



**COUNTY OF LAKE
BOARD OF SUPERVISORS**

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April 2, 2024

The Honorable Kelly Seyarto
California State Senate District 32
1021 O Street, Suite 7120
Sacramento, CA 95814

RE: OPPOSE Unless Amended – SB 964 (Seyarto) Property tax: tax-defaulted property sales

Dear Senator Seyarto:

First, thank you for your extraordinary service as a firefighter, community leader and non-profit and community organization advocate. Thank you, as well, for bringing those experiences and qualities to the California Legislature since 2020.

The Lake County Board of Supervisors has significant concerns regarding SB 964, as currently drafted. Unfortunately, our rural and impoverished communities would be disproportionately affected by this Legislation. We are confident that is not your intent with this bill, so we appreciate your attention to Lake County's concerns, which primarily encompass two categories:

Excess Proceeds – Under current Law, the County Treasurer-Tax Collector can sweep excess proceeds unclaimed by the tax sales into the County General Fund. This only occurs after rigorous review and outreach efforts by Tax Collector staff fail. Any unreimbursed expenses associated with these efforts are borne by the County general fund. These revenues are relied on to provide essential services, and any threat to General Fund revenues would meaningfully affect service delivery. As drafted, SB 964 proposes creation of a new State fund, where the County would be obligated to send those remaining proceeds. The County would also lose the ability to recover some tax sale costs. Funding of positions in Lake County's Treasurer-Tax Collector's Office is possible, in part, because of cost recovery mechanisms that would be threatened by this Legislation, as currently drafted.

Chapter 8 Sales (Agreement Sales) – Presently, the County Treasurer-Tax Collector/Board of Supervisors can authorize agreement (direct) sale of tax defaulted properties to agencies, cities, districts, and eligible nonprofits directly through a Chapter 8 sale. As currently drafted, SB 964 would require a Chapter 7 (*auction*) sale first, unless certain conditions can be proven. The time, expense, and resources required in attempting to determine market values and cost comparisons would make this process impractical. As you may be aware, it costs \$500 - \$700 per property to take it through auction, plus considerable staff time. Lake County's office of the Treasurer-Tax Collector would be required to attempt a Chapter 7 sale on the "paper subdivision" lots in our county, for example, prior to selling to a Land Trust or government agency. These lots were created in the early 20th century by land speculators with no provisions for sewer, water, drainage facilities or adequate roads to support development. Most of these recorded subdivisions are located on land that is geographically unsuitable. The resulting paper subdivision lots remain undeveloped nearly 100 years after their creation and continue to be bought by unsuspecting buyers, "sight-unseen." For your background, there are approximately 3,500 of these eligible for auction now in Lake County, with about 12,000 ultimately implicated. This could take years and millions of General Fund dollars for Lake County, while delaying real solutions.

Further, Lake County is supportive of Amendments proposed by the California Association of County Treasurers and Tax Collectors (CACTTC), of which Lake County's Patrick Sullivan is a member.

Thank you for your earnest consideration of Lake County's and CACTTC's concerns.

Sincerely,

Bruno Sabatier, Chair
Lake County Board of Supervisors