

ASSEMBLY BILL

No. 2231

Introduced by Assembly Members Gordon, Levine, and Patterson

February 20, 2014

An act to amend Sections 16182, 16186, 16190, 16200, 16210, 16211, 16211.5, and 16213 of, to repeal Sections 16185, 16212, and 16214 of, and to repeal and add Section 16180 of, the Government Code, and to amend Sections 2514, 3375, 20503, 20583, 20584, 20602, 20621, 20622, 20645.5, and 20645.6 of, to amend and repeal Section 20623 of, to repeal Section 20583.1 of, and to repeal Chapter 3.3 (commencing with Section 20639) of Part 10.5 of Division 2 of, the Revenue and Taxation Code, relating to state government, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 2231, as introduced, Gordon. State Controller: property tax postponement.

The Senior Citizens and Disabled Citizens Property Tax Postponement Law, until February 20, 2009, authorized a claimant, as defined, to file a claim with the Controller to postpone the payment of ad valorem property taxes, where household income, as defined, did not exceed specified amounts. That law authorized the Controller, upon approval of the claim, to either make a payment directly to specified entities, or to issue the claimant a certificate of eligibility that constituted a written promise of the state to pay the amount specified on the certificate, as provided. That law required these payments to be made out of specified funds appropriated to the Controller, and also required certain repaid property tax postponement payments to be paid into an impound account and transferred, as specified, to the General Fund. That law also required

all sums paid by the Controller for postponed property taxes to be secured by a lien in favor of the State of California.

Existing law, on and after February 20, 2009, prohibits a person from filing a claim for postponement, and prohibits the Controller from accepting applications for postponement, under the Senior Citizens and Disabled Citizens Property Tax Postponement Law.

This bill would make inoperative the prohibition against a person filing a claim for postponement and the Controller from accepting applications for postponement under the program as of July 1, 2015, and would repeal these provisions on January 1, 2016. This bill would exclude losses and nonexpenses from “income” for purposes of these provisions. This bill would also exclude mobilehomes and houseboats from the scope of these provisions, would repeal the related Senior Citizens Mobilehome Property Tax Postponement Law, and make conforming changes to related provisions.

This bill would create in the State Treasury a Senior Citizens and Disabled Citizens Property Tax Postponement Fund. This bill would delete the requirement that funds be placed in an impound account and would, instead, require that repaid property tax postponement payments be directly deposited into the newly created fund. The bill would continuously appropriate these funds to the Controller for purposes of administering the property tax postponement program, as specified.

Existing law authorizes the Controller to subordinate the lien for postponed property taxes where the Controller determines subordination is appropriate.

This bill would eliminate that authorization.

Existing law requires that the owners equity interest in the residential dwelling be at least 20% of the full value of the property in order to be eligible to participate in the postponement program.

This bill would increase the equity requirement to at least 40%.

Existing law requires the repayment of postponed taxes in specified circumstances.

This bill would, in addition, require repayment if the claimant refinances the dwelling or has elected to participate in a revenue mortgage program for the dwelling. The bill would require that the county tax collector notify the Controller within 60 days of all property subject to a “Notice of Lien for Postponed Property Taxes” becoming tax defaulted or subject to collection procedures, as specified.

Existing law requires a claim for postponement to be filed after May 15 of the calendar year in which the fiscal year for which postponement is claimed begins, and on or before December 10 of that fiscal year.

This bill would instead require a claim for postponement to be filed after September 1 of the calendar year in which the fiscal year for which postponement is claimed begins, and on or before April 10 of that fiscal year.

Existing law makes optional certain duties of local agencies related to recordation of the tax lien.

This bill would delete that provision, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 16180 of the Government Code is
2 repealed.

3 ~~16180. Out of the amount appropriated to the Controller by~~
4 ~~Section 16100, the sum of twelve million seven hundred thousand~~
5 ~~dollars (\$12,700,000) for the 1977-78 fiscal year and each fiscal~~
6 ~~year thereafter is hereby made available to the Controller to pay~~
7 ~~the face amount of all certificates of eligibility for the~~
8 ~~postponement of property taxes submitted to the Controller which~~
9 ~~are signed and countersigned in the manner specified in Sections~~
10 ~~20602, 20603, 20639.6, 20640.6, and 20640.7 of the Revenue and~~
11 ~~Taxation Code.~~

12 SEC. 2. Section 16180 is added to the Government Code, to
13 read:

14 16180. (a) There is hereby created in the State Treasury a
15 Senior Citizens and Disabled Citizens Property Tax Postponement
16 Fund. Subject to subdivision (b) and notwithstanding Section
17 13340, the fund is continuously appropriated to the Controller,

1 commencing January 1, 2015, for purposes of administering this
2 chapter, including, but not limited to, necessary administrative
3 costs and disbursements relating to the postponement of property
4 taxes pursuant to the Senior Citizens and Disabled Citizens
5 Property Tax Postponement Law (Chapter 2 (commencing with
6 Section 20581) of Part 10.5 of Division 2 of the Revenue and
7 Taxation Code).

8 (b) The Controller shall transfer any moneys in the fund in
9 excess of ten million dollars (\$10,000,000) to the General Fund.

10 (c) Any loan repayments relating to the Senior Citizens and
11 Disabled Citizens Property Tax Postponement Law shall be
12 deposited into the Senior Citizens and Disabled Citizens Property
13 Tax Postponement Fund.

