



## Legislation Details (With Text)

**File #:** 23-0830 **Version:** 1

**Type:** Resolution **Status:** Agenda Ready

**File created:** 5/4/2023 **In control:** Board of Supervisors

**On agenda:** 6/6/2023 **Final action:**

**Title:** Treasurer-Tax Collector requests the following regarding tax-defaulted properties:

1. Consideration of Resolution "A" approving the sale of sixty-five (65) tax-defaulted properties at public auction via the Internet, including authorization to re-offer any unsold parcels approved for public auction at a reduced minimum bid; and
2. Consideration of Resolution "B" approving the sale of forty-one (41) other tax-defaulted properties at public auction via the Internet, including authorization to re-offer any unsold parcels approved for public auction at a reduced minimum bid.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Resolution A, 2. Resolution B, 3. A - Parcel List and Minimum Bids (65 parcels), 4. B - Parcel List and Minimum Bids (41 parcels), 5. C - 2023 Auction Notification to State, 6. Correction Memorandum (added after the meeting)

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

**TO:** Board of Supervisors

**FROM:** Robert Minahen - Treasurer-Tax Collector

**REPORT BY:** Robert Minahen - Treasurer-Tax Collector

**SUBJECT:** Request for Approval to Sell Tax-Defaulted Property Subject to the Power of Sale

### RECOMMENDATION

Treasurer-Tax Collector requests the following regarding tax-defaulted properties:

1. Consideration of Resolution "A" approving the sale of sixty-five (65) tax-defaulted properties at public auction via the Internet, including authorization to re-offer any unsold parcels approved for public auction at a reduced minimum bid; and
2. Consideration of Resolution "B" approving the sale of forty-one (41) other tax-defaulted properties at public auction via the Internet, including authorization to re-offer any unsold parcels approved for public auction at a reduced minimum bid.

### EXECUTIVE SUMMARY

The Treasurer-Tax Collector is required to attempt to sell tax-defaulted property at auction under California Revenue and Taxation Code (RTC) sections 3691 and 3692 and the next auction is scheduled to take place September 6th and 7th of 2023. As required by RTC 3698, this serves as notice to the Board of Supervisors stating the Treasurer-Tax Collector's intention to hold a tax-defaulted auction, the properties eligible for inclusion in the auction and the minimum price set for each parcel. Upon receipt of this notice, the Board of Supervisors is required to either approve or disapprove the sales by resolution per RTC 3699.

Sixty-five (65) tax-defaulted parcels qualified for auction are described in Attachment A attached hereto and on file with the Clerk of the Board. The Treasurer-Tax Collector is not aware of any complicating facts or circumstances the Board of Supervisors should consider when deciding whether to approve or disapprove the sale at public auction of Attachment A parcels.

Forty-one (41) other tax-defaulted parcels qualified for auction are described in Attachment B attached hereto and on file with the Clerk of the Board. The Treasurer-Tax Collector is aware of complicating facts and circumstances the Board of Supervisors may consider when deciding whether to approve or disapprove the sale at public auction of Attachment B parcels.

In the event any parcel approved for auction does not sell during the scheduled auction, the Treasurer-Tax Collector requests approval to re-offer that parcel at a reduced minimum bid pursuant to California Revenue and Taxation Code sections 3698.5(c) and 3692(e). Approval of this request allows the Treasurer-Tax Collector to re-offer the parcel immediately at a reduced price, foregoing the expense of a new auction.

#### PROCEDURAL REQUIREMENTS

1. Staff Report
2. Public Comments
3. Discussion, motion, second, and vote on Resolution "A" to approve the sale of the 65 tax-defaulted properties at public auction via the Internet listed in Attachment A.
4. Discussion, motion, second, and vote on Resolution "B" to approve the sale of the 41 tax-defaulted properties at public auction via the Internet listed in Attachment B.

