

Unsecured Property Tax Collection Manual

Volume I: General Background and Overview



October 2009

California State Controller's Office

TABLE OF CONTENTS

INTRODUCTION	1
CHAPTER 1: UNSECURED PROPERTY TAX OVERVIEW	3
Section A: General Definition	3
Section B: Individual Property Type Definitions	4
1. Manufactured Homes and Mobilehomes	4
2. Floating Homes	4
3. Aircrafts	5
4. Vessels	5
5. Racehorses	5
Section C: Timeline	6
CHAPTER 2: BILLING AND PAYMENTS OVERVIEW	8
Section A: Unsecured Property Tax Billing	8
<i>TAX BILL CHECKLIST (UNS 1-01)</i>	9
Section B: Unsecured Property Tax Payments	11
CHAPTER 3: GENERAL COLLECTION PROCEDURES	12
Section A. Property on Secured Roll Subject to Unsecured Collection	12
CHAPTER 4: INITIAL CONSIDERATIONS AFTER TAXES BECOME DELINQUENT	13
Section A. Background	13
Section B. Tax Delinquency Review	13
Section C. Preparing the Notice of Delinquent Taxes	14
<i>NOTICE OF DELINQUENT TAXES (UNS 1-02)</i>	15
Section D. Inventory for Vessels	16
Section E. DMV Stops	16
CHAPTER 5: CERTIFICATE OF TAX LIEN	18
Section A. Preparing to Lien the Property	18
Section B. Notice of Intent to Lien	18
<i>NOTICE OF INTENT TO LIEN (UNS 1-03)</i>	20
Section C. The Certificate of Lien	21
Section D. Preparing the Certificate of Lien	21

<i>CERTIFICATE OF LIEN FOR UNSECURED PROPERTY TAXES (UNS 1-04)</i>	22
Section E. Filing a Certificate of Lien with the Recorder’s Office	23
Section F. Notice to Assessee that Lien has been Filed	23
<i>NOTICE OF LIEN (UNS 1-05)</i>	24
Section G. Notice of Intent to File a Summary Judgment.....	25
<i>NOTICE OF INTENT TO FILE A CERTIFICATE SEEKING SUMMARY JUDGMENT (UNS 1-06)</i> ..	26
CHAPTER 6: DETERMINATION OF COURSE OF ENFORCEMENT ACTION	27
Section A. Background.....	27
Section B. Alternative Collection Considerations.....	27
INDEX OF VOLUME I FORMS	28

Introduction

The 2009 *Unsecured Property Tax Collection Manual for County Tax Collectors* is a multi-volume procedural manual produced by the State Controller's Office, Local Government Policies Section. These manuals provide comprehensive instructions and recommendations on the collection techniques available to County Tax Collectors when dealing with unsecured property taxes.

The information contained in this particular manual provides a general overview of the unsecured collection process, as well as outlines several preliminary collection procedures and techniques to anticipate more complex secondary collection efforts. While the information, procedures, and techniques are based upon the statutory provisions of the California Code, they are offered only as recommendations to complement current county unsecured collections procedures and practices.

All statutory references cited are from the Revenue and Taxation Code, unless otherwise stated.

This page left intentionally blank

Chapter 1: Unsecured Property Tax Overview

Section A: General Definition

Unsecured property tax is an *ad-valorem* (value based) property tax that is the liability of the person or entity assessed. The assessment of unsecured property taxes against an individual constitutes a personal lien against the owner of record, not a lien against the property.

The tax is assessed to the owner of record as of the lien date (January 1) and remains the responsibility of that owner of record regardless of any sale or transfer of the property. The lien date for unsecured property, as of 1997, is January 1. Prior to 1997, the lien date was March 1 (§2192).

Unsecured property tax is applied to personal property that is tangible or moveable and is not attached to real estate. All property that is not real property is considered personal property. The Assessor is responsible for making the distinction between secured property and unsecured property (§134).

Unsecured property also includes personal business property such as furniture, fixtures, machinery, and equipment. Luxury items such as boats, jet skis, and planes are also unsecured property.

Finally, improvements to land are considered unsecured property when they are not permanently attached to the land or they are made to land owned by another person or entity. For example, if a restaurant owner leases property from a property owner and renovates the property for his or her business by adding bathrooms and a kitchen, unsecured property taxes would be due on the increased value of the property as a result of the added bathroom and kitchen.

Other types of unsecured property include:

- Mobile homes, floating homes, and vessels;
- Most possessory interests, except when a homeowner's exemption applies;
- Mining rights.

Section B: Individual Property Type Definitions

1. Manufactured Homes and Mobilehomes

While the terms “manufactured home” and “mobilehome” essentially mean the same type of structure, one element distinguishes the two. A manufactured home is defined as a structure that was constructed on or after June 15, 1976, and a mobile home is defined as a structure constructed prior to June 15, 1976. Aside from that difference, they share all other defining elements, including the following:

- It is a structure transportable in one or more sections;
- It is eight body feet or more in width, or 40 body feet or more in length while being transported, or, when erected onsite, measures 320 or more square feet;
- It is built on a permanent chassis;
- It is designed to be used as a single-family dwelling with or without a foundation system when connected to the required utilities; and,
- It contains plumbing, heating, air conditioning, and electrical systems (Health and Safe. Code sections 18007 & 18008).

Note: Manufactured homes are not the same as modular homes. Modular homes are built in sections at a factory; the sections of which are transported on truck beds to the site and joined together. Modular homes are attached to a permanent foundation. Generally, modular homes are shipped to the home site in much smaller pieces and require extensive building, while manufactured homes are shipped in larger and more finished pieces. **Refer to Volume IV: Special Property Types for more information.**

2. Floating Homes

Floating homes are assessed in the same manner as manufactured and mobilehomes. A piece of property must meet four requirements to be considered a floating home as outlined in Revenue and Taxation Code section 229. A floating home is a floating structure that:

- Is designed and built to be used, or modified to be used, as a stationary waterborne residential dwelling;
- Has no mode of power on its own;
- Is dependent for utilities upon a continuous utility linkage to a source originating on shore; and,
- Is permanently hooked up to a shore-side sewage system.

