



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 23-573, Version: 1

- a. Approve the distribution of excess proceeds resulting from the sale of real property at the Tax Collector's public internet auction regarding claims on six identified properties.
- b. Approve the interpleader of excess proceeds resulting from the sale of real property at the Tax Collector's public internet auction regarding unresolved disputed claims on three identified properties.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve the distribution of excess proceeds resulting from the sale of real property at the Tax Collector's public internet auction regarding claims on six identified properties.
- b. Approve the interpleader of excess proceeds resulting from the sale of real property at the Tax Collector's public internet auction regarding unresolved disputed claims on three identified properties.

SUMMARY/ DISCUSSION:

Board of Supervisor approval is required to authorize the refund of excess proceeds generated from real property tax sales in accordance with Section 4675 of the California Revenue and Taxation Code.

On February 16 and June 8, 2022, the Tax Collector sold fifteen parcels of property at a public internet auction to the highest bidders. As a result of the competitive bidding process, some of the final sale amounts exceeded the taxes, penalties, and fees that were owed on these properties. The remaining amount is known as "excess proceeds" and has been held in a suspense account for at least the minimum one-year period, as provided and required by law.

During this one-year period, claims may be filed against the excess proceeds by any party who had an interest in the property at the time of the sale. The Tax Collector received claims against six parcels for excess proceeds. Both the Tax Collector and County Counsel have reviewed and verified the validity and distribution priority of each claim and hereby request authorization by Board Order to distribute these excess proceeds as described, and in the priority set forth in the attachment.

With respect to parcels 030-122-011-000, 261-061-018-000 and 261-061-025-000: Multiple claims were filed and/or appear to be adverse and conflicting. The County is without knowledge of the respective rights of the claimants and is unable to determine the validity and/or priority of these claims. Therefore, the Tax Collector recommends interpleading and depositing these funds with the Superior Court of California.

In accordance with Revenue and Taxation Code Section 2635.5, the Tax Collector is recommending \$21,970.63 be intercepted from the total available excess proceeds from parcel 261-061-018-000 prior to interpleading and depositing these funds with the Superior Court of California. On December 9, 2022, the Assessor issued a corrected bill for fiscal year 2022 and two escape bills for fiscal year 2020 and 2019 for this parcel assessed against the owner of record at the time of the internet auction. The combined total for these unsecured assessments is \$21,970.63. Due to the timing of the corrected and escape assessments, the amounts due were not included in the minimum bid for this parcel at the time of the internet auction.

The total distribution of excess proceeds for all parcels to all claimants is \$906,936.13, including funds

deposited to the Superior Court for the interpleader actions and the payoff of delinquent taxes.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the claims and approves the recommended action. The Tax Collector will request warrants from the Auditor-Controller in favor of the claimants from the funds currently held in the Delinquent Tax Sale Trust Fund 001-1170-TRE001-2215.

FINANCING:

There will be no financial impact on the General Fund. As to three of the matters, the Tax Collector will request warrants against the excess proceeds from the Auditor-Controller in favor of the claimants from the funds currently held in the Delinquent Tax Sale Trust Fund, 001-1170-TRE001-2215. As to the remaining three matters, the Tax Collector will interplead the funds and deposit them with the Superior Court so that the validity of the claims can be adjudicated.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The revenue generated from the Monterey County Treasurer-Tax Collector Excess Proceeds Distribution would promote and support the following Board of Supervisors Strategic Initiatives:

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Approved by: Mary A. Zeeb, Treasurer-Tax Collector, x5015

Attachments:

Board Report

Attachment A: Excess Proceeds Distribution