



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 5/21/2024

To: Board of Supervisors

Department or Agency Name(s): Auditor-Controller-Treasurer-Tax Collector

Staff Name and Phone Number: Brooke Koop 707-565-1294; Cheri Hawkins 707-565-3232

Vote Requirement: Majority

Supervisorial District(s): County Wide

Title:

2024 Sealed Bid of Tax-Defaulted Property

Recommended Action:

Adopt a Resolution authorizing the Auditor-Controller-Treasurer-Tax Collector to conduct a sealed bid sale of tax-defaulted properties on or after August 1, 2024.

Executive Summary:

In accordance with California Revenue and Taxation Code (RTC) section 3691, et. seq., the Auditor-Controller-Treasurer-Tax Collector (ACTTC) has the authority to sell tax-defaulted properties that are five years or more delinquent on secured property taxes by way of public auction or sealed bid. Per RTC sections 3692 and 3694, a sealed bid process may be utilized when tax-defaulted properties are rendered unusable due to their size, location, or other condition and have written Board of Supervisors approval for the sale, including fixing of the date, time, and place. This action requests authorization for the ACTTC to attempt to sell 10 parcels, as detailed in Exhibit "A" of the attached Resolution, by sealed bid sale on or after August 1, 2024. Approval will commence the process of public notification and will establish redemption dates for the current or last assessee.

Discussion:

Sealed Bid Requirements

The ACTTC is mandated by state law to attempt to sell tax-defaulted property at either public auction or sealed bid sale within four years after the property becomes subject to sale for nonpayment of taxes. When parcels that are rendered unusable by their size, location, or other conditions are subject to sale, the ACTTC may hold a sealed bid sale and offer the parcels, at a minimum bid, to owners of contiguous parcels or to a holder of record of either a predominant easement or a right-of-way easement. Per RTC section 3692, the successful bidder, if a contiguous property owner, will be required by the ACTTC to submit a request to the Assessor to combine the unusable property with the bidder's own contiguous property as a condition of sale.

Prior to selling tax-defaulted property, the ACTTC must set a minimum bid for each property. Minimum bids are set at a level to maximize the successful sale of parcels, which eliminates the ongoing cost of collections and staff time related to administering delinquencies when the likelihood of collection is very low. This process provides the ability to combine unusable parcels with taxable parcels and thereby removing unusable parcels from the tax roll.

Tax Loss Reserve Fund

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RTC Section 4703 provides that each county that adopts a Teeter Plan, which is an alternative procedure for the distribution of property tax, shall create a Tax Loss Reserve Fund (TLRF) and maintain a minimum balance of 1% of all taxes and assessments levied on the secured roll to cover tax losses that may occur as a result of special sales of tax-defaulted properties, including sealed bid sales. In the event of a tax loss, the TLRF is used to make the taxing jurisdiction whole.

Previous Attempts to Sell

The ACTTC previously attempted to sell each of the 10 parcels at public auction sales and has concluded that these parcels are eligible for a sealed bid sale in accordance with RTC 3692. If all 10 parcels sell at the minimum bids as set forth in Exhibit "A" to the attached Resolution, approximately \$50,000 will be paid from the TLRF to cover defaulted tax amounts not captured by the sale of these parcels.

Staff recommends the Board approve the sealed bid tax defaulted sale.

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

08-14-18: Board approved Resolution authorizing Sealed Bid Sale

10-08-13: Board approved Resolution authorizing Sealed Bid Sale

05-22-07: Board approved Resolution authorizing Sealed Bid Sale

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

The maximum impact to the Tax Loss Reserve Fund will be \$50,000 if only minimum bids are received on each

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parcel. There will be no budgetary impacts because the Tax Loss Reserve Fund is a mandated trust fund.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Resolution

Related Items "On File" with the Clerk of the Board:

N/A