Note: A vessel is not a floating home.

3. Aircraft

An aircraft is defined as any machine or device used or designed for flight and has been flown at least once (§5303). Examples of aircrafts include planes, helicopters, and gliders. Machines not considered an aircraft include: rockets, missiles, air carriers or foreign air carriers engaged in air transportation or air taxi.

The Federal Aviation Administration (FAA) can provide a list of all aircraft registered in California. If unsecured property taxes remain unpaid on an aircraft registered in California, a lien can be filed with the FAA if the aircraft appears on its list. The FAA will accept a certified copy of the recorded certificate of lien or the summary judgment. However, it is important to note that filing a lien is usually an effective manner for recovering unpaid taxes only when the owner is attempting to sell the aircraft. In other words, the lien imposed is not valid insofar as personal property is concerned as against a purchaser for value without actual knowledge of the lien (§3103). Thus, there is no guarantee that the lien will actually attach to the aircraft. **Refer to Volume IV: Special Property Types for more information.**

4. Vessels

A vessel is a vehicle capable of being used as a means of transportation on the water. For the purpose of unsecured property taxes, this includes: jet skis, boats, yachts, ships, barges, and hovercrafts. Vessels are unique in that they must be registered with the Department of Motor Vehicles (DMV) and require that the owner pay a biennial (every two years) registration fee in addition to taxes on the vessel. As such, if the taxes remain unpaid, the tax collector may submit a request to the DMV to withhold the vessel's registration tags. The request may be submitted online if the county is registered with the DMV or can be submitted via mail. Once the unsecured property taxes on the vessel are paid, a request to release the boat tags can be sent to the DMV. **Refer to Volume IV: Special Property Types for more information.**

5. Racehorses

Racehorse is defined as each live horse, including a stallion, mare, gelding, ridgeling, colt, filly, or foal, that is bred specifically for horseracing in California wherein pari-mutuel racing is permitted under rules and regulations prescribed by the California Horse Racing Board (§5703). For the purposes of unsecured property tax collection, a racehorse is subject to taxation if it is or will be eligible:

- to participate in a horseracing contest in California; or
- to produce foals that will be eligible to participate in a horseracing contest in California.

The basis used for assessing taxes against racehorses differs from that for other types of unsecured property. The unsecured property taxes for the types of property previously discussed are determined based on the assessed value of the property. The amount of the unsecured property taxes on racehorses is determined by the horse's age and category and those amounts are listed in the code (§5722). The unsecured property tax amounts are prescribed by statute. The owner of any racehorse(s) must file a report with the assessor's office stating the tax due (§5784). The necessary forms are available in the assessor's office.

The tax is determined on January 1 and becomes immediately due and payable (§5721). Any amount not paid by February 15 becomes delinquent. **Refer to Volume IV: Special Property Types for more information.**

Section C: Timeline

Note: This timeline applies to the annual tax bills and is not applicable to corrected or escape tax bills.

- Jan 1 - Lien is established by operation of law (§2192)
- Jan 1 - County Assessor assesses value of unsecured property and taxes become due (§2192)
- Jan 1 - Unsecured property taxes on racehorses become due *and* payable (§5761)
- Jan 2 - First day to file affidavit for documented vessel (on or before 2/15) (§§227, 255 & 275.5)
- Jan 15 - Annual Statement (Inventory) of airplanes (owner names and address) due from public and private airports due (§5366)
- Jan 31 - First bi-annual (Other due July 31) report of mobile home addresses licensed to HCD due the County Assessor. (Health and Safe. Code §18077.5.) Report also goes to the SCO. (§5841)
- Jan 31 - Timber Tax due for the October 1 – December 31 period (§38401)
- Feb 15 - Unsecured property taxes on racehorses are delinquent at 5:00PM. (§5762)
- Apr 1 - Last day to file Property Statements on time (§441(b))
- Apr 30 - Timber Tax due for the January 1 – March 31 period (§38401)
- May 7 - Last day to file Property Statements before Section 463 penalties apply (§441(b))
- May 31 - Last day to amend in time filed Property Statements for errors/omissions (§441(i))
- Jul 1 - County Assessor provides assessment information to County Auditor as soon as possible (§§616 & 617)
- Jul 31 - Deadline for County Tax Collector to mail unsecured property tax bills no later than 30 days prior to 8/31 (§2910)
- Jul 31 - Timber Tax due for April 1 – Jun 30 period (§38401)
- Aug 31 - Last day to seize and sell three-year delinquent unsecured property taxes (§2963)
- Aug 31 - Unpaid unsecured property taxes become delinquent and 10% penalty (§2922(a) & (b))
- Sep 17 - Mail notice to assessee of intent to submit tax-delinquency to DMV (optional)
- Sep 30 - Mail 30-day reminder notices (interest will start to accrue) (optional)
- Oct 15 - Mail Notice of Lien to Assessee (optional)
- Oct 15 - Notice to DMV to withhold boat tags (optional). This can be done at any time, but you must meet the DMV deadline if you want notification of the withheld boat tags to appear on the registration notice.

