THE CALIFORNIA ASSOCIATION OF COUNTY TREASURERS AND TAX COLLECTORS

2014 LEGISLATIVE PLATFORM

ADOPTED XX

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

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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 2
Change the allocation of the $15 redemption fee on tax-defaulted property to accurately reflect the current division of duties and workload as between the State and the county in which the tax-defaulted property is located. (Los Angeles County)

Proposal 3
The addition of Washington Supranationals, "World Bank" securities, will provide additional diversification to the portfolio while maintaining safety of principal for preservation of capital investment. (Merced County)

Proposal 4
Excess Proceeds will be transferred to the county general fund. Excess Proceeds will not be distributed until final determination of any challenge to the validity or irregularity of the tax sale. (Sacramento County)

Proposal 5
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 6
Support an appropriation in the 2014-15 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 7
Allow delinquent taxes on Inter-county pipelines rights-of-ways to be transferred to the Unsecured Roll for collection enforcement. (Sacramento County)

Proposal 8
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 9
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 10
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 11
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 12
This proposal modifies the eligibility qualifications for individuals seeking the office of the Treasurer-Tax Collector. (Merced and Madera Counties)

Proposal 13
This proposal would require that in the event a board of supervisors wishes to consolidate county offices, and one of those is an elected office, that the board must first submit that proposal to the voters for their approval. (Merced and Madera Counties)

PROPOSAL 1

1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

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.

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)

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 petition for reconsideration within 30 days of the

notice. If a petition for redetermination is not received by the Tax Collector within the 30 day period, the determination becomes final at the expiration of that period and all amounts become due and payable.

Add: R & T Section 2910.11
Every petition for redetermination shall be in writing and shall state the specific grounds upon which the petition is founded.

Add: R & T 2910.12
a)If a petition for redetermination is filed within the 30-day period, the Tax Collector shall reconsider the determination and, if the person has so requested in his petition, 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.

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):

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.

5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:

None.

NAME: C. L. (Cherie) Raffety **COUNTY: El Dorado County**

PROPOSAL 2

1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

Prior to 1984, tax delinquent property was managed by the State, specifically the Bureau of Tax Defaulted Land in the State Controller's Office. The delinquent status was defined as "Tax-deeded to the State" because any taxes remaining unpaid as of July 1 following the second installment were deeded to the State of California. To cover the cost of managing the properties during the tax deeded period (five years), statutory fees were established. In 1984, sweeping legislation shifted the liability of property from the State to the property owner and changed the delinquent status from tax-deeded to tax-defaulted.

With that shift, the workload of managing tax-deeded property by the State was eliminated and the staffing reduced. Commensurate with the elimination of staffing, the State fees to collect for that service were reduced from 50 percent of redemption fee amount to 33 percent ($5 of the $15 redemption fee). The $5 covered the staff necessary to review and approve all tax sales, as well as maintain a central repository for the Notices of Power to Sell from all 58 counties.

In 1998, further legislative changes eliminate the Chapter 7 tax sale approval authority and shifted the Notice of Power to Sell repository function to the respective counties with the requirement that records be maintained sufficient to be made available upon request by the State Controller. The shift of this workload further reduced the staff needed at the State level and over the ensuing years, additional administrative elements previously provided by the State were eliminated to the point where the current staffing level is 2-3 analysts. In contrast to the previous fee adjustment after 1984, the shift of workload after the legislative changes of 1998 was not followed by a change in the redemption fee allocation ratio.

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):

(All changes are to the Revenue & Taxation Code)

4656.5. All redemption fees collected for property tax-defaulted prior to January 1, 1984, shall be distributed 50 percent to the State of California for deposit in the General Fund and 50 percent to the county that is the situs of the tax-defaulted property for deposit in its general fund. ~~Redemption~~ *All redemption* fees collected for property tax defaulted on and after January 1, 1984, *and prior to January 1, 2014,* shall be distributed five dollars ($5) to the State of California for deposit in the General Fund and ten dollars ($10) to the county that is the situs of the tax-defaulted property for deposit in its general fund. *Redemption fees collected for property tax defaulted on or after January 1, 2014, shall be distributed one dollar and fifty cents ($1.50) to the State of California for deposit in the General Fund and thirteen dollars and fifty cents ($13.50) to the county that is the situs of the tax-defaulted property for deposit in its general fund.*

4672. (a) There shall be distributed to the State of California, to be placed in the General Fund, one dollar and fifty cents ($1.50) for all or any portion of each separately valued parcel of real property

that is both subject to a power of sale pursuant to Section 3691 and sold to private parties or to a taxing agency *pursuant to Chapter 8 (commencing with Section 3772) of Part 6*.

