



# CALIFORNIA BUSINESS PROPERTIES ASSOCIATION

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April 6, 2020

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The Honorable Lisa A. Bartlett  
Orange County Supervisor  
President of California State Association of Counties  
333 W. Santa Ana Blvd  
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## RE: COVID-Related Property Tax Penalties and Process

President Bartlett:

On behalf of the California Commercial Real Estate industry I write to you in your capacity leading the California State Association of Counties to request that you urge your members to work with commercial real estate companies directly impacted by the COVID-19 stay-at-home orders which has brought the economy to a halt and impacted our members primary sources of revenue.

Our members have been actively working to respond to and mitigate the spread of Coronavirus since it was first recognized as a potential public health risk. We immediately supported efforts by the Governor to provide extra cleaning to building that housed essential businesses while also supporting the Governor's call for eviction moratorium across the state.

Commercial properties have been severely impacted, ranging from shut downs of full shopping malls and offices, to closures of gyms, movie theaters, nail salons, and thousands of other businesses by government mandate. Elected officials have understandably granted deferrals on rent payments since retail and service sales have been halted in all non-essential establishments, which further restricts cash-flow on top of the overall economic slowdown.

San Francisco County rightly recognized that mandating every property owner to file waivers for late payments places unnecessary burdens on not only tax filers, but on tax processors as well. The question is not whether these taxes are due and should be paid, but whether a property owner who pays a day a week late should be expected to pay a 10% penalty.

We understand each county is independent, and that property taxes fund extremely important governmental functions, and do not want to interrupt payments from companies that are in a position to do that, but for those companies that are having cash-flow issues directly related to COVID-19 shelter-at-home orders, we ask that your organization encourage your members to:

1. Allow a limited time grace period for waiving late fees
2. Provide a process to request waivers online
3. Create standard form for companies that operate in multiple counties
4. Track the number of waivers requested in a statewide database
5. Report number of waivers granted

We simply ask that County Officials and tax collectors recognize that the entire revenue stream of the economy is disrupted when businesses are shut down and, specific to our members, rent payments are deferred. Commercial property owners still have mortgage payments to make, employees to pay, and other fiscal obligation despite the fact revenue has been severely disrupted.

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We are optimistic the Governor and other state and local policymakers understand the complexity of these types of considerations and will carefully consider how decisions made today will help or hurt the state's ability to economically rebound from this public health crisis.

Again, we recognize that property taxes are a critical revenue source for counties. Commercial property owners have every intention of paying their property taxes. We are simply asking that we be given a clear grace period before the 10% late fee is assessed. Taxes are due April 10<sup>th</sup>, and the 10% penalty can be assessed on April 11<sup>th</sup>. We have asked that counties pause late penalties until June 30<sup>th</sup>."

California has over 6 billion square feet of private commercial real estate. This includes companies of all sizes from a single person that owns one building, to some of the largest multi-national real estate companies – and everything in between. All are impacted by the current downturn of activity caused by the need to contain COVID-19.

CBPA is the designated legislative advocate for the International Council of Shopping Centers (ICSC), the California Chapters of the Commercial Real Estate Development Association (NAIOP), the Building Owners and Managers Association of California (BOMA), the Retail Industry Leaders Association (RILA), the Institute of Real Estate Management (IREM), and AIR CRE.

Please let us know how we can work with CSAC during this COVID-19 emergency. Your staff can contact me (916-947-8880/rexhime@cbpa.com) or Matthew Hargrove, CBPA Sr. Vice President for Government Relations (916-248-9533/mhargrove@cbpa.com).

Respectfully,



Rex Hime  
President & CEO

cc: The Honorable Gavin Newsom, Governor, State of California  
Lenny Mendonca, Director, Governor's Office of Business and Economic Development  
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