

# 3725 Rescission Hearing – Implementation, Process and Case Studies



Presented by  
The Los Angeles County Treasurer and Tax Collector

Burlingame, CA October, 2015

# Presentation Outline

This presentation is designed to provide background, implementation elements, process elements, and a few case studies, related to rescinding a tax deed to the purchaser pursuant to Revenue and Taxation Code sections 3725 and 3731.



# Background



# Background

- **Origin**
  - Tax sale litigation
- **Solution**
  - AB 261
- **Result**
  - Hearing and/or authority to rescind required



# Implementation Elements



# Implementation Elements

## Initial Considerations

- Will your Board delegate?
- Who can be a Hearing Officer?
- Who can file a Petition?
- What is a “Bona Fide Purchaser?”
- What is “Value?”



# Implementation Elements

## First Phase

- Appointment of Hearing Officer
- Consultation with Hearing Officer
  - Process flow
  - Division of duties
    - Hearing Officer
    - TTC



# Implementation Elements

## Second Phase

- Delegation of Authority (Revenue and Taxation Code Section 3731.1)
- Los Angeles Ordinance
  - Board Approval April 2, 2012
  - <http://file.lacounty.gov/bos/supdocs/75363.pdf>





# Implementation Elements

## Third Phase

- Develop Notices and Documents
  - Petition
  - Notice of Hearing
  - Hearing Officer's recommendation
  - Board Ruling on recommendation
  - Notice of Board decision



# Process Overview



# Process Overview

## Rescission Petition Filing

- What constitutes a petition?
  - Standardized form vs. other documents
- Where is the petition filed?
  - Hearing Officer vs. the TTC



# Process Overview

## Hearing Requirements

- Eligibility Factors
  - At least one party declines rescission
  - No encumbrances
  - Parcel ownership verification
    - Purchaser has not conveyed the property to a bona fide purchaser for value
    - Periodic status review



# Process Overview

## Scheduling a Hearing

- Notice of Hearing
  - TTC must mail notice at least 45 days prior to hearing
    - Purchaser
    - Petitioner
    - Other departments, if applicable



# Process Overview

## Conducting the Hearing

- Operations
  - Record proceedings
  - Preamble/closing statement
- Additional Parties
  - The TTC County Counsel representation
  - Hearing Officer Counsel representation
  - Other departments
  - Interpreter, if applicable



# Process Overview

## Hearing Results

- Hearing Officer Recommendation to the Board of Supervisors
  - Findings
  - Fiscal impact
- Los Angeles County Sample
  - <http://file.lacounty.gov/bos/supdocs/81499.pdf>



# Process Overview

## **Board of Supervisors' Review**

- Board of Supervisors Executive Office
  - Files Hearing Officer recommendation
- The TTC
  - Available for briefing
    - Pertinent information
    - Relevant documents





# Process Overview

## Board of Supervisors' Ruling

- Notice to hearing parties
  - Rescission denied
    - Petitioner may pursue formal litigation
  - Rescission approved
    - The TTC refunds purchaser
      - Purchase price plus interest pursuant to R&TC Section 5151



# Other Considerations



# Other Considerations

## **Rescission Hearing Processing**

- Conflict of Interest – Hearing Officer and TTC
- Assessor error – Department Representation

## **Board of Supervisors Public Hearing**

- Perception issues
  - Case studies
    - Larson
    - Taylor



# Question and Answer

