



SACHI A. HAMAI
EXECUTIVE OFFICER

COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

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April 02, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

14 April 2, 2013

Sachi A. Hamai
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EXECUTIVE OFFICER

PETITIONS TO RESCIND TAX DEFAULTED PROPERTY SALES (3-VOTES)

SUBJECT

The Treasurer and Tax Collector (TTC) sells tax defaulted property at auction, in compliance with State law. A recent change in State law requires anyone wishing to commence legal proceedings to rescind the sale of tax defaulted property to first petition your Board, and that your Board consider the petition at a scheduled hearing. Having heard the petition, your Board would then decide to either uphold the sale or rescind it. Subsequent to a decision by your Board to uphold the sale, the petitioner can then pursue legal proceedings to rescind the sale.

The law also allows that if the TTC, County Counsel and the purchaser all agree that the sale should be rescinded, there is no requirement for a hearing, and your Board can rescind the sale. Under State law, your Board can delegate the hearing of the petitions, or the ability to rescind a sale.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Executive Officer of the Board to appoint experienced and qualified senior managers selected from County departments, or qualified senior managers who retired from County service, to act as the hearing officer, pursuant to the attached resolution. The senior managers must have experience at the level of Deputy Director/Bureau Chief, or its equivalent, and must possess analytical, logical reasoning and written communication skills that will be required for a referee to develop a recommendation to your Board regarding the rescission of the sale.
2. Delegate to the TTC, by resolution, the authority to rescind a tax sale when the TTC, County Counsel and the purchaser all agree that the sale should be rescinded.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

A petition to rescind a tax sale can be filed with the Board of Supervisors by anyone with an interest in cancelling a sale, e.g., the property owner, the purchaser, or a party of interest. On occasion, the TTC may want to rescind a sale, and if the purchaser refuses, a hearing is required. Once a petition to rescind a sale is filed, the parties must be given notice not less than 45 days prior to the date of the hearing. A notice will be sent by the TTC to the purchaser, the property owner and the petitioner (if different) notifying all parties of the date, time and location of the hearing. The notice must be mailed by certified mail, with a return receipt.

The parties may present briefs, evidence, and oral arguments at the hearing. The Hearing Officer appointed by the Executive Officer of the Board of Supervisors, may require that the briefs and evidence be submitted in advance of the hearing date. The Hearing Officer will take the briefs, evidence, and oral argument of the parties at the hearing under submission, and make a written recommendation regarding the rescission petition. The Executive Officer will place the recommendation on a regularly scheduled Board agenda for your consideration, at which time your Board will determine if the sale should be rescinded. Within a year from the date of your Board's decision to uphold the sale, the party seeking to rescind the tax sale may commence an action in court.

Implementation of Strategic Plan Goals

The recommendations are consistent with the principles of County Strategic Plan Goal No. 1 (Operations Effectiveness), by providing the petitioners seeking to rescind tax sales with an Executive Officer-appointed Hearing Officer; and Goal No. 4 (Fiscal Sustainability), by avoiding unnecessary and potentially costly legal proceedings.

FISCAL IMPACT/FINANCING

The costs associated with the administration of the petition process will be borne by the TTC.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

California Revenue and Taxation (R&T) Code Section 3725 was recently revised to apply to sales of tax defaulted properties conducted after January 1, 2012. The revised Section requires that a person must first petition your Board before beginning proceedings against the County, pursuant to R&T Code Section 3731. The person challenging the tax sale may commence a proceeding in court within one year of the Board's determination that the tax sale should not be rescinded.

R&T Code Section 3731(a) provides that when a tax deed issued by the Tax Collector is recorded, and it is determined that the property should not have been sold, the sale may be rescinded by the Board of Supervisors with the written consent of the TTC, County Counsel and the purchaser of the property, as long as the property has not been transferred or conveyed by the purchaser to a bona fide purchaser for value, and the property has not become subject to a bona fide encumbrance for value subsequent to the recordation of the tax deed.

R&T Code Section 3731(b) provides that if the written consent of the purchaser of the property or a successor in interest is not obtained, the sale may be rescinded by the Board of Supervisors

pursuant to the circumstances specified above if the following conditions are met:

- 1) a hearing is scheduled before the Board of Supervisors;
- 2) notification is provided to the purchaser of the property that contains the date, time and place of the hearing, the description of the property that was sold, the reason for the rescission of the sale, and a statement that a refund will be issued to the purchaser of the property or the successor in interest, if applicable, for the purchase amount of the property plus interest at the county pool apportioned rate as specified in Section 5151 from the date of the purchase of the property; and
- 3) notice is sent, not less than 45 days prior to the date of the hearing, to the purchaser of the property or a successor in interest by certified mail with return receipt requested.

Under R&T Code Section 3731.1, the Board of Supervisors, by resolution, may authorize any County officer to perform on its behalf any act required or authorized to be performed under Section 3731. The resolution shall enumerate the section, or those portions of the section, to which the authorization is to apply, and shall specify administrative rules and procedures concerning any act performed under the authorization. The resolution shall require that the Auditor-Controller record each act performed under the authorization.

