The California Association of County Treasurers and Tax Collectors

2017 Legislative Platform

Adopted
October 13, 2016

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.

This platform has been prepared by the California Association of County Treasurers and Tax Collectors, in coordination with:

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2017 Legislative Priorities

The members of CACTTC have prioritized their legislative platform in such a manner that it reflects first those matters of pressing, statewide concern (Level 1 Priorities) and other proposals of statewide interest that are important, but do not require immediate legislative action (Level 2 Priorities).

Proposal Summaries

Level 1 Priorities

Priority 1-1: The changes would require specific information be included in school bond elections regarding proposed projects, and the school or college campus being impacted, based on support documentation such as plans and cost estimates. (San Mateo County).

Priority 1-2: These proposed changes will build upon reforms approved in 2016. (Placer and Merced Counties) PLACEHOLDER while final version is being crafted.

Priority 1-3: This proposed legislative change would give the County Treasurer and Tax Collectors the flexibility to post Revenue and Taxation Code required notices on their website as an option, as opposed to requiring newspaper publication. (Kern County).

Proposal 1-4: The proposal would specifically add internet tax sale language into the current code, and the reference to commencement and conclusion of the tax sale after the final right of redemption, in order to clear up any confusion about the application of the law. (Merced County).

Level 2 Priorities

Priority 2-1: The proposed changes would update the statute to capture more types of electronic payments in the definitions, and will also give TTCs the discretion to implement policies and procedures requiring the payment of property taxes through an electronic payment process. (San Diego County).

Priority 2-2: The proposal will allow County Tax Collectors to elect to collect local cannabis taxes on the tax roll. (Humboldt County).

Priority 2-3: Certain property owners, on a habitual basis, do not pay their property taxes, allow them to go Power to Sell, be put into a tax sale, and then buy them back once the minimum bid is reduced far below the taxes that are owed. This proposal would stop that practice by making it illegal to buy back your own property at tax sale at a reduced price below the minimum bid. (Kern County).

Priority 2-4: Government Code Section 53646 provides that a treasurer may render a quarterly report to the board of supervisors and if remitted it shall be submitted within 30 day following the end of a quarter. Accounting and investment systems can take up to 10 business days to post quarter end entries and the board is sometimes dark at the end of the month. The proposal adds 15 days to this deadline. (Monterey County).

Priority 2-5: The proposal will add language into the current code to affirm the required notifications to property owners of tax defaulted properties are not in violation of the automatic stay when a property owner files for bankruptcy. Also, provide due process by notifying property tax owners of tax defaulted status that are also in bankruptcy. (Merced County).

Level One Priorities

Proposal 1-1: School Bond Measures – Increased Specificity

1. **PLEASE PROVIDE A BRIEF DESCRIPTION OF THE PROBLEM AND THE PROPOSED SOLUTION:**
Ed Code Section 15100 is silent on project specificity when submitting a bond measure for voter approval. As a result, bonds are approved based on template descriptions and once approved, alternate projects are funded unbeknownst to the voters who approved the measure and the taxpayers who pay for the bond. The proposed changes would generate a much-needed level of transparency to the voters and places accountability on the district to ensure that the projects with respective costs indicated, for which they are requesting taxpayer funding are implemented, not bypassed by a more preferred project.

2. **WHAT IS THE SPECIFIC RECOMMENDED STATUTORY CHANGE YOU ARE PROPOSING?**
To Ed Code Section 15100: Add to the first sentence: ..submit to the electors of the district the question whether the bonds of the district shall be issued and sold for the purpose of raising money for the following purposes **when supported by initial draft work orders and/or cost estimates:** (a)…..

   Add to the last line after (j): Any one or more of the purposes enumerated , except that of refunding any outstanding valid indebtedness of the district evidenced by bonds, **specifying the planned project and the named school or college campus,** may, by order of the governing board entered in its minutes, be united and voted upon as one single proposition.

