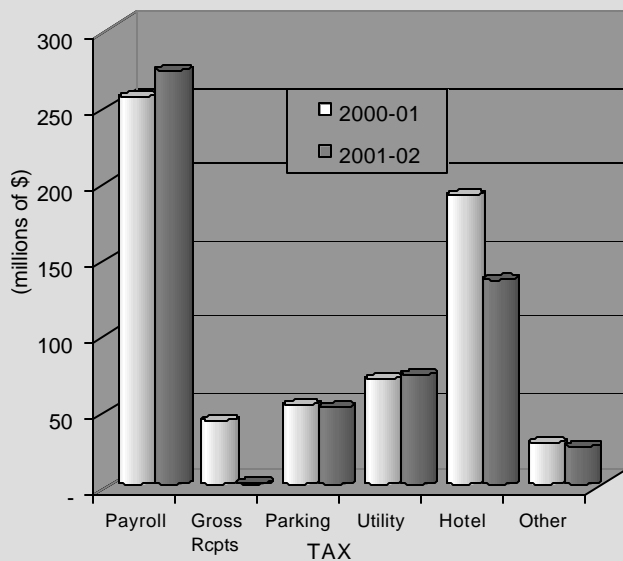
THE BUSINESS TAX SECTION implements and enforces the Business Tax Ordinances for the City and County of San Francisco. The taxes include: Payroll Expense Tax, Parking Tax, Hotel Tax, Utility Users Tax, Roofers' Vehicle Tag fees, Emergency Response Fees, and Stadium Taxes. The Section is comprised of two functional units—the *Audit Unit* and the *Account Services Unit*.

THE AUDIT UNIT

The Audit Unit performs scheduled and unscheduled audits to promote voluntary taxpayer compliance with the City's Business Tax Ordinances. In addition, audits are used to detect the underreporting of taxes.

In FY 2001-02 audit deficiency billings totaled \$5,083,304.

BUSINESS TAX COLLECTIONS



- (see Accounting Section *Total Reconciled Collections*, p. 10)

MISSION:

To implement and enforce the Business Tax Ordinances; to administer these municipal tax provisions to ensure taxpayer compliance through accurate and responsive account maintenance system; to monitor voluntary compliance through a post-audit program; to promote revenue maximization.

Business Tax Board of Review

In FY 2001-02, the Business Tax Board of Review reviewed appeals regarding requests for refunds and payroll expense tax determinations. Out of the 28 cases heard, none resulted in the Board overturning the Tax Administrator’s original decision.

ACCOUNT SERVICES UNIT

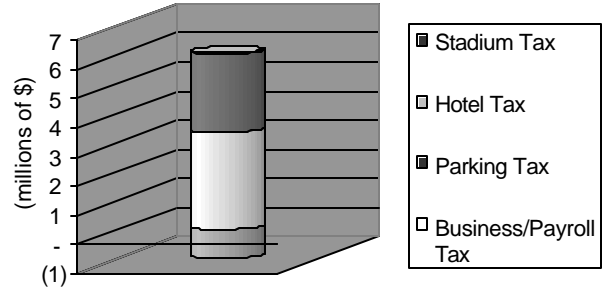
The Account Services Unit maintains taxpayer accounts in the Business Tax System (BTS) and reviews and processes annual, semi-annual and quarterly tax filings. The unit also handles business registration renewals, prepayments and refund requests. The unit troubleshoots all systems-related issues, reviews service requests, recommends action for enhancement, and responds to requests for statistical information.

In FY 2001-02, the Board of Supervisors also approved an ordinance changing the tax exemption filing procedures for small business owners. The ordinance allowed owners with a minimum filing tax liability of less than \$500 not to file an annual Payroll Tax Statement. However, owners were still required to return annually a Payroll Tax Filing Exemption Declaration. In addition, business owners with a tax liability of \$500 to \$2,500 were required to file an annual Payroll Tax Statement to avoid assessment of penalties. Approximately 40,000 of the 76,785 taxpayers who qualified for the Payroll Tax Filing Exemption Declaration filed for exemption.

The Account Services Unit mailed, processed and administered the following tax statements and notices during FY 2001-02:

- **Annual Business Tax Registration Renewal:** In September 2001, 87,322 taxpayers were sent Annual Business Tax Registration Renewal forms. Of these, 60,885 taxpayers renewed their registration certificate, with 804 renewing online at <http://cityservices.sfgov.org>.

AUDIT DEFICIENCY BILLINGS



Total Audit Deficiency Billings = \$5,083,304

- **Payroll Tax Annual Statement:** In January 2002, 79,985 Annual Payroll Tax Statements were mailed to taxpayers for YR 2001. The impact of the tax exemption filing change enabled staff to focus on the processing of the Annual Payroll Tax Statements that had tax payments versus zero payments.
- **Payroll Tax Determination:** In August 2001, 15,764 taxpayers failed to file their 2000 Annual Payroll Tax Statement. Taxpayers were advised to file immediately to avoid additional penalties and collection activity.
- **Quarterly and Semi-Annual Business Payroll Tax Prepayment:** To facilitate and accelerate the total annual collection of tax liability, taxpayers are mailed either quarterly or semi-annual prepayments. Quarterly prepayments are issued to taxpayers whose prior year’s payroll tax liabilities exceeded \$50,000. Semi-annual prepayments are issued to taxpayers with tax liabilities between \$2,500 and \$50,000. This year, a total of 9,154 prepayments were mailed.

