

### **Delinquent Property Taxes? An Installment Plan Can Help.**

Life happens, and at times one is left with unpaid property tax bills. Should this happen to you, it is important to understand your options and the process that the Office of The Treasurer & Tax Collector follows. Having this knowledge will ease the stress of having delinquent taxes and will help you to avoid additional costly penalties, interest and potential tax sale.

Property taxes are due every year in two installments. The first installment is due no later than December 10 and the second, no later than April 10. If one or both of these payments are missed, there is a 10% penalty that is applied to each installment missed. If it is the second installment that goes unpaid there is also an additional \$10 cost that is added. Taxes are considered defaulted for a certain year if unpaid after June 30<sup>th</sup> of each year. Should taxes remain unpaid after June 30 then the balances owed start accruing interest at 1.5% per month, compounded. This interest can be very costly should it be allowed to accrue over multiple years. In order to help taxpayers minimize this interest burden, the State Revenue & Taxation Code allows our office to enter into an "Installment Plan Agreement" with you to start making payments on these delinquent taxes not only to minimize the interest being charged but to avoid tax sale of the property. A tax sale refers to property (usually real property) being sold by a taxing authority to recover delinquent taxes. A property becomes potential tax sale property when taxes remain delinquent for 5 years. Having an installment plan in good standing helps to avoid tax sale.

It is always best to try to pay your delinquent tax amount in full to stop interest from accruing, but should you be unable to do so, you may request an installment plan of redemption. This plan allows you to make payments on your delinquent taxes over a five-year period beginning the date you open the installment account. To start an installment plan you must:

- Execute an Agreement with this office and make an initial payment of at least 20% of the delinquent amount and any additional costs that may have been applied;
- Pay a \$50.00 installment plan set-up fee; and
- Pay your current year taxes.

If you open an installment plan between July 1 and the following April 10, the current year's taxes and any supplemental taxes must be paid by April 10 or the account will default. To open an installment plan between April 11 and June 30, the current year's taxes, plus any applicable penalties and charges, must first be paid in full. While on an installment plan kept in good standing (making annual required payments) the property may not become subject to the Tax Collector's power to sale and potential tax auction.

How does the Installment Plan work?

Under the installment plan, you are required to make one payment each fiscal year for five years, in addition to payment of each year's annual taxes as well as any supplemental tax in existence. Making more than a minimum payment and more frequent payments each year, if possible, is beneficial as it reduces the delinquent amount on which interest is charged. At minimum, by April 10 of each year, you must make one payment of 20% of the redemption amount plus interest (which accrues at the rate of 1.5% per month on the unpaid balance once the account has been opened). If you fail to make any installment payment or fail to pay your

current year taxes or any supplemental taxes on or before April 10 of each year, your installment plan will default. This means the penalty will be recalculated as if no previous payments had been made on an installment plan of redemption. You may restart a defaulted plan if you do not owe on taxes that have been delinquent for five years. It is however, to your benefit not to default on an installment plan since there are additional penalties in the form of interest that is calculated on the original unpaid balance. These amounts can be significant.

You may however, pay the total unpaid balance plus accrued interest at any time before the fifth and final payment is due.

Should you find yourself in this situation, please contact our office to inquire about a plan. The earlier you can start making payments towards delinquent taxes, the better. At 18% per year, a 5 year delinquent bill can be accruing 90% interest!

We can be reached Monday-Friday 8am-5pm at 530-265-1285 or by emailing us at [ttc@co.nevada.ca.us](mailto:ttc@co.nevada.ca.us). We are here to answer any questions that you may have.

Thank you,

Tina Vernon  
Nevada County Treasurer & Tax Collector