3. **WHAT IS THE GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO** (IN LAYMAN'S TERMS?)
The changes will provide a much-needed level of transparency to the voters and taxpayers which will assist them in determining whether or not to support a bond ballot measure. The changes would provide specifics on the proposed projects and the school or college campus being impacted based on support documentation such as plans and cost estimates. Taxpayers would be assured that when approving a bond measure, the actual projects planned will be implemented as opposed to districts making a determination after bonds are approved as to which projects they would prefer to implement without the knowledge of the taxpayers

4. **HOW MANY COUNTIES HAVE BEEN IMPACTED BY THIS PROBLEM? WHICH COUNTIES?**
The majority of the 58 counties

5. **HAS YOUR COUNTY BEEN HARMED FINANCIALLY BY THE CURRENT LAW? IF SO, HOW MUCH AND BY WHOM? PLEASE INCLUDE SPECIFIC EXAMPLES.**
In the majority of the counties, it is not the county but the taxpayers that have been financially harmed in that they are asked to vote for a blanket bonds measure that includes

all possible projects approved by code but not providing specifics as to which actual projects will be implemented and where.

6. **WHICH STATE AGENCIES WOULD BE IMPACTED IF THE LAW WERE TO CHANGE?**
   Schools and Community College Districts in that they would need to be more transparent in their process for requesting school bond funding.

7. **IS THIS PROPOSAL LIKELY TO ENGENDER OPPOSITION FROM ANYONE? WHO? WHY?**
   Schools and Community College Districts who prefer to have the flexibility and freedom to request funding and make their own determinations afterwards as to how to spend those funds. On several occasions on projects of which the taxpayers were unaware. See Op Ed example.

8. **HAS THIS BILL BEEN TRIED BEFORE?**
   We do not believe so.

9. **WHAT ARE THREE REASONS WHY A LEGISLATOR SHOULD CARRY THIS BILL? (HOW DOES IT MAKE THE LAW BETTER / MORE JUST /MORE EFFICIENT FOR COUNTIES AND TAXPAYERS?)**
   - This change will hopefully put an end to school bond deception. This change is fair to the taxpayers as it provides transparency and spells out for what purpose their hard-earned taxpayer dollars will used. It will provide required detail and support justification for requesting issuance of a bond.
   - This change makes the district accountable for ensuring bond funds are truly used for the project(s) presented to voters for approval.
   - This change dis-allows districts to request bond funds without a valid draft plan and cost estimate ensuring proceeds requested are in line with planned projects and that those proceeds are not used for projects not clearly specified in the bond measure.

Proposal 1-2

PLACEHOLDER FOR PACE

Proposal 1-3: Publishing Modernization

1. **PLEASE PROVIDE A BRIEF DESCRIPTION OF THE PROBLEM AND THE PROPOSED SOLUTION:**
   The current law requires published notices to be in the newspapers or three public places in each township within a County. Allowing the notice information to be provided online has the potential to increase access to information because anyone with access to the internet can access this information, not just those people that read the local newspaper or frequent public posting areas in public places. Additionally, the information would be available during the entire publication period as opposed to one day of each week of the publication period. The integrity of the notice requirement will not be compromised because the preamble with the required information will still be published in the newspaper. Because the preamble is usually significantly smaller than the full notice with the required list of information, a significant cost savings to the taxpayers would be generated.

2. **WHAT IS THE SPECIFIC RECOMMENDED STATUTORY CHANGE YOU ARE PROPOSING?**
   Add Section 36.5 to the Revenue and Taxation Code as follows:

   <u>Upon resolution by the Board of Supervisors, any notice which is required by this code to be published by the tax collector in any newspaper may instead be posted to the tax collector's regularly maintained website. The tax collector shall publish in the newspaper required by this code or Government Code Section 6063, a shortened publication which shall include the required preamble information and shall state that the full notice is available at the tax collector's website and provide both the general website address for the tax collector and the specific internet website address at which the notice may be viewed. The shortened publication shall also include information as to the location of public access computer terminals upon which the notice may be viewed. The full publication shall be available on the tax collector's website for at least the amount of time established in each publication requirement but may be available for a longer period of time. Proof of publication for this notice method shall consist of a printout of the full notice from the tax collector's website with an electronic time stamp during each week that the publication is required.</u>

3. **WHAT IS THE GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO** (IN LAYMAN'S TERMS?)
   This proposed legislative change would give the County Treasurer and Tax Collectors the flexibility to post Revenue and Taxation Code required notices on their website as an option.