TAX CREDIT FILINGS

Type of Tax Credit	No. of Firms Filing					Amount Claimed
	1997	1998	1999	2000	2001	2001
Enterprise Zone	8	12	12	8	16	\$ 34,931
New Jobs	217	296	390	554	519	21,468,992
Summer Youth	-	5	3	2	4	243
Garment Mfrs.	62	75	86	77	52	336,909
TOTAL	287	388	491	641	591	\$ 21,841,075

- Quarterly and Monthly Hotel Tax and Parking Tax Prepayment:** In addition to managing the Payroll Tax filings, the Account Services Unit also oversees the Hotel Tax for over 800 hotels and the Parking Tax for approximately 350 parking operators. In FY 2001-02, 2,807 monthly hotel tax prepayments, 2,419 quarterly hotel tax statements, 1,903 monthly parking tax prepayments, and 955 quarterly parking tax statements were filed. In 3rd quarter 2002, the Quarterly Parking Tax Statement will be revised, requiring parking operators to file a separate parking tax statement for each parking location. This will significantly improve the monitoring and tracking of parking tax revenue by parking location.
- Utility Users Tax Monthly Tax Statement:** This year, a new Utility Tax Statement was developed to ensure a uniform filing process for monthly returns. During FY 2001-02, 1,879 Utility Tax Statements were filed.
- Request for Waiver of Penalties:** For the 2001 tax year, the Account Services Unit approved 1,243 requests for waiver of penalties.
- Reinstatement of Small Business Exemption:** During the 2001 tax year, this unit received 32 requests for the Reinstatement of Small Business Exemption. 20 exemptions were approved and 12 denied.
- Requests for Taxpayer Refunds:** In FY 2001-02, Account Services received 1,324 refund requests for various payments. Of this amount, 1,284 were approved and 40 were denied.

OTHER PROJECTS

- Data and Application Migration Project (Business Tax System Replacement Project)**

In September 1998, DTIS retained a consultant to research the Business Tax functionality requirements, survey other City's business tax systems and examine potential replacement systems. Senior Treasurer/Tax Collector staff surveyed other cities' regarding their business tax systems and researched the possibility of converting the business tax system from IDMS to an Oracle platform. In April 2001, Business Tax staff wrote and issued a Request for Proposal (RFP) for the Data and Application Migration Project to convert to an Oracle database. Work on the conversion began in early December 2001. The new system will be tested during FY 2002-03 and the target completion date for the project is March 2003.
- Repeal of the Gross Receipts Tax:** In April of 2001, the Board of Supervisors passed legislation that repealed the gross receipts tax measure, effective January 1, 2000. The Mayor signed this legislation on May 25, 2001. The legislation required the Tax Collector's Office to notify taxpayers regarding both the gross receipts tax repeal as well as the refund of excess gross receipts tax paid over the payroll expense tax for tax year 2000. 2,565 letters and refund claim forms were sent to taxpayers. 1,467 gross receipts repeal refund claim forms were received, of which 1,344 refund claims were processed for \$13,350,523 and 123 claims were either denied or reduced.

- **Annual Tax Credit Report:** During May of each year, the Tax Collector's Office submits an Annual Tax Credit Report to the Board of Supervisors. For tax year 2001, 591 businesses claimed a total of \$21,841,075 in tax credits.

HIGHLIGHTS OF FY 2001-02

- A contractor was selected for the Data and Application Migration Project. The work to convert the Business Tax System began in FY 2001-02 and the project is expected to be completed by the end of March 2003.
- The Audit Unit billed \$5,083,304 in audit deficiencies.
- On May 25, 2001, the Mayor signed legislation that was approved by the Board of Supervisors to repeal the Gross Receipts Tax, effective January 1, 2000. Staff spent the first half of FY 2001-02 processing the Gross Receipts repeal refunds.

CASHIERING SECTION

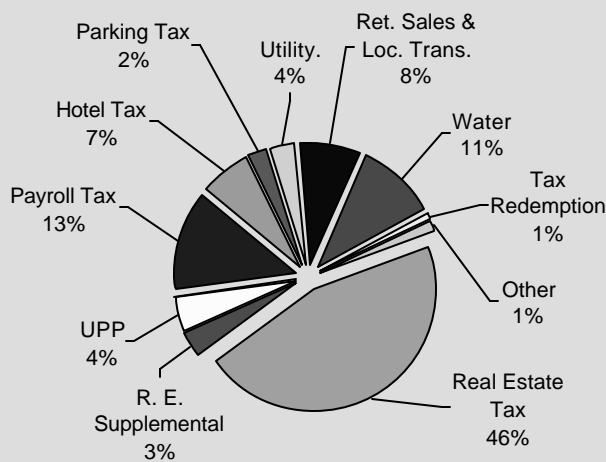


The **CASHIERING SECTION** receives and processes much of the City's revenue. In FY 1998-99, the Treasury and Tax Collector Cashiering units were restructured and merged under the Chief Assistant Treasurer. While the subunits retained discrete tasks and staff, the merger helped the Remittance Processing Center to handle a significantly higher increase in transactions.

CASHIERING, REMITTANCE & MAIL OPERATIONS

The Cashiering, Remittance & Mail Operations Unit accepts and processes tax payments, registration and license fees. The unit handles payments received through the mail, presented in person, paid by credit card or wire, as well as via the Internet.

**CASHIERING COLLECTIONS
FY 2001-02**



TOTAL COLLECTIONS = \$2,035,104,178
(see chart p. 22)

MISSION:

Cashiering, Remittance & Mail Unit: To collect and process all City payments received from taxpayers, by Office of the Treasurer & Tax Collector in an efficient and expedient manner, and to provide substantive information and assistance to taxpayers and other members of the public.