14 SEC. 3. Section 16182 of the Government Code is amended
15 to read:

16 16182. (a) All sums paid by the Controller under the provisions
17 of this chapter, together with interest thereon, shall be secured by
18 a lien in favor of the State of California *when funds are transferred*
19 *to the county by the Controller* upon the real property ~~or a~~
20 ~~mobile home~~ for which property taxes have been postponed, ~~or~~
21 ~~both~~. In the case of a residential dwelling which is part of a larger
22 parcel taxed as a unit, such as a duplex, farm, or multipurpose or
23 multidwelling building, the lien shall be against the entire tax
24 parcel.

25 (b) In the case of real property:

26 (1) The lien shall be evidenced by a notice of lien for postponed
27 property taxes executed by the Controller, or the authorized
28 delegate of the Controller, and shall secure all sums paid or owing
29 pursuant to this chapter, including amounts paid subsequent to the
30 initial payment of postponed taxes on the real property described
31 in the notice of lien.

32 (2) The notice of lien may bear the facsimile signature of the
33 Controller. Each signature shall be that of the person who shall be
34 in the office at the time of execution of the notice of lien; provided,
35 however, that such notice of lien shall be valid and binding
36 notwithstanding any such person having ceased to hold the office
37 of Controller before the date of recordation.

38 (3) The form and contents of the notice of lien for postponed
39 property taxes shall be prescribed by the Controller and shall
40 include, but not be limited to, the following:

1 (A) The names of all record owners of the real property for
2 which the Controller has advanced funds for the payment of real
3 property taxes.

4 (B) A description of the real property for which real property
5 taxes have been paid.

6 (C) The identification number of the notice of lien which has
7 been assigned the lien by the Controller.

8 (4) The notice of lien shall be recorded in the office of the
9 county recorder for the county in which the real property subject
10 to the lien is located.

11 (5) The recorded notice of lien shall be indexed in the Grantor
12 Index to the names of all record owners of the real property and
13 in the Grantee Index to the Controller of the State of California.

14 (6) After the notice of lien has been duly recorded and indexed,
15 it shall be returned by the county recorder to the office of the
16 Controller. The recorder shall provide the county tax collector with
17 a copy of the notice of lien which has been recorded by the
18 Controller.

19 (7) From the time of recordation of a notice of lien for postponed
20 property taxes, a lien shall attach to the real property described
21 therein and shall have the priority of a judgment lien for all
22 amounts secured thereby, except that the lien shall remain in effect
23 until either of the following occurs: *it is released by the Controller*
24 *in the manner prescribed by Section 16186.*

25 ~~(A) It is released by the Controller in the manner prescribed by~~
26 ~~Section 16186.~~

27 ~~(B) The foreclosure or sale of an obligation secured by a lien~~
28 ~~which is senior in priority to the lien of the State of California.~~

29 ~~(c) In the case of mobilehomes:~~

30 ~~(1) The lien shall be evidenced by a notice of lien for postponed~~
31 ~~property taxes executed by the Controller, or the authorized~~
32 ~~delegate of the Controller, and shall secure all sums paid or owing~~
33 ~~pursuant to this chapter.~~

34 ~~(2) The notice of lien may bear the facsimile signature of the~~
35 ~~Controller. The signature shall be that of the person who is in the~~
36 ~~office at the time of execution of the notice of lien. However, the~~
37 ~~notice of lien is valid and binding notwithstanding the person~~
38 ~~having ceased to hold the office of Controller before the date of~~
39 ~~filing.~~

1 ~~(3) The form and contents of the notice of lien for postponed~~
2 ~~property taxes shall be prescribed by the Controller and shall~~
3 ~~include, but not be limited to, all of the following:~~

4 ~~(A) The name or names of the registered owner or owners, legal~~
5 ~~owner or owners, if different than the registered owner or owners~~
6 ~~and the names, if any, of all junior lienholders.~~

7 ~~(B) The identification number of the notice of lien which has~~
8 ~~been assigned the lien by the Controller.~~

9 ~~(4) The notice of lien shall be transmitted to the Department of~~
10 ~~Housing and Community Development at its office in Sacramento,~~
11 ~~California.~~

12 ~~(5) Upon receipt of the notice of lien for postponed property~~
13 ~~taxes from the Controller, the Department of Housing and~~
14 ~~Community Development shall amend the permanent title record~~
15 ~~of the mobilehome to reflect that the property taxes on the~~
16 ~~mobilehome are subject to postponement.~~

17 ~~(6) The Department of Housing and Community Development~~
18 ~~shall provide the Controller with an acknowledgement of receipt~~
19 ~~and amendment of the permanent title record.~~

20 ~~(7) From the time the Department of Housing and Community~~
21 ~~Development receives the notice of lien from the Controller, the~~
22 ~~department shall impose a moratorium on any other amendments~~
23 ~~to the permanent title record of the mobilehome for purposes of~~
24 ~~transferring any ownership interest or transferring or creating any~~
25 ~~security interest in the mobilehome, until released by the Controller~~
26 ~~in the manner prescribed by Section 16186 or an authorization for~~
27 ~~the amendments is given by the Controller in writing.~~

28 ~~(d) From the time of filing a notice of lien, a lien shall attach to~~
29 ~~the mobilehome for which eligibility for the postponement of~~
30 ~~property taxes has been granted.~~

31 ~~(e) Notwithstanding any other provision in this section, any~~
32 ~~action required of a local agency by this section in order to give~~
33 ~~effect to the Senior Citizens Mobilehome Property Tax~~
34 ~~Postponement Law (Chapter 3.3 (commencing with Section~~
35 ~~20639)) of Part 10.5 of Division 2 of the Revenue and Taxation~~
36 ~~Code, and that has been determined by the Commission on State~~
37 ~~Mandates to be a reimbursable mandate, shall be optional.~~

38 SEC. 4. Section 16185 of the Government Code is repealed.

39 16185. Notwithstanding the provisions of Section 16182,
40 provided the interests of the state are adequately protected, the

1 Controller may subordinate the lien for postponed real property
2 taxes where the Controller determines subordination is appropriate.

