

# THE CALIFORNIA ASSOCIATION OF COUNTY TREASURERS AND TAX COLLECTORS

## 2015 LEGISLATIVE PLATFORM

ADOPTED OCTOBER 10, 2014



# The California Association of County Treasurers and Tax Collectors



*Comprised of the Treasurer/Tax Collectors in the 58 counties throughout California, the association provides opportunities for education, networking and advocacy. The association has been in its current existence since 1981. Previous to that year, there were two Associations: the California Association of County Tax Collectors and the California Association of County Treasurers.*

*The purpose of this Association shall be to promote the general interests of the active members and the respective counties they represent; to strive for high professional standards and, through the exchange of information and ideas, stimulate a friendly and cooperative spirit among the membership.*



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## Summary of Proposals

### **Proposal 1**

Metes and bounds and lot-block-tract legal descriptions are not always available or correct for every parcel. This measure would adjust the statute to state that when a county publishes a notice of power to sell, it would include the legal description of the property. (Kern County)

### **Proposal 2**

The coordination of publishing a notice on or before secured taxes are payable is more difficult now that tax bills are available for payment on the Web. Before the Internet, the notice publication could be timed with the mailing of the tax bills. Coordination with the tax bills payable on the TTC website is not always within the control of the TTC. Some County Counsels interpret the law to mean no payments, including electronic, can be accepted until the notice is published. This proposal would clarify when payments can be accepted. (Kern County)

### **Proposal 3**

As a result of legislation changes to Revenue and Taxation Code Section 3725, Section 3726 is now inconsistent. Proposal 3 makes conforming changes to reflect prior changes in the law and make them read consistently. (Sacramento County)

### **Proposal 4**

Revenue and Tax Code Section 3725 is silent as to who may file a petition to rescind a tax sale. This proposal defines who may file a petition. (Los Angeles County)

### **Proposal 5**

Some businesses sell their business assets, sell their business and some corporations change names with essentially the same owners but neglect to pay the unsecured taxes due. A similar provision such as the one available to the State Board of Equalization would benefit collection of unsecured taxes and the entities benefiting from unsecured tax collections. (El Dorado County)

### **Proposal 6**

Add Revenue and Taxation Code Section 4911.2 to allow the tax collector to charge a fee for the handling the reversal and reapply of payments credited to the wrong property. (Sacramento County)

### **Proposal 7**

Support an appropriation in the 2015-16 State Budget or voter-approved funding source that reflects the current and back amount owed to the affected jurisdictions for in lieu tax payments. (Legislative Committee)

### **Proposal 8**

Allow delinquent taxes on Intercounty pipelines rights-of-ways to be transferred to the Unsecured Roll for collection enforcement. (Sacramento County)

### **Proposal 9**

Makes delegation of investment authority permanent unless revoked, and changes the monthly reporting requirement by the treasurer of all transactions to a quarterly report of all pooled



investments; and requires conformance of those pooled investments to the investment policy statement on file with the legislative body. (Humboldt County)

**Proposal 10**

This proposal will add an enforcement mechanism for those tax payers that must pay by EFT but still send a paper check or pay in another manner. (Los Angeles County)

**Proposal 11**

Bring the various code sections governing the refunds for a supplemental assessment that is a negative amount into alignment. Negative supplemental assessments shall be refunded from the taxes paid on the supplemental roll, current roll, or the roll being prepared. (Sacramento County)

**Proposal 12**

The proposal adds language to the California Commercial Code Section on Bulk Sales to provide the ability to charge for a fee to cover costs in preparing a Bulk Sale payoff demand. (Sacramento County)

**Proposal 13**

This proposal would authorize counties to participate in a reciprocal agreement with the Franchise Tax Board, similar to recently-enacted legislation that authorizes such an agreement for cities and the Franchise Tax Board. (Sacramento County)



## PROPOSAL 1

### 1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

#### a. Include specific examples that could be used to explain the bill:

When filing a Power to Sell (PTS) lien, R & T code section 3691.2 specifies what information must be on that recorded document. Section (e) specifies the manner in which the property must be described. The problem is, metes and bounds and lot-block-tract legal descriptions are not always available or correct for every parcel. However, every parcel has a parcel number assigned by the assessor. In many counties, thousands of PTS liens are recorded each year and getting the metes and bounds or lot-block-tract legal descriptions from the assessor (and hoping they are correct) can be problematic. Additionally, all tax collection activity is initiated and implemented based on the parcel number so to be consistent, it makes sense that the parcel number should be the primary required information on the PTS lien.

### 2. RECOMMENDED STATUTORY CHANGE (please note code section):

#### a. SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED (please use ~~strike through~~ to reflect proposed deletions and *italics/underline* to reflect additions to code):

3691.2. The notice shall specify:

(a) A statement that five years or more have elapsed since the taxes or assessments on the parcel were declared in default; that three years or more in the case of nonresidential commercial property, as defined in Section 3691, have elapsed since the taxes or assessments on the parcel were declared in default; or that, pursuant to Section 3692.4, three years or more have elapsed and a request has been made by a city, county, city and county, or nonprofit organization to offer that property at the next scheduled public auction.

(b) That the property was duly assessed for taxation and the tax legally levied.

(c) That the property is subject to sale for nonpayment of taxes.

(d) The amount of taxes originally declared to be in default, unless there has been a partial cancellation of taxes, a redemption from a portion thereof, or a correction under Sections 4831.5 and 4876.5, in any of which events, the amount shall be the balance remaining.

(e) ~~A metes and bounds or lot-block-tract description of the property.~~ *The Assessor's legal description of the property.*

#### b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:

See the answer to question 1 above. Additionally, there are other forms of legal descriptions that the assessor uses such as City-Block-Lot, and Section-Township-Range-Quarter. So currently, if the assessor uses one of these other forms of legal description for a parcel and does not have a metes and bounds or lot-block-tract legal description, what do we put on a PTS lien? We have two choices, put what the assessor has and be in technical violation of this code section or ask the assessor to create a metes and bounds or lot-block-tract description and hope that they don't blow you off. From a practical standpoint, I think most TTCs go with the first option so this would change the R & T code to reflect actual practice. This change gives TTCs the flexibility to ultimately provide the necessary information for the property owner to know what property is having a lien placed on it.



**3. FISCAL IMPACT OR MANDATED COSTS** (Please list any estimated cost savings or additional costs to county or state agencies which this proposal will mandate through implementation):

No fiscal impact.

**4. POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES?** (if "Yes" please list those departments/agencies AND the concerns which those parties may raise against this proposal):

None.

**5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:**

None.

**NAME: Jackie Denney**

**COUNTY: Kern**



## PROPOSAL 2

### 1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

- a. Include specific examples that could be used to explain the bill:

The coordination of publishing a notice on or before secured taxes are payable is more difficult now that tax bills are available for payment on the Web. Before the Internet, the notice publication could be timed with the mailing of the tax bills. Coordination with the tax bills payable on the TTC website is not always within the control of the TTC. Interpretation in Kern – no payments, included electronic, can be accepted until the notice is published.