4. **HOW MANY COUNTIES HAVE BEEN IMPACTED BY THIS PROBLEM? WHICH COUNTIES?**
   All counties are impacted by this issue because all counties are required to follow the publication requirements in the R&T Code.

5. HAS YOUR COUNTY BEEN HARMED FINANCIALLY BY THE CURRENT LAW? IF SO, HOW MUCH AND BY WHOM? PLEASE INCLUDE SPECIFIC EXAMPLES.

The existing publication requirements for Kern County have a direct financial impact of approximately $105,000 in the current fiscal year. This is the direct expense of paying newspapers for the various required publications. It is estimated that Kern County would save approximately $90,000 a year as a result of this legislative change. Additionally, there is staff time that would be saved associated with working with the newspapers on proofs and authorizations.

6. WHICH STATE AGENCIES WOULD BE IMPACTED IF THE LAW WERE TO CHANGE?

None. In fact, State agencies are already afforded this flexibility with respect to State unclaimed monies and possibly other activities.

7. IS THIS PROPOSAL LIKELY TO ENGENDER OPPOSITION FROM ANYONE? WHO? WHY?

The newspaper lobby will likely oppose this because they receive revenue from the required publications.

8. HAS THIS BILL BEEN TRIED BEFORE?

Yes. This legislative proposal was included in the 2010 CACTTC legislative platform but did not find an author due to opposition from the newspaper lobby.

9. WHAT ARE THREE REASONS WHY A LEGISLATOR SHOULD CARRY THIS BILL? (HOW DOES IT MAKE THE LAW BETTER / MORE JUST /MORE EFFICIENT FOR COUNTIES AND TAXPAYERS?)

- Saves Treasurer-Tax Collectors money and therefore saves taxpayer money.
- Does not reduce integrity of notice requirement because the notice preamble will still be in the paper.
- Increases access to information because anyone with access to a computer can view the list, not just those people that get the paper.
- Allows the public to search for relevant information at any time during the entire publication period as opposed to one day of each week of the publication period, potentially increasing the amount of time that the information is available to the public at a reduced cost to the taxpayer.

1-4: Clarifying Auction Commencement Time and Duration

1. **PLEASE PROVIDE A BRIEF DESCRIPTION OF THE PROBLEM AND THE PROPOSED SOLUTION:**
   Taxpayers who have lost their right of redemption have no rights to their property; therefore any bankruptcy proceeding filed after the final right of redemption has no legal authority and the automatic stay has not been violated during the tax auction period. In addition, with the advent of internet tax sales, impacted taxpayers have also sought relief from the final redemption deadline because the multi-day internet tax sale has not concluded. The legal cost to defend the county tax collector mandated authority has escalated. The addition language would protect the tax collector and County from unjustified legal actions.

2. **WHAT IS THE SPECIFIC RECOMMENDED STATUTORY CHANGE YOU ARE PROPOSING?**
   REVENUE AND TAXATION CODE - RTC 3707.

   (a) (1) The right of redemption terminates at **5 p.m. or** the close of business on the last business day prior to the date of the **publicly held or internet tax** sale.

   (2) The commencement of the tax sale constitutes the actual sale date regardless of the time each parcel is offered within the tax sale prior to the auction conclusion.

   (3) The taxpayer loses all rights during the auction period for failure to redeem the property by the final redemption date.

   ~~(2)~~ **(4)** If the tax collector approves a sale as a credit transaction and does not receive full payment on or before the date upon which the tax collector requires pursuant to Section 3693.1, the right of redemption is revived on the next business day following that date.

   (b) Notwithstanding any other provision of law, any remittance sent by mail for redemption of tax-defaulted property must be received in the tax collector's office prior to the time established in paragraph (1) of subdivision (a).

   (c) The sale shall be deemed complete when full payment has been received by the tax collector.

   (d) The right of redemption revives if the property is not sold.

3. **WHAT IS THE GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO** (IN LAYMAN'S TERMS?)
   Specifically add internet tax sale language into the current code and the reference to commencement and conclusion of the tax sale after the final right of redemption.

4. **HOW MANY COUNTIES HAVE BEEN IMPACTED BY THIS PROBLEM?** Unknown
   WHICH COUNTIES? Los Angeles, Imperial, Merced
5. **HAS YOUR COUNTY BEEN HARMED FINANCIALLY BY THE CURRENT LAW?** Yes
   IF SO, HOW MUCH AND BY WHOM? PLEASE INCLUDE SPECIFIC EXAMPLES. Legal costs associated with affirming the R&T 3707 Right of Redemption provision.

