

FAQ'S - SAN MATEO COUNTY REGARDING:

May 7, 2020 Executive Order Regarding Property Taxes

<https://www.gov.ca.gov/wp-content/uploads/2020/05/5.6.20-EO-N-61-20-text.pdf>

Q: Did the Governor move the payment deadlines for FY 2020-2021 secured property tax payments from December 10 and April 10 to May 6, 2021?

A: No, he did not waive or move the deadline dates which will be enforced by all Tax Collectors.

Q: If the Governor did not waive the deadline, why did he sign an Executive Order and what does it mean for property owners?

A: Tax Collectors requested that the Governor issue an Executive Order to expand their authority to help individuals, on a case by case basis, to include economic hardship due to COVID -19 as a specific reason to waive the penalty on late payments. The laws that Tax Collectors must uphold regarding how and when penalty waivers can be granted do not expressly include “economic hardship” as a reason to waive the late payment penalty. Understandably, many property owners have been financially hurt by the pandemic and the Tax Collectors wanted some additional tools to help taxpayers. Because the pandemic may experience a second wave in the winter of 2020, the Governor included the next two secured property tax deadlines in the Executive Order, so that if a second wave materializes or property owners are unable to pay as a result of the economic injury sustained by the pandemic, Tax Collectors will already have the needed tools to help individuals, on a case by case basis, if needed in December 2020 and April 2021. This ***is not*** permission for taxpayers to unilaterally choose not to pay their taxes.

Taxpayers should be reminded that each late payment will require a separate penalty waiver request to be submitted which will be individually reviewed along with required documentation for penalty waiver consideration.

Q: I impound my property taxes as part of my mortgage payment to my bank. What does this mean for me?

A: You should continue to make your payments to the bank. Impounded property tax payments are not eligible for late payment waivers, and the Governor also made very clear in his Executive Order that the companies who hold on to your impounded payments all year are also not eligible for a penalty waiver for paying late. The payments received by counties from the impound account companies comprise a significant portion of property tax payments and their timely payment is critical.

Q: Do I have to pay my property taxes if I lost my job due to COVID-19?

A: Yes. Even if you are eligible for a penalty waiver for paying late, which you will need to qualify for each and every time a payment deadline occurs, actions taken by the Governor ***did not*** relieve any taxpayer of the actual property taxes that are due.

Q: When can I apply for a waiver if I could not pay on time?

A: An application specific to COVID-19 can be found on our website for you to complete and submit with proper support documentation as listed on the appeal form. County Tax Collectors have discretion regarding when the applications are due so that the County knows the taxpayers' status. If you own property in other counties, check with each county Tax Collector regarding the date an application for penalty waiver with support documentation must be received in order to be eligible. Even if you can't afford to pay your taxes by the penalty waiver application due date, you must submit the application and supporting documents to ensure your property does not progress towards defaulting and being eligible for a tax sale.

A: If I was granted a waiver for paying my property taxes after May 4, 2020 due to COVID-19, will that qualification automatically be accepted for, and applied to, the December 2020 and April 2021 deadline?

A: **No. You must apply for a penalty waiver each and every time you cannot pay your property taxes timely** and you must use the forms provided by the Tax Collector's office and provide the necessary

documentation required by the Tax Collector to obtain penalty relief. If you are unable to document the stated reasons as to why COVID-19 made it impossible to pay your taxes timely, you may not receive the penalty waiver. And, the property taxes will still be due in all cases.

Q: What will happen to me if I don't pay my property taxes on December 10, 2020 and/or April 10, 2021?

