



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Auditor-Controller-Treasurer-Tax-Collector

Subject: 2024 Annual Report on Applications for Tax Penalty Relief

Meeting Date: June 10, 2025

Formal Title: Accept and file 2024 Annual Report on Applications for Tax Penalty Relief

Recommended Actions

Accept and file the calendar year 2024 Annual Report on Applications for Secured Property Tax Penalty Relief.

Executive Summary

Pursuant to the Santa Cruz County Policies and Procedures Manual Section VII 1000, this report provides statistical information on the 2024 calendar year tax penalty relief activity.

Discussion

A taxpayer can request a cancellation (waiver) of interest and/or penalties, costs, and fees (IPCF) that have attached to their taxes due to being delinquent and/or defaulted. The cancellation of IPCF is set forth in the California State Revenue & Taxation (R&T) Code. The relevant R&T code for the cancellation of IPCF is noted below:

§ 4985.2. Any penalty, costs, or other charges resulting from tax delinquency may be canceled by the auditor or the tax collector upon a finding of any of the following:

(a) 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, provided the principal payment for the proper amount of the tax due is made no later than June 30 of the fourth fiscal year following the fiscal year in which the tax became delinquent.

(b) There was an inadvertent error in the amount of payment made by the taxpayer, provided the principal payment for the proper amount of the tax due is made within 10 days after the notice of shortage is mailed by the tax collector.

(c) The cancellation was ordered by a local, state, or federal court.

During the calendar year 2024, the Treasurer-Tax Collector received 271 Tax Penalty Cancellation Request forms, requesting waivers of \$271,836 in penalties, interest, cost and fees. Of the 271 requests, 210 were granted (77%) and 61 were declined. This resulted in a total of \$202,347 in penalties, interest, cost, and fees being waived and \$69,489 being declined.

By comparison, in 2023, 384 Tax Penalty Cancellation Request forms were received of which 276 were granted (72%) and 108 were declined.

Financial Impact

Penalties, interest, costs, and fees related to Secured Property Tax in the amount of \$202,347 were waived during calendar year 2024. No property taxes were waived.

Strategic Initiatives

Operational Plan - Operational Excellence

Submitted By:

Edith Driscoll, Auditor-Controller-Treasurer-Tax Collector

Recommended By:

Carlos J. Palacios, County Executive Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.