6. **WHICH STATE AGENCIES WOULD BE IMPACTED IF THE LAW WERE TO CHANGE?** None

7. **IS THIS PROPOSAL LIKELY TO ENGENDER OPPOSITION FROM ANYONE?** None to knowledge **WHO?** N/A **WHY?** N/A

8. **HAS THIS BILL BEEN TRIED BEFORE?** Unknown

9. **WHAT ARE THREE REASONS WHY A LEGISLATOR SHOULD CARRY THIS BILL? (HOW DOES IT MAKE THE LAW BETTER / MORE JUST /MORE EFFICIENT FOR COUNTIES AND TAXPAYERS?)**
   - Explicitly includes the reference to internet tax sale and multi-day tax sale periods.
   - Reduces future legal costs due to these taxpayer challenges.
   - Provides more clarity in the current code section.

LEVEL TWO PRIORITIES

Proposal 2-1: Improving Payment Methods to Reflect Changes in Technology

1. **PLEASE PROVIDE A BRIEF DESCRIPTION OF THE PROBLEM AND THE PROPOSED SOLUTION:**
Advances in technology have generated significant increases in electronic commerce. With electronic commerce, governments are able to achieve greater efficiencies and provide new services and conveniences to meet the demands of consumers. These advances can be realized as more tax payments are made through electronic means. Accordingly, changes to Revenue & Taxation Code sections 2503.1 and 2503.2 will give TTCs the discretion to adopt and implement payment procedures that will increase property tax payments made via electronic means.

2. **WHAT IS THE SPECIFIC RECOMMENDED STATUTORY CHANGE YOU ARE PROPOSING? The recommended statutory changes are as follows:**
2503.1. As used in this division, "electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, or computer or magnetic tape so as to order, instruct, or authorize a financial institution to credit or debit an account. <u>"Electronic payment process" means any transfer of funds which is initiated through an on-line, web-based or electronic system.</u>

2503.2. (a) The tax collector for any city, county, or city and county may, in his or her discretion, accept electronic funds transfers in payment for a purchase at a tax sale, of any tax, assessment, or on a redemption.
(b) The tax collector for any city, county, or city and county may, in his or her discretion, require any taxpayer, or any paying agent of a taxpayer or taxpayers, ~~who makes an aggregate payment of fifty thousand dollars ($50,000) or more on the two most recent regular installments on the secured roll or on the one installment of the most recent unsecured tax roll,~~ to make ~~subsequent~~ payments ~~by~~ <u>through an</u> electronic <u>payment process</u> ~~funds transfer~~.

3. **WHAT IS THE GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO** (IN LAYMAN'S TERMS?)
The proposed changes will give TTCs the discretion to implement policies and procedures requiring the payment of property taxes through an electronic payment process. More electronic payments would result in Counties receiving funds sooner; improvements in customer service through the re-allocation of resources; and greater operational efficiencies.

4. **HOW MANY COUNTIES HAVE BEEN IMPACTED BY THIS PROBLEM? WHICH COUNTIES?**
Most, if not all, TTCs currently accept tax payments electronically. The recommended statutory change would not require any TTC to change its current procedures. Rather, the

change would simply provide each TTC with the discretion to develop and implement procedures to increase the collection of tax payments through an electronic payment process.

5. **HAS YOUR COUNTY BEEN HARMED FINANCIALLY BY THE CURRENT LAW? IF SO, HOW MUCH AND BY WHOM? PLEASE INCLUDE SPECIFIC EXAMPLES.** No.

6. **WHICH STATE AGENCIES WOULD BE IMPACTED IF THE LAW WERE TO CHANGE?** None.

7. **IS THIS PROPOSAL LIKELY TO ENGENDER OPPOSITION FROM ANYONE? WHO? WHY?** No opposition is anticipated.

8. **HAS THIS BILL BEEN TRIED BEFORE?** No.

