

Glenda Wiles

From: Chris <hockman_cw@hotmail.com>
Sent: Wednesday, January 8, 2014 2:08 PM
To: Commissioners
Cc: Glenda Wiles
Subject: Ravalli County remittances to Montana DOR and DOJ

Dear Commissioners,

In keeping with President Reagan's trust, but verify credo, I attempted to verify with the Montana Department of Revenue (DOR) and Justice (DOJ) that the monthly remittances due from Ravalli County were being received over Q2 of state FY14. I did so through the course of 06 and 07JAN2014. Some of what I have discerned follows.

Montana Code Annotated **15-1-504** allows for a 10% per annum interest charge for amounts due but not received. The director of these departments has the discretion to assess the charge. I confirmed with the DOJ representative at 406-444-1969 that Brenda Nordland, DOJ Director, has not required such a penalty of counties who have failed to remit funds. I did not ask how many counties have failed to provide accurate remittances and subsequently become subject to the interest charges for unpaid amounts.

When asked ask how Ravalli County remittances were progressing, the DOJ representative advised that; October's remittances were cancelled and that reissuance of the correct amount from Ravalli county was pending, that November's remittances were off by \$188,000 - more than 50% less than the amount that MERLIN receipts indicated were due to the DOJ, and that a remittance had been received for December's receipts but is awaiting evaluation against MERLIN receipts.

Upon contact with the DOR via DORApplicationsSupport@mt.gov and ultimately the DOR Office of Tax Policy and Research, I was informed that "An annualized estimate of total ad valorem property tax each county should transfer to the state is on pages 164 and 166 in the Department's Biennial Report. Here is a link to the report: http://revenue.mt.gov/content/publications/biennial_reports/2010-2012/property_taxes_br.pdf." Upon referencing the linked document, I think that the total expected amount of Ravalli county remittances to the DOR for 2012 was \$41,221,039. If this is a close approximation, it is potentially useful in calculating what exposure to interest charges for unremitted amounts Ravalli county may be subjected to by the DOR director.

Upon query with the DOR Property Assessment Division (406-444-5592) on 07JAN2014, I was informed that the last remittance from Ravalli county was for September collections and that it was received 07NOV2013. Ravalli County's October, November, and December collections remain unremitted with December's collections due no later than 20JAN2014.

If what I have been told is accurate, Ravalli county is in jeopardy of a 10% per annum interest charge on overdue remittance amounts to the Montana DOR and DOJ that is at the discretion of the directors of the respective departments to collect or not collect.

This is primarily why I inquired at the CFO's report to the Board of Commissioners on 07JAN2014 as to the Ravalli county fund from which possible interest charges/penalties from the state would be paid out of - the response being "from the general fund".

Having read this, I encourage the Board of Commissioners to proactively and immediately assist the Treasurer and coordinate a plan with a clear timeline for remittance of collections currently in arrears and for the remittance due the DOR by 20JAN2014. Please do not allow Ravalli county to be subject to interest penalties at the discretion of political appointees in Helena.

Sincerely,
Chris Hockman
Hamilton