- Oct 31 - Unpaid delinquent unsecured property taxes subject to additional penalty of 1 ½% per month until paid (§2922(d))
- Oct 31 - Timber Tax due for July 1– Sep 30 period (§38401)
- Nov 1 - Additional penalty begins accruing on delinquent unsecured property taxes of 1 ½% per month until paid (§2922(d))
- Nov 15 - Record Certificate of Lien (Lien can be recorded any time. It is recommended that you do so by this date.) (§2191.3)

Chapter 2: Billing and Payments Overview

Section A: Unsecured Property Tax Billing

The assessed value of the property, which is used to calculate the amount of tax on the property, is determined by the County Assessor's Office (the assessor).

Part of the assessment valuation process includes the receiving, from every business entity, a Business Tax Statement, or 571L Form with the assessor's office, estimating the value of the Personal Property of the business. This information is due no later than May 7 each year (§441).

Once the assessment data is compiled and completed by the assessor, the County Auditor (the auditor) calculates the taxes due for each unsecured property item of a given fiscal year (July 1 to June 30) and transmits the information to the County Tax Collector (the tax collector).

The tax collector takes the information, and from each of those calculations, generates the corresponding tax bills and mails them out. The bills must be mailed out no later than 30 days prior to the delinquent date, August 31. These bills can be mailed or electronically submitted (§2910.1).

The tax collector should mail all bills as soon as possible after receiving the assessment roll information from the auditor. If the tax amount of a specific piece of property is too low to justify the collection of the unsecured property taxes due, the tax collector can decide not to send a bill out for that piece of property (§2910.1).

It is important that the tax collector include all of the legally required items on the tax bill. The State Controller's Office recommends using Form UNS 1-01 – a checklist of required items as a reference. Revenue and Taxation Code section 2611.6 also outlines the list of the items that are required on a tax bill.

Note: The failure to receive a tax bill does not relieve the owner of record of the obligation to pay the tax. However, the tax collector *may*, at his or her discretion, waive the penalties if the assessee convinces the tax collector that he/she did not receive a tax bill (§2910.1).

Further, any individual who owns a taxable asset on January 1st of any given year is responsible for any taxes that arise during the course of that year and should receive an unsecured property tax bill (§405).

As such, the sale of the property, disposal of the property, or removal of the property from the county after the lien date does not relieve the tax obligation.

TAX BILL CHECKLIST

For Unsecured Taxes

The following data must appear on your bill to meet the requirements of law.

- ___ 1. Year, or fiscal year.
- ___ 2. Immediately beneath "Year" should appear the following statement: "For fiscal year beginning July 1, ____, and ending June 30, ____" (§2910.5(d)).
- ___ 3. The following information should appear on the unsecured bill in connection with the delinquency time and date: "If August 31 or the last day of any month falls on Saturday, Sunday, or legal holiday, payments made by 5 pm or the close of business, whichever is later, on the next business day are not considered delinquent" (§2922).

Note: Tax bills issued for taxes added to the unsecured roll after July 31, pursuant to Revenue and Taxation Code section 2922, should reflect the applicable delinquent dates rather than the statutory date specified as August 31.

- ___ 4. The lien date should read: "12:01 am on the first day of January, ____" (§2192).
- ___ 5. County water standby charges plus a 6% penalty, when added to the county tax bill, must be shown separately from all other taxes (Government Code §§25210.77(b), (c), and (d)).
- ___ 6. District water service standby or immediate availability charges, plus any applicable penalties, must be shown separately from all other taxes (Water Code §55501.5).
- ___ 7. Even if self-addressed return envelopes are enclosed with the tax bills, each bill should contain a statement such as: "Make all remittances payable to and mail to, _____ Tax Collector, _____ (address), _____ (city), California, _____ (Zip code)."
- ___ 8. If the assessment roll carries penal assessments imposed pursuant to §§463 and 504, plus the interest required by §506, the format of the tax bill must allow sufficient room for such entries.
- ___ 9. In lieu of spelling out the actual penalties, costs, and fees, the tax bill should carry the notice required under §2611, such as: "If taxes are unpaid, it will be necessary, as provided by law, to pay (a) delinquency penalties, (b) costs, (c) redemption penalties, and (d) redemption fees."

In addition to the information on the previous page, the following information must be on the tax bill or in an accompanying separate statement (§2611.6).

- _____ 10. The full value of locally assessed property, including assessments made for irrigation district purposes in accordance with Water Code section 26625.1.

- _____ 11. The tax rate required by Article XIII A of the State Constitution.

- _____ 12. The rate or dollar amount of taxes levied in excess of the 1% limitation to pay for voter-approved indebtedness incurred before June 6, 1978.

- _____ 13. The amount of any special taxes and special assessments levied.

- _____ 14. The amount of any tax rate reduction (pursuant to §100), with the notation, “Tax reduction by (name of jurisdiction).”

- _____ 15. The amount of any exemptions. Exemptions reimbursable by the State should be shown separately.

- _____ 16. The total taxes due on the property covered by the bill.

- _____ 17. Instructions on tendering payment, including the name and mailing address of the tax collector (see item 9 above).

- _____ 18. An explanation of adjustments made to the roll and bills when the entire roll has been raised or lowered by order of the State Board of Equalization.

Section B: Unsecured Property Tax Payments

Unsecured property tax payments are delinquent after 5:00 pm or close of business, whichever is later, on August 31. These payments can be recorded in two ways: the tax collector can record the payment on the unsecured roll opposite the tax that is being paid, or the payment can be recorded on a machine-prepared list or an electronic data processing record. The tax collector can choose which method to use.

1. Partial Payments (§2927.6)

If the tax collector has the approval of the Board of Supervisors, he or she can accept a partial payment of unsecured property taxes. The application of these partial payments must first be applied to penalties, interest, and costs. After these amounts are paid, the remaining balance can be applied to the unsecured property taxes due.