(b) The one dollar and fifty cents ($1.50) required to be distributed, pursuant to subdivision (a), shall be paid from the total proceeds of the sale. If the total amount of proceeds from the sale is insufficient, the one dollar and fifty cents ($1.50) shall be reduced accordingly.

b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:

Change the allocation of the $15 redemption fee on tax-defaulted property to accurately reflect the current division of duties and workload as between the State and the county in which the tax-defaulted property is located.

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):

The proposal will result in additional revenues to counties and less revenue to the State General Fund.

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. The proposal would not impact any state agency because funds would be redirected away from the State General Fund, not any particular agency. The State Controller's workload was already reduced based on previous legislation, but the fee split was never amended to reflect that fact.

5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:

None known.

NAME: Mark Saladino **COUNTY: Los Angeles**

PROPOSAL 3

1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

The universe of liquid triple-A bond issuers available to local agencies has reduced dramatically in addition to the diminishing supply of government sponsored enterprises (GSE) such as Fannie and Freddie federal agency securities. Government Investment Officers need alternative investment options that provide safety and diversification for managed investment pools.

The triple-A supranational, or "supra" sector is an option for portfolio manager that offers high credit quality and a stable return at spreads above US Treasuries. Supranationals are international institutions that provide development financing, advisory services and/or other financial services to their member countries to achieve overall goal of improving living standards through sustainable economic growth.

A subgroup of supranationals is the Washington Supras. The Washington Supras are headquartered in Washington, DC and are of interest for US investors with conservative investment strategies due to their triple-A credit, the fact that the US is their largest shareholder, and because they issue similar products to those issued by GSEs, like US$ benchmark bonds, callables and short-term discount notes.

These Washington Supras are the following:

The World Bank (officially called International Bank for Reconstruction and Development, IBRD) is the largest part of the World Bank Group and finances activities by issuing bonds in the capital markets. Established in 1944, it works with member countries to promote equitable and sustainable economic growth, by providing financing and risk management solutions directly to sovereign governments - globally.

International Finance Corporation (IFC), part of the World Bank Group, created in 1956, provides investments and advisory services to build the private sector in developing countries.

Inter-American Development Bank (IADB), established in 1959, supports efforts by Latin America and the Caribbean countries to reduce poverty and inequality.

The relationship between the U.S. government and the World Bank is most similar to that between the government and an instrumentality. The US Secretary of the Treasury sits on the World Bank's Board of Governors, the World Bank's highest governing body. The World Bank is treated as an "exempt issuer" under the US securities laws since 1949 in recognition of its status as an international organization in which the U.S. is the largest shareholder (with about 17%). The United States' membership in the World Bank was authorized by a federal statute known as the Bretton Woods Agreements Act (22 U.S.C. 286 et seq.)

The States of New York, New Jersey, North Carolina, South Carolina, Colorado, California and Texas include Supras as a permission investment option in their state codes. These states actually include all Supras that the US Secretary of the Treasury is a member. CA Gov Code § 7514.1 grants permissible to state or local public retirement systems to invest in any supra with US membership

and concludes the list of supras with, "or other obligations when due and in which the United States is a member."

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):

GOVERNMENT CODE - GOV
TITLE 5. LOCAL AGENCIES [50001 - 57550]
DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821]
PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7]
CHAPTER 4. Financial Affairs [53600 - 53997]

ARTICLE 1. Investment of Surplus [53600 - 53610]
(Article 1 added by Stats. 1949, Ch. 81.)

