SONOMA COUNTY

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

Summary Report

Agenda Date: 2/26/2019

To: Board of Supervisors
Department or Agency Name(s): Auditor-Controller-Treasurer-Tax Collector
Staff Name and Phone Number: Brooke Koop, (707) 565-3232
Vote Requirement: Majority
Supervisorial District(s): All

Title:

Property Tax Postponement for Senior and Disabled Citizens

Recommended Actions:

Approval of the Resolution of the Board of Supervisors, County of Sonoma, State of California, adopting conditions and procedures for the Auditor-Controller Treasurer-Tax Collector (ACTTC) to delay sale of tax-defaulted properties owned by senior or disabled citizens, if the properties would have been eligible for State Property Tax Postponement prior to January 1, 2017, and authorizing the ACTTC to cancel delinquent penalties, costs, fees and interest on such properties.

Executive Summary:

On February 20, 2009, the State suspended its Property Tax Postponement Program, which allowed senior or disabled homeowners to postpone payment of part or all of current property taxes owing on the eligible homeowner's primary residence. The Program was reinstated effective January 1, 2017. For the period during which the program was suspended, legislation authorized counties to adopt conditions and procedures for the delay of sale of tax-defaulted properties, and to cancel penalties and interest associated with such properties, if the properties would have been eligible for the Program had it been in effect.

The ACTTC recommends approval of a resolution adopting such conditions and procedures, and authorizing cancellation of penalties, costs, fees and interest on such properties. The ACTTC recently identified that there are properties that would qualify for this program in Sonoma County. While the total number of affected properties is not known, it is estimated to be fewer than a dozen. The ACTTC recommends this resolution in order to delay the sale of tax-defaulted properties, and to cancel penalties and interest associated with such properties, if the properties would have been eligible for the Program had it been in effect . This may prevent low-income senior or disabled residents from losing their homes.

Discussion:

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

On September 28, 2014, Assembly Bill 2231 was enacted, reinstating the Property Tax Postponement Program (PTPP). Under the reinstated PTPP, the State Controller's Office began accepting applications for the program in the fall of 2016, and the program was reinstated effective January 1, 2017. For the period during which the program was suspended, it also authorized counties to adopt conditions and procedures for the delay of the sale of tax-defaulted properties required by Revenue and Taxation Code Section 3691(a)(1)(A) and to cancel penalties, costs, fees and interest associated with any such properties, if the properties would have been eligible for the PTPP, had it been in effect.

To apply for the PTPP, 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 PTPP, the State Controller's Office will make a payment directly to the County Auditor-Controller Treasurer-Tax Collector for the current-year property taxes as 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 for 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:
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- dies;
- moves 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.

If adopted, the attached resolution puts in place conditions and procedures for the delay of sale of tax-defaulted properties that would have been eligible for the PTPP prior to January 1, 2017, as determined by the Auditor-Controller Treasurer-Tax Collector as set forth in the County of Sonoma Procedures to Delay Tax Sales under Revenue and Taxation Code Section 3691, and authorizes the Auditor-Controller Treasurer-Tax Collector to cancel penalties, costs, fees and interest associated with any such properties. While fees and interest will be waived, the County will retain a lien for the value of unpaid taxes on the property.

If not approved, there will be tax-defaulted properties that will be auctioned, which would have been otherwise eligible for the PTPP prior to the January 1, 2017 reinstatement, and delinquent penalties, costs, fees and interest on properties cannot be cancelled in accordance with Revenue and Taxation code 3691.

Prior Board Actions:

None

FISCAL SUMMARY

Expenditures	**FY 18-19 Adopted**	**FY19-20 Projected**	**FY 20-21 Projected**
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			

Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:
There is a potential minimal negative impact to the Tax Loss Reserve Fund, which is funded by “Teeter” revenue from the delinquent penalties and interest, because such revenue associated with these properties will be cancelled. The County will maintain a lien for the value of unpaid taxes, but recovery will be delayed as these properties will not go to auction while they qualify for the program.

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

Narrative Explanation of Staffing Impacts (If Required):
Not Applicable

Attachments:
Board Resolution
Conditions and Procedures

Related Items “On File” with the Clerk of the Board: