California State Board of Equalization,
Legislative and Research Division

LEGISLATIVE BULLETIN

State Capitol Building (from the East) c.1945
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PROPERTY TAX LEGISLATION 2009

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Assembly Bill 824 (Harkey) Chapter 477

Assessment Appeal – Employee Conflict of Interest
Intercounty Appeal Board Sharing

Effective January 1, 2010. Amends Section 1622.6 of, and repeals and adds Section 1612.5 and 1612.7 to, the Revenue and Taxation Code.

BILL SUMMARY

Related to conflict of interest safeguards for property tax assessment appeals filed or handled by persons having an employment-related association with the assessment appeals board, this bill:

- Consolidates into one section provisions prohibiting these persons from representing a taxpayer filing an assessment appeal for compensation. *§1612.5*
- Consolidates into one section provisions requiring these persons to immediately notify the clerk of the assessment appeals board if they file an assessment appeal on property they own, or decide to represent a spouse, parent, or child with their assessment appeal. *§1612.7*
- Extends these conflict of interest provisions to county counsel employees that work with the assessment appeals board. *§1612.5(d) & §1612.7(a)(4)*

In addition, this bill allows the use of an established assessment appeals board from another county to hear and decide these conflict of interest property tax appeals. *§1622.6*

Sponsor: California Association of Clerks and Election Officials

LAW PRIOR TO AMENDMENT

Existing law provides various conflict of interest provisions and safeguards to ensure the integrity and impartiality of decisions rendered by a county assessment appeals board. For instance, Revenue and Taxation Code Section 1624.2 bars assessment appeal board members from knowingly participating in any appeal proceeding if they have an interest in the subject matter which could reasonably be expected to influence the impartiality of their judgment in the proceeding. The same applies if a member has an association with one of the parties to the proceeding.

In addition, the law prohibits certain persons with an employment association with the assessment appeals board from representing any taxpayer filing an appeal for compensation. Persons statutorily subject to these provisions include:

- Employees of the office of the clerk of the county board of equalization or county assessment appeals board. *§§1612.5 and 1612.7*
- Assessment appeals board members and alternate members. *§§1624.3 and 1622.6*
- Assessment hearing officers. *§§1636.2 and 1636.5*

Furthermore, if any of these persons file an appeal application on his or her own behalf, or decides to represent a spouse, parent, or child in an assessment appeal, then the law requires he or she immediately notify the clerk of the assessment appeals board.

Such appeals may not be heard by the regular assessment appeals board for the county. Instead, Section 1622.6 requires these appeals be heard by a special assessment appeal board panel consisting of three special alternate members appointed by the presiding judge of the superior court in the county where the application is filed. The special alternates are not required to reside in the county.

AMENDMENTS

County Counsel Employees. This bill repeals and adds Sections 1612.5 and 1612.7 to the Revenue and Taxation Code to extend existing conflict of interest provisions to county counsel employees who either advise the assessment appeals board or represent the assessor before the assessment appeals board. Specifically, these employees are prohibited from representing any taxpayer, for compensation, in an assessment appeal hearing and are required to notify the clerk of the appeals board when they file an appeal on property they own in the county or if they decide to represent a spouse, parent, or child in an assessment appeal hearing.

Substitute Appeals Board. This bill amends Revenue and Taxation Code Section 1622.6 to give the clerk of the assessment appeals board the option to schedule conflict of interest appeals hearings with a special alternate board consisting of three special alternate assessment appeals board members who are qualified and in good standing in *another* county in California. If this option is exercised, then the superior court would not need to appoint three persons to a special panel for the appeal.

This bill also makes the following nonsubstantive amendments to restructure existing law to make these provisions more cohesive and user-friendly:

- **Compensation Prohibitions.** The amendments consolidate into Section 1612.5 provisions of law currently found elsewhere in the Revenue and Taxation Code that prohibit certain persons from representing taxpayers, for compensation, in an appeal hearing.
- **Notification Requirements.** The amendments consolidates into Section 1612.7(a) provisions of law currently in Section 1622.6 that require the clerk of the assessment appeals board to be notified when persons with a conflict of interest file an appeal or decide to represent a family member.
- **Appeals Subject to Special Panels.** The amendments remove from Section 1622.6 and amend into new Section 1617(b) provisions specifying those appeals that must be heard by a special alternate appeal board hearing.