3 ~~A recital in a certificate of subordination, executed by the
4 Controller, recorded in the county wherein the notice of lien for
5 postponed property taxes has been recorded, subordinating such
6 lien to specifically identified liens or encumbrances shall be
7 conclusive in favor of all persons or entities thereafter dealing with
8 the real property.~~

9 SEC. 5. Section 16186 of the Government Code is amended
10 to read:

11 16186. If at any time the amount of the obligation secured by
12 the lien for postponed property taxes is paid in full or otherwise
13 discharged, the Controller, or the authorized delegate of the
14 Controller, shall *in the case of real property*:

15 ~~(a) In the case of real property:~~

16 ~~(1)~~

17 (a) Execute and cause to be recorded in the office of the county
18 recorder of the county wherein the real property described in the
19 lien is located, a release of the lien conclusively evidencing the
20 satisfaction of all amounts secured by the lien. The cost of
21 recording the release of the lien shall be added to and become part
22 of the obligation secured by the lien being released.

23 ~~(2)~~

24 (b) Direct the tax collector to remove from the secured roll, the
25 information required to be entered thereon by paragraph (1) of
26 subdivision (a) of Section 2514 of the Revenue and Taxation Code
27 with respect to the property described in the lien.

28 ~~(3)~~

29 (c) Direct the assessor to remove from the assessment records
30 applicable to the property described in the lien, the information
31 required to be entered on such records by Section 2515 of the
32 Revenue and Taxation Code.

33 ~~(b) In the case of a mobilehome:~~

34 ~~(1) Direct the tax collector to remove from the secured roll the
35 information required to be entered thereon by paragraph (1) of
36 subdivision (a) of Section 2514 of the Revenue and Taxation Code.~~

37 ~~(2) Transmit a Release of Lien to the owner of the mobilehome
38 or the owner's heirs or assigns. The owner, or the owner's heirs
39 or assigns, shall transmit the Release of Lien, and a fee of six
40 dollars (\$6), to the Department of Housing and Community~~

1 ~~Development. Upon receipt of the Release of Lien and the fee, the~~
2 ~~department shall terminate the restriction on the permanent title~~
3 ~~record as provided by Section 16182.~~

4 SEC. 6. Section 16190 of the Government Code is amended
5 to read:

6 16190. All amounts owing pursuant to Article 1 (commencing
7 with Section 16180) of this chapter shall become due if any of the
8 following occurs:

9 (a) The claimant, who is either the sole owner or sole possessory
10 interest holder of the residential dwelling, as defined in Section
11 20583 or Section 20640 of the Revenue and Taxation Code, or a
12 coowner or copossessory interest holder with a person other than
13 a spouse or other individual eligible to postpone property taxes
14 pursuant to Chapter 2 (commencing with Section 20581), Chapter
15 3.3 (commencing with Section 20639), or Chapter 3.5
16 (commencing with Section 20640) of Part 10.5 of Division 2 of
17 such code, ceases to occupy the premises as his residential
18 dwelling, dies, or sells, conveys, or disposes of the property, or
19 allows any tax or special assessment on the premises described in
20 Section 20583 of such code to become delinquent. If the sole owner
21 or possessory interest holder claimant dies and his or her surviving
22 spouse inherits the premises and continues to own and occupy it
23 as his or her principal place of residence, then the lien amount does
24 not become due and payable unless taxes or special assessments
25 described in the preceding sentence become delinquent, or such
26 surviving spouse dies, or sells, conveys or disposes of the interest
27 in the property.

28 (b) The claimant, who is a coowner or copossessory interest
29 holder of the residential dwelling, as defined in Section 20583 or
30 Section 20640.2 of the Revenue and Taxation Code, with a spouse
31 or another individual eligible to postpone property taxes pursuant
32 to Chapter 2 (commencing with Section 20581), Chapter 3.3
33 (commencing with Section 20639), or Chapter 3.5 (commencing
34 with Section 20640) of Part 10.5 of Division 2 of such code, dies,
35 and the surviving spouse or other surviving eligible individual
36 allows any tax or special assessment on the premises described in
37 Section 20583 of such code to become delinquent or such surviving
38 spouse or other individual ceases to occupy the premises as a
39 residential dwelling, dies, or conveys, or disposes of the interest
40 in the property.

1 (c) The failure of the claimant to perform those acts the claimant
2 is required to perform where such performance is secured, or will
3 be secured in the event of nonperformance, by a lien which is
4 senior to that of the lien provided by Section 16182.

5 (d) Postponement was erroneously allowed because eligibility
6 requirements were not met.