Banking Operations Unit: To receive, account, process and deposit all payments for taxes, licenses, and other revenues in an efficient and expedient manner; to render high quality service to departments, residents, businesses, and visitors.

The city payment center also sells many public transportation products to the public.

Remittance & Mail Operations is comprised of four areas which work together to process and post all tax payments:

- *The City Payment Center Cashiers* accept payments from taxpayers, sell transit items, distribute commuter checks, receive department deposits, process mail payments and distribute departmental NSF.
- *The Mailroom* staff sorts, opens and verifies all mail for the Office of the Treasurer & Tax Collector, the Water Department and the Port of San Francisco. The staff also distributes mail to all designated units.
- *The Remittance Processing* staff process water bills and other tax payments using high-speed NCR Remittance machines.
- *The Check Control and Research* staff research and process unidentified tax payments in order to produce payment stubs for Delinquent Revenue payments and other tax bills.

For fiscal Year 2001-02, collections increased by \$11.9 million- from \$2.023 billion to \$2.035 billion.

The overall increase represents significant increases in the collection efforts by the Office of the Treasurer & Tax Collector. For example, Secured Property Tax and Unsecured Personal Property increased by 12%, Tax Redemption increased by 24%, and Payroll, Utility Tax, Water Bills, License, and Emergency Response Tax significantly increased as well.

During FY 2001-02, the Mailroom also increased in terms of productivity. The section sorted, opened, and distributed a

total of 1,222,413 pieces of mail to all the different divisions of the Office of the Treasurer & Tax Collector during the year. Approximately 55% of the mail was related to Water Department payments and Real Estate bills constituted 23% of all envelopes processed. The number of articles handled by the Check Control area increased by 36% as compared to last fiscal year. This increase was in direct response to other coordinating department requests to have actual items placed in check control.

**REMITTANCE & MAIL
COLLECTION TOTALS**
(in millions of \$)

Revenue Type	2001-02	2000-01
Sec. Property Tax	\$922.76	\$824.30
Real Estate Supplemental Property	\$65.26	\$66.70
UPP Supplemental	\$90.17	\$80.70
Business Tax Registration	\$1.50	\$1.70
Business Tax	\$6.72	\$10.00
Payroll	\$0.82	\$42.00
Tax Redemption	\$271.47	\$254.70
Hotel	\$16.85	\$13.60
Parking Tax	\$134.49	\$190.10
Utility Tax	\$49.98	\$52.00
Retail Sales & Local Transit	\$71.65	\$69.40
Water Bills	\$158.42	\$179.10
License	\$214.05	\$210.10
Emergency	\$6.16	\$5.70
Other	\$15.91	\$14.30
TOTAL	\$7.86	\$8.90
	\$2,035.10	\$2,023.20

"Keep on doing what you are doing. It was the fastest, most courteous experience I've had at City Hall (and I've been doing this for 25 years)."
-Customer



Accomplishments in FY 2001-02

- With the launch of the City Services Website (<http://CityServices.sfgov.org>) in 1999, services have expanded and led to greater office efficiency. Taxpayers now have the advantage of online payments as well as the ability to download forms and applications directly from the Internet. A total of \$1.4 million of property and business taxes were collected over the Internet for FY 2001-02.
- The Remittance Area has updated the features to its NCR machine. Due to the improvements, productivity has increased in the processing and depositing of checks.
- Improvements to the cashiering system allow cashiers to help customers who only have their properties' block and lot number. Previously, customers with this limited information had to visit other departments to have their property bill printed before a cashier had the opportunity to assist them.
- The San Francisco Cashiering Software System has become a model for other neighboring counties. Teams often tour the facilities to view a demonstration of the state-of-the-art software for possible implementation in their counties.

TREASURY ACCOUNTING AND BANKING SERVICES

The primary objective of the Accounting and Banking Services section is to process and account for the receipt of collections, departmental deposits, and disbursements by the close of the same business day.

Detailed responsibilities of the Accounting and Banking Services Unit include:

- Processing and accounting of all City and County monies and checks, through direct bank deposits, the mail center, electronic fund transfers, federal reserve wires, lockbox operations, credit card transactions, bank adjustments and City Payment Center transactions.
- Payment of all Controller warrants through the Department's Clearinghouse Bank.
- Recording and approving daily cash transactions to FAMIS, the City's internal accounting system.
- Maintaining online FAMIS ledger accounts and reconciling balances to their respective bank account balances. As of June 30, 2002 there are more than fifty-five depository accounts in the Treasurer's Group of accounts.
- Daily input and detailed reconciliation of FAMIS reports.
- Performing safekeeping functions for bequest and lease deposit securities for the City and County.

Tax collection receipts and other City department receipts are electronically received for processing through the NCR remittance processing system. This enables the early deposit of receipts as well as a reduction in bank charges.

All checks received through the Treasurer's receiving window are encoded and microfilmed prior to deposit in the City's bank accounts. A division of duties among the Department's receiving cashiers, vault cashiers, paying

cashiers, reconciliation cashiers, clerks, and accountants ensure internal controls. In addition, the Banking Operations Unit oversees credit card payments to the City for property taxes, traffic fines, towing and storage fees, misdemeanor bails, library fees, and Bureau of Vital Statistics fees.