9. **WHAT ARE THREE REASONS WHY A LEGISLATOR SHOULD CARRY THIS BILL? (HOW DOES IT MAKE THE LAW BETTER / MORE JUST /MORE EFFICIENT FOR COUNTIES AND TAXPAYERS?)**
   - Advances in technology have generated significant increases in electronic commerce. With electronic commerce, governments are able to achieve greater efficiencies and provide new services and conveniences to meet the demands of consumers.
   - These advances can be realized as more tax payments are made through electronic means.

Proposal 2-2: Tax Role Collection of Local Cannabis Taxes

1. **PLEASE PROVIDE A BRIEF DESCRIPTION OF THE PROBLEM AND THE PROPOSED SOLUTION:**
The problem is that Humboldt County will soon have authority to collect excise taxes from cannabis cultivators but not a good (assured) way to collect those taxes. The solution would be permissive authority to include cannabis taxes on the secured tax roll.

2. **WHAT IS THE SPECIFIC RECOMMENDED STATUTORY CHANGE YOU ARE PROPOSING?**
Adding a new chapter (4.20) and section (7299) to Division 2, Part 1.7, (Additional Local Taxes) to the R & T code:

Chapter 4.20 Cannabis Property Use Taxation and Collection

(a) Notwithstanding any other law, Humboldt and any other county may bill and collect a cannabis tax based on property usage. Potential alternatives may include, but are not limited to, the ability to include all commercial cannabis taxes, regardless of the authority under which they are imposed, on property tax bills and collect such taxes in the same manner, and subject to the same penalties and priority of lien, as other charges and taxes fixed and collected thereby.
(b) California Business and Professions Code Section 19348, as enacted by the Medical Cannabis Regulation and Safety Act of 2014, provides that counties may, pursuant thereto and "existing law" impose a tax "on the privilege of cultivating, dispensing, producing, processing, preparing, storing, providing, donating, selling, or distributing medical cannabis or medical cannabis products by a licensee …" If local commercial cannabis taxes are passed by voters, an appropriate, effective, and efficient tax collection method must then be implemented.
(c) Any general tax levied pursuant to this chapter shall be subject to any applicable voter approval requirement imposed by any other provision of law. Revenues collected pursuant to any tax imposed pursuant to this chapter may be reserved for local purposes as determined by the board of supervisors of the county imposing the tax.
(d) The transient nature of commercial cannabis cultivators presents significant challenges whereby it is extremely difficult, if not impossible, for counties to collect taxes from commercial cannabis cultivators who lease the land on which their cannabis is grown and then leave the property soon after harvest. In order to obtain a local permit to cultivate commercial cannabis in Humboldt County, which must be obtained prior to the receipt of a state license, an applicant must either be the record title owner of the parcel, or submit an original notarized letter of consent signed by the owner of the parcel. Accordingly, the owners of all parcels on which permitted commercial cannabis is being cultivated will be aware that such activities are occurring on their property.
(e) Due to the nature of the commercial cannabis industry and the need to provide local services with tax revenues generated therefrom, including, without limitation, environmental cleanup for illegal cannabis grows and drug rehabilitation services, this legislation allows counties alternatives regarding the collection of commercial cannabis taxes

imposed pursuant to existing laws other than California Business and Professions Code Section 19348(a).

3. **WHAT IS THE GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO** (IN LAYMAN'S TERMS?)
   Allow County Tax Collectors to collect cannabis taxes on the tax roll.

3. **HOW MANY COUNTIES HAVE BEEN IMPACTED BY THIS PROBLEM? WHICH COUNTIES?**
   All counties have, or will be, affected in one way, shape, or form.

4. **HAS YOUR COUNTY BEEN HARMED FINANCIALLY BY THE CURRENT LAW? IF SO, HOW MUCH AND BY WHOM? PLEASE INCLUDE SPECIFIC EXAMPLES.**
   Not at present. Humboldt is looking forward to when the T-TC is required to collect cannabis taxes but then will not have appropriate enforcement tools to collect those taxes effectively.

5. **WHICH STATE AGENCIES WOULD BE IMPACTED IF THE LAW WERE TO CHANGE?** None

6. **IS THIS PROPOSAL LIKELY TO ENGENDER OPPOSITION FROM ANYONE? WHO? WHY?**
   Property rights folks may have a problem with additional taxes attaching to properties; but the cannabis industry being taxed going forward versus being given a free ride as in the past, may alleviate that opposition. Everyone must be treated the same regarding the requirement to pay taxes.