7 (e) *The claimant is refinancing the residential dwelling.*

8 (f) *The claimant has elected to participate in a reverse mortgage*
9 *program for the residential dwelling.*

10 SEC. 7. Section 16200 of the Government Code is amended
11 to read:

12 16200. In the event that the Controller receives the notice
13 described in Section 16187 of this code or Section 3375 of the
14 Revenue and Taxation Code, the Controller may take any of the
15 following actions which will best serve the interests of the state:

16 ~~(a) Out of the amount appropriated by Section 16100, the~~
17 ~~Controller may pay the amount of any delinquent taxes, interest,~~
18 ~~or penalties on the property or the amount of any other obligation~~
19 ~~secured by a lien or encumbrance on the property and add such~~
20 ~~amount to the amount secured by the lien on such property~~
21 ~~provided for in Article 1 (commencing with Section 16180) of this~~
22 ~~chapter.~~

23 ~~(b)~~

24 (a) Notify by United States mail the tax collector or other party
25 that such notice has been received and that the Controller must be
26 given at least 20 days prior notice of the date that the property will
27 be sold at auction. If the Controller elects to proceed under this
28 subdivision, the Controller may use funds appropriated by Section
29 16100 to bid on the property at the auction up to the amount
30 secured by the state's lien on the property and any lien on such
31 property having priority over the state's lien. All additional
32 amounts paid pursuant to this subdivision shall be added to the
33 amount secured by the lien on such property provided for in Article
34 1 (commencing with Section 16180) of this chapter.

35 ~~(e)~~

36 (b) Acknowledge by United States mail that the notice required
37 by Section 16187 of this code or Section 3375 of the Revenue and
38 Taxation Code has been received.

39 SEC. 8. Section 16210 of the Government Code is amended
40 to read:

1 16210. In the event that the amount secured by the state's lien
2 provided for in Article 1 (commencing with Section 16180) is paid
3 by reason of the sale or condemnation of the property on which
4 the lien attaches, the funds so received shall be placed in ~~an~~
5 ~~impound account for a period of six months. In connection with~~
6 ~~the establishment of such an account, the Controller shall release~~
7 ~~the state's lien in the manner prescribed by Section 16186~~ *the*
8 *Senior Citizens and Disabled Citizens Property Tax Postponement*
9 *Fund.*

10 SEC. 9. Section 16211 of the Government Code is amended
11 to read:

12 16211. The claimant under Chapter 2 (commencing with
13 Section 20581), Chapter 3 (commencing with Section 20625),
14 ~~Chapter 3.3 (commencing with Section 20639, or Chapter 3.5~~
15 ~~(commencing with Section 20640) of Part 10.5 of Division 2 of~~
16 ~~the Revenue and Taxation Code whose residential dwelling was~~
17 ~~sold or condemned may draw upon the amount in the account to~~
18 ~~purchase a new residential dwelling, and the amount so drawn~~
19 ~~shall be secured by a new lien against the new residential dwelling~~
20 ~~from the time the Controller records the new lien against the new~~
21 ~~residential dwelling as provided for under Section 16182.~~

22 In the case of real property, the Controller shall subordinate the
23 new lien to the lien of the note and deed of trust of the purchase
24 money obligations used in the acquisition of the new residential
25 dwelling, provided the claimant has an equity of at least 20 percent
26 of the full value of the property, as required by paragraph (1) of
27 subdivision (b) of Section 20583 of the Revenue and Taxation
28 Code, prior to recordation of that subordination. The lien shall
29 have priority over all subsequent liens, except as provided in
30 Section 2192.1 of the Revenue and Taxation Code.

31 SEC. 10. Section 16211.5 of the Government Code is amended
32 to read:

33 16211.5. (a) In the event that the real property securing the
34 state's lien provided for in Article 1 (commencing with Section
35 16180) is the residential dwelling of a claimant under Chapter 2
36 (commencing with Section 20581) of Part 10.5 of Division 2 of
37 the Revenue and Taxation Code and is voluntarily sold, the funds
38 derived from the voluntary sale of the residential dwelling shall
39 be placed in ~~an impound account for a period of six months. In~~
40 ~~connection with the establishment of such account, the Senior~~

1 *Citizens and Disabled Citizens Property Tax Postponement Fund.*
2 *At that time, the Controller shall release the state's lien in the*
3 *manner prescribed by Section 16186.*

4 (b) The claimant under Chapter 2 (commencing with Section
5 20581) of Part 10.5 of Division 2 of the Revenue and Taxation
6 Code whose residential dwelling was voluntarily sold ~~may shall~~
7 ~~not~~ draw upon the amount in the ~~account to purchase a new~~
8 ~~residential dwelling, and the amount so drawn shall be secured by~~
9 ~~a new lien against the new residential dwelling from the time the~~
10 ~~Controller records the new lien against the new residential dwelling~~
11 ~~as provided for under Section 16182~~ *Senior Citizens and Disabled*
12 *Citizens Property Tax Postponement Fund.*

13 ~~The Controller shall subordinate such new lien to the note and~~
14 ~~deed of trust of the purchase money obligations used in the~~
15 ~~acquisition of the new residential dwelling, provided the claimant~~
16 ~~has an equity of at least 20 percent of the full value of the property,~~
17 ~~as required by paragraph (1) of subdivision (b) of Section 20583~~
18 ~~of the Revenue and Taxation Code, prior to recordation of such~~
19 ~~subordination. Such lien shall have priority over all subsequent~~
20 ~~liens, except as provided in Section 2192.1 of the Revenue and~~
21 ~~Taxation Code.~~

22 SEC. 11. Section 16212 of the Government Code is repealed.

23 ~~16212. An amount drawn pursuant to Section 16211 or 16211.5~~
24 ~~shall be treated as an amount paid pursuant to Section 16180 for~~
25 ~~all purposes of this chapter.~~