IN GENERAL

Appeals Boards. Local appeals boards are independent entities, separate from the assessor's office, established to decide disputes between county assessors and property owners. All 58 counties in California have assessment appeals proceedings. In 19 counties, the county board of supervisors hear the appeals, meeting as a county board of equalization. The remaining counties have separate assessment appeals boards composed of persons appointed to serve on the appeals board by the board of supervisors.

Appointments. In counties that have assessment appeals boards, the county board of supervisors follows a statutory procedure of appointing individuals to serve as board members. Members of assessment appeals boards are selected by one of two statutorily prescribed methods:

- Under Section 1622, the members of a county board of supervisors nominate individuals to the board and the presiding judge of the superior court of the county selects by lot three members from among those persons nominated; or,
- Under Section 1622.1, individuals are appointed directly to a board by the majority vote of the board of supervisors.

Every county that has an assessment appeals board has adopted the direct appointment method pursuant to Section 1622.1.

Appointments last for a term of three years and members may be reappointed an unlimited number of terms. The three-year terms are staggered to ensure a board will not be comprised of members with no prior experience. An assessment appeals board may be comprised of either three or five members, although individual appeals are only heard by a three-member panel.

Eligibility. Section 1624.05 provides that in counties with a population of 200,000 or more, a person is not eligible for nomination unless he or she meets one of the following criteria: has a minimum of five years professional experience in this state as a certified public accountant or public accountant, a licensed real estate broker, an attorney, or a property appraiser accredited by a nationally recognized professional organization, the Office of Real Estate Appraisers, or the Board of Equalization.

The eligibility requirements are less stringent in counties with a population of less than 200,000. Section 1624 expands the specific eligibility requirements noted previously to allow "a person who the nominating member of the board of supervisors has reason to believe is possessed of competent knowledge of property appraisal and taxation." The population estimate to use for purposes of this section is the Department of Finance estimate prepared pursuant to Government Code Section 13073.5.

Section 1624.1 provides that individuals who worked in an assessor's office are not eligible for appointment to an assessment appeals board within three years of leaving that employment.

Assessor Staff Conflict of Interest Provisions. Section 1365 prohibits the county assessor and the employees of the assessor's office from engaging in any gainful profession, trade, business or occupation whatsoever for any person, firm, or corporation that is incompatible or involves a conflict of interest with their duties as officers and employees of the county. In addition, they may not engage on their own behalf in any such profession, trade, business, or occupation. Section 1365 expressly provides that conflict of interest includes the receiving of compensation or gifts from private persons or firms for advice or other services relating to the taxation or assessment of property.

BACKGROUND

Basic conflict of interest provisions for assessors and appeal board members have been in place since the 1960's. In 1999, SB 1231 (Stats. 1999, Ch. 941; SR&T Committee) added the more specific compensation prohibitions, notification requirements as well as extending the conflict of interest provisions to clerks and hearing officers. With respect to the special appeals panel, SB 1231 also eliminated the requirement that alternate appeals board members reside in the county where the property is located. Sections amended or added by SB 1231 included §§1612.5, 1612.7, 1622.6, 1624, 1624.05, 1624.3, 1636.2, and 1636.5. These provisions were sponsored by the California Association of Clerks and Election Officials.

COMMENTS

1. **Purpose.** The provisions related to assessment appeals boards are intended to allow the use of another county's already assembled operating Assessment Appeals Board rather that going through the administrative process of creating the special alternate board. The sponsors note that creating the special panel is time consuming. Further, while the members on the ad hoc panel meet the necessary qualifications, they may have little or no experience in hearing and deciding assessment appeals.

   The provision to add county counsel employees is in an effort to establish additional conflict of interest provisions and safeguards with respect to certain specified persons who have a close employment association with the assessment appeals boards.

2. **Key Amendments.** The **April 21** amendments incorporated suggestions made to consolidate and streamline existing statutes because the current laws on compensation prohibitions and notification requirements are widely dispersed, and the special hearing procedures are addressed via cross reference. Further, those provisions included specific compensation prohibitions and notification requirements for appeals board members as well as the special court appointed process. These various code sections are cumbersome and disjointed. And, as originally introduced, adding new stand-alone provisions for county counsel employees would have further complicated the code. The amendments:

   - Consolidated compensation prohibitions into existing Section 1612.5 by making necessary amendments and adding a reference to Section 1365 for comprehensiveness.
   - Consolidated notification requirements into existing Section 1612.7 by repealing 1636.5 and amending language out of Section 1622.6.
   - Consolidated reference to conflict of interest appeals subject to a special appeals panel by cross reference to Section 1622.6.
   - Streamlined the provisions of Section 1622.6 to address only the hearing procedures.