**TREASURY ACCOUNTING & BANKING SERVICES
TRANSACTION STATISTICS FY 2001-02**

Description	Amount
Departmental Deposits	1,070,374,029
Departmental Deposits at Cashier's window	147,929,472
Wires/Electronic Fund Transfers (EFT)	5,992,833,441
Credit Card Wires	9,979,129
State Checks	470,629,656
Citywide Receipts (not inc. tax collections)	\$ 7,691,745,727
Disbursements	
Citywide Disbursements	4,508,734,927
Disbursement Wire outs	5,159,361,316
Total Citywide Disbursements	\$ 9,668,096,243
Port Lockbox	\$ 22,764,497
Non-Sufficient Funds (NSF)	7,416,240
Passport Applications Processed	8,969
Passport Processing Fee	134,535
Number of Stop Payments Processed	1,514
Number of Checks Deposited	3,458,107
Number of NSF Checks Returned	5,691
Number of NSF Checks Releared	9,130
Cash & Equity Balance (as of 6/30/02)	\$ 2,976,228,981
Total Safekeeping Item Amt. (6/30/02)	\$ 574,121

HIGHLIGHTS OF FY 2001-02

- The Cashiering unit processed over 3.4 million items with an accuracy rate over 99%, exceeding private industry.
- The Banking Operations Unit reconciled \$1.4mm in payments delivered through the E-Government platform. This option gives greater flexibility in the payment of both property taxes and business taxes for the constituency.

*"The staff member who helped is a wonderful representative of the SF Tax Collector. I have resided and voted in SF for 50 years and am grateful for this respectful service."
-Customer*



INVESTMENT DIVISION



The INVESTMENT DIVISION administers and controls the investment of all monies in the Treasurer's custody that are not required for payment of current obligations. The staff's goal is to maximize interest income while preserving the liquidity and safety of the principal. The Investment Division has consistently demonstrated prudent portfolio management with excellent results. In Fiscal Year 2001-02, the Treasurer executed \$15.70 billion in investment transactions.

Direct wire lines maintained by major investment houses enabled the Chief Investment Officer to make investments on behalf of the City through rapid, competitive online bidding. The Treasury does not own any stocks or bonds. Instead, the City's accounts (excepting pension funds) are invested in commercial paper, bank notes, banker acceptances, Federal agencies, and U.S. Treasury notes.

Cash Managers

The Cash Managers assist the Chief Investment Officer in administering the cash management and investment policies. The Cash Managers' primary responsibilities include:

- Initiating, analyzing and modifying cash-flow procedures and systems.
- Advising and making recommendations regarding cash management procedures and policies, bank relationships, bond interest and redemption wires, and the bond arbitrage rebate program.

<u>Yield Comparisons</u>	<u>FY 2001-02</u>
S.F. Cty. (Pooled)	4.139%
S.F. Cty (all funds)	3.935%
Avg. 90-day U.S. T-Bills	2.67%
San Diego Cty. (Pooled)	3.78%
Los Angeles Cty. (Pooled)	3.54%
State Local Agency Fund (Pooled)	3.43%

G.O. BONDS ISSUED IN FY 2001-02

Par Value

Branch Library Improvements - Series 2001E	\$17,665,000
Zoo Facilities - Series 2002A	\$6,210,000
Branch Library Facilities, 2000 - Series 2002B	\$23,135,000
General Obligation Refunding - Series 2002 R-1	\$118,945,000
Settlement Obligation Bonds - Series 2001	\$60,755,000

In FY 2001-02, \$226.71 million in general and settlement obligation bonds were issued. The 1993 series ABCD bonds were called on June 15, 2002.

The Investment Division is also responsible for the calculation of arbitrage rebate liability for bond revenue proceeds. Currently, calculations are performed on approximately 30 bond issues. Once the calculations have been performed, the calculation workpapers are forwarded to the Controller's Office for review and verification of any liabilities due and payment of any liability on the fifth year anniversary date.

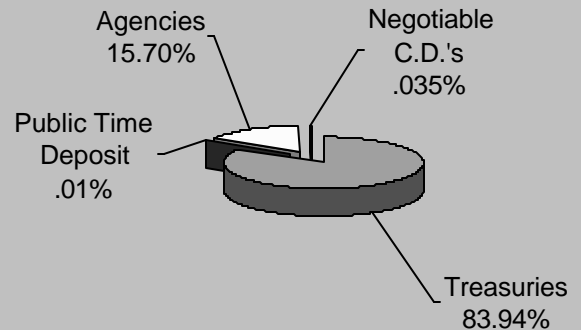
- Ensuring compliance with regulations that require that all revenues received by City departments are deposited and receipted in a timely manner.
- Managing the bond and coupon redemption program.
- Preparing and issuing Requests for Proposal (RFPs) for various financial services as required by individual departments.
- Co-administering with the Controller the bond arbitrage rebate program.

The Investment Division also monitors and invests all City funds that flow through the remittance processing system electronically. All funds are transferred by Fed-wire to the City's primary bank accounts for disbursement by the Controller or for investment by the Treasurer. Additionally, in FY 2001-02, the Investment Division implemented 1,040 outgoing Federal wire transactions valued in excess of \$1.8 billion.

Bond and Coupon Redemption

The Treasurer, through the Investment Division, is responsible for the payment of the City's general obligation bonds, principal and interest. During FY 2001-02, the Treasurer paid \$186,990 in interest and \$1,180,000 in principal on bearer bonds as well as \$57.73 million in interest and \$173.85 million in principal on book entry bonds.