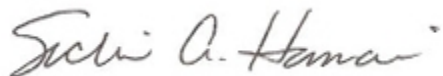
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Minimal impact for scheduling and holding the hearings.

CONCLUSION

It is requested that your Board adopt the attached Resolutions as prepared and approved as to form by the County Counsel.

Respectfully submitted,



SACHI A. HAMAI

Executive Officer, Board of Supervisors

SAH:PO

Enclosures

c: Chief Executive Officer
Auditor-Controller
County Counsel
Treasurer and Tax Collector

**RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES
DELEGATE THE HEARING OF PETITIONS TO RESCIND THE SALE OF TAX
DEFAULTED PROPERTY TO THE EXECUTIVE OFFICER OF THE BOARD OF
SUPERVISORS**

WHEREAS, pursuant to Revenue and Taxation Code Section 3731(b)(1), the Board of Supervisors must hear petitions for rescission of the sale of tax defaulted property conducted by the Los Angeles County Treasurer and Tax Collector;

WHEREAS, pursuant to Revenue and Taxation Code Section 3731.1, the Board of Supervisors may, by resolution, authorize any county officer to perform on its behalf any act required or authorized to be performed by the Board of Supervisors under Section 3731;

WHEREAS, it is the Board of Supervisors' intention to delegate its duty to hear petitions to rescind the sale of tax defaulted property to the Executive Officer of the Board of Supervisors;

WHEREAS, the Board of Supervisors hereby authorizes the Executive Officer of the Board of Supervisors to appoint experienced and qualified senior managers selected from County departments, or qualified senior managers who retired from County service, to act as the Hearing Officer;

WHEREAS, the appointed senior managers must have experience at the level of Deputy Director/Bureau Chief, or its equivalent, and must possess analytical, logical reasoning and written communication skills that will be required for a Hearing Officer to develop a written recommendation regarding the petition to rescind the sale of tax defaulted property;

WHEREAS, the Hearing Officer will conduct a hearing on a petition to rescind the sale of tax defaulted property, and make a written recommendation to the Board of Supervisors based on the evidence submitted at the hearing;

WHEREAS, the Executive Officer of the Board of Supervisors will place the written recommendation of the Hearing Officer on a regularly scheduled Board agenda, at which time the Board of Supervisors shall approve or deny the petition to rescind the sale of tax defaulted property;

WHEREAS, any resolution adopted pursuant to Revenue and Taxation Code Section 3731.1 shall also require the County Auditor to record each act performed under this authorization;

WHEREAS, the resolution shall specify the administrative rules and procedures concerning any act performed under this authorization.


NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors that:

(1) Pursuant to Revenue and Taxation Code Section 3731.1, the Board of Supervisors delegates to the Executive Officer of the Board of Supervisors the responsibility of appointing a Hearing Officer to exercise the hearing duties pursuant to Revenue and Taxation Code Section 3731(b)(1), and directs the County Auditor to record each act performed under this authorization.

The foregoing resolution was on the 2nd day of April, 2013, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.



SACHI A. HAMAI, Executive Officer
Board of Supervisors

By 
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By 
SAYUJ PANICKER
Deputy County Counsel

**RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES
DELEGATE THE RESCISSION OF THE SALE OF TAX DEFAULTED PROPERTY
TO THE LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR**

WHEREAS, pursuant to Revenue and Taxation Code Section 3731(a), the Board of Supervisors may rescind the sale of tax defaulted property, when it is determined that the property should not have been sold, and when written consent for the rescission of the sale of tax defaulted property is obtained by County Counsel and the purchaser of the property;

WHEREAS, pursuant to Revenue and Taxation Code Section 3731.1, the Board of Supervisors may, by resolution, authorize any county officer to perform on its behalf any act required or authorized to be performed by the Board of Supervisors under Section 3731;

WHEREAS, it is the Board of Supervisors' intention to delegate its duty to rescind the sale of tax defaulted property pursuant to Revenue and Taxation Code Section 3731(a) to the Los Angeles County Treasurer and Tax Collector;

WHEREAS, any resolution adopted pursuant to Revenue and Taxation Code Section 3731.1 shall also require the County Auditor to record each act performed under this authorization;

WHEREAS, the resolution shall specify the administrative rules and procedures concerning any act performed under this authorization.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors that:

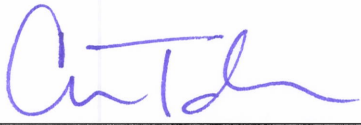
(1) Pursuant to Revenue and Taxation Code Section 3731.1, the Board of Supervisors delegates to the Los Angeles County Treasurer and Tax Collector the duty

to rescind the sale of tax defaulted property when it is determined that the property should not have been sold, and when written consent for the rescission of the sale of tax defaulted property is obtained by County Counsel and the purchaser of the property, and directs the County Auditor to record each act performed under this authorization.

The foregoing resolution was on the 2nd day of April, 2013, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.



SACHI A. HAMAI, Executive Officer
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