### 2. RECOMMENDED STATUTORY CHANGE (please note code section):

- a. **SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED** (please use ~~striketrough~~ to reflect proposed deletions and *italics/underline* to reflect additions to code):

**R&T Code Section 2609. Notice.** On or before the day when taxes are *due and* payable, November 1<sup>st</sup>, the tax collector shall publish a notice specifying:

### b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:

The change will remove the timing issue of publication with the day when taxes are payable.

3. **FISCAL IMPACT OR MANDATED COSTS** (Please list any estimated cost savings or additional costs to county or state agencies which this proposal will mandate through implementation):

None

4. **POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES?** (if "Yes" please list those departments/agencies AND the concerns which those parties may raise against this proposal):

No

### 5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:

**None.** Considered deleting the publication requirement completely but didn't think we were ready to take on the newspapers again.

NAME: Jackie Denney

COUNTY: Kern





## PROPOSAL 3

### 1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

- a. Include specific examples that could be used to explain the bill:

As a result of legislation changes to Revenue and Taxation Code Section 3725, Section 3726 is now inconsistent.

### 2. RECOMMENDED STATUTORY CHANGE (please note code section):

- a. **SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED** (please use ~~striketrough~~ to reflect proposed deletions and *italics/underline* to reflect additions to code):

3726. A defense based on the alleged invalidity or irregularity of any proceeding instituted under this chapter can be maintained only in a proceeding commenced within one year after the date of execution of the tax collector's deed or within one year of the date of the board of supervisors determination that a tax deed sold under this part should not be rescinded, whichever is later.

- b. **GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:**

Fixes an inconsistency.

### 3. FISCAL IMPACT OR MANDATED COSTS (Please list any estimated cost savings or additional costs to county or state agencies which this proposal will mandate through implementation):

None.

### 4. POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES? (if "Yes" please list those departments/agencies AND the concerns which those parties may raise against this proposal):

None.

### 5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:

None.

**NAME:** Julie Valverde

**COUNTY:** Sacramento



## PROPOSAL 4

### 1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

- a. Include specific examples that could be used to explain the bill:

Revenue and Tax Code Section 3725 is silent as to who may file a petition to rescind a tax sale. This proposal defines who may file a petition.

### RECOMMENDED STATUTORY CHANGE (please note code section):

- a. **SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED** (please use ~~striketrough~~ to reflect proposed deletions and *italics/underline* to reflect additions to code):

3725(a) A proceeding based on alleged invalidity or irregularity of any tax sale ~~proceedings instituted~~ under this part ~~chapter~~ can ~~only~~ be commenced in a court only if ~~both~~ all of the following conditions are ~~satisfied~~ met:

(1) The person commencing the proceeding is the individual or entity recorded on the tax deed to the purchaser or a party of interest as defined in Section 4675(e).

(2) The person has first petitioned the board of supervisors pursuant to Section 3731 within one year of the date of the execution of the tax collector's deed.

~~(23)~~ The proceeding is commenced within one year of the date the board of supervisors determines that a tax deed sold under this part should not be rescinded pursuant to Section 3731.

### GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:

This proposal would require that only parties of interest to a particular property can challenge the tax sale. This proposal also amends “proceeding” to “tax sale” and changes “chapter” to “part” to cover chapter 7 and chapter 8 tax sales.

**FISCAL IMPACT OR MANDATED COSTS** (Please list any estimated cost savings or additional costs to county or state agencies which this proposal will mandate through implementation):

No Fiscal Impact. No Mandated Cost.

2. **POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES?** (if “Yes” please list those departments/agencies AND the concerns which those parties may raise against this proposal):



None.

**3. HISTORY OF PRIOR LEGISLATIVE EFFORTS:**

This code section was amended in 2012 to address a court decision that allowed unrelated third parties with no legal interest in a property sold at auction to bring legal action to undo a tax sale. However, in the final version, the party(ies) that may challenge a tax sale were not defined.

**NAME: Mark Saladino**

**COUNTY: Los Angeles**



## PROPOSAL 5

### 1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

- a. Include specific examples that could be used to explain the bill:

Unsecured taxes are, at best, difficult to collect. The lack of available tools to promote greater collection of all amounts due creates “unfairness” to the portion of the taxpaying public who conscientiously pay their unsecured bills year after year. In R & T code section 6811 applicable to sales tax, it states:

If any person liable for any amount under this part sells out his business or stock of goods or quits the business, his successors or assigns shall withhold sufficient of the purchase price to cover such amount until the former owner produces a receipt from the board showing that it has been paid or a certificate stating that no amount is due. (See also R & T sections 6812, 6813, 6814 6815 and 6701.)

*Similar language for collection of unsecured taxes is desired.*

### 1. RECOMMENDED STATUTORY CHANGE (please note code section):

- a. **SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED** (please use ~~strike through~~ to reflect proposed deletions and *italics/underline* to reflect additions to code)

Add: R&T Section 2910.8

*If any person liable for any unsecured taxes sells out his business or stock of goods or quits the business, his successors or assigns shall withhold sufficient of the purchase price to cover such amount until the former owner produces a receipt from each County Tax Collector wherein the business property is located, showing that all unsecured taxes have been paid or a certificate stating that no amount of unsecured tax is due.*

*2810.8 (a)*

*If the purchaser of a business or stock of goods fails to withhold from the purchase price as required, he or she becomes personally liable for the payment of the amount required to be withheld by him or her to the extent of the purchase price, valued in money.*

*(b) Within 60 days after the date the Tax Collector receives a written request from the purchaser for a certificate indicating no tax is due, the Tax Collector shall either issue the certificate or mail notice to the purchaser at his or her address as it appears on the purchaser’s request for information, of the amount that must be paid as a condition of issuing the certificate.*

*c) Failure of the Tax Collector to mail the notice referred to in subdivision (b) will release the purchaser from any further obligation to withhold from the purchase price as above provided. The last date upon which the obligation of the successor may be enforced shall be not later than three years after the date the Tax Collector is notified of the purchase of the business or stock of goods.*

Add: R & T Section 2910.9

*The certificate may be issued after payment of all amounts due according to the records of the Tax Collector(s).*

Add: R & T Section 2910.10



a) *The obligation of the successor to pay the unsecured taxes shall be enforced by mailing a notice of successor liability to the person. The notice shall be mailed not later than three years after the date the Tax Collector is notified of the purchase of the business or stock of goods. The successor may appeal within 30 days of the notice. If an appeal is not received by the Tax Collector within the 30 day period, the appeal becomes final at the expiration of that period and all amounts become due and payable.*

Add: R & T Section 2910.11

*Every appeal shall be in writing and shall state the specific grounds upon which the appeal is founded.*

Add: R & T 2910.12

a) *If an appeal is filed within the 30-day period, the Tax Collector shall reconsider the determination and, if the person has so requested in his appeal, shall grant the person an oral hearing and shall give him 15 days notice of the time and place of the hearing. At the discretion of the Tax Collector, the hearing may be continued from time to time as may be necessary. The Tax Collector shall issue a final determination within 30 days.*

b) *If the Tax Collector finds that a successor's failure to withhold a sufficient amount of the purchase price to cover the amount owed by the former owner is due to reasonable cause and circumstances beyond the successor's control, and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect, the successor may be relieved of any penalty, or portion thereof, included in the successor liability.*

**b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:**

Some businesses sell their business assets, sell their business and some corporations change names with essentially the same owners but neglect to pay the unsecured taxes due. A provision such as the one available to the State Board of Equalization would benefit collection of unsecured taxes and the entities benefiting from unsecured tax collections.