3. **Suggested Additional Amendments.** With the consolidation of provisions into Section 1612.5 and 1612.7, Sections 1624.3, 1636.2, and Section 1636.5 should be repealed to avoid duplicative provisions of law.

   ~~1624.3. No current member of an assessment appeals board, nor any alternate member, may represent an applicant for compensation on any application for equalization filed pursuant to Section 1603 in the county in which the board member or alternate member serves.~~

   ~~1636.2. No current hearing officer may represent an applicant for compensation on any application for equalization filed pursuant to Section 1603 in the county in which the hearing officer serves.~~

   ~~1636.5. (a) An assessment hearing officer shall notify the clerk immediately upon filing an application on his or her own behalf, or upon his or her decision to represent his or her spouse, parent, or child in an assessment appeal.~~

~~(b) When the application described in subdivision (a) is scheduled for hearing, the clerk shall schedule the matter before an alternate assessment appeals board pursuant to the provisions of Section 1622.6.~~

4. **The Los Angeles and Orange County clerks of the board have tried this approach on a piecemeal basis and have found it both practical and economical.** The 1999 legislation eliminated the requirement that persons hearing appeals must reside in the county where the property is located.

Assembly Bill 992 (Lieu) Chapter 496

Assessment Reduction Filing Services – Deceptive Mailers

Effective January 1, 2010. Amends Section 17537.5 of the Business and Professions Code.

BILL SUMMARY

This bill expands provisions in law related to mass mailers designed to deceive property owners into paying a fee for property tax related services that are otherwise free.

Sponsor: Los Angeles District Attorneys Office

LAW PRIOR TO AMENDMENT

Business and Professions Code Section 17537.9, relating to property assessment appeal filing services, restricts the activities of individuals who offer, for a fee, to apply for a reduction in property tax on behalf of the owner.

AMENDMENT

This bill recasts provisions in existing law relating to solicitations for property assessment appeal filing services, extends it provisions to offers related to informal reviews of property values with the assessor's office, and makes additional prohibitions. Specifically, this bill:

- **Assessment Reduction Filing Service.** Substitutes "assessment reduction" for "appeals" throughout the text. *§17537.9*
- **Informal Assessor Reviews**. Extends provisions of law to solicitations related to informal assessor reviews. *§17537.9 (a)(3) and (4)*
- **Actively Advocate.** Removes an exemption for persons who actively advocate, thus including those individuals within the definition of an assessment reduction filing service. *§17537.9(d)*
- **Late Fees.** Prohibits any statement that a late fee is required if a person fails to respond to a solicitation by a specified date. *§17537.9 (a)(7)*
- **Advance Fees.** Clarifies the prohibition on an assessment reduction filing service charging, demanding, or collecting advance fees, as specified. *§17537.9(c)*
- **Comparable Sale List.** Clarifies the definition of "assessment reduction filing service" to include the providing of comparable sales information in connection with an application or request for reduction. *§17537.9 (d)*
- **Written Authorization.** Makes it unlawful to file a request or application for an assessment reduction without obtaining a written authorization from the property owner. *§17537.9 (e)(1)*
- **Submit Written Authorization.** Requires a copy of that authorization to be submitted with any request or application for reduction in assessment. *§17537.9 (e)(2)*

- **Retain Written Authorization.** Requires the offeror or to maintain the original written authorization for a period of three years and require it to be available for inspection and copying. *§17537.9 (e)(2)*

COMMENT

Purpose. This bill seeks to respond to recent property tax related scams by revising and recasting the provisions that govern those assessment services by strengthening those provisions, and eliminating an exception that the sponsor contends is being used as a loophole. In response to a recent wave of property tax scams, the California Attorney General issued the following warning on February 12, 2009:

> "Companies are sending deceptive mailers to homeowners offering help in reducing property tax assessments, if the homeowner pays the company hundreds of dollars in fees. The companies use official-sounding names such as "Tax Adjusters," "Tax Readjustment" or "Tax Review" to make victims believe the company is a government agency.
>
> "Property tax reassessment is a free service provided by county tax assessors. If homeowners believe their property value has declined and they are paying too much in property taxes, the local tax assessor will review the property value for free for a possible downward assessment."