26 SEC. 12. Section 16213 of the Government Code is amended
27 to read:

28 16213. At the end of the six-month period specified in Section
29 16210 or the six-month period specified in Section 16211.5, all
30 funds remaining in an impound account shall be transferred to the
31 ~~General Fund~~ *Senior Citizens and Disabled Citizens Property Tax*
32 *Postponement Fund, established pursuant to Section 16180.*

33 SEC. 13. Section 16214 of the Government Code is repealed.

34 ~~16214. All moneys in an impound account created pursuant to~~
35 ~~this article are continually appropriated to the Controller for the~~
36 ~~purposes of this article.~~

37 SEC. 14. Section 2514 of the Revenue and Taxation Code is
38 amended to read:

39 2514. (a) Upon receipt of a certificate of eligibility described
40 in Section 20602, Section 20639.6, or Section 20640.6 signed by

1 the claimant, the claimant's spouse, or authorized agent appointed
2 under regulations adopted by the Controller pursuant to Section
3 20603 or Section 20640.7, the tax collector shall ascertain whether
4 the amount of money entered on the certificate by such claimant
5 or agent, when added to other amounts available for such purpose,
6 are sufficient to pay the amount due and owing.

7 If such is the case, the tax collector or his or her designee shall
8 countersign the certificate and mark the tax paid. Once signed and
9 countersigned, a certificate of eligibility shall be deemed a
10 negotiable instrument for purposes of all laws of this state, as
11 specified in subdivision (d) of Section 20602. Upon acceptance
12 of such a certificate:

13 (1) ~~The tax collector shall enter the fact that taxes on the~~
14 ~~property have been postponed in appropriate columns on the roll.~~
15 ~~In the case of the secured roll, this information may be entered in~~
16 ~~that portion of the roll which has been designated for tax default~~
17 ~~information required by Section 3439.~~

18 (2) ~~In the case of a certificate of eligibility issued pursuant to~~
19 ~~Section 20602, the tax collector shall determine if the property~~
20 ~~described in the certificate of eligibility is subject to a lien recorded~~
21 ~~pursuant to Section 16182 of the Government Code. If the property~~
22 ~~is not subject to such a lien, the tax collector shall enter the amount~~
23 ~~paid by use of the certificate, the date of such payment, the~~
24 ~~Controller's identification number shown on the certificate of~~
25 ~~eligibility, the address of the property covered by the certificate,~~
26 ~~and the name of the claimant as shown on the certificate on a~~
27 ~~"notice of lien for postponed property taxes" form which shall be~~
28 ~~provided by the Controller. The tax collector shall thereafter~~
29 ~~forward such notice of lien form to the assessor.~~

30 ~~(3)~~

31 2514. (a) With respect to a claimant whose property taxes are
32 paid by a lender from an impound, trust, or other type of account
33 described in Section 2954 of the Civil Code, the tax collector shall
34 notify the auditor of the claimant's name and address, and the
35 *duplicate* amount of money entered on the certificate *the Controller*
36 *transferred to the tax collector via an electronic fund transfer.*

37 The county auditor, treasurer, or disbursing officer shall send a
38 check in the amount of money ~~within 30 days following the date~~
39 ~~on which the installment is paid by the lender or the certificate of~~
40 eligibility is received from the claimant, whichever is later *based*

1 *on the electronic transfer by the Controller, to the Controller*
2 *within 60 days of the replicated payment.*

3 (b) The procedures established by this chapter shall not be
4 construed to require a lender to alter the manner in which a lender
5 makes payment of the property taxes of such *a* claimant.

6 ~~(e) Notwithstanding any other provision in this section, any~~
7 ~~action required of a local agency by this section in order to give~~
8 ~~effect to the Senior Citizens Mobilehome Property Tax~~
9 ~~Postponement Law (Chapter 3.3 (commencing with Section~~
10 ~~20639)) of Part 10.5 of Division 2, and that has been determined~~
11 ~~by the Commission on State Mandates to be a reimbursable~~
12 ~~mandate, shall be optional.~~

13 SEC. 15. Section 3375 of the Revenue and Taxation Code is
14 amended to read:

15 3375. The *county* tax collector shall notify the Controller *within*
16 *60 days*, in such manner as the Controller shall direct, of all
17 property subject to a “Notice of Lien for Postponed Property
18 Taxes” recorded pursuant to Section 16182 of the Government
19 Code, which:

20 (a) Becomes tax defaulted subsequent to the date of entry on
21 the secured roll of the information required by paragraph (1) of
22 subdivision (a) of Section 2514; or

23 (b) Becomes subject to those collection procedures that are
24 available for collection of delinquent taxes or assessments on the
25 unsecured roll.

26 SEC. 16. Section 20503 of the Revenue and Taxation Code is
27 amended to read:

28 20503. (a) “Income” means adjusted gross income as defined
29 in Section 17072 plus all of the following cash items:

- 30 (1) Public assistance and relief.
- 31 (2) Nontaxable amount of pensions and annuities.
- 32 (3) Social security benefits (except Medicare).
- 33 (4) Railroad retirement benefits.
- 34 (5) Unemployment insurance payments.
- 35 (6) Veterans’ benefits.
- 36 (7) Exempt interest received from any source.
- 37 (8) Gifts and inheritances in excess of three hundred dollars
38 (\$300), other than transfers between members of the household.
39 Gifts and inheritances include noncash items.