**2. FISCAL IMPACT OR MANDATED COSTS** (Please list any estimated cost savings or additional costs to county or state agencies which this proposal will mandate through implementation):

None.

**3. POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES?** (if "Yes" please list those departments/agencies AND the concerns which those parties may raise against this proposal):

To the extent that the State of California, Cities and Counties benefit from the collection of unsecured taxes, they will benefit from collecting what was once an uncollected debt.

**4. HISTORY OF PRIOR LEGISLATIVE EFFORTS:**

None.

**NAME: C. L. (Cherie) Raffety**

**COUNTY: El Dorado County**



## Proposal 6

### 1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

- a. Include specific examples that could be used to explain the bill:

Add Revenue and Taxation Code Section 4911.2 to allow the tax collector to charge a fee for the handling the reversal and reapply of payments credited to the wrong property. The current legislation is an unfunded mandate.

### 2. RECOMMENDED STATUTORY CHANGE (please note code section):

- a. **SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED** (please use ~~strikethrough~~ to reflect proposed deletions and *italics/underline* to reflect additions to code):

**4911.** (a) If an assessee or agent of the assessee, by mistake, pays the tax on other than the property intended and by substantial evidence convinces the tax collector that the payment was intended for another property, the tax collector shall cancel the credit on the unintended property and transfer the payment to the property intended as prescribed in this article at any time before a guaranty or certificate of title issues respecting the unintended property and before two years have elapsed since the date of payment.

(b) If through no fault of the assessee or agent of the assessee, a tax payment is credited to property other than the property intended and the taxpayer by substantial evidence convinces the tax collector that the payment should have been credited to another property, the tax collector shall cancel the credit on the unintended property and transfer the payment to the property intended as prescribed in this article at any time before a guaranty or certificate of title issues respecting the unintended property and before two years have elapsed since the date of the payment.

(c) If any person mistakenly pays an amount of tax and there is no property of that person in the county to which that payment properly applies, the tax collector shall, by being convinced upon substantial evidence that the payment was a mistake, cancel the payment and return the amount paid to that person, as prescribed in this article at any time before a guaranty or certificate of title issues respecting the unintended property and before two years have elapsed since the date of the payment.

(d) The county shall transfer a payment pursuant to subdivision (a) or return a payment pursuant to subdivision (c) within 60 days of the later of the date of the county verifying that the payment was paid by mistake or the date the payment is not subject to chargeback, dishonor, or reversal, or shall pay interest as prescribed in subdivision (e).

(e) If a refund to an assessee or agent of the assessee is created as a result of subdivision (a) or (c), interest as prescribed by Section 5151 shall not be paid. However, if the refund was not issued within 60 days of the county verification of the refund or credit due, interest shall be paid from the date of verification.

*(f) The tax collector may charge and collect a fee to cover the actual and reasonable costs incurred to comply with subdivision (a) and (c) of this section. The amount of the fee shall be established by the board of supervisors of the county and shall be subject to the requirements of Chapter 12.5 (commencing with Section 54985) of Part 1 of Division 2 of Title 5 of the Government Code.*

**4911.1.** (a) If through no fault of the assessee or agent of the assessee a tax payment is credited to property other than the property intended and after a guaranty or certificate of title issues respecting the unintended property, the taxpayer by substantial evidence convinces the tax collector that the payment should have been credited to another property, the tax collector shall transfer the payment in



full to the property intended, and shall cancel the credit on the unintended property. In the event a transfer of payment is made, the person owning the unintended property immediately before issuance of the guaranty or certificate of title shall be personally liable for the amount so transferred that shall be collected in the manner specified for the collection of taxes on the unsecured roll.

(b) If any person mistakenly pays an amount of tax on a property after a guaranty of certificate of title has been issued and there is no other property of that person in the county to which that payment properly applies, the tax collector shall, upon being convinced upon substantial evidence that the payment was a mistake, cancel the payment and return the amount paid to that person. Upon cancellation of the payment, the person owning the property immediately before issuance of the guaranty or certificate of title shall be personally liable for the subject tax amount, which shall be collected in the matter specified for the collection of taxes on the unsecured tax roll.

(c) The tax collector may charge and collect a fee to cover the actual and reasonable costs incurred to comply with subdivision (b) of this section. The amount of the fee shall be established by the board of supervisors of the county and shall be subject to the requirements of Chapter 12.5 (commencing with Section 54985) of Part 1 of Division 2 of Title 5 of the Government Code.

**b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:**

Code section 4911 governs an erroneous payment reversal service that is an unfunded mandate which may have been originally contemplated as part of the normal course of business operations, and thus, not necessary to add a separate fee. However, the volume of requests is much higher than may have originally been envisioned, and the labor time to process and correct this can take a significant amount of time.

**3. FISCAL IMPACT OR MANDATED COSTS** (Please list any estimated cost savings or additional costs to county or state agencies which this proposal will mandate through implementation):

No additional costs.

**4. POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES** (if Yes, please list those departments/agencies AND the concerns which those parties may raise against this proposal):

None.

**5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:**

None.

**NAME:** Julie Valverde

**COUNTY:** Sacramento



## Proposal 7

### **1. CODE SECTION(S) NEEDING CHANGE, AMENDMENT, OR BEING AFFECTED BY PROPOSAL:**

*Budget Language:* Support an appropriation in the 2015-16 State Budget or voter-approved funding source that reflects the current and back amount owed to the affected jurisdictions for in lieu tax payments. Further, request the introduction of trailer bill language that would require a periodic cost of living adjustment of the Department's in lieu fees, similar to the Federal Payment In Lieu of Taxes program.

### **2. BRIEF DESCRIPTION OF PROBLEM:**

For years, the Governor and the Legislature have failed to appropriate sufficient funds to pay the state's obligation to counties for in lieu tax payments.

### **3. RECOMMENDED AMENDMENT OR CHANGE:**

**a. SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED** (please use strikethrough to reflect proposed deletions and *italics/underline* to reflect additions to code):

Ensure full budget appropriation or voter-approved initiative funding for in-lieu tax payments.

Support adequate funding for the Department of Fish and Game's (department) In Lieu Fee obligation to California's counties pursuant to California Fish and Game Code Section 1504. This section specifies that when income is derived directly from real property acquired and operated by the State as wildlife management areas, the department shall pay annually to the county in which the property is located, an amount equal to the county taxes levied upon the property at the time title to the property was transferred to the state.

The in lieu fees are intended to offset adverse impacts on county property tax revenue that result when the State acquires private property for wildlife management areas. Unfortunately, it has been at least 11 years since adequate funding has been provided to the department to make the required payments to affected counties.