Assembly Bill 1568 (Salas) Chapter 299

Disaster Relief – Homeowners' Exemption

Effective January 1, 2010. Among its provisions, amends Section 218 of the Revenue and Taxation Code.

BILL SUMMARY

This bill, in part, allows persons whose homes were destroyed in specified disasters to retain the homeowners' exemption on their property while they are in the process of rebuilding.

Sponsor: Assembly Member Salas

LAW PRIOR TO AMENDMENT

Homeowners' Exemption. Article XIII, Section 3(k) of the California Constitution exempts from property tax the first $7,000 of the full value of a dwelling when occupied by an owner as his principal residence. This exemption is commonly referred to as the "homeowners' exemption."

Section 218 of the Revenue and Taxation Code details the qualifications for the homeowners' exemption authorized by the constitution. Eligibility is generally continuous once granted. However, if a property is no longer owner-occupied, is vacant, or is under construction on the lien date (January 1), the property is not eligible for the exemption for the upcoming tax year.

Relevant to this bill, homes that are totally destroyed on the lien date for a particular fiscal year (that is January 1 for the forthcoming fiscal year that begins July 1) are not eligible for the homeowners' exemption. For example, a home destroyed on or before January 1, 2009 is not eligible for the homeowners' exemption on the 2009-10 property tax bill.[1]

Disaster Relief - Property Reassessment for Property Owners. Section 170 of the Revenue and Taxation Code provides that property taxes may be reduced following a disaster, misfortune, or calamity in those counties where the board of supervisors has adopted an ordinance authorizing these provisions. These provisions apply to both governor-declared disasters and site-specific disasters such as a home fire. Disaster relief is provided by allowing the county assessor, under specified conditions, to reassess the property as of the date of the disaster to recognize the loss in a property's market value. The loss in value must be at least $10,000. The prior assessed value of the damaged property is reduced in proportion to the loss in market value; the new reduced value is used to calculate a pro-rata reduction in taxes. The affected property retains its lower value, with reduced taxes, until it is restored, repaired, or reconstructed. Generally, taxpayers have up to 12 months to file a request for reassessment.

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[1] A home destroyed on or after January 1, 2009, would continue to be eligible for the exemption on the 2009-10 property tax bill. However, if the home has not been rebuilt and occupied by the next lien date, January 1, 2010, it would not be eligible for the homeowners' exemption on the 2010-11 property tax bill.

AMENDMENT

Related to wildfires occurring in Los Angeles and Ventura counties in October and November of 2008, this bill adds subdivision (v) to Section 218 to provide that any dwelling that qualified for the homeowners' exemption prior to the commencement dates of specific wildfires for which a Governor issued a proclamation of a state of emergency in October and November, that was damaged or destroyed by those wildfires and any other related casualty that have not changed ownership since the fires started, shall not be disqualified as a "dwelling" or be denied the homeowners' exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

Subdivision (w) adds identical provisions related to the November 2008 wildfire in Santa Barbara County for which the Governor issued a proclamation of a state of emergency, while subdivision (x) pertains to the November 2008 wildfires occurring in Orange, San Bernardino, and Riverside counties. Finally, subdivision (y) relates to the May 2009 wildfire in Santa Barbara County for which the Governor issued a proclamation of a state of emergency.

IN GENERAL

Disaster Relief. There are a variety of provisions in property tax law to provide property tax relief for disaster victims. These provisions address both the short term and the long term consequences of the disaster as it relates to current and future property tax liabilities. In the short term, property tax liability is redetermined to reflect the damage to the property. Additionally, some taxpayers may defer the next property tax installment payment. Over the long term, property owners may rebuild or repair damaged properties without incurring any increase in property tax liability. Alternatively, property owners may relocate rather than rebuild without being adversely impacted by the property tax consequences. The various provisions in the Revenue and Taxation Code are noted below.