Sec 53601.
This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.
For purposes of this section, "counterparty" means the other party to the transaction. A counterparty bank's trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:
(a) … (j)

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States or *U.S. denominated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD) or the World Bank as IBRD is known,*

International Finance Corporation (IFC), or Inter-American Development Bank (IADB). Notes eligible for investment under this subdivision shall be rated "A" or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:
The addition of Washington Supranationals, "World Bank" securities, will provide additional diversification to the portfolio while maintaining safety of principal for preservation of capital investment.

3. FISCAL IMPACT OR MANDATED COSTS:

None – not applicable.

4. POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES:

Education for government investment officers will assist in dispelling any concern that may exist on evaluating this new investment option.

5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:

CA Gov Code § 16430(l) includes a list of Supra eligible for state monies pursuant to GC Part 2. State Funds [§ 16300 – 16649.95] and relates to monies received into the [state] treasury and not required by law to be credited to any other fund. CA Gov Code § 7514.1 grants permissible to state or local public retirement systems. No permissible code makes Supras eligible securities for local governments.

NAME: Karen Adams **COUNTY: Merced County**

PROPOSAL 4

1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

Revenue and Taxation Code sections 4671 to 4676 govern the Distribution of Proceeds from the Sale of Tax-defaulted Property. Excess proceeds not claimed by a party of interest in the property sold and after all cost recovery has been deducted is currently being distributed to the tax funds based on their proportion of the tax rate area. All local taxing and public agencies in the County already received their proper share of property tax revenue for the defaulted tax years. No city or special district in the County has a legal right to a portion of the excess proceeds. Parties of interest in the property sold at tax sale no longer have a legal right to claim the excess proceeds. The excess proceeds are money that is not the property of a local agency that remains in the official custody of the county.

Changes made to Revenue and Taxation Code Section 3725 and 3731 in AB261 effective January 1, 2012, impact when excess proceeds should be distributed if the validity of the tax sale is challenged. Proposal 2 amends the code to retain excess proceeds in a trust account pending any challenge, and modifies the code so that the Tax Collector does not need to publish a notice if the cost to publish exceeds the amount of excess proceeds.

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):

4674. Any excess in the proceeds deposited in the delinquent tax sale trust fund remaining after satisfaction of the amounts distributed under Sections 4672, 4672.1, 4672.2, 4673, and 4673.1 shall be retained in the fund on account of, and may be claimed by parties of interest in the property as provided in, Section 4675. At the expiration of the period specified in Section 4675(e)~~one year following the recordation of the tax deed to the purchaser~~, any excess proceeds not claimed under Section 4675~~shall be distributed as provided in paragraph (2) of subdivision (a)of Section 4673.1~~, the payment may be transferred to the county general fund of the county by the county auditor, except prior to the distribution, the county may deduct those costs of maintaining the redemption and tax-defaulted property files, and those costs of administering and processing the claims for excess proceeds, that have not been recovered under any other provision of law.

4675. (a) Any party of interest in the property may file with the county a claim for the excess proceeds, in proportion to his or her interest held with others of equal priority in the property at the time of sale, at any time prior to the expiration of one year following the recordation of the tax collector's deed to the purchaser.

(b) After the property has been sold, a party of interest in the property at the time of the sale may assign his or her right to claim the excess proceeds only by a dated, written instrument that explicitly states that the right to claim the excess proceeds is being assigned, and only after each party to the proposed assignment has disclosed to each other party to the proposed assignment all facts of which he or she is aware relating to the value of the right that is being assigned. Any attempted assignment

that does not comply with these requirements shall have no effect. This paragraph shall apply only with respect to assignments on or after the effective date of this paragraph.

(c) Any person or entity who in any way acts on behalf of, or in place of, any party of interest with respect to filing a claim for any excess proceeds shall submit proof with the claim that the amount and source of excess proceeds have been disclosed to the party of interest and that the party of interest has been advised of his or her right to file a claim for the excess proceeds on his or her own behalf directly with the county at no cost.

(d) The claims shall contain any information and proof deemed necessary by the board of supervisors to establish the claimant's rights to all or any portion of the excess proceeds.