This shortfall in State funding has led to budget short falls at the local level where the county continues to bear the burden of providing mandated services to public lands that are not subject to local property tax. We are concerned that any further lapse in the payment of the in lieu fees will exacerbate this shortfall.

### **b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:**

Soliciting that the Governor and Legislature, in the adoption of the State Budget, or in the appropriation of voter-approved initiatives that would provide funding for PILT, allow for the adequate and full funding of the obligation from the state to counties for in lieu tax payments will provide the appropriate funding to counties for this service.





## Proposal 8

### 1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

- a. Include specific examples that could be used to explain the bill:

Revenue and Taxation Code Sections 401.10, 401.11 and 401.13 govern Intercounty pipelines rights-of-ways. Intercounty pipeline rights-of-ways are not real property; however, they are billed on the Secured Roll. If they default the Tax Collector cannot enforce the collection on the Redemption Roll by selling the rights-of-ways at a tax sale. The Intercounty pipelines rights-of-ways are more akin to Oil and Gas rights or SBE-assessed unitary properties. The recommended change to the section governing the Intercounty pipelines rights-of-ways is to have the collection enforcement method conform to the same collection enforcement procedures as for the Oil and Gas rights and SBE assessed unitary properties. It allows for the delinquent taxes to be transferred to the Unsecured Roll.

### 1. RECOMMENDED STATUTORY CHANGE (please note code section):

- a. SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED (please use strikethrough to reflect proposed deletions and *italics/underline* to reflect additions to code):

401.10. (a) Notwithstanding any other provision of law relating to the determination of the values upon which property taxes are based, values for each tax year from the 1984-85 tax year to the 2015-16 tax year, inclusive, for intercounty pipeline rights-of-way on publicly or privately owned property, including those rights-of-way that are the subject of a change in ownership, new construction, or any other reappraisable event during the period from March 1, 1975, to June 30, 2016, inclusive, shall be rebuttably presumed to be at full cash value for that year, if all of the following conditions are met:

(1) (A) The full cash value is determined to equal a 1975-76 base year value, annually adjusted for inflation in accordance with subdivision (b) of Section 2 of Article XIII A of the California Constitution, and the 1975-76 base year value was determined in accordance with the following schedule:

(i) Twenty thousand dollars (\$20,000) per mile for a high density property.

(ii) Twelve thousand dollars (\$12,000) per mile for a transitional density property.

(iii) Nine thousand dollars (\$9,000) per mile for a low density property. (B) For purposes of this section, the density classifications described in subparagraph (A) are defined as follows:

(i) "High density" means Category 1 (densely urban) as established by the State Board of Equalization.

(ii) "Transitional density" means Category 2 (urban) as established by the State Board of Equalization.

(iii) "Low density" means Category 3 (valley-agricultural), Category 4 (grazing), and Category 5 (mountain and desert) as established by the State Board of Equalization.

(2) The full cash value is determined utilizing the same property density classifications that were assigned to the property by the State Board of Equalization for the 1984-85 tax year or, if density classifications were not so assigned to the property for the 1984-85 tax year, the density classifications that were first assigned to the property by the board for a subsequent tax year.

(3) (A) If a taxpayer owns multiple pipelines in the same right-of-way, an additional 50 percent of the value attributed to the right-of-way for the presence of the first pipeline, as determined under paragraphs (1) and (2), shall be added for the presence of each additional pipeline up to a maximum of two additional pipelines. For any particular taxpayer, the total valuation for a multiple pipeline right-of-way shall not exceed 200 percent of the value determined for the right-of-way of the first pipeline in the right-of-way in accordance with paragraphs (1) and (2).



(B) If the State Board of Equalization has determined that an intercounty pipeline, located within a multiple pipeline right-of-way previously valued in accordance with subparagraph (A), has been abandoned as a result of physical removal or blockage, the assessed value of the right-of-way attributable to the last pipeline enrolled in accordance with subparagraph (A) shall be reduced by not less than 75 percent of that increase in assessed value that resulted from the application of subparagraph (A).

(4) If all pipelines of a taxpayer located within the same pipeline right-of-way, previously valued in accordance with this section, are determined by the State Board of Equalization to have been abandoned as the result of physical removal or blockage, the assessed value of that right-of-way to that taxpayer shall be determined to be no more than 25 percent of the assessed value otherwise determined for the right-of-way for a single pipeline of that taxpayer pursuant to paragraphs (1) and (2).

(b) If the assessor assigns values for any tax year from the 1984-85 tax year to the 2015-16 tax year, inclusive, in accordance with the methodology specified in subdivision (a), the taxpayer's right to assert any challenge to the right to assess that property, whether in an administrative or judicial proceeding, shall be deemed to have been raised and resolved for that tax year and the values determined in accordance with that methodology shall be rebuttably presumed to be correct. If the assessor assigns values for any tax year from the 1984-85 tax year to the 2015-16 tax year, inclusive, in accordance with the methodology specified in subdivision (a), any pending taxpayer lawsuit that challenges the right to assess the property shall be dismissed by the taxpayer with prejudice as it applies to intercounty pipeline rights-of-way.

(c) Notwithstanding any change in ownership, new construction, or decline in value occurring after March 1, 1975, if the assessor assigns values for rights-of-way for any tax year from the 1984-85 tax year to the 2015-16 tax year, inclusive, in accordance with the methodology specified in subdivision (a), the taxpayer may not challenge the right to assess that property and the values determined in accordance with that methodology shall be rebuttably presumed to be correct for that property for that tax year.

(d) Notwithstanding any change in ownership, new construction, or decline in value occurring after March 1, 1975, if the assessor does not assign values for rights-of-way for any tax year from the 1984-85 tax year to the 2015-16 tax year, inclusive, at the 1975-76 base year values specified in subdivision (a), any assessed value that is determined on the basis of valuation standards that differ, in whole or in part, from those valuation standards set forth in subdivision (a) shall not benefit from any presumption of correctness, and the taxpayer may challenge the right to assess that property or the values for that property for that tax year. As used herein, a challenge to the right to assess shall include any assessment appeal, claim for refund, or lawsuit asserting any right, remedy, or cause of action relating to or arising from, but not limited to, the following or similar contentions:

(1) That the value of the right-of-way is included in the value of the underlying fee or railroad right-of-way.

(2) That assessment of the value of the right-of-way to the owner of the pipeline would result in double assessment.

(3) That the value of the right-of-way may not be assessed to the owner of the pipeline separately from the assessment of the value of the underlying fee.

(e) Notwithstanding any other provision of law, during a four-year period commencing on January 1, 1996, the assessor may issue an escape assessment in accordance with the specific valuation standards set forth in subdivision (a) for the following taxpayers and tax years:

(1) Any intercounty pipeline right-of-way taxpayer who was a plaintiff in *Southern Pacific Pipe Lines, Inc. v. State Board of Equalization* (1993) 14 Cal. App. 4th 42, for the tax years 1984-85 to 1996-97, inclusive.



(2) Any intercounty pipeline right-of-way taxpayer who was not a plaintiff in Southern Pacific Pipe Lines, Inc. v. State Board of Equalization (1993) 14 Cal. App. 4th 42, for the tax years 1989-90 to 1996-97, inclusive.

(f) Any escape assessment levied under subdivision (e) shall not be subject to penalties or interest under the provisions of Section 532. If payment of any taxes due under this section is made within 45 days of demand by the tax collector for payment, the county shall not impose any late payment penalty or interest. Taxes not paid within 45 days of demand by the tax collector shall become delinquent at that time, and the delinquent penalty, redemption penalty, or other collection provisions of this code shall thereafter apply.

(g) If the tax thereon remains unpaid at the time set for the declaration of default for delinquent taxes, the tax together with any penalty and costs as may have accrued thereon while on the secured roll shall be transferred to the unsecured roll.

~~(h)(g)~~ For purposes of this section, "intercounty pipeline right-of-way" means, except as otherwise provided in this subdivision, any interest in publicly or privately owned real property through which or over which an intercounty pipeline is placed. However, "intercounty pipeline right-of-way" does not include any parcel or facility that the State Board of Equalization originally separately assessed using a valuation method other than the multiplication of pipeline length within a subject property by a unit value determined in accordance with the density category of that subject property.

~~(i)(h)~~ This section shall remain in effect only until January 1, 2016, and, as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

401.12. Sections 401.10 and 401.11 do not abrogate, rescind, preclude, or otherwise affect any separate settlement agreement entered into prior to the effective date of those sections between a county and an intercounty pipeline right-of-way taxpayer concerning the subject matter of Sections 401.10 and 401.11. In the event of a conflict between any settlement agreement and the provisions of Sections 401.10 and 401.11, the settlement agreement shall control.

401.13. Notwithstanding any other provision of law, on or after January 1, 1998, the assessor shall determine the assessed value of pipelines and related rights-of-way that are located wholly within the county on the basis of a single, countywide parcel per taxpayer, and, to that end, shall combine the assessed value of each component or segment of those pipelines or rights-of-way. However, the assessor shall maintain a separate base year value for each of these components or segments.

#### **b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:**

Allow delinquent taxes on Inter-county pipelines rights-of-ways to be transferred to the Unsecured Roll for collection enforcement.

#### **2. FISCAL IMPACT OR MANDATED COSTS** (Please list any estimated cost savings or additional costs to county or state agencies which this proposal will mandate through implementation):

None.

#### **3. POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES** (if Yes, please list those departments/agencies AND the concerns which those parties may raise against this proposal):

Auditor-Controller, Assessor, Treasurer.

#### **4. HISTORY OF PRIOR LEGISLATIVE EFFORTS:**



None.

**NAME: Julie Valverde**

**COUNTY: Sacramento**



## PROPOSAL 9

### 1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

- a. Include specific examples that could be used to explain the bill:

This would amend current statutes regarding investment authority.

### 2. RECOMMENDED STATUTORY CHANGE (please note code section):

- a. **SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED** (please use ~~strikethrough~~ to reflect proposed deletions and *italics/underline* to reflect additions to code):

27000.1. Subject to Section 53607, the board of supervisors may, by ordinance, delegate to the county treasurer the authority to invest or reinvest the funds of the county and the funds of other depositors in the county treasury, pursuant to Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5. The county treasurer shall thereafter assume full responsibility for those transactions until the board of supervisors ~~either~~ revokes its delegation of authority, by ordinance, ~~or decides not to renew the annual delegation, as provided in Section 53607.~~ Nothing in this section shall limit the county treasurer's authority pursuant to Section 53635 or 53684.

53607. The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated ~~for a one-year period~~ by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked. ~~or expires, and~~ *The Treasurer* shall make a ~~monthly~~ *quarterly* report of ~~those transactions~~ *all pooled investments* to the legislative body *that conforms with the investment policy statement on file with the legislative body.* Subject to review, the legislative body may *revoke* ~~renew~~ the delegation of authority pursuant to this section *at any time, each year.*

### b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:

27000.1: Makes delegation of authority by the legislative body to the Treasurer permanent unless revoked by the legislative body.

53607: The reference to this statute from 27000.1, makes delegation of authority permanent unless revoked, and changes the monthly reporting requirement by the treasurer of all transactions to a quarterly report of all pooled investments; and requires conformance of those pooled investments to the investment policy statement on file with the legislative body.

### 3. FISCAL IMPACT OR MANDATED COSTS (Please list any estimated cost savings or additional costs to county or state agencies which this proposal will mandate through implementation):

Savings will be recognized by staff time not being obligated to do annual preparation and submission of the delegation of authority agenda item documents to the legislative body for approval. In addition, the legislative body members, and their staff will save time not having to review and approve those documents each year.



**Note:** The changes to 53607 also follows GC 53646 that the treasurer submit a statement of investment policy to the legislative body if changes are made to said policy from the one currently on file with the legislative body.

**4. POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES** (if Yes, please list those departments/agencies AND the concerns which those parties may raise against this proposal):

The current statute's annual affirmative requirement for delegation of authority by the legislative body stems from the Orange County Bankruptcy, so the perception that annual direct oversight for that delegation of authority may still exist. However, considering that a legislative body approved 'Statement of Investment Policy' must be followed by the Treasurer at all times, with quarterly reports showing conformance of pooled investments to that statement of investment policy, that requirement for an annual delegation of authority should therefore be unnecessary.

**5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:**

None of which I am aware from Humboldt. (But in all likelihood there probably has been other legislative efforts before my time)

**NAME: John Bartholomew**

**COUNTY: Humboldt**



## Proposal 10

### 1. BRIEF DESCRIPTION OF PROBLEM:

- a. Include specific examples that could be used to explain the bill:

R & T §2503.2 allows the tax collector to require the taxpayer or their agent to pay their secured and unsecured property taxes by Electronic Funds Transfer under certain conditions. However, the code section has no provision for enforcement. In the decade since this provision was added to the law, tax collectors still receive checks for property taxes due that amount to over \$50,000, despite local requirements to pay by EFT. There are myriad reasons why such denominations should be electronically transferred, fraud prevention and increased staff time to process such sums are two.

### 2. RECOMMEND AMENDMENT OR CHANGE:

Revenue and Taxation Code 2503.2.

*(h) The tax collector for any city, county, or city and county may, in his or her discretion, after notifying the taxpayer, or any paying agent of a taxpayer or taxpayers by certified mail, that the tax payments must be made by electronic funds transfer, and the payment is received in a form other than electronic funds transfer, assess a 5% penalty of the amount paid for non-conforming tender.*

### 3. JUSTIFICATION OR IMPACT OF AMENDMENT OR CHANGE

In Los Angeles County, the proponent of this proposal, the following data has been collected:

- 21,324 tax payers in the County have a tax liability of \$50,000 or more.
- 59% of those taxpayers are not registered as EFT payors with the County.
- 34% do pay with EFT.
- 7% are registered EFT, but still chose to pay with cash.