A: By law, and even under the Executive Order, the Tax Collector will send you a notice shortly after December 10 and April 10, stating that a 10% penalty and applicable fees on the taxes have been added to your tax bill due to non-payment by the deadline date. The process to obtain penalty relief due to COVID-19 as afforded in the Governor's Executive Order will depend on your substantiated and specific circumstance on that date:

1. If you are a homeowner that was unable to pay on time, and the inability to pay was directly caused by COVID-19, and your property was not already delinquent or defaulted on any taxes due prior to March 4, 2020, you are eligible to have the penalty waived. If you are eligible, you will need to submit an application available on the County Tax Collector's website for that relief. You will need to provide documentation as listed on the application at the time your appeal is submitted to the Tax Collector.
2. Penalty waiver applies to primary residences only defined as property with a homeowners exemption. Rental property does not qualify for a penalty waiver.
3. If you are a small business/LLC, as defined by the Small Business Administration's Regulations, Code of Federal Regulations, Title 13, section 121.201, you are eligible if your business was not delinquent or defaulted prior to March 4, 2020.
4. If you are a large business, you are not eligible for this relief.
5. If you were delinquent or defaulted on property taxes prior to March 4, 2020, you are not eligible for relief.
6. If you are a taxpayer whose lender pays your property taxes, you are not eligible.

7. If you are an impound company, you are not eligible.

Q: I have an impound account for my property tax payments with my mortgage company. Can I stop paying that part of my mortgage in case I lose my job or need the money?

A: You would need to speak with your lender directly; but Tax Collectors caution that the taxes will still be due and payable.

Q: I want my property taxes back since it was financially difficult to pay them by May 4, 2020. Can you give me a refund?

A: No. By law, taxes were due on or before April 10, 2020. In San Mateo County, this deadline date was extended to May 4, 2020 due to the Shelter In Place Order. No action taken by the Governor relieved property owners of the requirement to pay the taxes that were due and that will be due in the future on that property. Taxes due on a property will remain due and *have not been waived.* The only payment that taxpayers *may* be able to avoid, based on their individual situation demonstrated to the satisfaction of the Tax Collector, is the penalty and fees for paying late. In no event are the actual taxes waived.

Q: Can I apply now to not pay my December 10 property taxes and have those penalties waived?

A: No. Taxpayers are still required to pay their taxes. Each application period for penalty relief will open after the deadline for timely payment has passed, and the Tax Collector will review each application with support documentation to determine if a penalty waiver is justified.

Q: Should I not pay and hope I get penalty relief?

A: Such an action is ill-advised. Property taxes pay for critical services such as salaries for teachers, police and sheriff, fire, road paving and other services provided by local government. While Tax Collectors understand that there will be serious financial harm to some property owners as a result of the pandemic, the harm will not be universal in severity and unlikely to impact every property owner.

Tax Collectors asked the Governor for additional tools because we are aware some taxpayers will rely heavily on our ability to assist them. Within that executive order, the Governor assigned Tax Collectors the authority to develop the application and establish the documentation criteria to ensure that those who legitimately need assistance receive it and those that can pay on time do so, thereby creating minimal disruption to local government front line service providers on which all Californians rely. The same firefighters, public nurses and emergency responders who are fighting the pandemic get paid with your property tax dollars.

Q: What if I can only afford to pay a portion of my property tax bill?

A: The San Mateo County Tax Collector cannot accept partial payment of property taxes. However, if you are unable to pay your installment timely, you may start a payment plan after July 1. Pursuant to state law, payment plans are subject to a penalty interest rate of 1.5% per month on the outstanding balance.

Q: Is this COVID-19 waiver applicable to rental property?

A: The COVID-19 EO penalty waiver is applicable to your primary residence only. The property must have a homeowners exemption to qualify. If ownership is under an LLC, partnership or sole proprietor, qualification is dependent on meeting Small Business Administration Regulations, Code of Federal Regulations, Title 13, section 1221.201. Appropriate documentation must be submitted as reflected on the appeal form.

Q: What are Supplemental Taxes?

A: Supplemental taxes are additional taxes that are due when property undergoes a change in ownership or new construction occurs. The additional tax is owed because the County Assessor is required to immediately adjust the January 1 value to reflect the new value for the fiscal year (July 1 to June 30), and /or the next fiscal year. The supplemental tax bill represents the tax due on the difference between the old and new values.