(e) (1)No sooner than one year following the recordation of the tax collector's deed to the purchaser, and if the excess proceeds have been claimed by any party of interest as provided herein, and only if the board of supervisors has not been petitioned to rescind the tax sale pursuant to section 3731 the excess proceeds shall be distributed on order of the board of supervisors to the parties of interest who have claimed the excess proceeds in the order of priority set forth in subdivisions (a) and (b).

(2) If the board of supervisors has been petitioned to rescind the tax sale pursuant to section 3731, any excess proceeds shall not be distributed sooner than one year following the date the board of supervisors determines the tax sale shall not be rescinded, and only if the person that petitioned the board of supervisors pursuant to 3731 has not filed a proceeding in court pursuant to 3725.

(3) If a proceeding has been filed in court pursuant to 3725, any excess proceeds shall not be distributed sooner than final order from the court.

(f) For the purposes of this article, parties of interest and their order of priority are:

(1) First, lienholders of record prior to the recordation of the tax deed to the purchaser in the order of their priority.

(2) Second, any person with title of record to all or any portion of the property prior to the recordation of the tax deed to the purchaser.

(g)~~(f)~~ In the event that a person with title of record is deceased at the time of the distribution of the excess proceeds, the heirs may submit an affidavit pursuant to Chapter 3 (commencing with Section 13100) of Part 1 of Division 8 of the Probate Code, to support their claim for excess proceeds.

(h)~~(g)~~ Any action or proceeding to review the decision of the board of supervisors shall be commenced within 90 days after the date of that decision of the board of supervisors.

4676. (a) When excess proceeds from the sale of tax-defaulted property exceeds one hundred fifty dollars ($150), the county shall provide notice of the right to claim the excess proceeds, as provided in this section.

(b) No later than 90 days after the sale of the property, the county shall mail written notice of the right to claim excess proceeds to the last known mailing address of parties of interest, as defined in Section 4675. The county shall make a reasonable effort to obtain the name and last known mailing address of parties of interest.

(c) If the last known address of a party of interest cannot be obtained, the county shall publish notice of the right to claim excess proceeds in a newspaper of general circulation in the county. Publication is not required if the cost to publish is more than the amount of the excess proceeds or eliminates any proceeds available for distribution. The notice shall be published once a week for three successive weeks and shall commence no later than 90 days after the sale of the property.

(d) The cost of obtaining the name and last known mailing address of parties of interest and of mailing or publishing the notices required under this section shall be deducted from the excess proceeds and shall be distributed to the county general fund.

b. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:

The Excess Proceeds which represent the money received in excess of an amount to redeem the property taxes and tax program recovery costs will be transferred to the county general fund.

Excess Proceeds will not be distributed until final determination of any challenge to the validity or irregularity of the tax sale.

The amount of $150 was set in 1980. The cost of publishing the excess proceeds in a newspaper of general circulation and mailing of excess proceeds notices to the lien holders shall be deducted from the excess proceeds. These costs have exceeded the amount of excess proceeds, resulting in zero excess proceeds to disburse although we have mailed and published notice.

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):

Auditor-Controller. The local taxing and public agencies will not receive any distribution of Excess Proceeds. Any amount expected to be distributed is nominal and is not included in any organizations budget.

Parties of Interest that have claimed the Excess Proceeds may not receive distributions after one year.

5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:

Change to Section 4674 submitted in 2011 legislative platform.

Attach additional sheets, if necessary

NAME: Julie Valverde **COUNTY: Sacramento**

Proposal 5

1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

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.

<u>(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.</u>

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 original 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 that 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 6

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

Budget Language: Support an appropriation in the 2014-15 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 lead 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 7

1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

Revenue and Taxation Code Sections 401.10, 401.11 and 401.13 govern Inter-county pipelines rights-of-ways. Inter-county 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 Inter-county 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 Inter-county 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.

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):

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.

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 8

1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

This would amend current statutes.

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 time will be saved by the legislative body members, and their staff, 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 9

1. BRIEF DESCRIPTION OF PROBLEM:

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 be 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 10

1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

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, <u>and the assessee has paid taxes on the current roll, the roll being prepared, or both,</u> 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 11

1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

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. <u>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</u>

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 12

1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

Before 1995 – 1996 the only requirement to seek the elected office of Treasurer-Tax Collector was to be registered to vote, pay your fee and be the top vote getter with a 50% +1 result.