- 1 (9) Amounts contributed on behalf of the contributor to a
- 2 tax-sheltered retirement plan or deferred compensation plan.
- 3 (10) Temporary workers’ compensation payments.
- 4 (11) Sick leave payments.
- 5 (12) Nontaxable military compensation as defined in Section
- 6 112 of the Internal Revenue Code.
- 7 (13) Nontaxable scholarship and fellowship grants as defined
- 8 in Section 117 of the Internal Revenue Code.
- 9 (14) Nontaxable gain from the sale of a residence as defined in
- 10 Section 121 of the Internal Revenue Code.
- 11 (15) Life insurance proceeds to the extent that the proceeds
- 12 exceed the expenses incurred for the last illness and funeral of the
- 13 deceased spouse of the claimant. “Expenses incurred for the last
- 14 illness” includes unreimbursed expenses paid or incurred during
- 15 the income calendar year and any expenses paid or incurred
- 16 thereafter up until the date the claim is filed. For purposes of this
- 17 paragraph, funeral expenses shall not exceed five thousand dollars
- 18 (\$5,000).
- 19 (16) If an alternative minimum tax is required to be paid
- 20 pursuant to Chapter 2.1 (commencing with Section 17062) of Part
- 21 10, the amount of alternative minimum taxable income (whether
- 22 or not cash) in excess of the regular taxable income.
- 23 (17) Annual winnings from the California Lottery in excess of
- 24 six hundred dollars (\$600) for the current year.
- 25 (b) For purposes of this chapter, total income shall be determined
- 26 for the calendar year (or approved fiscal year ending within that
- 27 calendar year) which ends within the fiscal year for which
- 28 assistance is claimed.
- 29 (c) *For purposes of this chapter, all losses and nonexpenses*
- 30 *shall be converted to zero for the purpose of determining whether*
- 31 *the homeowner meets the Property Tax Postponement requirement.*
- 32 (e)
- 33 (d) For purposes of Chapter 2 (commencing with Section
- 34 20581), Chapter 3 (commencing with Section 20625), and Chapter
- 35 3.5 (commencing with Section 20640), total income shall be
- 36 determined for the calendar year ending immediately prior to the
- 37 commencement of the fiscal year for which postponement is
- 38 claimed.
- 39 SEC. 17. Section 20583 of the Revenue and Taxation Code is
- 40 amended to read:

1 20583. (a) “Residential dwelling” means a dwelling occupied
2 as the principal place of residence of the claimant, and so much
3 of the land surrounding it as is reasonably necessary for use of the
4 dwelling as a home, owned by the claimant, the claimant and
5 spouse, or by the claimant and either another individual eligible
6 for postponement under this chapter or an individual described in
7 subdivision (a), (b), or (c) of Section 20511 and located in this
8 state. It shall include condominiums ~~and mobilehomes~~ that are
9 assessed as realty for local property tax purposes. It also includes
10 part of a multidwelling or multipurpose building and a part of the
11 land upon which it is built. ~~In the case of a mobilehome not~~
12 ~~assessed as real property that is located on land owned by the~~
13 ~~claimant, “residential dwelling” includes the land on which the~~
14 ~~mobilehome is situated and so much of the land surrounding it as~~
15 ~~reasonably necessary for use of the mobilehome as a home.~~

16 (b) As used in this chapter in reference to ownership interests
17 in residential dwellings, “owned” includes (1) the interest of a
18 vendee in possession under a land sale contract provided that the
19 contract or memorandum thereof is recorded and only from the
20 date of recordation of the contract or memorandum thereof in the
21 office of the county recorder where the residential dwelling is
22 located, (2) the interest of the holder of a life estate provided that
23 the instrument creating the life estate is recorded and only from
24 the date of recordation of the instrument creating the life estate in
25 the office of the county recorder where the residential dwelling is
26 located, but “owned” does not include the interest of the holder of
27 any remainder interest or the holder of a reversionary interest in
28 the residential dwelling, (3) the interest of a joint tenant or a tenant
29 in common in the residential dwelling or the interest of a tenant
30 where title is held in tenancy by the entirety or a community
31 property interest where title is held as community property, and
32 (4) the interest in the residential dwelling in which the title is held
33 in trust, as described in subdivision (d) of Section 62, provided
34 that the Controller determines that the state’s interest is adequately
35 protected.

36 ~~(e) For purposes of this chapter, the registered owner of a~~
37 ~~mobilehome shall be deemed to be the owner of the mobilehome.~~

38 ~~(d)~~

39 (c) Except as provided in subdivision (c), and Chapter 3
40 (commencing with Section 20625), ownership must be evidenced

1 by an instrument duly recorded in the office of the county where
2 the residential dwelling is located.

3 (e)

4 (d) “Residential dwelling” does not include any of the following:

5 (1) Any residential dwelling in which the owners do not have
6 an equity of at least ~~20~~ 40 percent of the full value of the property
7 as determined for purposes of property taxation or at least ~~20~~ 40
8 percent of the fair market value as determined by the Controller
9 and where the Controller determines that the state’s interest is
10 adequately protected. The ~~20-percent~~ 40-percent equity requirement
11 shall be met at the time the claimant or authorized agent files an
12 initial postponement claim and tenders to the tax collector the
13 initial certificate of eligibility described in Sections 20602,
14 20639.6, and 20640.6.