The benefits of the proposed changes are:

- Requiring large taxpayers to pay by EFT would prevent them from holding up cashiering lines at peak periods for up to five hours, resulting in better service for other taxpayers.
- Full compliance with the EFT mandate will improve the security over the processing of large dollar property tax payments.
- Reduction in Check Fraud that is ever-increasing nationwide, especially in large dollar transactions.
- Reduction of the cost of processing property tax payments.
- Arms the tax collector who chooses to enforce his/her mandates with an effective tool to encourage compliance by the recalcitrant taxpayers or their agents.
- There is no cost to the counties or the State of California if the recommended changes are made.
- Enforcement is left up to the individual tax collector.
- EFT is more widely accepted and utilized in the business world today than it was in 1992 when the legislation was passed allowing the tax collector to mandate EFT.

**NAME: Mark Saladino**

**COUNTY: Los Angeles County**



## Proposal 11

### 1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

- a. Include specific examples that could be used to explain the bill:

Revenue and Taxation Code Sections 75 to 75.80 govern supplemental assessments. There is inconsistent language between sections within the code regarding refunds for supplemental assessments that are a negative amount.

Section 75.31 (e) states the auditor shall make a refund of a portion of taxes paid on assessments made on the current roll, or the roll being prepared, or both.

Section 75.43 (c) limits the amount of the refund to the taxes paid that exceed the taxes based upon the new base year value on the current roll or roll being prepared.

Section 75.31 (e) is consistent with Section 75.43 (c) since the base year value is on the current roll or roll being prepared.

Section 75.43 (a) states that the refund shall be made from taxes collected (read as paid) on the supplemental roll. This can be contradictory since the supplemental assessment that is a negative amount may not have any taxes paid on the supplemental roll, while there will be taxes paid on the current roll.

Section 75.43 (a) is also inconsistent in requiring a refund to be made within 90 days of the enrollment of the negative assessment on the supplemental roll regardless of whether any taxes had been paid. This could be interpreted to require a refund before taxes on the current roll have been paid.

The inconsistency in the codes create confusion in the implementation of these code sections.

### 2. RECOMMENDED STATUTORY CHANGE (please note code section):

- a. **SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED** (please use strikethrough to reflect proposed deletions and italics/underline to reflect additions to code):

**75.31.** (a) Whenever the assessor has determined a new base year value as provided in Section **75.10**, the assessor shall send a notice to the assessee showing the following:

(1) The new base year value of the property that has changed ownership, or the new base year value of the completed new construction that shall be added to the existing taxable value of the remainder of the property.

(2) The taxable value appearing on the current roll, and if the change in ownership or completion of new construction occurred between January 1 and May 31, the taxable value on the roll being prepared.

(3) The date of the change in ownership or completion of new construction.

(4) The amount of the supplemental assessments.

(5) The exempt amount, if any, on the current roll or the roll being prepared.

(6) The date the notice was mailed.

(7) A statement that the supplemental assessment was determined in accordance with Article XIII A of the California Constitution that generally requires reappraisal of property whenever a change in ownership occurs or property is newly constructed.





(8) Any other information which the board may prescribe. (b) In addition to the information specified in subdivision (a), the notice shall inform the assessee of the procedure for filing a claim for exemption that is to be filed within 30 days of the date of the notice.

(c) (1) The notice shall advise the assessee of the right to an informal review and the right to appeal the supplemental assessment, and, unless subject to paragraph (2) or (3), that the appeal shall be filed within 60 days of the date of mailing printed on the notice or the postmark date therefor, whichever is later. For the purposes of equalization proceedings, the supplemental assessment shall be considered an assessment made outside of the regular assessment period as provided in Section 1605.

(2) For counties in which the board of supervisors has adopted the provisions of subdivision (c) of Section 1605, and the County of Los Angeles, the notice shall advise the assessee of the right to appeal the supplemental assessment, and that the appeal shall, except as provided in paragraph (3), be filed within 60 days of the date of mailing printed on the tax bill or the postmark date therefor, whichever is later. For the purposes of equalization proceedings, the supplemental assessment shall be considered an assessment made outside of the regular assessment period as provided in Section 1605.

(3) (A) If the taxpayer does not receive a notice in accordance with paragraph (1) at least 15 days prior to the deadline to file the application described in Section 1603, the affected party or his or her agent may file an application within 60 days of the date of mailing printed on the tax bill or the postmark thereof, whichever is later, along with an affidavit declaring under penalty of perjury that the notice was not timely received.

(B) Notwithstanding any other provision of this subdivision, an application for reduction in a supplemental assessment may be filed within 12 months following the month in which the assessee is notified of that assessment, if the affected party or his or her agent and the assessor stipulate that there is an error in assessment as the result of the exercise of the assessor's judgment in determining the full cash value of the property and a written stipulation as to the full cash value and the assessed value is filed in accordance with Section 1607.

(d) The notice shall advise the assessee of both of the following:

(1) The requirements, procedures, and deadlines with respect to an application for the reduction of a base year value pursuant to Section 80, or the reduction of an assessment pursuant to Section 1603.

(2) The criteria under Section 51 for the determination of taxable value, and the requirement of Section 1602 that the custodial officer of the local roll make the roll, or a copy thereof, available for inspection by all interested parties during regular office hours.

(e) The notice shall advise the assessee that if the supplemental assessment is a negative amount the auditor shall make a refund of a portion of taxes paid on assessments made on the current roll, or the roll being prepared, or both.

(f) The notice shall be furnished by the assessor to the assessee by regular United States mail directed to the assessee at the assessee's latest address known to the assessor. The assessor may choose to accept a written request from the assessee to provide the information by electronic mail in lieu of by regular United States mail.

(g) The notice given by the assessor under this section shall be on a form approved by the State Board of Equalization.

**75.43.** (a) If a refund is due the assessee, and the assessee has paid taxes on the current roll, the roll being prepared, or both, the auditor shall make the refund within 90 days of the date of enrollment of the negative assessment on the supplemental roll. If a refund is due the assessee, and the assessee has not paid taxes on the current roll, the roll being prepared, or both, the auditor shall make the refund within 30 days from the date the assessee submits payment for taxes. ~~Refunds shall be made from taxes collected on assessments made on the supplemental roll.~~



(b) If the refund is not made as provided in subdivision (a), interest shall be paid at a rate provided by Section 5151 and shall commence computed from a date 30 days after the date of enrollment of the negative assessment or 30 days after the date the payment was made, whichever is later to the date the refund is mailed when the interest is ten dollars (\$10) or more on amounts refunded under Section 5096.

(c) Refunds made under this chapter shall be limited to the amount by which the tax, penalty, or interest paid exceeds the amount of tax, penalty, or interest which is lawfully due and owing based upon the new base year value.

**5151.** (a) Interest at the greater of 3 percent per annum or the county pool apportioned rate shall be paid, when that interest is ten dollars (\$10) or more, on any amount refunded under Section 5096.7, or refunded to a taxpayer for any reason whatsoever. However, no interest shall be paid under the provisions of this section if the taxpayer has been given the notice required by Section 2635 and has failed to apply for the refund within 30 days after the mailing of that notice. For purposes of this section, "county pool apportioned rate" means the annualized rate of interest earned on the total amount of pooled idle funds from all accounts held by the county treasurer, in excess of the county treasurer's administrative costs with respect to that amount, as of June 30 of the fiscal year preceding the date the refund is calculated by the auditor. For each fiscal year, the county treasurer shall advise the Controller of the county pool apportioned rate, and of computations made in deriving that rate, no later than 60 days after the end of that fiscal year. Any interest paid on a refund at a rate provided for by this subdivision as it read prior to January 1, 2009, shall be deemed to be correct.

