



AGENDA STAFF REPORT

Agenda Item

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CLERK OF THE BOARD  
ORANGE COUNTY  
BOARD OF SUPERVISORS

MEETING DATE: 3/31/2020  
LEGAL ENTITY TAKING ACTION: Board of Supervisors  
BOARD OF SUPERVISORS DISTRICT(S): All Districts  
SUBMITTING AGENCY/DEPARTMENT: Vice Chairman Andrew Do [Signature] for Ad.  
DEPARTMENT CONTACT PERSON(S): Chris Wangsaporn (714) 834-3110  
Chris Gaarder (714) 834-3110

SUBJECT: Property Tax Fee Relief in Response to the Novel Coronavirus (COVID-19)

2352

<b>CEO CONCUR</b> N/A	<b>COUNTY COUNSEL REVIEW</b> N/A	<b>CLERK OF THE BOARD</b> Discussion 3/5 Vote
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**Budgeted:** N/A                      **Current Year Cost:** See Financial Impact Section                      **Annual Cost:** N/A

**Staffing Impact:** N/A                      **# of Positions:** 0                      **Sole Source:** N/A

**Current Fiscal Year Revenue:** N/A

**Funding Source:** N/A                      **County Audit in last 3 years:** No

**Prior Board Action:** N/A

**RECOMMENDED ACTION(S):**

1. Find that proof of a loss of wages, disruption of business, hospitalization, quarantine, or other significant financial consequences of the Novel Coronavirus (COVID-19) shall constitute good cause under Revenue & Taxation Code Section 4985.2 for the cancellation of any penalty, cost or other charge resulting from delinquency in payment of property tax, provided the property tax due is paid in full within 120 days from April 10, 2020, and request the Orange County Treasurer-Tax Collector to adhere to that guidance.
2. Direct the CEO to send a letter to the Governor and Orange County state legislative delegation requesting no-interest financing to cover any greater-than-normal underrun of property tax revenue for the County to fund its own needs and those of other property tax recipients including cities, schools, and special districts.
3. Adopt a Resolution creating a Property Tax Penalty Review Committee, consisted of the Treasurer-Tax Collector, CEO and Chair of the Board of Supervisors, or their designees, to provide an administrative review of any denials of applications for relief under Revenue & Taxation Code Section 4985.2 based on the COVID-19 pandemic, per Revenue & Taxation Code Section 4804.

**SUMMARY:**

The Novel Coronavirus (COVID-19) poses a significant threat to the lives and livelihoods of many Orange County residents. In order to safeguard the Orange County economy, and to avoid additional harm to affected families, the actions proposed would extend the maximum possible relief for affected taxpayers within the bounds of state law.

**BACKGROUND INFORMATION:**

An uncommonly contagious and virulent strain of Coronavirus, COVID-19, has spread at an exponential rate globally. Following its initial identification in China, and subsequent infections across the globe, national, state, and local governments have steadily escalated measures to combat COVID-19. The most significant measures thus far have stemmed from the Governor's guidance, then order to "stay at home."

The goal of these efforts is to "flatten the curve" so California's health system is not overwhelmed as seen in other states and nations. Consequently, measures to mitigate COVID-19 have resulted in significant joblessness and the closure of many businesses. The average daily claims for unemployment insurance jumped from 2,500 to 106,000, a more than 40-fold increase. California's bars, gyms and fitness centers, convention centers, hair and nail salons, and other entertainment venues are closed indefinitely; its restaurants, not being allowed to offer a dine-in option, have mostly shuttered; and all other businesses that are not on the federal critical infrastructure sectors list were directed to have their employees work remotely.

California's 58 County governments are each responding uniquely, based on their particular circumstances, under the Governor's guidance. Counties are political subdivisions of the State, empowered to set policy and organize their operations within the boundaries set by the State. Counties' lack of discretion limits opportunities to provide relief for residents and businesses facing the coming property tax deadline. However, state law does afford limited flexibility to waive fees associated with late payment in order to respond to unique circumstances beyond the control of individual taxpayers, so long as certain requirements are met.

Within the legal means available to County governments under State statutes that did not anticipate an event such as COVID-19, this proposal seeks to exercise the discretion available to the Board of Supervisors to the greatest extent possible to give taxpayers who lost their jobs, were hospitalized, or otherwise impacted by COVID-19, relief from late fees as they manage basic needs in the fallout of this global health and economic crisis.

Section 4985.2 of the California Revenue and Taxation Code allows a County Auditor or Tax Collector to waive penalties or other charges resulting from tax delinquency in limited circumstances, including if they can find: "Failure to make a timely payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect," so long as the principal payment is ultimately made. State law does not allow for a blanket elimination of penalties related to late payment of property taxes; but requires that requests for their cancellation are reviewed on an individual case basis. The Orange County Treasurer-Tax Collector will be able to accept late payment of property taxes with a Penalty Cancellation Request form beginning the first day after property taxes are due.

The proposed resolution would allow any property owner who is denied in their request for relief of penalties the opportunity to appeal that decision within 14 days of the mailing of the Treasurer-Tax Collector's decision. This review shall be conducted by a committee established under Revenue and Taxation Code Section 4804, consisting of the Treasurer-Tax Collector, CEO and Chair of the Board of Supervisors, or their designees. The member of the Treasurer-Tax Collector's office who denied the initial application for relief shall not participate in the administrative review conducted by the committee. To minimize delays due to scheduling and maximize social distancing, the committee members may meet and/or submit their individual determinations via electronic means. A decision by this committee shall be made within 45 days, it shall be final, and failure to seek review within the prescribed period will waive any rights for review under this provision. This authorization shall cease on August 31, 2020, and the Committee shall report its actions to the Board of Supervisors by the end of September 2020.

**FINANCIAL IMPACT:**

Potential reduction in property tax penalty revenue, and delay in property tax receipts. No property taxes due are proposed to be waived.

**STAFFING IMPACT:**

N/A

**ATTACHMENT(S):**

- A. California Revenue and Taxation Code Section 4804
- B. California Revenue and Taxation Code Section 4985.2
- C. Resolution