

County of Santa Clara

Finance Agency

Tax Collector's Office




F01 012709

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Tax Collector

DATE: January 27, 2009

TO: Board of Supervisors

FROM: 
John V. Guthrie
Finance Agency Director

SUBJECT: Claim for Distribution of Excess Proceeds Resulting from the Sale of Tax-Defaulted Properties at Public Auction

RECOMMENDED ACTION

Order the distribution of excess proceeds resulting from the sale of tax-defaulted properties at the public auction that was held on June 28, 2007.

FISCAL IMPLICATIONS

The total amount of excess proceeds is \$64,399.14, of which \$60,510.49 has been claimed; no claim has been made for the remaining amount of \$3,888.65. Funds to cover these claims were previously deposited in the County's Delinquent Tax Sale Fund (1480). The unclaimed amount of \$3,888.65 will be transferred to the General Fund.

REASONS FOR RECOMMENDATION

Annually, on or before the close of the last business day of the fiscal year real property on which taxes have not been paid, by operation of law, is formally declared "tax-defaulted" by the Tax Collector (Revenue and Taxation Code Section 126). On July 1, when five or more years have elapsed since a property became tax-defaulted, the Tax Collector is empowered to sell all or any portion of the tax-defaulted property that has not been redeemed (Revenue and Taxation Code Section 3691).

On June 28, 2007, a public auction was conducted of tax-defaulted properties that were five years delinquent. At that time, certain properties were sold in excess of delinquent taxes, penalties and costs. Revenue and Taxation Code Sections 4674 and 4675 require that excess proceeds resulting from the auction be retained in a Delinquent Tax Sale Trust Fund for a period of one year following the date of recordation of the tax deed required to purchase the property. During the one year period, any party who has interest in a specified piece of property at the time of sale may claim the excess proceeds.

Attachment "A" identifies the properties whose sale at the auction generated excess proceeds and the disposition of the funds as approved by County Counsel.

BACKGROUND

Prior to a proposed sale, the Tax Collector must make reasonable effort to obtain the name and mailing addresses of all parties of interest and to notify them of the upcoming sale. Furthermore, assessed owners must be contacted in person if the property is used as their primary residence.

In Santa Clara County, personal visits are made to each property involved. In cases where the assessed owner cannot be located immediately, adjacent properties are visited and skip tracing techniques are used. Properties may be redeemed until 5:00 p. m. of the day before the sale. In the past, the Tax Collector's Office has been very successful in finding property owners and parties of interest, which has resulted in most parcels being redeemed prior to the sale.

CONSEQUENCES OF NEGATIVE ACTION

Claims filed for excess proceeds from the Tax Collector's public auction will not be distributed as required by the California Revenue and Taxation Code.

ATTACHMENTS

- Attachment "A" Excess Proceeds