



County of San Bernardino



**Ensen Mason • Auditor-Controller/Treasurer/Tax Collector**

February 7, 2019

## ***APPEARANCE SUMMARY***

On February 1, 2019, Ensen Mason spoke to over 50 real estate professionals at the weekly West End Real Estate Professional’s meeting located in Rancho Cucamonga. Mr. Mason provided community members with an update and overview on several functions of the office. He spoke about Supplemental Tax Bills, Proposition 60, Tax Sales, PACE Legislation, and underutilized components of the Tax Collector’s Office. A summary of the topics discussed is listed below.

To request Ensen Mason speak at your event, please contact the Auditor-Controller/Treasurer/Tax Collector’s Office at 909-382-7000.

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## ***TOPICS DISCUSSED***

### **Supplemental Tax Bills**

#### ***Best practices to avoid a hefty supplemental bill after closing a new purchase***

Supplemental tax bills are usually not avoided; however, if taxpayers are informed, then they are not shocked when they receive their supplemental bill. Taxpayers often pay less in their first year which may result in a refund from their lender. If they know a supplemental tax bill is coming, they know to save that refund to be used towards their supplemental bill.

One way to avoid a supplemental tax bill is to file a parent to child reassessment exclusion, if applicable (Proposition 58).

Buyers should also research before the purchase so they are aware up front if and how much a supplemental bill may total. Using the “Estimate Your New Tax Bill” link on our website, under the New Homeowner Information page, provides the estimated supplemental and annual tax amounts going forward.

Closing home sale at the beginning of the month: Supplemental tax bills are calculated and prorated based on the first day of the following month of acquisition.

#### **CONTACT:**

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## Proposition 60

*How often is Prop 60 being used?*

*(Relates to transfers within the same County – Intra)*

Proposition 60 allows homeowners who are 55 years of age or older to sell their primary residence and transfer the base year value of that property to a replacement residence if certain conditions are met. If you sell your home and purchase a replacement home of equal or lesser value, and meet all the qualifying conditions, you may qualify for this one time transfer. This provides property tax relief for seniors by preventing a tax increase if they sell their existing home and buy another home of equal or lesser value. You have 2 years from the date that you sell your original residence to purchase or construct a replacement residence.

Learn more about transferring base year value to a replacement residence at the California State Board of Equalization website at [www.boe.ca.gov](http://www.boe.ca.gov).

San Bernardino County's year-to-date numbers for the Prop 60's usage:

- 2015/16 206
- 2016/17 185
- 2017/18 364
  - Denial rate averages 5 – 10% per year
  - Most denials are due to the process not benefiting requestor.

Proposition 90 relates to the transfer of base value from one county to another county in California (inter-county). As of November 7, 2018, the following ten counties in California have an ordinance enabling the intercounty base year value transfer: Alameda; Los Angeles; Orange; Riverside; San Bernardino; San Diego; San Mateo; Santa Clara; Tuolumne; Ventura

## Tax Collector's Office

*What is the most underutilized component of the Tax Collector's Office that can benefit homebuyers and realtors?*

Most taxpayers would benefit and find the following information helpful on our website at [www.mytaxcollector.com](http://www.mytaxcollector.com):

- "Estimate Your New Tax Bill" feature under the New Homeowner Information
- "Understanding Your Tax Bill"

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- Frequently Asked Questions (FAQ)
- “What is a Supplemental Tax Bill?” under FAQ - There is a link providing detailed information.

## Overview of Tax Sale

This is an internet-based auction with the purpose of selling properties that have been tax-defaulted for five or more years in an effort to return them to tax-paying status.

### Highlights Of The Upcoming Tax Sale:

- Scheduled for May 11, 2019, through May 17, 2019, with staggered closings occurring May 13-17.
- Over 1,700 properties are set to be offered at the May auction. Various property types that will be offered include: Single-family residents, multi-unit apartments, duplexes, triplexes, vacant land, commercial property, over 127 timeshares.
- Minimum bids start as low as \$1000 and go as high as \$126,750
- Reoffer Sale scheduled for August 3-9, 2019 for properties that do not sell in the May auction.
- To participate in the auction, an advance deposit of \$5,000 for May Tax Sale and \$1,000 for the August, plus non-refundable bid deposit processing fee.