15 (2) Any residential dwelling in which the claimant’s interest is
16 held pursuant to a contract of sale or under a life estate, unless the
17 claimant obtains the written consent of the vendor under the
18 contract of sale, or the holder of the reversionary interest upon
19 termination of the life estate, for the postponement of taxes and
20 the creation of a lien on the real property in favor of the state for
21 amounts postponed pursuant to this act.

22 (3) Any residential dwelling on which the claimant does not
23 receive a secured tax bill.

24 (4) Any residential dwelling in which the claimant’s interest is
25 held as a possessory interest, except as provided in Chapter 3.5
26 (commencing with Section 20640).

27 ~~(f) Notwithstanding subdivision (e) of Section 20584, houseboats~~
28 ~~and floating homes, as defined by Section 20583.1, on which~~
29 ~~property taxes are delinquent at the time the application for~~
30 ~~postponement under this chapter is made, shall not be eligible for~~
31 ~~postponement.~~

32 SEC. 18. Section 20583.1 of the Revenue and Taxation Code
33 is repealed.

34 ~~20583.1. For purposes of Section 20583, “residential dwelling”~~
35 ~~includes houseboats and floating homes.~~

36 SEC. 19. Section 20584 of the Revenue and Taxation Code is
37 amended to read:

38 20584. (a) “Property taxes” means all ad valorem property
39 taxes, special assessments, and other charges or user fees which
40 are attributable to the residential dwelling on the county tax bill

1 and the ad valorem property taxes, special assessments, or other
2 charges or user fees appearing on the tax bill of any chartered city
3 which levies and collects its own property taxes.

4 (b) Whenever a residential dwelling is an integral part of a larger
5 tax unit, such as a duplex, farm or a multipurpose building,
6 “property taxes” shall be the percentage of the total property taxes
7 as the value of the residential dwelling is of the value of the total
8 tax unit.

9 (c) “Property taxes” ~~includes any property taxes~~ means property
10 taxes for current fiscal years for which the claim is made and
11 excludes delinquent taxes for prior fiscal years that become
12 delinquent after the claimant was 62 years of age or after the
13 claimant became blind or disabled as defined in Section 12050 of
14 the Welfare and Institutions Code.

15 SEC. 20. Section 20602 of the Revenue and Taxation Code is
16 amended to read:

17 20602. ~~(a)~~ Upon approval of a claim described in Section
18 20601, the Controller ~~may do either of the following:~~

19 ~~(1) Make shall make~~ payments directly to a lender, mortgage
20 company, escrow company, or county tax collector for the property
21 taxes owed on behalf of a qualified claimant. Payments may, upon
22 appropriation by the Legislature, be made out of the amounts
23 otherwise appropriated pursuant to Section 16100 of the
24 Government Code that are secured by a *secured tax* lien and
25 obligation as specified by Article 1 (commencing with Section
26 16180) of Chapter 5 of Division 4 of the Government Code.

27 ~~(2) Issue to the claimant a certificate of eligibility, which shall~~
28 ~~consist of two parts, both of which shall contain the name of the~~
29 ~~claimant, the address of the residential dwelling on which the~~
30 ~~claimant has applied for property tax postponement, and that other~~
31 ~~information and in that form as the Controller shall prescribe. In~~
32 ~~the event that that residential dwelling is located in a chartered~~
33 ~~city which levies and collects its own taxes, the Controller shall~~
34 ~~issue a duplicate certificate of eligibility to pay all or any part of~~
35 ~~the property taxes appearing on that city’s tax bill. Each part of a~~
36 ~~certificate of eligibility shall be payable in an unspecified amount~~
37 ~~and shall contain statements to identify the property tax installment~~
38 ~~to which it may be applied.~~

1 ~~(b) The Controller shall prescribe the form of the certificates of~~
2 ~~eligibility to pay all delinquent taxes and assessments authorized~~
3 ~~by this chapter.~~

4 ~~Upon or accompanying each certificate shall be a brief statement~~
5 ~~explaining that (1) those taxpayers whose property taxes are paid~~
6 ~~by a lender via an impound, trust or other similar account should~~
7 ~~enter the total amount of each installment on their respective~~
8 ~~certificates and mail both certificates to the tax collector at the~~
9 ~~same time, and (2) those taxpayers will receive a refund check~~
10 ~~from the county or city in the amount they entered on each~~
11 ~~certificate, within 30 days following the date on which the~~
12 ~~installment is paid by the lender or the certificate of eligibility is~~
13 ~~received by the tax collector, whichever is later, and (3) the intent~~
14 ~~of this procedure is to make sure the taxes on the claimant's~~
15 ~~dwelling are not paid twice.~~

16 ~~(e) When a certificate of eligibility has been signed by the~~
17 ~~claimant, his or her spouse, or authorized agent and countersigned~~
18 ~~by the person authorized to collect property taxes or assessments~~
19 ~~for the local agency, such certificate shall constitute a written~~
20 ~~promise on the part of the State of California to pay the sum of~~
21 ~~money specified therein and such signed and countersigned~~
22 ~~certificate shall be deemed a negotiable instrument for the sole~~
23 ~~purpose of the payment of property taxes owing in the name of~~
24 ~~the claimant or his or her spouse for purposes of all laws of this~~
25 ~~state.~~

26 ~~(d) A certificate of eligibility shall be valid for the duration~~
27 ~~prescribed thereon by the Controller.~~