(b) The interest rate provided for in subdivision (a) does not apply to interest on refunds of those amounts of tax that became due and payable before March 1, 1993. Interest on refunds of amounts of a qualified tax shall be paid at that rate provided for by this section as it read prior to January 1, 1993. As used in this section, a "qualified tax" means a tax that became due and payable before March 1, 1993, and had not been refunded as of April 6, 1995. This subdivision shall not be construed to affect the interest paid on refunds of those amounts of tax that became due and payable before March 1, 1993, and have been refunded as of April 6, 1995.

(c) (1) The interest computation period shall commence with the date of payment of the tax when any of the following applies:

(A) A timely application for reduction in an assessment was filed, without regard to whether the refund ultimately results from a judgment or order of a court, an order of a board of equalization or assessment appeals board, or an assessor's correction to the assessment roll.

(B) The refund is pursuant to a roll correction resulting from the determination or adjustment by the assessor or a local assessment appeals board of a base year value.

(C) The refund results from a correction to the assessment roll pursuant to Section 4831 or 4876.

(2) Interest on refunds of taxes on property acquired by a public agency in eminent domain shall accrue from the date of recordation of the deed.

(3) In all other cases the interest computation period shall commence on the date of filing a claim for refund or payment of the tax, whichever is later. However, in the event of the granting of property tax relief pursuant to Section 69, 69.3, or 170, interest is not payable on any resulting refund of taxes, provided that payment of that refund of taxes is made within 120 days after the county assessor has sent authorization for the reduction to the county auditor.

(d) The computation of interest shall terminate as of a date within 30 days of the date of mailing or personal delivery of the refund payment.

(e) The interest charged shall be apportioned to the appropriate funds, as determined by the county auditor.



(f) The amendments made to this section by Section 4 of Chapter 801 of the Statutes of 1996 shall apply to all refunds made after January 1, 1997.

**b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:**

Bring the various code sections governing the refunds for a supplemental assessment that is a negative amount into alignment. Negative supplemental assessments shall be refunded from the taxes paid on the supplemental roll, current roll, or the roll being prepared.

**3. FISCAL IMPACT OR MANDATED COSTS** (Please list any estimated cost savings or additional costs to county or state agencies which this proposal will mandate through implementation):

None.

**4. POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES** (if Yes, please list those departments/agencies AND the concerns which those parties may raise against this proposal):

Auditor-Controller, Assessor, Treasurer.

**5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:**

None.

**NAME:** Julie Valverde

**COUNTY:** Sacramento



## PROPOSAL 12

### 1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

- a. Include specific examples that could be used to explain the bill:

Add to California Commercial Code Section on Bulk Sales the ability to charge for a fee to cover costs in preparing a Bulk Sale payoff demand.

### 2. RECOMMENDED STATUTORY CHANGE (please note code section):

- a. **SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED** (please use ~~strikethrough~~ to reflect proposed deletions and italics/underline to reflect additions to code):

**6105.** In order to comply with subdivision (b) of Section 6104 each of the following shall be satisfied:

- (a) The notice shall comply with each of the following:

- (1) State that a bulk sale is about to be made.  
(2) State the name and business address of the seller together with any other business name and address listed by the seller (subdivision (a) of Section 6104) and the name and business address of the buyer.  
(3) State the location and general description of the assets.  
(4) State the place and the anticipated date of the bulk sale.  
(5) State whether or not the bulk sale is subject to Section 6106.2 and, if so subject, the matters required by subdivision (f) of Section 6106.2.

- (b) At least 12 business days before the date of the bulk sale, the notice shall be:

- (1) Recorded in the office of the county recorder in the county or counties in this state in which the tangible assets are located and, if different, in the county in which the seller is located (paragraph (2) of subdivision (a) of Section 6103).  
(2) Published at least once in a newspaper of general circulation published in the judicial district in this state in which the tangible assets are located and in the judicial district, if different, in which the seller is located (paragraph (2) of subdivision (a) of Section 6103), if in either case there is one, and if there is none, then in a newspaper of general circulation in the county in which the judicial district is located.  
(3) Delivered or sent by registered or certified mail to the county tax collector in the county or counties in this state in which the tangible assets are located. If delivered during the period from January 1 to May 7, inclusive, the notice shall be accompanied by a completed business property statement with respect to property involved in the bulk sale pursuant to Section 441 of the Revenue and Taxation Code.

If the tangible assets are located in more than one judicial district in this state, the publication required in paragraph (2) shall be in a newspaper of general circulation published in the judicial district in this state in which a greater portion of the tangible assets are located, on the date the notice is published, than in any other judicial district in this state and, if different, in the judicial district in which the seller is located (paragraph (2) of subdivision (a) of Section 6103). As used in this subdivision, "business day" means any day other than a Saturday, Sunday, or day observed as a holiday by the state government. *The assessor, tax collector, and auditor may charge and collect a fee to cover the actual and reasonable costs for the research and preparation of an estimate of the taxes due when a buyer in a bulk transfer provides notice of the sale. The amount of the fee shall be established by the board of supervisors of the county and shall be subject to the requirements of Chapter 12.5 (commencing with Section 54985) of Part 1 of Division 2 of Title 5 of the Government Code.*



**b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:**

The County expends additional labor hours to prepare demands for payoff on Bulk Sales. The County may charge for preparing a payoff demand on delinquent unsecured charges, but not future charges that must be estimated.

**3. FISCAL IMPACT OR MANDATED COSTS** (Please list any estimated cost savings or additional costs to county or state agencies which this proposal will mandate through implementation):

No additional costs.

**4. POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES** (if Yes, please list those departments/agencies AND the concerns which those parties may raise against this proposal):

None.

**5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:**

None.

**NAME: Julie Valverde**

**COUNTY: Sacramento**



## Proposal 13

### 1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

- a. Include specific examples that could be used to explain the bill:

Modify Revenue and Taxation Code Section 19511.1 and 19511.5 to include counties and city, county, or city and county and county to participate in a reciprocal agreement with the Franchise Tax Board.

### 2. RECOMMENDED STATUTORY CHANGE (please note code section):

- a. **SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED** (please use ~~strikethrough~~ to reflect proposed deletions and *italics/underline* to reflect additions to code):

19511.1. (a) (1) The Franchise Tax Board may permit the tax officials of any city, county, or city and county to enter into a reciprocal agreement with the Franchise Tax Board to obtain tax information from the Franchise Tax Board, as specified in subdivision (b).

(2) For purposes of this section, "reciprocal agreement" means a formal agreement to exchange information for tax administration purposes between tax officials of a city, county, or city and county and the Franchise Tax Board.

