

Assembly Bill No. 2229

CHAPTER 606

An act to amend Sections 3695.4, 3695.5, 3700, 3791.4, 3793.1, 3795, and 3795.5 of, and to repeal Sections 3793.5, 3793.6, 3794.2, 3807.3, and 3807.5 of, the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 23, 2000. Filed
with Secretary of State September 24, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2229, Wiggins. Property taxation: sale of defaulted property.

Existing property tax law generally authorizes a county tax collector to sell tax-defaulted property 5 years or more after that property has become tax defaulted, and also authorizes a public agency, as provided, or a nonprofit organization, making certain written statements regarding the rehabilitation and use of property for low-income persons, to file a written objection to a proposed sale of tax-defaulted property. Existing law requires any written objection that is so filed to be accompanied by an application to purchase the property otherwise subject to sale. Existing law allows the sale of tax-defaulted property to proceed despite the filing of an objection and application by a public agency, and requires that a nonprofit organization file an objection and application prior to the date of sale.

This bill would revise and recast these objection and application provisions to prohibit a sale of tax-defaulted property after the filing of an objection and application by a public agency, and to require that a nonprofit organization file an objection and application to a sale of tax-defaulted property before the giving of notice of sale under a specified statute. This bill would permit a county tax collector to provide a copy of a notice of a proposed sale of tax-defaulted property to each nonprofit organization that has submitted, as provided, a written request for that notice. This bill would require a county board of supervisors or its designee to approve the purchase of tax-defaulted property by a nonprofit organization and would, subject to that approval, allow property to be purchased by a nonprofit organization after the property has been tax defaulted for at least 3 years and has become the subject of a nuisance abatement lien. This bill would delete the requirement that an agreement for the sale of tax-defaulted property to a nonprofit organization require that organization to meet conditions with regard to the rehabilitation and use of the property within 2 years, or a longer period as extended by the county board of supervisors. This bill would, in lieu of conditions as may be imposed by the Controller, permit the county board of supervisors to establish additional conditions, as provided, upon the

sale of tax-defaulted property to a nonprofit organization. This bill would, in the case in which a sale of tax-defaulted property fails to attract an acceptable bid, allow the county tax collector, with the approval of the county board of supervisors or its designee, to offer the property at a new minimum price at the same sale, rather than the next scheduled sale. This bill would also allow a county board of supervisors, or its designee, to permit a nonprofit organization to purchase tax-defaulted property on an installment basis. This bill would also clarify the manner in which an executed agreement for the sale of tax-defaulted property is to be submitted to, and reviewed by, the Controller, and would eliminate provisions including those relating to the resale of tax-defaulted property by a purchasing public agency and a taxing agency's recovery of its costs. By imposing additional duties on county tax collectors and boards of supervisors with respect to the sale of tax-defaulted properties, this bill would impose 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 no reimbursement is required by this act for a specified reason.

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

SECTION 1. Section 3695.4 of the Revenue and Taxation Code is amended to read:

3695.4. In addition to the provisions in Section 3695 relative to objections to sales, the state or city or any taxing agency or revenue district may file with the county tax collector written objection to the sale of, along with an application to purchase in accordance with Chapter 8 (commencing with Section 3771), any property that is or may be needed for public use. The written objection shall specify the description of the property needed, whether the fee or an easement is required, and the public purpose to which the property is intended to be devoted.

The objection and application shall be filed with the tax collector before the date of the first publication of the notice of intended sale pursuant to Sections 3702 and 3703. If the state, a city, taxing agency, or revenue district files an objection and application in compliance with this section, the tax collector may not proceed with the sale of the subject property.

SEC. 2. Section 3695.5 of the Revenue and Taxation Code is amended to read:

3695.5. In addition to the provisions of Sections 3695 and 3695.4 relative to objections to sales, any nonprofit organization may file with the county tax collector written objection to the sale for taxes



of, and a written application to purchase in accordance with Chapter 8 (commencing with Section 3771), any residential or vacant real property that the nonprofit organization states in writing that it will:

(a) In the case of residential real property, rehabilitate and sell or rent to, or otherwise use the property to serve, low-income persons.

(b) In the case of vacant real property, construct residential dwellings on the property and sell or rent the property to low-income persons, otherwise use the property to serve low-income persons, or dedicate the vacant property to public use, including those uses referred to in subdivision (a).

