To: Board of Supervisors

From: Russell Watts, Treasurer-Tax Collector

Date: January 10, 2017

Contra Costa County

Subject: Property Tax Postponement for Senior and Disabled Citizens

RECOMMENDATION(S):

ADOPT Resolution No. 2017/8 authorizing the adoption of procedures and conditions for the delay of sale of tax-defaulted properties and the cancelation of delinquent penalties, costs, fees, and interest on such properties, if the properties would have been eligible for property tax postponement prior to January 1, 2017, as recommended by the County Treasurer-Tax Collector.

FISCAL IMPACT:

There will be a positive impact on the General Fund. Property taxes that otherwise may not have been collected due to income limitations on certain senior citizens and disabled citizens may now be collected. However, there may be a small negative effect on the Tax Loss Reserve Fund, which is funded in part by the revenues from delinquent penalties and interest, because such revenues associated with these properties will be canceled.

BACKGROUND:

Effective February 20, 2009, Senate Bill X3 8 (2009-2010 Third Extraordinary Session) suspended the Property Tax Postponement Program, which allows eligible homeowners to postpone payment of part or all of current property taxes owing on the eligible homeowner’s

☑ APPROVE ☐ OTHER

☑ RECOMMENDATION OF CNTY ADMINISTRATOR ☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **01/10/2017** ☑ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 10, 2017

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stephanie Mello, Deputy

Contact: Brice Bins, (925) 957-2848

cc:

primary residence. This legislation eliminated all funding for the program beginning in fiscal year 2009-10 and prohibited the State Controller's Office from accepting claims for property tax postponement.

BACKGROUND: (CONT'D)

On September 28, 2014, Assembly Bill 2231 was enacted, reinstating the Property Tax Postponement Program. Under the reinstated Property Tax Postponement Program, the State Controller’s Office began accepting applications for the program in the fall of 2016. For the period during which the program was suspended, it also authorized counties to adopt conditions and procedures for the delay of sale of tax-defaulted properties and to cancel penalties, costs, fees and interest associated with any such properties, if the properties would have been eligible for the Property Tax Postponement Program had it been in effect.

To apply for the Property Tax Postponement Program, homeowners must complete and submit an application to the State Controller’s Office proving eligibility each year in which they wish to postpone their taxes (only current year taxes are eligible for postponement). To be eligible for the program, the homeowner must:

- be at least 62 years of age, blind, or disabled;
- own and occupy the home as his or her principal place of residence (mobile and manufactured homes, whether affixed or unaffixed, floating homes, and house boats are not eligible);
- have a total household income of $35,500 or less;
- have at least 40% equity in the property;
- not have a reverse mortgage on the property; and
- not have a PACE loan.

If the claimant is granted postponement under the Property Tax Postponement Program, the State Controller’s Office will make a payment directly to the County Tax Collector for the current-year property taxes requested and create an account receivable for each claimant. A lien will be recorded by the State Controller’s Office against the qualified property to secure eventual repayment of those deferred taxes plus interest. The claimant may pay all or part of the postponed taxes and interest at any time but they become due and payable when the claimant:

- dies;
- moves from or sells the property;
- transfers title;
- defaults on a senior lien;
- refinances the residential dwelling; or
- elects to participate in a reverse mortgage program.

When the Property Tax Postponement account is paid in full, the State Controller’s Office will prepare a Release of Lien and forward it to the County Recorder for recordation.

Resolution 2017/8 puts in place conditions and procedures for the delay of sale of tax-defaulted properties that would have been eligible for the Property Tax Postponement Program prior to January 1, 2017, as determined by the Treasurer-Tax Collector and as set forth in the Contra Costa County Procedures and Conditions to Delay Tax Sales under Revenue & Taxation Code Section 3691, and authorizes the Treasurer-Tax Collector to cancel penalties, costs, fees and interest associated with any such properties.

CONSEQUENCE OF NEGATIVE ACTION:

If not approved, there will not be conditions and procedures in place to delay the sale of tax-defaulted properties that would have been eligible for the Property Tax Postponement Program prior to January 1, 2017, and delinquent penalties, costs, fees, and interest on properties cannot be canceled in accordance with California Revenue and Taxation Code Section 3691.

ATTACHMENTS

Resolution No. 2017/8

Conditions and Procedures