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AB-2746 Taxation: tax-defaulted property sales. (2017-2018)

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Assembly Bill No. 2746

CHAPTER 284

An act to amend Section 3707 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 06, 2018. Filed with Secretary of State September 06, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2746, Eduardo Garcia. Taxation: tax-defaulted property sales.

Existing property tax law attaches, as a lien against property, taxes that are owed on that property. Existing law generally declares in default the taxes, assessments, and penalties on real property if those charges are not paid by a specified time. Existing law requires the tax collector to attempt to sell property that has become tax defaulted 5 years or more after that property has become tax defaulted, and in the case of tax-defaulted property that is also subject to a nuisance abatement lien, 3 years or more after that property becomes tax defaulted, as specified. During these 3- and 5-year periods, existing law allows a taxpayer a right of redemption whereby the taxpayer may pay specified charges to remove the lien against the property. Existing law specifies that this right of redemption terminates on the last business day prior to the date that the sale of the property begins and, if the tax collector approves a sale as a credit transaction and does not receive full payment on or before the date upon which the tax collector requires, the right of redemption is revived on the next business day following that date, as specified. Existing law also provides that the right of redemption is revived if the property is not sold.

This bill would specify that the commencement of the tax sale constitutes the actual sale date, regardless of the date of the conclusion of the auction. The bill would provide that the taxpayer loses all rights in the property during the auction period for failure to redeem the property by the final redemption date. The bill would provide that if a property has not been redeemed, any person or entity with title of record to the property loses all rights in the property, including all legal and equitable interest therein, upon close of the redemption period. However, those rights return if the right of redemption is revived. The bill would specify that the provisions relating to the right of redemption do not affect the distribution of proceeds, as specified, and apply regardless of whether the tax collector or his or her designee conducts the tax sale in person.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 3707 of the Revenue and Taxation Code is amended to read:

3707. (a) (1) The right of redemption terminates at the close of business on the last business day prior to the commencement date of the tax sale.

(2) The commencement of the tax sale constitutes the actual sale date regardless of auction conclusion.

(3) The taxpayer loses all rights during the auction period for failure to redeem the property by the final redemption date.

(4) If the tax collector approves a sale as a credit transaction and does not receive full payment on or before the date upon which the tax collector requires pursuant to Section 3693.1, the right of redemption is revived on the next business day following that date.

(b) Notwithstanding any other provision of law, any remittance sent by mail for redemption of tax-defaulted property must be received in the tax collector's office prior to the time established in paragraph (1) of subdivision (a).

(c) The sale shall be deemed complete when full payment has been received by the tax collector.

(d) The right of redemption revives if the property is not sold.

(e) If the tax-defaulted property is not redeemed prior to the redemption termination deadline specified in paragraph (1) of subdivision (a), any person or entity with title of record to the property shall lose all rights in the property, including all legal and equitable interest therein. If the right of redemption is revived pursuant to paragraph (4) of subdivision (a) or pursuant to subdivision (d), any person or entity with title of record to the property shall regain all rights in the property, including all legal and equitable interest therein.

(f) Nothing in this section affects the distribution of proceeds pursuant to Chapter 1.3 (commencing with Section 4671) of Part 8.

(g) This section shall apply regardless of whether the tax collector or his or her designee conducts the tax sale in person.