The objection and application shall be filed with the tax collector before the date of the first publication or posting of the notice of intended sale pursuant to Sections 3702 and 3703. If the nonprofit organization files an objection and application in compliance with this section and with any conditions of sale established pursuant to Section 3795.5, the tax collector may not proceed with the sale of the property.

The terms “nonprofit organization,” “low-income persons” and “rehabilitation” shall have the same meaning in this section as in Chapter 8 (commencing with Section 3771).

SEC. 3. Section 3700 of the Revenue and Taxation Code is amended to read:

3700. Upon providing notice to the board of supervisors as required by Section 3698, the tax collector shall forward one copy to the clerk or secretary of the governing board of each taxing agency, other than the county, having the right to levy taxes or assessments on the property and may forward one copy to each nonprofit organization that has submitted, within one year prior to the next scheduled tax sale or prior to July 31 of the current calendar year, a written request to the tax collector for notification. The copy or copies shall be mailed or delivered at least 30 days before the first publication or posting of the notice of intended sale. However, where the tax collector has on file a consent from each taxing agency, the tax collector may proceed to publish or post the notice of sale.

SEC. 4. Section 3791.4 of the Revenue and Taxation Code is amended to read:

3791.4. (a) When residential or vacant property has been tax defaulted for five years or more, or three years or more after the property has become tax-defaulted and is subject to a nuisance abatement lien, that property may, with the approval of either the board of supervisors of the county in which it is located or that board’s designee, be purchased pursuant to this chapter by a nonprofit organization, provided that:

(1) In the case of residential property, the nonprofit organization shall rehabilitate and sell or rent to, or otherwise use the property to serve, low-income persons.



(2) In the case of vacant property, the nonprofit organization shall construct residential dwellings on the property and sell or rent the property to low-income persons, otherwise use the property to serve low-income persons, or dedicate the vacant property to public use.

(b) The terms and conditions of any conveyance to a nonprofit corporation pursuant to this section shall be specified in the deed or other instrument of conveyance.

SEC. 5. Section 3793.1 of the Revenue and Taxation Code is amended to read:

3793.1. (a) The sales price of any property sold under this article shall include, at a minimum, the amounts of all of the following:

(1) All defaulted taxes and assessments, and all associated penalties and costs.

(2) Redemption penalties and fees incurred through the month of the sale.

(3) All costs of the sale.

(b) If the property or property interests have been offered for sale at least once and no acceptable bids therefor have been received, the tax collector may, in his or her discretion and with the approval of the board of supervisors or that board's designee, offer that property or those interests at a minimum price that the tax collector deems appropriate.

(c) The board of supervisors, or its designee, may permit a nonprofit organization to purchase property or property interests by way of installment payments.

SEC. 6. Section 3793.5 of the Revenue and Taxation Code is repealed.

SEC. 7. Section 3793.6 of the Revenue and Taxation Code is repealed.

SEC. 8. Section 3794.2 of the Revenue and Taxation Code is repealed.

SEC. 9. Section 3795 of the Revenue and Taxation Code is amended to read:

3795. The agreement shall be submitted to the Controller. If he or she does not approve the agreement, he or she shall return the agreement to each party with a statement of his or her objections to it, and thereafter a new or modified agreement may be made. If the Controller approves the agreement, he or she shall sign the executed copy, return the signed agreement to the tax collector, and keep a copy on file in his or her office.

SEC. 10. Section 3795.5 of the Revenue and Taxation Code is amended to read:

3795.5. In the case of an agreement involving a nonprofit organization, the board of supervisors may establish conditions of sale, including reporting, to assure the completion of rehabilitation within a reasonable time and maximum benefit to low-income



persons. These conditions shall include, but are not limited to, all of the following:

(a) Requiring a certification of consistency with a consolidated plan approved by the Department of Housing and Community Development.

(b) Requiring compliance with a jurisdiction's consolidated plan or a community development plan.

(c) Articles of incorporation filed with the Secretary of State, stating that the organization is incorporated for the purposes specified in subdivision (b) of Section 3772.5.

SEC. 11. Section 3807.3 of the Revenue and Taxation Code is repealed.

SEC. 12. Section 3807.5 of the Revenue and Taxation Code is repealed.

SEC. 13. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district are the result of a program for which legislative authority was requested by that local agency or school district, within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