DISASTER RELIEF REFERENCE CHART

Section	Property Type	Type of Relief Available	Type of Disaster
170	All property types	Reassessment	Any disaster or calamity
194 & 194.1	Real property and manufactured homes	Property tax deferral – next installment	Governor-proclaimed
195.1	Real property and manufactured homes	Property tax deferral – second consecutive installment	Governor-proclaimed
194.9	Real property and manufactured homes	Property tax deferral – supplemental assessment	Governor-proclaimed
69	All property types	Base year value transfer	Governor-proclaimed
69.3	Principal place of residence	Base year value transfer	Governor-proclaimed
69.5	Principal place of residence —over 55 or physically disabled	Base year value transfer	Any disaster or calamity

Section	Property Type	Type of Relief Available	Type of Disaster
172 & 172.1	Manufactured home	Base year value transfer	Governor-proclaimed
70	Real property only	New construction exclusion	Any disaster or calamity
5825	Manufactured home	New construction exclusion; Base year value transfer	Any disaster or calamity

BACKGROUND

Special purpose legislation has been enacted in recent years to provide that dwellings that were destroyed by specific disasters, as noted in the table below, will not be disqualified as a “dwelling” or be denied the homeowners’ exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

Disaster	Year	Legislation
Fire, Wind, Storms – Multiple Counties	2008	Stats. 2008, Ch. 386 (SB 1064)
Zaca Fire – Santa Barbara and Ventura	2007	Stats. 2007, Ch. 224 (AB 62)
Angora Fire – El Dorado County	2007	Stats. 2007, Ch. 224 (AB 62)
Freeze	2007	Stats. 2007, Ch. 224 (AB 62)
Day and Shekell Fires - Ventura County	2006	Stats. 2007, Ch. 224 (AB 62)
Northern California Storms, Floods & Mudslides	2006	Stats. 2006, Ch. 396 (AB 1798)
Northern California Storms, Floods & Mudslides	2006	Stats. 2006, Ch. 897 (AB 2735)
Shasta Wildfires	2005	Stats. 2005, Ch. 623 (AB 164)
Southern California Storms, Floods & Mudslides	2005	Stats. 2005, Ch. 624 (AB 18)
Southern California Storms, Floods & Mudslides	2005	Stats. 2005, Ch. 622 (SB 457)
San Joaquin levee break	2004	Stats. 2004, Ch. 792 (SB 1147)
San Simeon earthquake	2003	Stats. 2004, Ch. 792 (SB 1147)
Southern California wildfires	2003	Stats. 2004, Ch. 792 (SB 1147)
Oakland/Berkeley Hills fire	1992	Stats. 1992, Ch.1180 (SB 1639)
Los Angeles civil riots	1991	Stats. 1992, Ch. 17X (AB 38 X)

COMMENTS

1. **Purpose.** To provide some financial relief to persons whose homes were damaged or destroyed as a result of fires occurring in the counties listed in this legislation.
2. **Proclamations.** On October 13, 2008, the Governor issued a proclamation of a state of emergency for **Los Angeles and Ventura counties** for wildfires that broke out on October 12, 2008. On November 15, 2008, the Governor issued a proclamation of a state of emergency for **Los Angeles County** for a fire that started on November 14, 2008. On November 14, 2008, the Governor issued a proclamation of a state of emergency for **Santa Barbara County** for a fire that started on November 13, 2008. On November 15, 2008, the Governor issued a

proclamation of a state of emergency for **Orange and Riverside Counties** for a fire that started on November 15, 2008. On November 17, 2008, the Governor issued a proclamation of a state of emergency for **San Bernardino County** for a fire that started on November 16, 2008. On May 7, 2009, the Governor issued a proclamation of a state of emergency for **Santa Barbara County** for a fire that started on May 5, 2009.

3. **This bill allows homeowners whose residences were damaged or destroyed as a result of the fire to retain the homeowners' exemption on their property while they are in the process of rebuilding their homes.** Homes that are uninhabitable on the lien date (January 1, 2009) are technically ineligible for the exemption for the upcoming fiscal year under current law.

4. **The Board advises county assessors that damaged homes may keep the exemption but totally destroyed homes may not.** Board staff has opined that a temporary absence from a dwelling because of a natural disaster, such as a flood or fire, will not result in the loss of the homeowners' exemption for those properties temporarily vacated for repairs. (See Letter To Assessors 82/50, Question G16) However, when a dwelling has been totally destroyed, staff has opined that because no dwelling exists there is no occupancy or possibility of occupancy on the lien date and the property would not be eligible for the exemption even if the property was under construction. (See Property Tax Annotation 505.0019 "Homeowners' Exemption – Disaster Impact") Referenced documents are available at www.boe.ca.gov select "Property Tax."