(b) The information furnished to tax officials of a city, county, or city and county under this section shall be limited as follows:

(1) The tax officials of a city, county, or city and county are authorized to receive information only with respect to taxpayers with an address as reflected on the Franchise Tax Board's records within the jurisdictional boundaries of the city, county, or city and county who report income from a trade or business to the Franchise Tax Board.

(2) The tax information that may be provided by the Franchise Tax Board to a city, county, or city and county is limited to a taxpayer's name, address, social security or taxpayer identification number, and business activity code.

(3) Tax information provided to the taxing authority of a city, county, or city and county may not be furnished to, or used by, any person other than an employee of that taxing authority and shall be utilized in a form and manner to safeguard the tax information as required by the Franchise Tax Board, including, but not limited to:

(A) The completion of a data exchange security questionnaire provided by the Franchise Tax Board prior to approval of a data exchange by the Franchise Tax Board.

(B) The tax official of a city, county, or city and county shall allow for an onsite safeguard review conducted by the Franchise Tax Board.

(C) The completion of disclosure training provided by the Franchise Tax Board and a confidentiality statement signed by all employees with access to information provided by the Franchise Tax Board confirming the requirement of data security with respect to that information and acknowledging awareness of penalties for unauthorized access or disclosure under Sections 19542 and 19552 of this code and Section 502 of the Penal Code.

(D) The tax official of a city, county, or city and county shall notify the Franchise Tax Board within 24 hours upon discovery of any incident of unauthorized or suspected unauthorized access or disclosure of the tax information and provide a detailed report of the incident and the parties involved.



(E) All records received by the tax officials of a city, county, or city and county shall be destroyed in a manner to make them unusable or unreadable so an individual record may no longer be ascertained in a timeframe specified by the Franchise Tax Board.

(4) The information provided to the tax officials of the city, county, or city and county by the Franchise Tax Board under this section is subject to Section 19542, and may not be used for any purpose other than the city, county, or city and county's tax enforcement, or as otherwise authorized by state or federal law.

(5) Section 19542.1 applies to this section.

(c) The Franchise Tax Board may not provide any information pursuant to this section until all of the following have occurred:

(1) An agreement has been executed between a city, county, or city and county and the Franchise Tax Board, that provides that an amount equal to all first year costs necessary to furnish the city, county, or city and county information pursuant to this section shall be received by the Franchise Tax Board before the Franchise Tax Board incurs any costs associated with the activity permitted by this section. For purposes of this section, first year costs include costs associated with, but not limited to, the purchasing of equipment, the development of processes, and labor.

(2) An agreement has been executed between a city, county, or city and county and the Franchise Tax Board, that provides that the annual costs incurred by the Franchise Tax Board, as a result of the activity permitted by this section, shall be reimbursed by the city, county, or city and county to the Franchise Tax Board.

(3) Pursuant to the agreement described in paragraph (1), the Franchise Tax Board has received an amount equal to the first year costs.

(d) Any information, other than the type of tax information specified in subdivision (b), may be requested by the tax officials of a city, county, or city and county from the Franchise Tax Board by affidavit. At the time a tax official makes the request, he or she shall provide the person whose information is the subject of the request, with a copy of the affidavit and, upon request, make the information obtained available to that person.

(e) This section does not invalidate any other law. This section does not preclude any city, county, or city and county or county from obtaining information about individual taxpayers, including those taxpayers not subject to this section, by any other means permitted by state or federal law.

(f) Nothing in this section shall be construed to affect any obligations, rights, or remedies regarding personal information provided under state or federal law.

(g) Notwithstanding subdivision (c), the Franchise Tax Board shall waive a city, county, or city and county's reimbursement of the Franchise Tax Board's cost if a city, county, or city and county enters into a reciprocal agreement as defined in paragraph (2) of subdivision (a). The reciprocal agreement shall specify that each party shall bear its own costs to furnish the data involved in the exchange authorized by this section and Section 19551.5, and a city, county, or city and county shall be precluded from obtaining reimbursement as specified under Section 5 of the act adding this subdivision.

(h) This section shall remain in effect only until January 1, 2019, and as of that date, is repealed.

SEC. 4. Section 19551.5 of the Revenue and Taxation Code is amended to read:

19551.5. (a) Notwithstanding any other law, each city, county, or city and county that assesses a city, county, or city and county business tax or requires a city, county, or city and county business license shall, upon the request of the Franchise Tax Board, annually submit to the Franchise Tax Board the information that is collected in the course



of administration of the city, county, or city and county's business tax program, as described in subdivision (b).

(b) Information, collected in the course of administration of the city, county, or city and county's business tax or license program, shall be limited to the following:

(1) Name of the business, if the business is a corporation, partnership, or limited liability company, or the owner's name if the business is a sole proprietorship.

(2) Business mailing address.

(3) Federal employer identification number, if applicable, or the business owner's social security number, if known.

(4) Standard Industrial Classification (SIC) Code or North American Industry Classification System (NAICS) Code.

(5) Business start date.

(6) Business cease date.

(7) City, county, or city and county account or license number.

(8) Ownership type.

(c) The reports required under this section shall be filed on magnetic media such as tapes or compact discs, through a secure electronic process, or in other machine-readable form, according to standards prescribed by regulations promulgated by the Franchise Tax Board.

(d) Cities that receive a request from the Franchise Tax Board shall begin providing to the Franchise Tax Board the information required by this section as soon as economically feasible, but no later than December 31, 2009. The information shall be furnished annually at a time and in the form that the Franchise Tax Board may prescribe by regulation.

(e) The city, county, or city and county data provided to the Franchise Tax Board under this section is subject to Section 19542, and may not be used for any purpose other than state tax enforcement or as otherwise authorized by law.

(f) If a city, county, or city and county enters into a reciprocal agreement with the Franchise Tax Board pursuant to subdivision (a) of Section 19551.1, the city, county, or city and county shall also waive reimbursement for costs incurred to provide information required under this section and shall be precluded from obtaining reimbursement as specified under Section 5 of Chapter 345 of the Statutes of 2008. The reciprocal agreement shall specify that each party shall bear its own costs to furnish the data involved in the exchange authorized by Section 19551.1 and this section, and the Franchise Tax Board shall be precluded from obtaining reimbursement as specified under subdivision (c) of Section 19551.1.

(g) A city, county, or city and county shall not be required to provide information to the Franchise Tax Board pursuant to this section if the Franchise Tax Board fails to provide tax information to the city, county, or city and county pursuant to a reciprocal agreement entered into pursuant to subdivision (a) of Section 19551.1 for reasons other than concerns related to confidentiality of tax information provided to the city, county, or city and county.

(h) This section shall remain in effect only until January 1, 2019, and as of that date, is repealed.

## **b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:**

If amended, code sections 19551.1 and 19551.5 will allow reciprocal agreements between the Franchise Tax Board and a county or city and county.





**3. FISCAL IMPACT OR MANDATED COSTS** (Please list any estimated cost savings or additional costs to county or state agencies which this proposal will mandate through implementation):

No additional costs.

**4. POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES** (if Yes, please list those departments/agencies AND the concerns which those parties may raise against this proposal):

None.

**5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:**

*Attach additional sheets, if necessary*

**NAME: Julie Valverde**

**COUNTY: Sacramento**

