

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Treasurer/Tax Collector/Public Administrator	(2) MEETING DATE 12/13/2011	(3) CONTACT/PHONE Art Bacon, (805) 781-5849 Lori Guidotti, (805) 781-5840	
(4) SUBJECT Submittal of a resolution accepting notice and approving an internet public auction, Sale Number 225, of tax-defaulted properties subject to the Tax Collector's Power to Sell; and a corresponding budget adjustment in the amount of \$24,000 from unanticipated revenue to FC 108- Treasurer/Tax Collector, to cover the required costs of advertising the sale of tax defaulted property.			
(5) RECOMMENDED ACTION The Tax Collector respectfully requests that your Honorable Board review, approve, and authorize the Chairperson to: 1. Sign the attached resolution accepting notice and approving the internet public auction advertising and sale through Bid4Assets. 2. Approve a budget adjustment in the amount of \$24,000.00, to Fund Center 108 to cover required costs of advertising the sale of tax defaulted properties from unanticipated revenue. (A four-fifth's vote is required)			
(6) FUNDING SOURCE(S) Property Sale	(7) CURRENT YEAR FINANCIAL IMPACT \$31,745.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation (Time Est. _____) <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A		(12) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1112057 <input checked="" type="checkbox"/> 4/5th's Vote Required <input type="checkbox"/> N/A	
(13) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(14) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
(15) LOCATION MAP N/A	(16) BUSINESS IMPACT STATEMENT? No	(17) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(18) ADMINISTRATIVE OFFICE REVIEW			
(19) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Honorable Board of Supervisors

FROM: Frank L. Freitas, CPA
Treasurer, Tax Collector, Public Administrator

DATE: 12/13/2011

SUBJECT: Submittal of a resolution accepting notice and approving an internet public auction, Sale Number 225, of tax-defaulted properties subject to the Tax Collector's Power to Sell; and a corresponding budget adjustment in the amount of \$24,000 from unanticipated revenue to FC 108- Treasurer/Tax Collector, to cover the required costs of advertising the sale of tax defaulted property.

RECOMMENDATION

The Tax Collector respectfully requests that your Honorable Board review, approve, and authorize the Chairperson to:

1. Sign the attached resolution accepting notice and approving the internet public auction advertising and sale through Bid4Assets.
2. Approve a budget adjustment in the amount of \$24,000.00, to Fund Center 108 to cover required costs of advertising the sale of tax defaulted properties from unanticipated revenue. (A four-fifth's vote is required)

DISCUSSION

Summary

The Tax Collector is providing notice and requesting approval to sell tax-defaulted properties to the public at an internet auction. The properties will be advertised and offered through the contracted internet auction advertising provider, Bid4Assets.

The Tax Collector's Office is also requesting approval of a budget adjustment, in the amount of \$24,000.00 for an appropriation to cover required costs of advertising the sale of tax defaulted properties, and an associated unanticipated revenue accrual in the amount of \$24,000.00 to reimburse the County for costs of advertising. The approval of this item will have no effect on the department's Net County Cost.

Notice of Internet Public Auction

The California Revenue and Taxation Code (R&T Code), Division 1, Part 6, Chapter 7 requires the Tax Collector to offer for sale, property that has become subject to sale by reason of nonpayment of taxes for more than five years. The sale must first be approved by the Board of Supervisors.

R&T Code Section 3692 requires that the Tax Collector attempt to sell tax-defaulted property within four years of the property becoming subject to sale. The department has not held a sale in three years due to budget constraints. It is necessary that the department conduct a sale in fiscal year 2011/12 to meet statutory requirements.

Prior to sale, extensive efforts are made to notify property owners and collect the defaulted taxes, as required by law. Notices of sale are sent by certified mail to the owners of record and any party of interest.

The Tax Collector proposes to sell tax-defaulted properties to the public at Internet Public Auction, Sale Number 225, beginning May 12, 2012, and ending May 15, 2012. The auction will be accessible to bidders through the Tax Collector's website at: . The properties will be advertised and offered through the contracted vendor, Bid4Assets. Individual properties can be redeemed until 5:00 p.m. on the last business day prior to the date of sale. The attached resolution will authorize Internet Public Auction Sale Number 225 and approve the advertising through Bid4Assets.