7. **HAS THIS BILL BEEN TRIED BEFORE?**
   Language permitting the collection of cannabis taxes on the tax roll has been proposed for inclusion on bills AB 2149 and AB 2243 without success.

8. **WHAT ARE THREE REASONS WHY A LEGISLATOR SHOULD CARRY THIS BILL? (HOW DOES IT MAKE THE LAW BETTER / MORE JUST /MORE EFFICIENT FOR COUNTIES AND TAXPAYERS?)**
   - Cannabis taxation and regulation is way past due because environmental impacts created by that industry need to be addressed and enforced.
   - Legislators should welcome this more secure way to collect taxes from the cannabis industry as a way to support local revenue needs.
   - Medical cannabis operations are now pervasive statewide. If recreational cannabis is legalized by California voters in November the industry will (in all likelihood) become much more pervasive; therefore appropriate cannabis tax collection tools will need to be authorized.

Proposal 2-3: Preventing Fraudulent Behavior in Tax Sales

1. **PLEASE PROVIDE A BRIEF DESCRIPTION OF THE PROBLEM AND THE PROPOSED SOLUTION:**
   Certain property owners, on a habitual basis, do not pay their property taxes, allow them to go Power to Sell, be put into a tax sale, and then buy them back once the minimum bid is reduced far below the taxes that are owed. This proposal would stop that practice by making it illegal to buy back your own property at tax sale at a reduced price below the minimum bid.

2. **WHAT IS THE SPECIFIC RECOMMENDED STATUTORY CHANGE YOU ARE PROPOSING?**
   Adding Revenue and Taxation Code Section 3698.5(d) as follows:

   <u>3698.5(d) The current owner of property in a tax defaulted property sale may not purchase their own property at a price below the minimum bid as defined in section 3698.5(a). Any property purchased at a reduced minimum bid as defined in section 3698.5(c) can only be transferred via deed to another owner with no legal, contractual, financial, or familial connections to the current property owner. If the tax collector requests, the purchaser must provide, any documentation necessary to confirm that none of the above connections exist.</u>

3. **WHAT IS THE GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO** (IN LAYMAN'S TERMS?)
   We know of specific individuals and entities who own hundreds of parcels in east Kern who do this on a regular basis. They buy up their own properties in a tax sale every 5 years at reduced prices thereby robbing the County, the east Kern cities, and east Kern school districts such as the Kern Community College District and the Mojave Unified School District of much needed tax revenues, including local assessments that pay for vital local public services. This change will require these owners to pay their fair share of taxes and close a loophole that currently exists that allows them to pay a fraction of the taxes that are owed on an ongoing basis.

4. **HOW MANY COUNTIES HAVE BEEN IMPACTED BY THIS PROBLEM? WHICH COUNTIES?**
   Kern and probably San Bernardino and Riverside and maybe a few others.

5. **HAS YOUR COUNTY BEEN HARMED FINANCIALLY BY THE CURRENT LAW? IF SO, HOW MUCH AND BY WHOM? PLEASE INCLUDE SPECIFIC EXAMPLES.**
   We know of specific individuals and entities who own hundreds of parcels in east Kern who do this on a regular basis. They buy up their own properties in tax sale every 5 years at reduced prices.

   Example: In connection to our 2015 tax sale, one entity who owns hundreds of parcels bought 31 of their own parcels. The taxes due on those parcels totaled $97,800. After minimum bids on all parcels were reduced, the entity bought these 31 parcels for a total of

$11,100. This resulted in a loss of tax revenue in the amount of $86,700. The new deeds were recorded to the exact same entity.

6. **WHICH STATE AGENCIES WOULD BE IMPACTED IF THE LAW WERE TO CHANGE?** None

7. **IS THIS PROPOSAL LIKELY TO ENGENDER OPPOSITION FROM ANYONE? WHO? WHY?**
The only opposition I could think of would be from the entities and/or individuals who employ this practice.