**INVESTMENTS
OUTSTANDING AS
OF JUNE 30, 2002**



TOTAL PAR VALUE = \$2,844,775,000
TOTAL BOOK VALUE = \$2,818,131,501

• Avg. age of portfolio	= 234 days
• Interest Received FY 2001-02	= \$136,124,999
• Total Net Earnings FY 2001-02	= \$115,345,677
• Market Value plus fixed assets accrued earnings	= \$2,860,329,035 = \$7,664,697

LEGAL SECTION



LEGAL SECTION pursues collection litigation on delinquent accounts that fall under the Office of the Treasurer & Tax Collector's jurisdiction. Legal only becomes involved when all other collection efforts have failed. It also responds to legal challenges against Treasurer & Tax Collector claims in bankruptcy, judicial foreclosure and hospital lien cases. In addition, this section serves as the legal advisor on collection-related issues to both the Tax Collector and section supervisors.

Collection Activities

- 5 complaints and answers filed
- 1 abstract and consensual lien recorded

Most delinquent accounts referred to the Legal Section are tax deficiency assessments from the Business Tax Section; the remainder are from the Bureau of Delinquent Revenue (BDR). Civil collection suits are the primary means of enforcing payment of delinquent accounts. However, when appropriate, the unit uses negotiations and other civil creditor procedures in support of voluntary payment agreements negotiated with the debtor. The Legal Section monitors all monthly payment accounts and takes specific action to bring defaulting debtors into compliance. The

LEGAL SECTION ACTIVITY

TYPE OF ACTIVITY	2001-02	2000-01
Complaints & Answers Filed	5	7
Abstracts & Consensual Liens Recorded	1	1
TOTAL DOLLAR RECOVERY	\$2,220,207	\$3,084,312
Concluded Bankruptcy Cases (transferred to BDR)	8	17
BDR Hospital Liens	\$291,921	\$263,531

MISSION:

To provide litigation services in all cases under the Tax Collector's jurisdiction where court action is the only effective collection tool and to provide legal advice on collection-related issues to the Tax Collector and section supervisors.

section's priority is to identify those monthly payment cases where the debtor has defaulted and to take action to promote compliance.

Litigation Activity

- 5 new cases filed -\$827,809
- 1 judgment entered -\$443,369
- 6 cases dismissed -\$627,615

During the last Fiscal Year, the Legal Section, in conjunction with the Bureau of Delinquent Revenue Investigators, brought suit against two parking lot operators known to be underreporting and underpaying parking taxes. In conjunction with the City Attorney's office, the Legal Section's efforts resulted in this office making a global settlement with the parking operators. A total settlement for \$2,050,000 was reached as well as a covenant to comply with all City tax regulations.

BDR/Hospital Cost Recovery Liens

- \$291,921 Collected

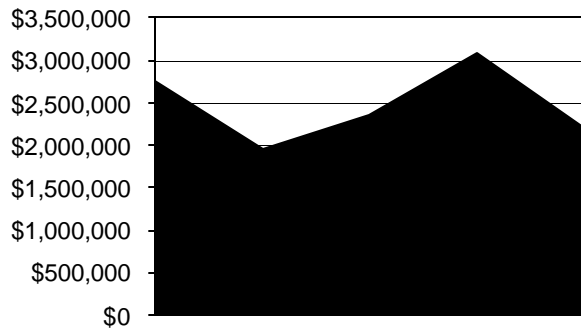
The total collection through liens on hospital patient's third party recoveries increased from the previous fiscal year. This increase was despite the negative impact of Olszewski v. ScrippsHealth. This case eliminated health care provider liens on third party recoveries obtained by Medi-Cal beneficiaries, who comprise a large segment of the San Francisco General Hospital patient population.

Bankruptcy Litigation

- 14 cases referred
- 8 cases successfully completed
- 23 cases in inventory

In this program, also in coordination with BDR, Legal Section performs legal services in the bankruptcy courts on specific bankruptcy files referred by the BDR bankruptcy group. These include responding to debtor objections to Tax Collector creditor claims, improper treatment of taxes in debtor payment plans and lawsuits filed in bankruptcy court against the Tax

LEGAL SECTION TOTAL DOLLAR RECOVERY



1997-98 1998-99 1999-00 2000-01 2001-02
(Recovery in some cases credited to BDR following litigation work by Legal Section)

Collector. Eight cases were successfully negotiated for a total claim of \$351,214.

Non Litigation Collection Activity

- 5 cases collected in full - \$542,106
- Partial payments from remaining cases - \$733,729

In addition to litigation activity in the courts, Legal Section has initiated action to obtain payment of large tax delinquencies (exceeding \$100,000). The section does so through effective negotiations which lead to tax liens and installment payment agreements.

Legal Advice

Staff attorneys respond to legal inquiries from other Tax Collector Sections throughout the year. The attorneys prepare major legal advice memoranda in addition to providing informal case advice and settlement recommendation.

MANAGEMENT INFORMATION SYSTEMS



THE MANAGEMENT INFORMATION

SYSTEM SECTION was created in July 2000 to provide centralized support services for the entire department's computer and information system needs. This includes procurement of services, hardware, software and data processing supplies, as well as administering the hardware and software maintenance agreement for the different systems. Additionally, the unit is responsible for the system administration of the Department's local area network (LAN) and wide area network (WAN) services.

MIS deployed the Citrix terminal server in June 2001. The server allows remote network connectivity through dialup access and Internet connectivity to the department's resources through a virtual private network (VPN). It is expected that these resources will be expanded to a wireless environment to provide real time information for auditors and investigators conducting fieldwork.

The MIS section coordinates custom programming projects, service requests, production support maintenance and security issues with the Department of Telecommunication and Information Services (DTIS), vendors and consultants.

