

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

139



FROM: Treasurer/Tax Collector

SUBMITTAL DATE:
June 27, 2005

SUBJECT: Public Auction Sale of Tax-Defaulted Real Property, Sale No. TC-174, scheduled for November 7, 2005 at the Riverside Convention Center, 3443 Orange Street, Riverside, California.

RECOMMENDED MOTION: That the Board of Supervisors:

1) Approve the intended public auction tax sale, TC-174, 2) Approve and adopt the provisions of the Revenue and Taxation Code Section 3698.5(a), 3698.5(c) and Section 4703(a), (3) Adopt Resolution 2005-327 approving the sale of tax-defaulted property, prepared and approved by County Counsel, and 4) Instruct the Clerk of the Board to immediately forward a certified copy of the Board's Resolution to the Tax Collector following Board approval.

The above action will authorize the minimum bid on tax-defaulted real property to be offered at public auction tax sale.

BACKGROUND: Properties for which taxes are not paid are sold to collect back taxes. After the property has been tax-defaulted for a period of five or more years from the original tax-default year, it becomes subject to the Tax Collector's "Notice of Power To Sell Tax-Defaulted Property", which is then recorded. If the property is not subsequently redeemed by the payment of all amounts due, it is offered for sale by the Tax Collector. This action will set in motion the Tax Collector's annual March sale. (Continued)

Departmental Concurrence

FORM APPROVED
COUNTY COUNSEL

JUN 29 2005

Hanna

Paul McDonnell, Treasurer/Tax Collector

FINANCIAL DATA

Current F.Y. Total Cost:	\$245,891.58	In Current Year Budget:	YES
Current F.Y. Net County Cost:	\$ 0.00	Budget Adjustment:	NO
Annual Net County Cost:	\$ 0.00	For Fiscal Year:	2005-06

SOURCE OF FUNDS: Tax Loss Reserve Fund

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE.

County Executive Office Signature

- Dept't Recomm.: Consent Policy
- Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: **District:** **Agenda Number:**

**ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD**

3.90

BACKGROUND: (Continued)

SUMMARY OF THE NOVEMBER, 2005 SALE:

The Tax Collector proposes to offer a maximum of two hundred eighty-three (283) "fee parcels":

- a) Four (4) fee parcels will be offered for the first time at the minimum bid of full redemption, plus a \$540.00 cost of sale.
- b) One hundred seventy (170) fee parcels will be offered for a minimum bid of taxes only, plus a \$540.00 cost of sale. These parcels have been previously offered.
- c) Seventy-six (76) fee parcels, or less, will be offered for fifty percent (50%) of taxes only plus a \$540.00 cost of sale. These parcels have been previously offered.
- d) Twenty-two (22) fee parcels, or less, will be offered for twenty-five percent (25%) of taxes only plus a \$540.00 cost of sale. These parcels have been previously offered.
- e) Eleven (11) fee parcels will be offered for a minimum bid of \$540.00 each, which constitutes the cost of sale.

As indicated in Exhibit "A", the aggregate minimum bid for all parcels is \$ 825,346.70

The final number of parcels actually offered for sale on the auction dates will be reduced by taxpayer redemptions. Properties will also be pulled from the sale to comply with bankruptcy stays and for administrative considerations.

In general, the financial impact of tax sales can be summarized as follows:

- Sales at, or above, the amount of taxes owed have no direct negative impact on the County's budget.
- Sales at less than the amount of taxes owed have an indirect negative impact on the County's budget. As long as any tax loss (taxes owed minus the net sales price) is within the Teeter Program's annual budget, no subsequent adjustments to the General Fund Budget are required.

For this sale, if all parcels being **reoffered** for sale were to sell for only the minimum bid, the maximum tax loss would be \$351,273.68. Taking into account the Teeter formula, which shares this loss with other taxing entities, the maximum loss to the Tax Loss Reserve Fund would be \$245,891.58. **Accordingly, there should be no direct impact on the County General Fund because reserves exceeding that amount have been set aside.**

More likely than not, there will be minimal impact upon the Tax Loss Reserve Fund itself. Based upon recent experience, this sale will not realize the maximum loss for three reasons: (i) properties are inevitably pulled from the sale due to bankruptcy or taxpayer redemptions; (ii) some parcels will sell for more than the minimum bid and (iii) other parcels are likely to receive no bids.

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3 RESOLUTION NO. 2005-327
4 APPROVING SALE OF TAX-DEFAULTED PROPERTY
5 SUBJECT TO THE POWER OF SALE
6 AND SETTING THE MINIMUM BID

7 WHEREAS, the Tax Collector of Riverside County intends to sell at public auction tax-
8 defaulted property subject to the power of sale on November 7, 2005, and requests that the Board of
9 Supervisors of the County of Riverside, State of California approve the intended sale; and any
10 postponement of the sale that may be necessary; the Tax Sale List TC 174 , Sale File 4322 is attached
11 herewith as Exhibit "A" and sets forth the property declared tax-defaulted with the year of the tax-default
12 and the assessment number; the notice of the proposed sale will be sent to the State Controller in
13 accordance with Section 3700.5 of the California Revenue and Taxation Code ; and

14 WHEREAS, the minimum price for each property has been set in compliance with Section
15 3698.5 of the California Revenue and Taxation Code; and

16 WHEREAS, a majority of the parcels to be offered at the November 7, 2005 tax sale have
17 been previously offered and failed to sell at the minimum bid or were withdrawn from the sale will be
18 reoffered; and

19 WHEREAS, the Tax Collector in his discretion has determined that the property specified
20 in Exhibit "A" attached hereto and incorporated by reference, should be offered for sale on November 7,
21 2005 at a minimum bid in accordance with California Revenue and Taxation Code Sections 3698.5(a) and
22 3698.5(c); and

23 WHEREAS, it is in the best interests of the State of California, the County of Riverside,
24 and cities, school districts, and special districts for whom the Tax Collector collects taxes, to sell said
25 properties; now, therefore,

26 BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Supervisors of the
27 County of Riverside, State of California, in regular session assembled on July 12, 2005, that the
28 proposed sale of tax-defaulted property subject to the power of sale and any continuation of the sale is

1 hereby approved and the Tax Collector of the County of Riverside is directed to offer the property
2 described in Exhibit "A" attached hereto and incorporated by reference, at public auction to the highest
3 bidder for cash in lawful money of the United States at the minimum bid set in accordance with California
4 Revenue and Taxation Code Sections 3698.5(a) and 3698.5(c) as specified below:

5 1. Four (4) fee parcels, or less, will be offered for the full redemption amount plus
6 \$540.00 each for the cost of sale,

7 2. One hundred and seventy (170) fee parcels, or less, will be offered at a minimum
8 bid of taxes only plus \$540.00 for the cost of sale,

9 3. Seventy-six (76) fee parcels, or less, will be offered for fifty percent (50%) of taxes
10 only plus \$540.00 for the cost of sale.

11 4. Twenty two (22) fee parcels, or less, will be offered for twenty-five percent (25%)
12 of taxes only plus \$540.00 for the cost of sale.

13 5. Eleven (11) fee parcels, or less, will be offered for a minimum bid of \$540.00 each
14 which constitutes the cost of sale.

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