Visit [www.mytaxcollector.com](http://www.mytaxcollector.com) for more information and <https://sbcounty.mytaxsale.com/> to register.

Date of Auction	Approved for Auction	Listed w/Auction Company	Offered at sale	Number sold	% Sold	\$ Sold Amount
<b>May 2017</b>	2350	2144	1567	743	47%	\$11,823,800.00
May 2017 - Timeshares	274	274	263	3	1%	\$4,350.00
<b>August 2017*</b>	829	829	822	780	95%	\$2,877,500.00
August 2017 - Timeshares*	259	259	259	230	89%	\$60,900.00
<b>May 2018</b>	1570	1475	1118	670	60%	\$7,877,400.00
May 2018 - Timeshares	142	142	137	14	10%	\$30,600.00
<b>August 2018*</b>	460	459	445	428	96%	\$2,305,500.00
August 2018 - Timeshares*	122	122	122	122	100%	\$19,400.00
				<b>2,990</b>		<b>\$24,999,450.00</b>
			Average Sold May 2017 - 2018:	707	W/out Timeshares	
			Average Sold August 2017- 2018:	63	W/out Timeshares	
			Average Sold per Year	769		

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## PACE Legislation Update

The Property Assessed Clean Energy (PACE) Program – known in San Bernardino County as the HERO Program – allows local governments to fund the up-front cost of energy improvements on commercial and residential properties, which are paid back over time by the property owners. The majority of local governments contract with a private third-party to carry out their PACE programs. The cost of the third-party administration is built into PACE loan financing.

### PACE/HERO Program Loan Administrators:

- California Enterprise Development Authority
- Golden State Finance Authority
- California Statewide Communities Development Authority
- San Bernardino County Transit Authority (formally SANBAG)

In general, existing law provides that the maximum amount of any ad valorem tax on real property shall not exceed 1% of the full cash value of such property. Establishes a PACE program as a way to help homeowners and small business owners finance voluntary energy and water efficiency and clean energy improvements.

In October 2017, the Governor approved two PACE bills to increase consumer protections for borrowers taking out PACE loans.

#### 1. **SB 242 (SKINNER) Approved by Governor 10/04/2017**

- This bill establishes requirements for third-party program administrators of Property Assessed Clean Energy (PACE) programs.
- Bars lenders from paying kickbacks to contractors and requires PACE providers to talk with homeowners before they take out the loan to ensure they understand the terms.
- Per Los Angeles Times: “Attorneys representing homeowners filed lawsuits Thursday (4/12/18) against Los Angeles County, alleging a county program that funds solar panels and other energy-efficient home improvements is a “plague” that’s ruined the finances of many borrowers by saddling them with loans they cannot afford.”

#### 2. **AB 1284 (DABABNEH) Approved by Governor 10/04/2017**

- Establishes requirements for Property Assessed Clean Energy (PACE) program administrators that must be met before PACE assessment contracts may be funded and recorded by a public agency, renames the California Finance Lenders Law (CFL) as the California Financing Law (CFL), requires program administrators to be licensed under the

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CFL, and establishes a regulatory scheme for the oversight of PACE solicitors and PACE solicitor agents.

- Boost consumer protections for borrowers taking out PACE loans.
- Includes a first-time requirement that a borrower's income be factored into underwriting. The legislation also bars kickbacks and establishes a minimum training requirement for contractors.

**3. AB 2063 (AGUIAR-CURRY) Approved by Governor 09/27/2018**

- Establishes additional requirements for Property Assessed Clean Energy (PACE) administrators, solicitors, and consumers.
- Requires PACE administrators to establish a process for enrolling, promoting, and evaluating the compliance of, and for canceling the enrollment of, PACE solicitors and PACE solicitor agents that is acceptable to the Commissioner of Business Oversight.

Status updates on other PACE bills can be found at <http://leginfo.legislature.ca.gov/> by searching for bill number.

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