2. Pro Rata Payments (§2927.7)

Pro rata payments may apply if the assessee can show that he or she owns only an undivided interest in the property. A person owns an undivided interest if he or she holds only an interest in ownership as a tenant in common with other holders of the entire parcel.

For example, a person might own a 20% undivided interest in a yacht with four other people. If the tax collector can determine that an undivided interest in the property has been recorded, he or she may accept a pro rata payment from the assessee. That payment should be equal to the percentage of the entire property that is included in the undivided interest. Therefore, for the assessee who only holds a 20% undivided interest in a yacht with an unsecured tax bill of \$3,500.00, and that undivided interest has been recorded, the county tax collector could accept a \$700.00 payment from the assessee.

Chapter 3: General Collection Procedures

Section A. Property on Secured Roll Subject to Unsecured Collection

Certain property is placed on the secured roll for tax collection. However, if the taxes due on that property become delinquent, they become subject to unsecured collection provisions (§760).

1. Manufactured, Mobile, or Floating Homes (§§2189.7 and 5830)

The property taxes due on manufactured, mobile, and floating homes are entered on the secured roll. If the taxes on the property are not a lien on real property—meaning that the property is not permanently attached to a foundation or to the ground—and they go unpaid at the time set for the declaration of default for delinquent taxes, the taxes, including any penalties and interest due, should be transferred from the secured roll to the unsecured roll and may be collected in the same manner as other delinquent taxes on the unsecured roll (§2921.5).

2. Other

There are several other less common types of secured taxes subject to unsecured collection. These taxes include:

- Supplemental assessments after a change in ownership;
- Structural improvements on leased land and other leasehold interests;
- Personal property and fixtures assessed by the State Board of Equalization;
- Possessory interest in tax exempt property/public lands (§2190);
- Leasehold estates for gas, oil, and other hydrocarbon substances (§2189.5); and,
- Escape assessments discovered after the real property has transferred ownership.

Note: Real property taxes prior to foreclosure by the Small Business Administration should not be transferred to the unsecured roll (*Garcia v. County of Santa Clara, 87 Cal. App. 3d 319 (1978)*).

Chapter 4: Initial Considerations After Taxes Become Delinquent

(TIME FRAME: September 1 – October 31)

Section A. Background

Unsecured property tax payments are delinquent after 5:00 pm or close of business, whichever is later, on August 31. Any delinquent unsecured property taxes are subject to a 10% penalty. An additional 1.5% penalty is assessed on the first of every month afterwards, beginning November 1. In addition to these penalties, the tax collector may collect actual costs of collection incurred up to the point that the delinquency is paid (§2922).

The tax collector must prepare the delinquent roll or abstract list annually (§2927.2). Next, the auditor must then certify that the roll contains complete and accurate statements of all essential information necessary to the collection of any unpaid taxes on unsecured property recorded therein (§2927.3).

Once the auditor certifies the roll is complete and accurate, the delinquent roll, abstract list, or a copy certified by the tax collector, is prima facie evidence of the following:

- The property assessed;
- The delinquency;
- The amount of the delinquency;
- The amount of taxes due and unpaid; and,
- That there has been compliance with all forms of law relating to assessment, equalization, and levy of taxes (§2927.5).

At this point, the tax bills have been mailed and any unsecured property not paid in full is considered delinquent. The recommended next step is to inform the assessee of the delinquency status and any other impending actions being considered that may affect the amount of taxes due on his or her property.

Informing the assessee is a mandatory step in every collection action. The notification process is designed to satisfy the due process elements pre-empting the government seizure of property. In addition, providing notice can reinforce the alert of impending seizure and motivate the assessee to pay.

Note: Any unsecured tax bill mailed after July 31 would become delinquent and subject to penalty on the last day of the month following the month the bill was mailed. For example, if an unsecured tax bill is mailed on October 5, the tax would become delinquent on November 30.

Section B. Tax Delinquency Review (September)

Step 1: On September 1, review the tax payment status for all unsecured property.

Step 2: Confirm the delinquency of any properties. All property with unpaid property taxes due for a given year is delinquent as of 5:00 pm or close of business, whichever is later, on August 31 of that given year.

Step 3: Assemble all property with delinquent taxes. Proceed to Section C: Preparing the Notice of Delinquent Taxes.

Section C. Preparing the Notice of Delinquent Taxes (September)

Although it is not required, a county may elect to send a notice to the assessee before the tax bill becomes delinquent. Doing so keeps the taxpayer informed of the property's tax status and can produce additional payments, resulting in a lower delinquency rate for the county.

Step 1: Prepare a notice for each assessee.

Step 2: Ensure that the notice contains at least the following information (See sample Form UNS 1-02):

Pertinent Information

1. Date
2. Assessee Name and Address
3. Delinquency Tax Year
4. Tax Bill Number
5. Contact information for tax collector

Billing Information

1. Base Tax Owed
2. Initial 10% Penalty Calculation amount
3. Collection Fee
4. Total Taxes Due

Process Explanation Information

1. Payment information
2. Information about when a lien may be filed for non-payment of taxes
3. Information about how a lien will affect any credit or real property transaction
4. Information that a lien will remain in effect for 10 years and have two ten-year renewal opportunities after that.

Step 3: Send the notice to the assessee by mail.

Step 4: Update all files for which full payment has been received.

(tax collector's letterhead)

NOTICE OF DELINQUENT TAXES

Date _____

Name _____
Address _____
City, State, Zip _____

Acct No. _____
Bill No. _____
Tax Year _____

Dear _____:

This letter is to inform you that your current property taxes for the following property are delinquent:

List property here

If you fail to complete payment by _____ the tax collector of _____ County will record a lien against you in the County Recorder's Office for nonpayment of your property taxes described herein and may take additional collection actions. Collection actions may include seizure and sale of any and all property, improvements, or possessory interest owned by you.

