



April 19, 2024

The Honorable Steven Glazer  
Chair, Senate Revenue and Taxation Committee  
State Capitol, Room 407  
Sacramento, CA 95814

**Re: SB 964 (Seyarto) – Property tax: tax-defaulted property sales.  
Based on amendments not yet in print, shared by author on April 4, 2024 – OPPOSE  
Set to be heard in the Senate Revenue and Taxation Committee April 24, 2024**

Dear Senator Glazer,

On behalf of the California State Association of Counties (CSAC), the Rural County Representatives of California (RCRC), and the Urban Counties of California (UCC), we write to share our regretful opposition to Senate Bill 964 by Senator Seyarto. This measure would substantially revise the longstanding process for certain sales of tax-defaulted properties by county governments.

Under current law, residences with unpaid property taxes are prohibited from being sold by a county tax collector<sup>1</sup> until at least a period of five years has elapsed since the initial delinquency—or three years for residences subject to a nuisance abatement lien. Prior to selling the property at auction, the county must issue notices to the owners of the defaulted property and inform the individual of the intent to sell the property. Until the completion of a sale of a property, the owner of the tax-delinquent property can redeem the status of the property by paying any unpaid taxes, assessments, penalties, and fees. During a period of delinquency, tax collectors are required to conduct regular direct outreach to the property owner, notice the sale in a newspaper or public location, and a county board of supervisors must provide approval before a tax-defaulted property sale may occur.

Tax-defaulted properties must be sold to the highest bidder at or above the minimum bid price—determined by the amount of unpaid taxes, penalties and assessments, in addition to some administrative fees. Upon completion of the sale, the former owner of a property is entitled to claim any excess proceeds resulting from the sale up to one year after the date of the sale. If the property owner does not claim their excess proceeds, the balance may be transferred to the county general fund after being used to reimburse the costs of the sale. This may only occur if a minimum of six years has elapsed since the initial default on a property tax payment – or four years for residences with nuisance abatement liens – during which time county tax collectors conduct regular direct outreach to the property owner.

Counties often conduct tax-defaulted property sales through two different methods: a Chapter 7 sale through public auction or sealed bid, or a Chapter 8 sale by agreement, in which a nonprofit organization seeking to rehabilitate substandard properties for low-income housing may object to a Chapter 7 sale and seek a direct sale by agreement with the entity.

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<sup>1</sup> In some counties, this role is conducted by the county auditor-controller. However, for the sake of simplicity, this letter refers to county tax collectors, as they represent the majority of county officers responsible for the task.

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SB 964 would impose unnecessary restrictions on how Chapter 8 tax-defaulted property sales may occur, limiting a tool used to build local affordable housing. The bill ignores the expertise of the local tax collector, who may determine that a Chapter 8 sale is more pragmatic, cost effective, and beneficial for their community. Instead, SB 964 would needlessly involve the Board of Equalization in the Chapter 8 sale process, imposing new requirements on a state agency that lacks the existing resources to conduct residential property valuations at the local level. To compound the problem, counties are provided no recourse to appeal valuations that do not comport with local realities.

The bill would require the Board of Equalization to complete property valuations within 45 days, a timeframe it is unlikely to consistently accommodate. While all parties involved would prefer expedition in conducting valuations, imposing such a rapid timeframe on a state agency unaccustomed to this work is likely to lead to rushed work, inviting errors in valuations, especially for distressed properties that are naturally complicated to value.

Counties are in the best position to determine the values of their local properties and conduct sales of tax-defaulted properties in a way that serves the needs of their communities. This bill ignores the input of vast and experienced local expertise in favor of a state agency lacking any direct experience in conducting local residential valuations. The bill undermines a tool used to improve affordable housing stock and values of neighborhoods statewide.

It is for these reasons that CSAC, RCRC, and UCC must regretfully oppose SB 964 and request your NO vote. Should you have any questions regarding our position, please do not hesitate to contact us at the email addresses below.

Sincerely,



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cc: The Honorable Kelly Seyarto, California State Senate  
Members and Consultant, Senate Revenue and Taxation Committee

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