Advertising Cost

R&T Code Section 3698.5 requires that advertising costs be included in the amount of the minimum bid for the sale of tax-defaulted properties. R&T Code Section 4673 states that amount to reimburse the county for the cost of advertising sales of tax-defaulted property shall be distributed to the county general fund.

The department has used Bid4Assets to advertise and promote the tax sale properties since 2007. Bid4Assets has a proven track record for effectively exposing the properties offered for sale.

Due to the length of time that has elapsed since the Tax Collector last held an Internet Public Auction the number of timeshare properties available for Internet Auction has increased significantly. The properties to be offered at this internet auction also include parcels located in California Valley. Previously California Valley properties were purchased by the County General Services Agency through a Chapter 8 Agreement Sale. The intent was to combine the purchased properties into larger acre parcels and eventually sell the larger parcels to the public. General Services has recently sold its inventory of California Valley properties and does not intend to purchase any additional California Valley properties through the Chapter 8 Agreement sales process. The Tax Collector is recommending that the California Valley properties be included in the Internet Auction.

Advertising rates with Bid4Assets have increased from \$55.00 per parcel to \$150.00. The total estimated cost of advertising this sale is \$24,000.00. This increase was not anticipated in the department's 2011/12 fiscal year budget.

Budget Adjustment Request

A budget adjustment of \$24,000.00 is requested to be made to fund center 108 which will pay for costs associated with the advertising of properties subject to the Tax Collector's Power to Sell. The corresponding revenue amounts will be collected from the winning bidders when the properties are sold through the Internet Public Auction using the internet auction advertising provider, Bid4Assets. The revenues will be deposited to the General Fund to reimburse the County for the cost of advertising tax-defaulted properties as allowed by Revenue and Taxation Code Section 3698.5.

Approval by a four-fifth's vote is requested for an appropriation in the amount of \$24,000.00, using unanticipated revenue as the funding source. This budget adjustment will have no effect on the department's Net County Cost.

OTHER AGENCY INVOLVEMENT

The sale resolution, property descriptions, proposed minimum bids, and the transmittal memorandum have been reviewed, and the resolution approved as to form and legal effect by County Counsel prior to submission to the Board of Supervisors. All substantiating documentation is maintained on file in the Tax Collector's Office.

The Auditor's Office and the Administrative Office have reviewed and approved the Budget Adjustment Request.

FINANCIAL CONSIDERATIONS

The California R&T Code requires that the minimum bid include the following:

- All defaulted taxes, assessments, associated penalties, and costs
- Redemption penalties and fees incurred through the month of the sale
- All other costs of the sale

In the event a parcel has been offered with no sale, the Tax Collector may sell the property at an adjusted price. In Sale Number 225, there are no properties with an adjusted minimum bid.

The proceeds from the sale of the subject parcels will be available to reimburse the costs of the sale and the loss of prior taxes. Projected fee revenues to reimburse the county for the costs of sale have been included in the 2011/12 fiscal year budget based upon the sale of 160 properties.

A budget adjustment to the Treasurer – Tax Collector – Public Administrator, Fund Center 108, Tax Collector's Cost Center 1080300000 in the amount of \$24,000.00 will allow the Tax Collector's Office to proceed with the sale of tax-defaulted property as required by code, and recover the advertising costs. The \$24,000.00 will be deposited to the General Fund to offset the expenditure. This transaction will have no effect on the department's Net County Cost.

RESULTS

The result of this Board action will authorize the sale of five year tax-defaulted property. Approval of the requested \$24,000.00 budget adjustment and appropriation transfer by four-fifth's vote will allow the Tax Collector to proceed with the sale of tax-defaulted property, which is required by statute. This transaction will have no effect on the department's Net County Cost.

Approval of this resolution and budget adjustment request further the County's goals of a "Prosperous Community" by ensuring that the properties are re-entered on the tax roll as viable properties and that the delinquent taxes are paid.

ATTACHMENTS

1. Resolution Accepting Notice and Approving Internet Public Auction 225
2. Listing of Properties Sale 225 Attachment to Board Letter