8. **HAS THIS BILL BEEN TRIED BEFORE?** No

9. **WHAT ARE THREE REASONS WHY A LEGISLATOR SHOULD CARRY THIS BILL? (HOW DOES IT MAKE THE LAW BETTER / MORE JUST /MORE EFFICIENT FOR COUNTIES AND TAXPAYERS?)**
   - Eliminates a tax loophole that allows bad actors to get away with not paying their fair share of taxes.
   - Generates honest tax revenue for the effected counties, cities and school districts.
   - Creates a more equitable tax sale process.

Proposal 2-4: Additional Time to Provide Quarterly Reports

1. **PLEASE PROVIDE A BRIEF DESCRIPTION OF THE PROBLEM AND THE PROPOSED SOLUTION:**
   Government Code Section 53646 provides that a treasurer may render a quarterly report to the board of supervisors and if remitted it shall be submitted within 30 day following the end of a quarter. Monterey County continues to have challenges meeting the 30 day deadline. Accounting and investment systems can take up to 10 business days to post quarter end entries and the board is sometimes dark at the end of the month. Given the 2 week lead time required to get a report on the board calendar, staff must often request exemptions from county procedures to meet code mandates. Adding 15 days to this deadline will help avoid the rushed preparation of important quarterly reports.

2. **WHAT IS THE SPECIFIC RECOMMENDED STATUTORY CHANGE YOU ARE PROPOSING?**
   Government Code 53646. (a) (1) In the case of county government, the treasurer may annually render to the board of supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the board at a public meeting. (2) In the case of any other local agency, the treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of
   that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting. (b) (1) The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within ~~30~~ 45 days following the end of the quarter covered by the report. Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

3. **WHAT IS THE GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO** (IN LAYMAN'S TERMS?) Increasing the time allowed to file the report from *within 30* to *within 45* days following the end of the quarter.

4. **HOW MANY COUNTIES HAVE BEEN IMPACTED BY THIS PROBLEM? WHICH COUNTIES?** Any county who chooses to file quarterly reports may, from time to time, have challenges complying with the short timeline.

5. **HAS YOUR COUNTY BEEN HARMED FINANCIALLY BY THE CURRENT LAW? IF SO, HOW MUCH AND BY WHOM? PLEASE INCLUDE SPECIFIC EXAMPLES.** No

6. **WHICH STATE AGENCIES WOULD BE IMPACTED IF THE LAW WERE TO CHANGE?** None

7. **IS THIS PROPOSAL LIKELY TO ENGENDER OPPOSITION FROM ANYONE? WHO? WHY?**
   Doubtful

8. **HAS THIS BILL BEEN TRIED BEFORE?** Unknown

9. **WHAT ARE THREE REASONS WHY A LEGISLATOR SHOULD CARRY THIS BILL? (HOW DOES IT MAKE THE LAW BETTER / MORE JUST /MORE EFFICIENT FOR COUNTIES AND TAXPAYERS?)**
   - Promote transparency
   - Provide more permissive laws making it easier for local government to comply.
   - Extending the days from 30 to 45 will help treasurers comply with statute and may convince treasurers who do not currently participate to opt-in.

Proposal 2-5: Notification of Default to those in Bankruptcy

1. **PLEASE PROVIDE A BRIEF DESCRIPTION OF THE PROBLEM AND THE PROPOSED SOLUTION:**

   In recent years, bankruptcy attorneys have sought legal remedies against Tax Collectors for continued notification to property owners in bankruptcy indicating that the Tax Collector has violated the automatic stay. As indicated in 11 USC 362(b)(9)(B), notification of delinquent taxes does not violate the automatic stay and therefore should not infringe upon the Tax Collector's right to send notification to the property owners. Notifications such as the Notice of Power to Sell and Notice of Tax Sale have become specifically problematic.

   California County Tax Collectors must follow a specific timeline when notifying property owners of tax defaulted properties. The notifications, required by law, are necessary to notify property owners of the status of their property, especially when a property has been in default for five years and the County has the Power to Sell.

   Property owners with defaulted taxes who are also in bankruptcy should be informed of their property status should their bankruptcy end prior to redemption of defaulted taxes.

2. **WHAT IS THE SPECIFIC RECOMMENDED STATUTORY CHANGE YOU ARE PROPOSING?**

   REVENUE AND TAXATION CODE - RTC
   DIVISION 1. PROPERTY TAXATION [50 - 5911]
   (Division 1 enacted by Stats. 1939, Ch. 154.)