MIS, in collaboration with the Department's Customer Service Committee, launched the Intranet website TTXCenter in September of 2000. The site facilitates the needs of the department for resource and information sharing.



MISSION

To support the various Information Technology projects of the Department in providing high quality customer service, maximizing revenue collection and providing the necessary management tools and services in increasing staff productivity and efficiency.

This unit also works to implement and maintain access to specialized applications for each department in the Treasurer and Tax Collector's office. Some of these applications include: Cardiff Teleform Information Capture System, Alchemy Imaging, Columbia Ultimate Business System, Netvantage-ITEMAGE, Anacomp-Alva, Timeslip, Compulaw, SmartLaser 2000, MAPINFO, EPISUITE Pro. MIS continually works to build a network of resources that meets the needs of the department, taxpayers and on-line customers.

Coordinates Services with State and Other City Departments

The wide area connection (WAN) through DTIS and other city departments ensures the highest reliability and interoperability of our systems. The department use of Rumba Office provides interfaces to the IBM Mainframe, UNIX VAX, and AS/400 for all critical and confidential records and information pertaining to Secured and Unsecured property taxes, business licenses and taxes and patient information.

Highlights for FY 2001-02

- Completed the successful migration of the Department's CCmail to the new city enterprise Lotus notes/Domino Email system.
- As of July 1, 2002, the Office of the Treasurer & Tax Collector became the official site for issuance of Resident Cards for San Francisco and Pacifica residents wanting to use San Francisco's golf facilities.
- Installed Alva-Anacomp, a paperless program for the payroll section that provides immediate access to payroll reports. Reports are stored on CD-Rom from the Controller's PPSD unit, eliminating wasteful and cumbersome computer printouts.
- Implemented an ID card badge system for the taxicab drivers (A Card) in coordination with the Cashiering and Property Tax/Licensing section.
- Upgraded the Legal Section Netware server to a Windows 2000 server that increased processor speed and storage capability.
- Expanded the e-government cashiering interface application for online property tax payment and inquiries, business registration renewals, and business tax statement filings.
- Installed an updated property tax bill CD-ROM for fiscal years 1993 through 2001 that allowed staff to print past tax bills without microfiche machines.
- Developed MS Access database application for tracking passport applications and parking bonds received.

PROPERTY TAX & LICENSE SECTION

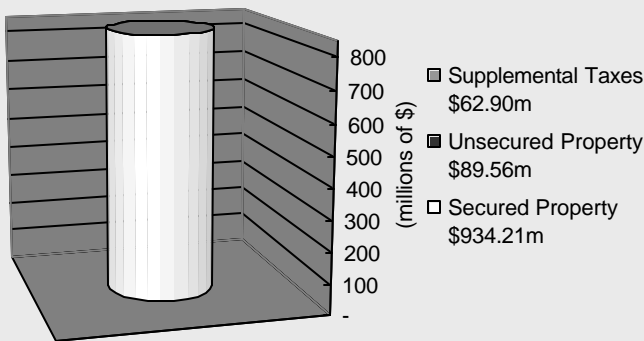


THE PROPERTY TAX & LICENSE SECTION handles the billing, collection, recording and reporting of payments for secured and unsecured property taxes, as well as special assessments. This section also administers special licenses and permits related to specific businesses. The three major units of this division are Real Estate, Tax Redemption and Business License.

REAL ESTATE UNIT

The Real Estate Unit processes tax bills for secured taxes and resolves the public's property tax issues via the telephone, in person and through correspondence. It also establishes and records four-year installment payment plans for secured and unsecured escape assessments for all prior fiscal years. The Real Estate unit processes refund requests for overpayments and duplicate payments of property taxes and business license fees. In addition, the unit collects various special assessments placed on secured property tax bills including over 57,000 rent board fees, approximately 31,000 apartment house fees and more than 800 hotel license fees.

**PROPERTY TAX COLLECTIONS
FY 2001-02**
(see chart p. 34)



Total Property Tax Collections = \$1.086 billion

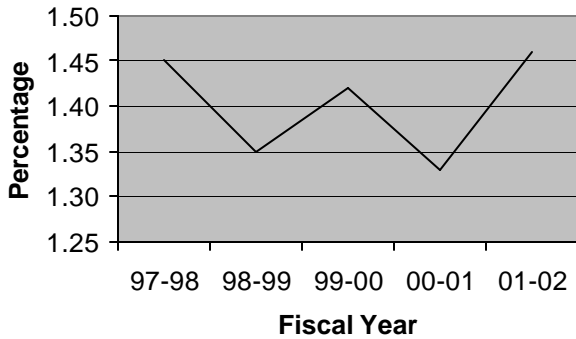
MISSION:

The Property Tax & License Section strives to serve the general public by providing it with timely and accurate property tax and business license information in a fair, legal, and courteous manner.

In fulfilling this mission, we will meet our responsibilities and preserve high levels of customer satisfaction.

*"This was great! I was in and out in less than 5 minutes.
I wish every government agency was so helpful and efficient."
-Customer*

SECURED PROPERTY TAX DELINQUENCY RATE



Secured Property Taxes

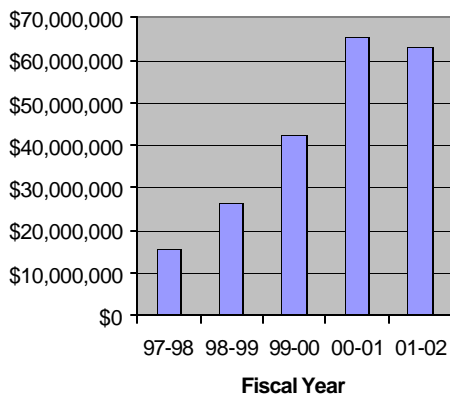
During Fiscal Year 2001-02, property tax revenue collection increased by \$118.5 million or 13% as compared to the last fiscal year.