The lien will be against all secured and unsecured property you might have or may acquire in California. As the lien is a matter of public record, it may affect any credit or real property transaction in which you participate until the lien is cleared. A tax lien remains in effect for a period of ten (10) years.

To avoid further action, the total taxes currently due, as reflected below, must be paid and received by the tax collector no later than 5:00PM on _____.

Tax, Penalty, Fee Amount Explanation

On the first day of each and every month following the recording date described in this letter, a penalty of 1.5% of the based tax dollar amount will be added to the total taxes currently due

Base Tax	_____
10% Penalty	_____
1.5 % Monthly Penalty	_____
Collection Fee	_____
Total Taxes Currently Due	_____

***An additional 1.5% penalty will be added the first day of each month until paid**

If you have any questions, please contact _____ at _____.

_____, Tax Collector

By _____, Deputy

UNS 1-02 (10-08)

Section D. Inventory for Vessels (September)

Step 1: Review the property and:

- If the property is a vessel, as defined on page 5, proceed to Step 2.
- If the property is not a vessel or you do not want to consider this procedure, proceed to Chapter 5 – Certificate of Tax Lien.

Step 2: For vessels, you may initiate a DMV stop in order to motivate payment. This action may include a warning notice 30 days prior to the October 15 deadline to alert the assessee that a DMV stop will be placed on their vessel if payment is not received.

Note: This is an optional technique and does not provide any collection enforcement, but it can motivate payment because of the burden it places on the assessee.

Step 3: A) If you wish to use this technique, proceed to Section E: DMV Stops

B) If you do not wish to use this technique, move ahead to Chapter 5: Certificate of Tax Lien

Section E. DMV Stops

There are three methods by which to initiate a DMV stop – online, via paper form, and via a batch process.

1. For the online version procedure, proceed to Sub-section A. ONLINE DMV STOP.
2. For the manual version (paper form), proceed to Sub-section B. PAPER FORM DMV STOP.
3. For batch processing, proceed to Sub-section C. BATCH PROCESS.

A. ONLINE DMV STOP

The online version is a fee-based service that the county must subscribe to, but the cost is low for the resource and information afforded.

Step 1: Once the delinquency deadline has passed, assemble a list of vessels on which outstanding tax is due.

Step 2: Assemble the following information:

- Vessel number
- Tax bill or account number
- Owner's last name

Step 3: Log into the DMV Stop service from your computer.

Step 4: Enter the information for the vessel with outstanding tax.

Step 5: Repeat for each vessel. The stop will be initiated within 24 hours, but usually it is instant.

Step 6: Draft an Impending DMV Stop notice to the assessee.

Step 7: Once an assessee learns of the stop, he or she is usually motivated to make the tax payment. Once payment is received:

- Access the DMV Stop online service
- Input similar information as in Step 4 above
- Enter the Release Code to remove the stop

Note: The assessee may ask for a paper Boat 120 Form, so it is recommended that you have these forms in your office.

- Step 8:**
- 1) If full payment is received, update all files accordingly.
 - 2) If full payment is not received, move ahead to Chapter 5, Section A – Preparing to Lien the Property.

B. PAPER FORM DMV STOP.

This option is free, but the results are not instantaneous and it requires more administrative time for completing and mailing the form.

Step 1: Obtain a standard DMV Boat 120 Form. This form comes in triplicate.

Step 2: Complete the required fields on the form.

Step 3: Mail original form to DMV, mail a copy to the assessee, and keep one copy for your records.

Step 4: Once an assessee learns of the stop, he or she is usually motivated to make the tax payment. Once payment is received, do the following:

- Complete the form to release the vessel.
- Give a copy to the assessee and mail a copy to the DMV.

The stop will be removed by DMV upon receipt of release.

- Step 5:**
- 1) If full payment is received, update all files accordingly
 - 2) If full payment is not received, move ahead to Chapter 5, Section A – Preparing to Lien the Property.

C. BATCH PROCESS

This option requires special setup with DMV. It does allow you to submit multiple bills and multiple releases by creating and sending files to the DMV.

- 1) For details on this process, contact the DMV for a batch-processing procedural manual.
- 2) If, after this process, full payment is not received, move ahead to Chapter 5, Section A – Preparing to Lien the Property.

Chapter 5: Certificate of Tax Lien

Section A. Preparing to Lien the Property

Once the delinquent roll or abstract list is prepared, the county tax collector should begin the initial collection process. Among the various options available, it is recommended that you consider recording a Certificate of Tax Lien against the assessee before other actions are initiated.

However, as a precursor to that filing, it is also recommended that you mail a complementary alert notice—a Notice of Intent to Lien—to the assessee. The recommended schedule for mailing such a notice is ten days prior to the intended filing.

Although you are not required to send a Notice of Intent to Lien, sending a notice of this type—and in the recommended time frame—is an efficient, cost-effective collection tool in motivating payment.

Additionally, the notice provides the assessee important information as to how a lien might affect his or her credit and business transactions, and gives him or her an opportunity to make payment and avoid such consequences.

Section B. Notice of Intent to Lien (September) (recommended)

Step 1: Determine all unpaid unsecured property taxes.

Step 2: Prepare a Notice of Intent to Lien.

Step 3: It is recommended that the Notice of Intent to Lien contain the following (See sample form UNS 1-03):

Pertinent Information

1. Date
2. Tax Year
3. Account Number
4. Tax Bill Number
5. Date and time remedy may be made prior to action taken
6. Contact information for tax collector

Process Explanation Information

1. Information describing that the filing of a lien is impending
2. That the lien is a public record
3. That the lien will affect any credit or real property transaction
4. That the lien will remain in effect for ten years with two ten-year renewal opportunities

Step 4: Send the notice to the assessee of record. Regular mail will suffice. However, you may choose to send the notice by certified mail as a means to obtain proof of receipt, but this alternative mailing option is not required by law.