28 ~~(e) The Controller shall issue certificates of eligibility claims~~
29 ~~approved on or before September 30 between October 15 and~~
30 ~~November 1 of the fiscal year for which postponement is claimed.~~
31 ~~Certificates for claims approved after September 30 shall be issued~~
32 ~~at such times as the Controller determines will best implement the~~
33 ~~purpose of this chapter.~~

34 ~~(f) The Controller shall prescribe the manner in which a claimant~~
35 ~~eligible under this chapter, who has been issued a certificate of~~
36 ~~eligibility which is lost or destroyed prior to being filed with the~~
37 ~~local agency pursuant to subdivision (b) may obtain a duplicate~~
38 ~~copy of said certificate as a replacement. (Under such conditions~~
39 ~~as may be prescribed by the Controller, a duplicate copy shall be~~

1 ~~deemed as having been filed with the local agency as of the date~~
2 ~~a claimant requests issuance of such duplicate copy.)~~

3 SEC. 21. Section 20621 of the Revenue and Taxation Code is
4 amended to read:

5 20621. Each claimant applying for postponement under Article
6 2 (commencing with Section 20601) shall file a claim under penalty
7 of perjury with the Controller on a form supplied by the Controller.
8 The claim shall contain all of the following:

9 (a) Evidence acceptable to the Controller that the person was a
10 “senior citizen claimant” or a “blind or disabled claimant.”

11 (b) A statement showing the household income for the period
12 set forth in Section 20503.

13 (c) A statement describing the residential dwelling in a manner
14 that the Controller may prescribe.

15 (d) The name of the county in which the residential dwelling is
16 located and the address of the residential dwelling.

17 (e) The county assessor’s parcel number applicable to the
18 property for which the claimant is applying for the postponement
19 of property taxes.

20 (f) (1) Documentation evidencing the current existence of any
21 abstract of judgment, federal tax lien, or state tax lien filed or
22 recorded against the applicant, and any recorded mortgage or deed
23 of trust that affects the subject residential dwelling, for the purpose
24 of determining that the claimant possesses a ~~20-percent~~ *40-percent*
25 equity in the subject residential dwelling as required by paragraph
26 (1) of subdivision (b) of Section 20583.

27 (2) Actual costs, not in excess of fifty dollars (\$50), paid by the
28 claimant to obtain the documentation shall, ~~in the event the~~
29 ~~Controller issues a certificate of eligibility,~~ reduce the amount of
30 the lien for the year, but not the face amount of the payment
31 prescribed in Section 16180 of the Government Code.

32 (g) Other information required by the Controller to establish
33 eligibility.

34 SEC. 22. Section 20622 of the Revenue and Taxation Code is
35 amended to read:

36 20622. The claim for postponement shall be filed after ~~May~~
37 ~~15 September 1~~ of the calendar year in which the fiscal year for
38 which postponement is claimed begins, and on or before ~~December~~
39 ~~April 10~~ of that fiscal year; if ~~December~~ *April 10th* falls on

1 Saturday, Sunday, or a legal holiday, the date is extended to the
2 next business day.

3 SEC. 23. Section 20623 of the Revenue and Taxation Code is
4 amended to read:

5 20623. (a) No person shall file a claim for postponement under
6 this chapter on or after the effective date of the act adding this
7 section, and the Controller shall not accept applications for
8 postponement under this chapter on or after that date.

9 (b) *This section shall become inoperative on July 1, 2015, and
10 as of January 1, 2016, is repealed, unless a later enacted statute
11 that is enacted before January 1, 2016, deletes or extends the dates
12 on which it becomes inoperative and is repealed.*

13 SEC. 24. Chapter 3.3 (commencing with Section 20639) of
14 Part 10.5 of Division 2 of the Revenue and Taxation Code is
15 repealed.

16 SEC. 25. Section 20645.5 of the Revenue and Taxation Code
17 is amended to read:

18 20645.5. If a postponement claim under Chapter 2
19 (commencing with Section 20581), Chapter 3.3 (commencing with
20 Section 20639), or Chapter 3.5 (commencing with Section 20640)
21 is filed timely but before delinquency date of the first or second
22 installment of property taxes, then any delinquent penalties and
23 interest for such fiscal year shall be canceled unless the failure to
24 perfect the claim was due to willful neglect on the part of the
25 claimant or representative. In the event of such willful neglect, ~~the~~
26 ~~certificates of eligibility~~ *an electronic fund transfer* for ~~such that~~
27 *current* fiscal year can be used to pay delinquent taxes only if
28 accompanied by sufficient amounts to pay the delinquent interest
29 and penalties.

30 SEC. 26. Section 20645.6 of the Revenue and Taxation Code
31 is amended to read:

32 20645.6. If the Controller denies a postponement claim under
33 Chapter 2 (commencing with Section 20581), Chapter 3
34 (commencing with Section 20625), Chapter 3.3 (commencing with
35 Section 20639), or Chapter 3.5 (commencing with Section 20640),
36 and such denial is reversed after appeal pursuant to Section
37 20645.1, ~~the Controller shall issue a warrant to the claimant,~~
38 *electronically transfer funds to the county*, if the taxes for the fiscal
39 year have been paid, for the amount of such taxes. If the taxes for

1 the fiscal year are delinquent, any resulting penalties or interest
2 shall be canceled.

3 SEC. 27. If the Commission on State Mandates determines
4 that this act contains costs mandated by the state, reimbursement
5 to local agencies and school districts for those costs shall be made
6 pursuant to Part 7 (commencing with Section 17500) of Division
7 4 of Title 2 of the Government Code.

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