In 1995 – 1996, as a result of the Orange County bankruptcy and in an effort to statutorily pledge our commitment to the electorate, to the legislature and our dedication to our offices, the County Association of County Treasurer and Tax Collectors, took it upon themselves to propose legislation outlining 'eligibility requirements' and 'continuing education requirements' for the current Treasurer-Tax Collector's and future elected or appointed Treasurer-Tax Collectors.

The code is not consistent as it is with other elected county officials that have a mandated eligibility requirement. Instead it left the qualification requirements for Treasurer-Tax Collector "optional" by a board of supervisor ordinance. We feel, this omission has provided no credibility to the treasurer's office and should be amended to mandate a qualifications requirement.

Over the past 14 years, certain organizations have either collapsed or evolved into different Associations. Also as levels of sophistication and information have increased, it has become necessary to re-visit the eligibility requirements and update them to keep up with the times and reflect current California State Law.

The Certified Cash Manager is not an official California designation and does not exist anymore.

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

a. SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED:

Government Code 27000.7. (a) No person shall be eligible for election or appointment to the office of county treasurer, county tax collector, or county treasurer-tax collector of any county unless that person meets at least one of the following criteria <u>and meets the provisions of Elections Code §13.5</u>:

(1) The person has served in a senior financial management position in a county, city, or other public agency within the State of California dealing with similar financial responsibilities for a continuous period of not less than three years, including, but not limited to, treasurer, tax collector, auditor, auditor-controller, or the chief deputy or an assistant in those offices. Or ;

(2) The person possesses a valid baccalaureate, masters, or doctoral degree from an accredited college or university in any of the following major fields of study: business administration, public administration, economics, finance, or accounting, ~~or a related field~~, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance. Or;

(3) The person possesses a valid certificate issued by the California Board of Accountancy pursuant to Chapter 1 (commencing with Section 5000) of Division 3 of the Business and

Professions **Code**, showing that person to be, and a permit authorizing that person to practice as, a certified public accountant. Or;

(4) The person possesses a valid charter issued by the Institute of Chartered Financial Analysts showing the person to be designated a Chartered Financial Analyst, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance. Or;

(5) The person possesses a valid certificate, issued by the Association for Financial Professionals showing the person to be designated a Certified Treasury Professional ~~Cash Manager~~, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(b) This section shall only apply to any person duly elected or appointed as a county treasurer, county tax collector, county treasurer-tax collector, consolidated director of finance or director of finance on or after January 1, ~~1998~~ 2013.

Elections Code 13.5. (a) (1) Notwithstanding subdivision (a) of Section 13, no person shall be considered a legally qualified candidate for any of the offices set forth in subdivision (b) unless that person has filed a declaration of candidacy, nomination papers, or statement of write-in candidacy, accompanied by documentation, including, but not necessarily limited to, certificates, declarations under penalty of perjury, diplomas, or official correspondence, sufficient to establish, in the determination of the official with whom the declaration or statement is filed, that the person meets each qualification established for service in that office by the provision referenced in subdivision (b).

(2) The provision of "documentation," for purposes of compliance with the requirements of paragraph (1), may include the submission of either an original, as defined in Section 255 of the Evidence Code, or a duplicate, as defined in Section 260 of the Evidence Code.

(b) This section shall be applicable to the following offices and qualifications therefor:

(1) For the office of county auditor, the qualifications set forth in Sections 26945 and 26946 of the Government Code.

(2) For the office of county district attorney, the qualifications set forth in Sections 24001 and 24002 of the Government Code.

(3) For the office of county sheriff, the qualifications set forth in Section 24004.3 of the Government Code.

(4) For the office of county superintendent of schools, the qualifications set forth in Sections 1205 to 1208, inclusive, of the Education Code.

(5) For the office of judge of the superior court, the qualifications set forth in Section 15 of Article VI of the California Constitution.