In FY 1999-00, implementation of Phase III (EZ-TAXPP) took place, and system enhancements and modifications continue through this year. Setbacks with the system have delayed the pro-rating process of supplemental and escape bills. However, the Property Tax Section has maintained a remarkably low delinquency rate of 1.46%, ranking San Francisco 8 out of the 58 counties in terms of the lowest delinquency rates.

Supplemental Property Taxes

Secured supplemental tax revenue collection for fiscal year 2001-02 remains high due to consistently low mortgage rates. These rates contributed to a strong housing economy and the completion of several new construction projects.

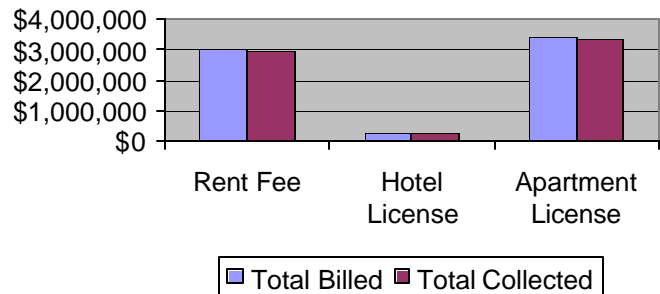
SUPPLEMENTAL PROPERTY TAX REVENUE COLLECTION



Special Assessments

For efficiency and effectiveness, collection of apartment and hotel license fees as well as rent board fees are incorporated into the Secured Property Tax Bills. Eliminating the excess mailings reduces departmental costs and results in savings for the City. It also contributes to the exceptionally low delinquency rate of less than 1 percent for special assessments.

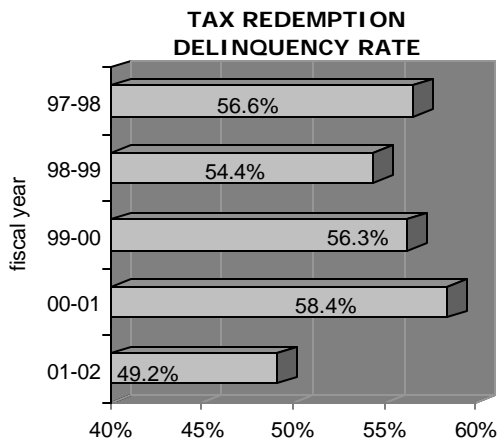
SPECIAL ASSESSMENT



Tax Redemption Bureau

The Tax Redemption Bureau processes and computes prior years' delinquent secured property tax payments. It also maintains records on taxes being paid on a five-year installment plan. Annually, in compliance with State law, the unit prepares a list of properties in tax-default for more than five years. These properties are subject to the Tax Collector's Power to Sell and the unit records a "Notice of Power to Sell Tax-Defaulted Property" for each of these properties. These notices are posted throughout the year in newspapers of general circulation. The Unit must attempt to sell these tax-defaulted properties at either public auctions or through sealed bids within four years after the property is subject to the Power to Sell. This fiscal year there was a sharp decrease in the redemption delinquency rate. This was due largely to the cancellation of incorrect assessments made on several secured property tax enrollments.

**PROPERTY TAX COLLECTIONS
FY 2001-02**



Business License Unit

The Business License unit handles the billing, collecting, recording, and reporting of business license fees as mandated by the San Francisco Municipal Code, Business and Tax Regulations Code. All business license fees that are delinquent for 90 days are reported to the regulatory departments for collection. During Fiscal Year 2001-02, this unit processed 25,304 business license accounts for the Departments of Public Health, Police, and Fire as well as numerous dog licenses for the Department of Animal Care and Control. These licenses resulted in more than \$6.16 million in revenue, an 8% increase from last fiscal year.

**BUSINESS LICENSE FEES
STATISTICAL ACTIVITY FY 2001-02**

Type of Collection	FY 2001-2002	
	Amount	No. of Items
Police	\$1,255,391.00	10,853
Public Health	\$4,362,281.00	7,756
Fire	\$480,094.00	2,643
Dog Licenses	\$64,416.00	4,052
DPW Surcharge	-	-
Total	\$6,162,182.00	25,304

Secured Property	
Current Year	\$916,283,880
Prior Years	
Redemption	17,927,425
TOTAL	934,211,305
Unsecured Property	
Prepaid	613,320
Current Year	91,222,814
Prior Years	-2,278,505
TOTAL	89,557,629
Supplemental	
Secured	59,685,730
Unsecured	3,215,783
TOTAL	62,901,513
TOTAL COLLECTIONS	\$1,086,670,447

Highlights Of Current Accomplishments And Activities

- On April 26th, 2002, the Property Tax/License Section conducted a successful public auction of secured real properties that were subject to the Tax Collector's "Power to Sell". The purpose of offering tax-defaulted property at auction is to collect unpaid taxes and to convey the property to a responsible owner. Of the 92 parcels offered at auction, 8 were removed for reasons such as bankruptcy or probate, 54 were redeemed prior to the auction and 30 were sold. Revenue earned from this auction was \$766,704.
- A total of 180,000 secured property tax bills were mailed out by October 16, 2002, two weeks ahead of the state scheduled deadline. 8,000 requests for overpayment refunds of property taxes and business license fees were processed within 30 days, reducing the amount of paid interest. In addition, 300 written requests for waiver of delinquent penalties were reviewed and replied to within 30 days of receipt.
- The Property Tax Section reduced the percentage of unpaid redemption files to under 50%.



