

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
June 17, 2008
2:00 PM

To: Board of Supervisors

From: Kenneth D. Stieger, Assessor

Subject: REPORT BACK – Property Taxes on Foreclosed Properties

Supervisory District: All

Contact: Kathleen Kelleher, Assistant Assessor, 875-0711
Linda Pittman, Assistant Tax Collector, 874-6648

Overview

On February 5, 2008 the Board of Supervisors requested a report back on property taxes related to foreclosed properties.

BACKGROUND

At the February 5, 2008 meeting, the Board asked how the Assessor was handling foreclosed properties.

DISCUSSION

Properties that undergo foreclosure are reassessed at current market value as of the date of the transfer to the lender. This could result in either an increase or decrease in assessed value, depending on market conditions and on whether the Assessor recognized a decline in value on the preceding lien date (January 1). The taxable value of real property is the lesser of current market value on January 1 each year or the base year value, established at the time of acquisition, plus annual factors for inflation.

For tax collection purposes, foreclosed properties are treated like any other property. The taxes are a lien against the property and follow the property. Many (but not all) mortgage companies that foreclose are paying the outstanding taxes while they own the property. However, if taxes are not paid and the property is subsequently sold by the mortgage company, the taxes are paid out of escrow.

Respectfully submitted,

KENNETH D. STIEGER
Assessor

DAVE IRISH
Director of Finance