(6) For the office of county treasurer, county tax collector, county treasurer-tax collector, or consolidated director of finance or director of finance, the qualifications set forth in Section 27000.7

of the Government **Code**~~, provided that the board of supervisors has adopted the provisions of that section pursuant to Section 27000.6 of the Government~~ **Code.**

2. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:

With the elimination of the Elections Code 13.5(a)(6) language "provided that the board of supervisors has adopted the provisions of that section pursuant to Section 27000.6 of the Government Code", and concluding with what is set forth in the provision aligns the Treasurer-Tax Collector eligibility requirements with the Assessor, Auditor, District Attorney, and Sheriff. CACTTC will uphold that the expertise required in cash management is of equal merit as other elected department heads expertise when the voter is considering a viable candidate seeking office.

Removing Municipal Treasurer Association reference associated with the required 16 college semester units and explicitly requiring accounting, auditing or finance requirements is more in line with the cash management function of the treasurer office and is a well understood and easily documented requirement.

Also, there is no explanation as to what is "equivalent" to 16 college semester units…. This removes the arbitrary designation, "equivalent" and replaces it with something more substantial.

CDIAC's education programs are accepted by many certification entities as "certifiable."

3. FISCAL IMPACT OR MANDATED COSTS:

None

4. POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES:

This relates to County Treasurer-Tax Collector positions, both appointed and elected, as well as clarifying the requirements for Election Officials.

5. HISTORY OF PRIOR LEGISLATIVE EFFORTS:

To my knowledge no such clarification of code section has been suggested.

NAME: Tracy Kennedy & Karen Adams **COUNTY: Madera & Merced**

Proposal 13

1. BRIEF DESCRIPTION OF WHY A BILL IS NEEDED:

Current law allows the board of supervisors to consolidate, via ordinance, the duties of auditor-controller and treasurer-tax collector, or auditor and treasurer, or controller and treasurer, or auditor and tax collector or auditor and director of finance. Of the 58 counties, 52 are elected treasurer-tax collectors or finance directors and 10 are consolidated with auditor-controller of which 6 were consolidated within the past 5 years.

Only six counties have appointed officials and the remaining 52 counties are elected county officials elected by a county wide vote. Allowing the Board of Supervisors the ability to consolidate via ordinance does not allow the voting public to decide whether or not they want to:

(i) reduce the number of their elected officials,
(ii) or give the Board additional power in selecting those representatives

Code Section 26980 allows the Board to consolidate these offices into a 'Consolidated Office of Director of Finance' which must be submitted to voters. Additionally at the same time, the question must be asked, "will this office be established as an elected office or appointed by the Board."

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

Current consolidation code for your reference only (actual changes follow)

California Government Code, Title 3, Division 2, Part 1, Chapter 7§

24300. By ordinance the board of supervisors may consolidate the duties of certain of the county offices in one or more of these combinations:
(a) Sheriff and tax collector.
(b) Auditor and recorder.
(c) County clerk, auditor, and recorder.
(d) County clerk and public administrator.
(e) County clerk and recorder.
(f) County clerk and auditor.
(g) Treasurer and tax collector.
(h) Treasurer and recorder.
(i) Treasurer and assessor.
(j) Treasurer and public administrator.
(k) Public administrator and coroner.
(l) District attorney and public administrator.
(m) District attorney and coroner.
(n) Sheriff and coroner.
(o) Sheriff and public administrator.
(p) County agricultural commissioner and county sealer of weights and measures.
(q) Road commissioner and surveyor. A county may create an office entitled public works director, combining the duties of road commissioner and surveyor and any other compatible

duties not legally required to be performed by another county officer.
(r) County surveyor and director of transportation.
By the ordinance that consolidates the duties of the appointive county offices described in subdivision (p), notwithstanding Section 2122 and Sections 2181 to 2187, inclusive, of the Food and Agricultural Code, and Sections 12200 and 12214 of the Business and Professions Code, the board of supervisors may provide that the first term only of the newly consolidated office expires when the first of the remaining unexpired terms of the two unconsolidated offices would have expired. Where a vacancy in either of the unconsolidated offices exists the term of office of the newly consolidated office shall be the longer of the remaining unexpired terms

a. SPECIFIC CHANGES TO CODE SECTION BEING RECOMMENDED:

California Government Code, Title 3, Division 2, Part 1, Chapter 7§

24300.5 In addition to the duties of the county offices which may be consolidated under the provisions of Section 24300, the board of supervisors shall place a measure on the ballot for voter approval to ~~by ordinance~~ consolidate the offices of auditor, controller, treasurer, tax collector, and director of finance.