5. **Related Legislation.** The provisions in this bill were also contained in AB 15 (Fuentes), AB 50 (Nava), and AB 79 (Duvall), all of which the Board voted to support.

Assembly Bill 18 (Evans) Chapter 19, Third Extraordinary Session

New Construction Exclusion – Seismic Safety – Election Date

Effective February 27, 2009. Uncodified language.

BILL SUMMARY

Places Senate Constitutional Amendment 4 (Ashburn) Chapter 115 of the Statutes of 2008, dealing with seismic retrofitting, on the June 8, 2010 statewide primary ballot rather than an earlier statewide special election called by the Governor.

LAW PRIOR TO AMENDMENT

Two constitutional amendments, Proposition 23 in 1984 and Proposition 127 in 1990, provide a new construction exclusion for certain improvements made for seismic safety purposes.

- Proposition 23 amended Section 2(a) of Article XIII A of the California Constitution and Section 70(d) of the Revenue and Taxation Code is the implementing statute. These provisions apply only to unreinforced masonry buildings. This exclusion is temporary and is limited to the first 15 years after the work is completed.
- Proposition 127 amended Section 2(c)(4) of Article XIII A of the California Constitution and Section 74.5 of the Revenue and Taxation Code is the implementing statute. Section 74.5 applies to seismic retrofitting improvements, as defined, and improvements utilizing earthquake hazard mitigation technologies, as defined. This exclusion is not subject to any time limit.

If approved by voters, SCA 4 and its companion measure (SB 111, Chapter 336, Statutes of 2008) eliminates any distinction between the two exclusions thereby deleting the 15 year time limit that applies to unreinforced masonry buildings.

AMENDMENT

This bill places SCA 4 before voters on the June 8, 2010 statewide primary election.

Senate Bill 671 (Runner) Chapter 358

Williamson Act – Cancellation Value Appraisals

Effective January 1, 2010. Amends Section 51203 of the Government Code.

BILL SUMMARY

This bill authorizes a county assessor to require a deposit from a landowner to cover the costs of conducting a formal review of the fair market value of agricultural land subject to a Williamson Act contract proposed for cancellation.

Sponsor: California Assessors' Association

LAW PRIOR TO AMENDMENT

Under the Williamson Act, landowners can sign contracts with counties and cities, restricting their land to agriculture, open space, and compatible uses for the next 10 years. Williamson Act contracts automatically renew each year. In return, county assessors must lower the property's assessed valuation to reflect its restricted use value instead of its market value based on its best and highest use.

Cancellation Fees. A Williamson Act contract is normally concluded through nonrenewal, allowing the contract to run down over the next 10 years. Alternatively, local officials can immediately cancel a contract if the landowner proposes a development project and the officials make various findings. In this case, the landowner must pay a cancellation fee that is equal to 12.5% of the property's unrestricted fair market value. The cancellation fees go into the State Soil Conservation Fund, managed by the Department of Conservation, to help pay for the state's agricultural land conservation programs.

Disputing Cancellation Value Appraisal. The county assessor determines the property's unrestricted fair market value, which then serves as the basis for the cancellation fee. If the landowner and/or Department of Conservation disagree with the assessor's cancellation valuation, they can agree on their own cancellation valuation, or either party can ask the assessor to conduct a formal review. The assessor can recover the reasonable costs of the formal review through a deduction from the landowner's cancellation fee. But if no cancellation takes place, the assessor is faced with potentially large unreimbursed expenses.

AMENDMENT

This bill amends Government Code Section 51203 to authorize a county assessor to require a deposit from a landowner that requests a formal review to cover the county's costs.

COMMENTS

Purpose. This bill is intended to ensure that county assessors are reimbursed for potentially lengthy and expensive reviews of cancellation valuations. According to the author, challenges by landowners and the Department of Conservation create an unfair burden on the assessor, who is charged with placing a proper valuation on property, while placed between competing interests of the state and the landowner.

The sponsors cite examples in Merced and Riverside Counties where the assessor was unable to recover the costs of a formal review because the cancellation ultimately did not occur. In Riverside County, a housing developer reportedly requested a formal review of a cancellation valuation. After presumably receiving an unfavorable review, the developer sued the county but later dropped the suit after the downturn in the real estate market. Since the cancellation never occurred, the county was unable to deduct its review costs from cancellation fees.