Step 5: Allow for a time lag after the 10-day period to account for bills post marked within the deadline, but still being processed through the mail system.

Step 6: Update all files with full payment received.

(tax collector's letterhead)

NOTICE OF INTENT TO LIEN

Date _____

Name _____
Address _____
City, State, Zip _____

Acct No. _____
Bill No. _____
Tax Year _____

Dear _____:

This letter will serve as notice to you that the County of _____ Tax Collector will record a lien against you in the County Recorder's Office for nonpayment of your property taxes described herein.

Failure to make payments within ten days will lead to additional collection actions. Collection actions may include: a lien against you and/or seizure and sale of any and all property, improvements, or possessory interest owned by you.

This lien will be against all secured and unsecured property you might have or may acquire in California. As the lien is a matter of public record, it may affect any credit of real property transaction in which you participate until the lien is cleared. A tax lien remains in effect for a period of ten (10) years.

To avoid further action, the total taxes currently due, as reflected below, must be paid and received by the tax collector no later than 5:00PM on _____.

Delinquent Tax Liability Explanation and Breakdown

On the first day of each and every month following the recording date described in this letter, a penalty of 1.5% of the based tax dollar amount will be added to the total taxes currently due.

Base Tax	_____
10% Penalty	_____
1.5 % Monthly Penalty	_____
Collection Fee	_____
Total Taxes Currently Due	_____

***An additional 1.5% penalty will be added the first day of each month until paid**

If you have any questions, please contact _____ at _____.

_____, Tax Collector

By _____, Deputy

UNS 1-03 (10-08)

Section C. The Certificate of Lien for Unsecured Property Taxes

(Timeline: October-November)

Around November 1, or ten days after the Notice of Intent to Lien is sent, it is recommended that the County Tax Collector prepare and record the Certificate of Lien for Unsecured Property Taxes (Certificate of Lien). The State Controller's Office recommends using Form UNS 1-04. It is important that all sections of this form are completed pursuant to Revenue and Tax Code section 2191.3.

Note: The recording of the Certificate of Lien is the strongest unsecured collection mechanism available to the County Tax Collector, and should be considered in all cases of delinquent unsecured property taxes.

The tax collector files a Certificate of Lien with the County Recorder's Office; there is no fee associated with filing. Upon recording the Certificate of Lien, the county recorder has 30 days to send notice of the recording to the assessee's last known address. The notice must contain all information stated in the Certificate of Lien and include the statement:

**“THIS IS TO NOTIFY YOU THAT A TAX LIEN HAS BEEN FILED
WITH RESPECT TO UNSECURED PROPERTY”**

The lien applies to any real or personal property in the assessee's name when the lien is filed or any real or personal property acquired in the assessee's name while the lien is in effect. It remains in effect for ten years and has the force, effect, and priority of a judgment lien. The lien can be renewed twice, for a total of 30 years. However, the lien must be renewed before each ten year period elapses (§2191.4).

Note: The lien for unsecured taxes is against the assessee. The assessee can be any person owning, claiming, possessing, or controlling the property on the lien date (§405). Enforcement is against property owned by the assessee (§§2186 and 2191.3).

Section D. Preparing the Certificate of Lien

Step 1: Confirm that the delinquent roll or abstract list has been prepared.

Step 2: On November 1, or ten days after the Notice of Intent to Lien is sent, prepare and record the Certificate of Lien.

Step 3: Determine all unpaid unsecured property taxes and prepare a Certificate of Lien for each.

Step 4: A Certificate of Lien must contain the following information (§2191.3(b)) (See sample form UNS 1-04):

- Assessee(s) name
- Assessee's last-known address
- Last four digits of the assessee's Social Security number, if known
- The amount due
- The fact that the county has complied with all the provisions of computation and levy of the tax, penalty, and interest

CERTIFICATE OF LIEN FOR UNSECURED PROPERTY TAXES

In accordance with the provisions of Revenue and Taxation Code sections 2191.3 and 2191.4, I, the undersigned Tax Collector of _____ County, State of California, hereby certify that unsecured property taxes for the fiscal year ____ - ____ in the amount shown herein have been duly assessed, computed and levied against

Assessee(s): _____

Last known address: _____

Social Security number(s) – Last Four Digits Only (§2191.3) : _____ unknown

Amount of unsecured taxes due: \$ _____

Certificate number: _____

At the time of the filing of this certificate of lien for the record, the total amount of unpaid taxes and penalties required to be paid by the person(s) named constitutes a lien upon all personal and real property now owned, or subsequently acquired before the date on which this lien expires, by said person(s). Because penalties and charges are accruing, please contact the office for a current payoff amount (§2922).

This lien has the force, effect, and priority of a judgment lien for the period of ten years from the time of the recordation of this instrument, unless sooner released or otherwise discharged.

EXECUTED ON

_____ ,

Tax Collector

By _____
Deputy

(Acknowledgment is not required, pursuant to Government Code section 7282.)

Section E. Filing a Certificate of Lien with the Recorder's Office

Step 1: To file and record a Certificate of Lien, you must provide:

1. Completed lien form for each property
2. Tax collector or designee's signature

Step 2: Record the document (§2191.3(2)(b)).

Note: The recorder may send a copy to the assessee within 30 days (§2191.3(2)(b)).

Step 3: Request a certified copy of the recorded document at the time you are recording the document (optional).

Note: Obtaining a certified copy of the document allows you to have an official copy for any other purposes. Otherwise, it can take six to eight weeks to receive the original document.