SUSAN LEAL, TREASURER

In November 2001, Susan Leal was re-elected to her second term as Treasurer of the City and County of San Francisco, capturing 87% of the vote. As Treasurer, Susan serves as the City's banker and chief investment officer. Her duties as Treasurer also include managing all tax and revenue collection for San Francisco.

Since taking office in 1998, Treasurer Leal instituted a number of programs and operational improvements that have significantly increased tax collection rates. These include outreach efforts to individual citizens, business owners and non-profit organizations as well as crackdowns on delinquent and fraudulent taxpayers. Treasurer Leal has achieved a 91% increase in delinquent tax collection, representing more than \$26 million in additional revenue for the City.

Treasurer Leal initiated San Francisco's first-ever socially responsible investment policy that has consistently achieved a rate of return that is highest among its peers.

Treasurer Leal has also made many innovative improvements to customer service including, introducing the City Payment Center, a one-stop shop for City transactions such as transit passes, water bills, and passports; spearheading the City's e-commerce initiative which was named one of the top e-government projects nationwide; and launching the nation's first audio ATM for the visually impaired.

Susan Leal first joined San Francisco's government in June 1993 when she was appointed to the County Board of Supervisors. The following year, she won a four-year term, receiving over 100,000 votes. While serving on the Board, she chaired its Finance Committee, where she was responsible for balancing a \$4 billion budget.

Prior to her years in elected office, Susan Leal had a distinguished career as an entrepreneur as well as lawyer and investigator in state and federal governments. In 1985, Ms. Leal became vice-president of a health care management company. She helped grow the business from a local company with a handful of employees to a nationally recognized, publicly traded company with several hundred employees. In 1982, she served as senior consultant to the State Assembly's Committee on Ways and Means. Beginning in 1976, Ms. Leal served as counsel to U.S. House Energy and Commerce Committee's Subcommittee on Oversight and Investigations.

A San Francisco native, Treasurer Leal earned a bachelor's degree in Economics and a Juris Doctorate from the University of California at Berkeley.



GEORGE PUTRIS, TAX ADMINISTRATOR

George Putris is a lawyer who has spent his career specializing in taxation law. Through both private practice and public service, he has gained extensive experience in the areas of federal income taxation, property taxation, state and local taxation, tax litigation, municipal finance, tax-exempt organizations and tax legislation. Immediately prior to undertaking the position of Tax Administrator, Mr. Putris practiced law in the San Francisco City Attorney's Office, where, as Deputy City Attorney, he served primarily as counsel to the Office of the Treasurer & Tax Collector.

Mr. Putris places a high value on efficiency, simplicity and fairness in the administration of the various tax services and regulatory functions performed by the Office of the Treasurer & Tax Collector. He believes that sound tax policy encourages voluntary compliance with the law, and that sound tax administration enhances the City's attractiveness as a place for businesses to locate their facilities and jobs. He is committed to revitalizing the policies and procedures that enable taxpayers to take full advantage of the services offered by the Office of the Treasurer & Tax Collector.

Mr. Putris is a graduate of the Martin Luther King, Jr. School of Law at the University of California, Davis. He also has an LL.M. degree in Taxation Law from New York University. He received his BA degree from the University of California, Berkeley. Mr. Putris is a member of the California Bar Association.



JAY BANFIELD, CHIEF ASSISTANT TREASURER

As Chief Assistant Treasurer, Jay Banfield serves as Deputy to Treasurer Susan Leal in administering the operations of the Office of the Treasurer & Tax Collector, formulating citywide financial policies and controlling the receipts, management and disbursement of city funds. He also serves as the office's Chief Technology Officer and Budget Director.

With a focus on innovation and customer service, Mr. Banfield spearheaded a national award-winning e-government initiative that allows customers to conduct business with the City online. He also manages the City Payment Center, a one-stop-shop for financial transactions that has undergone significant expansion over the last three years. In October 2001, Mr. Banfield was awarded the Public Managerial Leadership Award by the Municipal Fiscal Advisory Committee to the Mayor.

Mr. Banfield has served in the legislative and executive branches of San Francisco Government since 1997. Prior to his work in the Office of the Treasurer & Tax Collector, he worked as a legislative assistant to then Supervisor Susan Leal, Chair of the Board of Supervisors' Finance Committee.

Prior to joining municipal government, Mr. Banfield was a manager at Oracle Corporation, where he led business development efforts in the federal, state and local government sectors. He holds a B.A from Stanford University and a Master of Public Policy degree from the University of California at Berkeley.

S.F. Treasurer

CONTACTS

SENIOR STAFF

Treasurer	Susan Leal
Tax Administrator	George Putris
Chief Assistant Treasurer	Jay Banfield
Chief Investment Officer	Daniel Patrick Daly
Special Assistant to the Treasurer	Shana Margolis
Section Managers:	
Accounting Section	Manuel Valle
Administration Section	Gail Hemenway
Bureau of Delinquent Revenue/ Investigations	Florence Mar
Business Tax Section	Mark Buckley
Cashiering Section	
Remittance & Mail Operations	Sonia Martinez
Treasury Accounting & Banking Services	Daniel Patrick Daly
Legal Section	Robert Fletcher
Management Information Section	Darrell Ascano
Property Tax & License Section	Francis Nguyen
Taxpayer Assistance Section	Anita Jin



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