24301. If the duties of officers are consolidated pursuant to this chapter, the board of supervisors, ~~by ordinance~~, may elect to separate the duties so consolidated, and reconsolidate ~~them~~ in any other manner permitted by this chapter or separate the duties without reconsolidation, and provide that the duties of each office shall be performed by a separate person, if it deems the change to be in the public interest and obtained voter approval.

24301.5. QUALIFICATIONS FOR COMBINED OFFICE:

Any person may be appointed by the board of supervisors, or be a candidate for election to the office of consolidated Director of Finance or combined Auditor-Controller Treasurer-Tax Collector, if he or she meets the qualifications set forth in Section 26945 or Section 27000.7.

24304.2. Notwithstanding Section 24300, in Mendocino County, Sonoma County, Trinity County, and Tulare County, the board of supervisors, by ordinance, may consolidate the duties of the offices of Auditor-Controller, ~~and~~ Treasurer-Tax Collector, and Director of Finance into the elected office of Auditor-Controller-Treasurer-Tax Collector. Effective January 2013, any additional inclusion to the consolidated list shall be approved by the local electorate of said county requesting inclusion.

3. GENERAL EXPLANATION FOR WHAT THESE CHANGES WILL DO:

Clarifying this GC by stating that consolidations must only be allowed by the vote of the people does many things. It allows the voting public a say on how their government is structured. It protects their vote by allowing them to make the ultimate decision. It further provides the Board with the necessary voting 'clout' to support their position for combinations and how to restructure the departments for efficiencies in budgets, reclassifications, and internal control functions.

Additionally, in many counties, making this decision is cumbersome and confusing. This change will provide consistency and prevent certain 'classes' of counties from continuing to be granted specific authority to consolidate.

Currently, GC 24009 identifies the treasurer as an officer elected by the people and in order to change an office from elective to appointive, a proposal shall be presented to the voters of the county and approved by a majority of the votes cast. This proposed legislative change will further clarify and protect the rights of the people to select their government.

4. FISCAL IMPACT OR MANDATED COSTS:

Additional outside audit and oversight costs may erode any efficiency savings along with costly support management positions necessary to direct authority over transactions if such departments were to be consolidated.

5. POTENTIAL IMPACTS ON OTHER COUNTY OR STATE DEPARTMENTS OR AGENCIES:

Depending on size of county and abilities of existing department heads, consolidating these offices could increase potential risks by creating a super agency and dilutes managing abilities. Keeping these positions separate offers a clearer line of responsibility and accountability to the people they serve.

6. HISTORY OF PRIOR LEGISLATIVE EFFORTS:

To my knowledge no such clarification of code section has been suggested.

NAME: Tracy Kennedy & Karen Adams **COUNTY: Madera & Merced**

Proposals By Code Section

Government Code

Code Section	Proposal	Submitter
27000.1	8	Humboldt
27000.7	12	Merced and Madera
24300.5	13	Merced and Madera
24301	13	Merced and Madera
24304.2	13	Merced and Madera
53601	3	Merced
53607	8	Humboldt

Revenue and Taxation Code

Code Section	Proposal	Submitter
75.43	10	Sacramento
401.10-401.13	7	Sacramento
2910.8-2910.12	1	El Dorado
4656.5	2	Los Angeles
4672	2	Los Angeles
4674	4	Sacramento
4675	4	Sacramento
4676	4	Sacramento
4911	5	Sacramento
2503.2	9	Los Angeles

California Commercial Code

Code Section	Proposal	Submitter
6105	11	Sacramento

Uncodified Budget Proposal

Proposal	Submitter
6	Legislative Committee