#### **FISCAL & STRATEGIC PLAN IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Treasurer-Tax Collector's budget unit
Is it Mandatory or Discretionary?	Mandatory
Is the general fund affected?	Yes
Future fiscal impact:	The Teeter Plan will benefit from the collection of defaulted taxes, penalties and interest for parcels successfully auctioned in fiscal year 2023-24. The General Fund, through the Treasurer-Tax Collector's budget unit, will incur increased auction related costs and revenues that are included in the requested 2023-24 budget.

Consequences if not approved:	Eligible, tax-defaulted property would not be offered at a tax sale, unpaid taxes would continue to not be collected, and the properties would not be returned to a revenue-generating status by conveyance to another owner.
County Strategic Plan pillar addressed:	Effective and Open Government

## **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

## **BACKGROUND AND DISCUSSION**

As required by RTC sections 3691 and 3692, the Treasurer-Tax Collector shall attempt to sell tax-defaulted property within four years of the time that property becomes subject to sale for nonpayment of taxes. For a parcel to become subject to sale, a parcel must be tax defaulted for five years or more, or three years or more for nonresidential commercial property, and be subject to the Treasurer-Tax Collector's power to sell.

The Treasurer-Tax Collector has identified 109 parcels that have been tax defaulted for five (5) years or more. Of the parcels identified, three (3) parcels sustained damaged by a federal or state declared disaster (2020 LNU Fire Complex) and have been omitted pursuant to RTC section 3691(a)(1)(A); and; forty-one (41) parcels have been flagged for separate consideration due to redemption amounts (delinquent taxes, non-dischargeable assessments, penalties, interest and fees) greatly exceeding assessed valuation.

As provided under RTC section 3701, the Treasurer-Tax Collector is required to make a reasonable effort to ascertain the names and last known addresses of parties of interest for each parcel included in the auction. Once the parties of interest are identified, the tax collector is required to notify each party of the intent to sell not less than 45 days nor more than 120 days before the proposed sale. In addition, if the parcel is known to be the primary residence of the last known assessee, RTC section 3704.7(a) requires the tax collector to attempt to contact the taxpayer in person to notify them of the impending sale.

Property owners are allowed to remove their parcels from auction by paying the redemption amount (delinquent taxes, penalties, interest and fees) to the Treasurer-Tax Collector's office at any time up to the close of business on the day preceding the auction.

The Treasurer-Tax Collector is recommending that the Board of Supervisors separately consider two (2) sets of eligible parcels. Sixty-five (65) eligible parcels and minimum bid prices are listed in Attachment A. Forty-one (41) eligible parcels and minimum bid prices are listed in Attachment B. The Attachment B parcels carry redemption amounts that greatly exceed the current assessed valuation. Of these parcels, thirty-three (33) were unsuccessfully included in a previous auction(s). Disapproval of the sale of the Attachment B parcels would reduce auction costs by approximately \$13,000 and is allowed under section 8216 of the State Controller's Sale of Tax Defaulted Property guidelines. When properties fail to sell at auction, notice and auction costs associated with the unsuccessful auction are added to the amount required to redeem or sell the properties in the future. The Board of Supervisors has authority to approve or disapprove the sale of eligible parcels; if it disapproves the sale of the Attachment B parcels, it may attempt to address the underlying conditions affecting these parcels by means other than the tax-default auction while minimizing immediate costs to the County and minimizing the amounts required to redeem or transfer the parcels in the future.

This item further serves as notice to the Board of the intended sale of tax-defaulted property pursuant to RTC

section 3698 which requires the tax collector to transmit a notice to the Board of Supervisors stating the intent to hold a defaulted-tax auction, the parcels included in the auction, and the minimum price required to sell the properties. Upon approval of any or all Resolutions, the Treasurer-Tax Collector will, pursuant to RTC section 3700.5, notify the California State Controller of the auction in substantially the form of Attachment C.

The Treasurer-Tax Collector has elected to use a vendor-supported internet auction as allowed under RTC section 3692.2. The vendor, GovEase, was the successful bidder selected through a recent request for proposal. It is anticipated that the public auction via internet will commence on Wednesday, September 6, 2023 and conclude Thursday, September 7, 2023.