Section F. Notice to Assessee that a Lien has been Filed

Step 1: Although sending a notice to the assessee that the Certificate of Lien has been recorded is not typically done by most tax collectors (and not required by Code), a notice of this fashion may resonate with some, such that they are motivated to make a payment. If you choose to initiate this option, include the following information (See UNS 1-05 for a sample Notice of Lien):

Pertinent Information

1. Date
2. Assessee Name and Address
3. Delinquency Tax Year
4. Tax Bill Number
5. Date Lien was recorded
6. Certificate Lien Number
7. Tax collector's contact information

Billing Information

1. Base Tax Owed
2. Initial 10% Penalty Calculation amount
3. Monthly 1.5% Penalty Calculation amount
4. Collection Fee
5. Release Fee
6. Total Taxes Due

Process Explanation Information

1. Statement that a lien was filed
2. Penalty and Interest Schedule
3. Information that the lien is a public record
4. Information that the lien will affect and credit or real property transaction
5. Information that the that lien will remain in effect for ten years with two ten-year renewal opportunities

(tax collector's letterhead)

NOTICE OF LIEN

Date

Name
Address
City, State, Zip

Acct No.
Bill No.
Tax Year

Dear _____:

This letter will serve as notice to you that the County of _____ Tax Collector has recorded a lien against you in the County Recorder's Office for nonpayment of your property taxes for the _____ year.

The lien document was recorded on _____ under Certificate of Lien No. _____.

This is a lien against all secured and unsecured property you might have or may acquire in California. As the lien is now a matter of public record, it may affect any credit of real property transaction in which you participate until the lien is cleared. A tax lien remains in effect for a period of ten (10) years.

Tax, Penalty, Fee Amount Explanation

On the first day of each and every month following the recording date described in this letter, a penalty of 1.5% of the based tax dollar amount will be added to the total taxes currently due

Base Tax	_____
10% Penalty	_____
1.5 % Monthly Penalty	_____
Collection Fee	_____
Release Fee	_____
Total Taxes Currently Due	_____

***An additional 1.5% penalty will be added the first day of each month until paid**

If you have any questions, please contact _____ at _____.

_____, Tax Collector

By _____, Deputy

UNS 1-05 (10- 08)

Section G. Notice of Intent to File a Summary Judgment

Upon completion of recording a Certificate of Lien and any related noticing, and if taxes are still outstanding from any given taxpayer, you may choose to apply an additional component to motivate payment. Specifically, the process of filing a judgment lien with Superior Court (§3101).

The rationale for employing this additional element is that while the Certificate of Lien has all the force, effect, and priority of a judgment lien (§2191.4), the esoteric aspect of this particular lien may be such that the average layperson does not fully appreciate its weight. Thus, the threat of filing a Certificate of Lien, and even the recordation of it against an individual, may not always yield a universally pronounced effect as it pertains to motivating payment.

In contrast, because the court system and its penalty elements have a stronger connection with, and are more widely recognized and understood by the average layperson, any action tied to the courts, like a collection action, will most likely illicit a higher degree of urgency and motivation.

As such, by incorporating the threat of filing a judgment with Superior Court into your available resource of collection techniques, you may enhance the potential for motivating payment across a greater spectrum of recalcitrant taxpayers.

However, because the force and effect of the two liens are essentially the same with respect to any actions that may be used to secure property of the taxpayer, it may be prudent, in terms of costs and redundancy, to limit the judgment filing to just sending a Notice of Intent to File a Certificate Seeking Summary Judgment, and use the recorded Certificate of Lien as the operating document from which to initiate any taking of property.

Step 1: To ensure the notice is consistent with the standard requirements for filing of a judgment lien pursuant to Code (§3101(b)), include the following (See UNS 1-06 for a sample Notice of Intent to File a Certificate Seeking a Summary Judgment):

Pertinent Information

1. Assessee Name
2. Description of Property
3. Assessed Value of the Property
4. Statement that judgment will be sought for any tax, penalty, and interest unpaid at time of filing
5. Statement that upon issuance and recordation of judgment, additional penalties will continue to accrue at the rate prescribed by law
6. Statement that any bond premium posted or other costs to enforce judgment will be added into the amount owed
7. Statement that a recording fee in the amount set forth in Government Code section 27361.3 will required to be paid in additional to the above mentioned charges

Optional Information

1. Base Tax Owed
2. Initial 10% Penalty Calculation amount
3. Monthly 1.5% Penalty Calculation amount
4. Collection Fee

Step 2: Should your office decide to pursue and complete the filing of a summary judgment, refer to Volume II: Court Actions for detailed instructions. Otherwise, proceed to Chapter 6 of this volume.

_____ COUNTY

NOTICE OF INTENT TO FILE A CERTIFICATE SEEKING SUMMARY JUDGMENT

I, _____, as _____ County Tax Collector, State of California, do herewith give NOTICE to the herein-named assessee(s) that I will, not sooner than ten days after the mailing of this NOTICE, and within the time prescribed by law, file with the SUPERIOR COURT of _____ County, a CERTIFICATE in which judgment will be sought.

Notice is further given: that the JUDGMENT will be sought in the amount of the tax, penalty, and/or interest that remains unpaid at the time of the filing of the certificate; that, subsequent to the recordation of the JUDGMENT, additional penalties will accrue at the rate prescribed by law; and that an additional fee must be paid at the time of the satisfaction of the judgment for the recording of a release of said judgment, in the amount of \$9, for each of the counties wherein an abstract or certified copy of the original judgment was recorded.

