

Date of Hearing: July 3, 2019

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

SB 789 (Committee on Governance and Finance) – As Amended June 20, 2019

SENATE VOTE: 38-0

SUBJECT: Local government: administration.

SUMMARY: Makes several non-controversial changes to statutes that govern local treasurers and tax collectors. Specifically, **this bill:**

- 1) Specifies that if, pursuant to a contract between the treasurer and the depository, the depository is not required to bear the expense of transportation of money to and from the depository, the treasurer shall secure those transportation services by separate agreement or contract.
- 2) Provides that a separate agreement or contract for transportation services includes an agreement to procure bank courier or armored car transport services and a contract for the pickup and transportation of moneys received by the treasurer or any other department requiring secure transportation.
- 3) Allows the terms of a separate agreement or contract for transportation services to include, but not be limited to, a specification of costs, frequency of pickup, locations of pickup, and any other transportation services that are necessary for the conduct of the treasurer's office.
- 4) Increases the threshold for a cash difference fund administered by a County Tax Collector from \$10 to \$20, explicitly allows combining overpayments and underpayments in the same cash difference fund, corrects a cross reference, and makes other conforming changes.
- 5) Requires any claim filed by a party of interest to a tax sale for excess proceeds to be postmarked on or before the one-year expiration date to be considered timely filed and makes other technical changes.

FISCAL EFFECT: None

COMMENTS:

- 1) **Bill Summary.** This bill is sponsored by the California Association of County Treasurers and Tax Collectors and makes several non-controversial changes, including the following:
 - a) **Armored Car Services Contracts.** As stewards of local agency funds, treasurers make monetary deposits with financial institutions. Treasurers enter into contracts with depositories for services that in the treasurer's judgment are to the public advantage. The contract must contain specified contents, such as the deposits' duration and interest rate of compensating deposits, the services rendered by the depository, an indication of whether the depository bears expenses of transportation of the money to and from the depository, and the consideration payable by the agency for such services. Recently, the Madera County Treasurer had difficulty entering into a contract for armored car services

for transporting daily cash receipts to the bank in a secure fashion because the law does not contain the explicit authority to do so. This bill clarifies that treasurers can contract with an armored car service for transporting deposits and specifies terms that can be included in such contracts.

- b) **Cash Difference Funds.** Counties can establish a cash difference fund by resolution of the board of supervisors, which direct underpayments or overpayments of less than \$10 into a fund for the payment of any tax, assessment, penalty, cost, or interest due and payable to the county. Some counties have separate accounts for overpayments and underpayments, while others commingle the funds so that they can offset each other. These cash difference funds allow tax collectors to post payments and make deposits when taxpayers make minor mistakes, which are reconciled. The cash difference fund allows tax collectors to post payments and make deposits more efficiently, but is limited to differences of \$10, which limits the effectiveness of the fund as an administrative tool. This bill increases the amount to \$20 and makes other conforming changes.
 - c) **Tax Sale Excess Proceeds Claims.** Tax collectors can sell tax-defaulted residential and commercial property to repay unpaid taxes, penalties, interest, and costs. Prior to sale, the tax collector must issue a notice and record it with the county recorder. The tax collector sends the notice to the board of supervisors, who must approve the sale, and to each taxing agency, as well as each party of interest with a lien against the property or with title or record to all or any portion of the property. The tax collector must then publish notice of the intended sale once a week for three successive weeks in a newspaper of general circulation published in the county seat, and in a newspaper of general circulation published in the judicial district in which the property is situated. After the sale, proceeds first pay for the cost of newspaper publishing and recording fees. Funds are then distributed to taxing agencies with valid claims, and to the tax collector to pay for notices and contacting taxpayers. After that, proceeds satisfy liens held by parties in interest. Any amounts left over, known as “excess proceeds,” are then divided between each taxing entity according to their appropriate share of the property tax, after the county deducts specified costs. Any party of interest can file a claim for excess proceeds at any time within one year after the tax collector records the deed transferring the property to the purchaser. However, the statute does not clearly specify exactly when the one-year period ends and has been interpreted unevenly by individual counties. This bill makes it clear that the postmark on the claim must be no later than one year after the deed was issued to be a valid claim.
- 2) **Arguments in Support.** The sponsor argues that this bill makes important changes to statute in furtherance of the county treasurer and tax collectors’ efficient management of their offices and their core functions.
 - 3) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of County Treasurers and Tax Collectors [SPONSOR]

Opposition

None on file

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