   PART 6. TAX SALES [3351 - 3972]
   (Part 6 enacted by Stats. 1939, Ch. 154.)

   CHAPTER 7. Sale to Private Parties After Deed to State [3691 - 3731.1]
   (Chapter 7 enacted by Stats. 1939, Ch. 154.)

   3691. (a) (1) (A) Five years or more, or three years or more in the case of nonresidential commercial property, after the property has become tax defaulted, the tax collector shall have the power to sell …

   (3) The tax collector shall provide notice of an intended sale under this subdivision in the manner prescribed by Sections 3704 and 3704.5 and any other applicable statute. <u>The notice shall not violate of the automatic stay pursuant to 11 USC 362(b)(9)(B).</u> If the intended sale is of nonresidential commercial property that has been tax-defaulted for fewer than five years, all of the following apply:

   3691.1.
   The tax collector shall execute a notice whenever a parcel becomes subject to the power of sale set forth in Section 3691 on a form prescribed by the Controller. The county clerk shall

take acknowledgment of the notice without charge. The notice shall not violate of the automatic stay pursuant to 11 USC 362(b)(9)(B).

3701.
Not less than 45 days nor more than 120 days before the proposed sale, the tax collector shall send notice of the proposed sale by certified mail with return receipt requested to the last known mailing address, if available, of parties of interest, as defined in Section 4675. The notice shall state the date, time, and place of the proposed sale, the amount required to redeem the property, and the fact that the property may be redeemed up to the close of business on the last business day prior to the date of the sale, and information regarding the rights of parties of interest to claim excess proceeds, as defined in Section 4674, if the property is sold and excess proceeds result from that sale. The notice shall not violate of the automatic stay pursuant to 11 USC 362(b)(9)(B).

3704.7.
(a) In the case of a property that is the primary residence of the last known assessee, as indicated by either a valid homeowner's exemption on file with the county assessor in the name of the last known assessee, or the fact that the mailing address for the last tax bill is the same address as the property, the tax collector or his or her agent shall, in addition to any other notice required by this chapter, make a reasonable effort to contact in person, not more than 120 days or less than 10 days prior to the date of the sale, the owner-occupant of that property. The notice shall not violate of the automatic stay pursuant to 11 USC 362(b)(9)(B). In the course of the personal contact, the tax collector, or his or her agent, shall inform the owner-occupant of the following

3. **WHAT IS THE GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO** (IN LAYMAN'S TERMS?)
   Specifically, add language into the current code to affirm the required notifications to property owners of tax defaulted properties are not in violation of the automatic stay when a property owner files for bankruptcy. Also, provide due process by notifying property tax owners of tax defaulted status that are also in bankruptcy.

4. **HOW MANY COUNTIES HAVE BEEN IMPACTED BY THIS PROBLEM?**
   Unknown
   WHICH COUNTIES? Merced

5. **HAS YOUR COUNTY BEEN HARMED FINANCIALLY BY THE CURRENT LAW?** Yes
   IF SO, HOW MUCH AND BY WHOM? PLEASE INCLUDE SPECIFIC EXAMPLES. Legal costs associated with affirming the R&T 3691, 3691.1, 3701 and 3704.7 when sending required notifications of tax status to property owners who are in bankruptcy.

6. **WHICH STATE AGENCIES WOULD BE IMPACTED IF THE LAW WERE TO CHANGE?** None

7. **IS THIS PROPOSAL LIKELY TO ENGENDER OPPOSITION FROM ANYONE?** None to knowledge **WHO?** N/A **WHY?** N/A

8. **HAS THIS BILL BEEN TRIED BEFORE?** Unknown

9. **WHAT ARE THREE REASONS WHY A LEGISLATOR SHOULD CARRY THIS BILL? (HOW DOES IT MAKE THE LAW BETTER / MORE JUST /MORE EFFICIENT FOR COUNTIES AND TAXPAYERS?)**
   - Explicitly include the reference to the non-violation of automatic stay for tax defaulted properties when sending out notifications as required by law
   - Reduce future legal costs by providing more clarity in the current code section in reference to non-violation of the automatic stay when sending notification of tax defaulted properties
   - Provide due process by notifying property tax owners of tax defaulted status who are also in bankruptcy.