NAME(S): _____

ADDRESS: _____

DESCRIPTION OF PROPERTY ASSESSED ON THE UNSECURED ROLL: _____

FILE OR ASSESSMENT NUMBER: _____ FOR YEAR ____ - ____ ASSESSED VALUE: \$_____

For the fiscal year beginning July 1, ____, and ending June 30, ____	FILE OR ASSESSMENT NUMBER _____
ASSESSEE(S):	Tax Amount _____
	10% Penalty Due _____
	1 ½ penalty per month _____
	Judgment Amount _____
	Release of Lien Amount _____
PROPERTY DESCRIPTION:	TOTAL DUE _____

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, ____.

_____, Tax Collector _____ County, State of California

By _____, Deputy

RTC §3101

UNS 1-06 (10-08)

Section G. Notice of Intent to File a Summary Judgment

Upon completion of recording a Certificate of Lien and any related noticing, and if taxes are still outstanding from any given taxpayer, you may choose to apply an additional component to motivate payment. Specifically, the process of filing a judgment lien with Superior Court (§3101).

The rationale for employing this additional element is that while the Certificate of Lien has all the force, effect, and priority of a judgment lien (§2191.4), the esoteric aspect of this particular lien may be such that the average layperson does not fully appreciate its weight. Thus, the threat of filing a Certificate of Lien, and even the recordation of it against an individual, may not always yield a universally pronounced effect as it pertains to motivating payment.

In contrast, because the court system and its penalty elements have a stronger connection with, and are more widely recognized and understood by the average layperson, any action tied to the courts, like a collection action, will most likely illicit a higher degree of urgency and motivation.

ATTORNEY OF PARTY WITHOUT ATTORNEY (NAME AND ADDRESS): TELEPHONE NO: STATE OF CALIFORNIA COUNTY OF _____ OFFICE OF THE TAX COLLECTOR ADDRESS: ATTORNEY FOR (Name):	FOR RECORDER USE ONLY
SUPERIOR COURT OF CALIFORNIA, COUNTY OF _____ STREET ADDRESS: MAILING ADDRESS: CITY AND ZIP CODE: JUDICIAL DISTRICT OR BRANCH NAME:	FOR COURT USE ONLY
PLANTIFF: TAX COLLECTOR OF _____ COUNTY, STATE OF CALIFORNIA	
DEFENDANT: _____ SSN: (Last four digits only)	
CERTIFICATE OF LIEN FOR SUMMARY JUDGMENT, SUMMARY JUDGMENT, AND NOTICE OF ENTRY OF JUDGMENT	CASE NUMBER:

CERTIFICATE OF LIEN FOR SUMMARY JUDGMENT

1. The Tax Collector has complied with the provisions of Chapter 2 of Part 4 and Chapter 4 of Part 5 of the Revenue and Taxation Code.
2. The Clerk of the Court is requested to enter summary judgment for the State of California against defendant as follows:

Delinquent Unsecured Property Base Tax.....	\$ _____
i. 10% Penalty	\$ _____
ii. 1.5% Monthly Penalty	\$ _____
iii. Collection Fee.....	\$ _____
iv. Release Fee.....	\$ _____
TOTAL AMOUNT OF JUDGMENT.....	\$ _____

UNDER PENALTY OF PERJURY, THE FOREGOING IS TRUE AND CORRECT

DATE: _____ TAX COLLECTOR, COUNTY OF _____. By _____

SUMMARY JUDGMENT

Judgment is entered for the State of California against the defendant in the amount of \$ _____

TOTAL AMOUNT OF JUDGMENT..... \$ _____

Date of entry: _____ CLERK OF THE COURT By _____, Deputy

NOTICE OF ENTRY OF JUDGMENT

You are notified that judgment was entered as shown above.

I certify that I am not a party to this cause and that a copy of the foregoing was mailed first class, postage prepaid, in a sealed envelope addressed as shown below, and that the mailing of the foregoing and execution of this certificate occurred in California at

(place): _____ on (date): _____

CLERK OF THE COURT By _____, Deputy

DEFENDANT NAME: _____

DEFENDANT ADDRESS: _____

Chapter 6: Determination of Course of Enforcement Action

Section A. Background

The county tax collector is charged with collecting as much of the delinquent unsecured taxes as possible. In doing so, he or she must always consider the available resources and work within the constraints of the California Code.

Involuntary collection action must be initiated in order to collect delinquent unsecured property taxes. The type and timing of the action necessary will depend upon many variables, including the dollar amount of the bill, whether the assessee can be located, whether the assessee owns real estate or other assets, the assessee's ability to pay, future collectability of the bill, and the assessee's prior payment record.

Section B. Alternative Collection Considerations

The Unsecured Property Tax Collection Manuals are intended to provide an in depth procedural review of each of the collection techniques that are available to the county tax collector, as well as the information needed to make a determination regarding which type of enforcement action should be taken. The 2009 Edition consists of five volumes covering the following topics:

- Volume I Unsecured Tax Collection Overview
- Volume II Court Actions
 - Order of Examination
 - Suit for Taxes
 - Writ of Execution
- Volume III: Seizure and Sale
- Volume IV: Special Property Types
 - Aircraft
 - Vessels
 - Mining Claims
 - Racehorses
 - Rubber Tired Equipment
- Volume V: Special Collections
 - Bulk Sales (Bulk Transfers)
 - ABC Liquor License Transfers
 - FTB Interagency Intercept Program
 - Levy of Bank Accounts

Index of Volume I Forms

Following is a list of SCO forms relevant to the preparation and execution of preliminary unsecured collection processes as detailed in this manual.

Form #	Page
1. UNS 1-01 Tax Bill Checklist.....	9
2. UNS 1-02 Notice of Delinquent Taxes.....	15
3. UNS 1-03 Notice of Intent to Lien.....	20
4. UNS 1-04 Certificate of Lien for Unsecured Property Taxes.....	22
5. UNS 1-05 Notice of Lien.....	24
6. UNS 1-06 Notice of Intent to File a Certificate Seeking Summary Judgment	26