Senate Bill 816 (Ducheny) Chapter 622

Change in Ownership Reporting – Legal Entities
Documentary Transfer Tax

Effective January 1, 2010. Amends Sections 408, 480.1, 480.2, 482 and 483 of, and adds Section 11935 to, the Revenue and Taxation Code.

BILL SUMMARY

Related to change in control and change in ownership reporting requirements for legal entities that own California real property, this bill:

- Establishes a penalty when a legal entity does not self report a change in control or change in ownership occurring under Section 64(c) or (d) to the Board of Equalization (Board) within 45 days of the event. *§§480.1, 480.2, and 482*
- Eliminates automatic penalty abatement when a legal entity fails to respond to a Board written request to file a legal entity change in ownership statement. *§§482 and 483*

Related to the locally imposed documentary transfer tax, this bill:

- Authorizes the assessor to provide confidential information to the county recorder for purposes of investigating whether the documentary transfer tax should be imposed. *§408*
- Expressly authorizes county board of supervisors to establish an administrative appeal process and specifies that the value determined for purposes of the documentary transfer tax is not binding on the value determined for property tax purposes. *§11935*

Sponsor: California Assessors' Association

Change in Ownership – Property Owned by Legal Entities
Revenue and Taxation Code Section 64

LAW PRIOR TO AMENDMENT

Under existing property tax law, real property is reassessed to its current fair market value whenever there is a "change in ownership." (*Article XIII A, Sec. 2; Revenue and Taxation Code Sections 60 - 69.5)*

Revenue and Taxation Code Section 64 sets forth the change in ownership provisions related to the purchase or transfer of ownership interests in legal entities that own real property (e.g., stock in a corporation, interests in a limited liability company, or interests in a partnership). Section 64(a) provides the general rule that transfers of interests in legal entities do not constitute changes in ownership (and, therefore, no reassessments) of the real property owned by those legal entities. However, there are two exceptions to that general rule. The first exception is when there is a "change in control" of the legal entity. The second exception is when persons that are deemed "original coowners" of the legal entity cumulatively transfer more than 50 percent of their ownership interests in that legal entity. Specifically:

- **Change in Control of Legal Entity.** Section 64(c) provides that when any person or entity obtains control through direct or indirect ownership or control of **more than 50 percent** of the voting stock of a corporation, or of more than a 50 percent ownership interest in any other type of legal entity, a reassessment of any and all the real property owned by the acquired legal entity (and any of its subsidiaries) as of the date of the change in control occurred.
- **Cumulative Transfers by "Original Coowners**." Section 64(d) provides that when voting stock or other ownership interests representing **cumulatively more than 50 percent** of the total interests in a legal entity are transferred by any of the "original coowners[2]" in one or more transactions, the real property which was previously excluded from change in ownership under Section 62(a)(2), shall be reassessed.

AMENDMENT

This bill does not modify change in ownership definitions as they relate to property owned by legal entities. However, it does strengthen reporting requirements and penalties in order to aid in the discovery of properties that should be reassessed under the *existing* change in ownership definitions.

Change in Ownership Discovery
Revenue and Taxation Code Sections 480.1 and 480.2

LAW PRIOR TO AMENDMENT

Revenue and Taxation Code Section 255.7 requires that whenever a change in ownership is recorded, the county recorder must provide the assessor with a copy of the transfer ownership document as soon as possible. Assessors discover most changes in ownership of real property via grant deeds or other documents that are recorded with the county recorder. However, with respect to property owned by a legal entity, the property may "change ownership" under the law, but no grant deed or other document is recorded that might alert the assessor that the property should be reassessed. Thus, discovery of these types of changes in ownership is dependent on self reporting by the legal entities.

Self Reporting. Existing law requires a change in ownership statement to be filed with the Board within 45 days of whenever a change in control or change in ownership of a legal entity under Section 64(c) or (d) occurs. However, no penalty is imposed if the statement is not filed within the 45 day period specified in law. In other words, while the law requires a legal entity to alert property tax administrators that the underlying ownership of the legal entity has changed to the point that a reassessment should take place, there is no consequence to the legal entity for not complying with this particular requirement. Rather, a penalty applies only if a legal entity does not timely respond to a direct Board request to file a change in ownership statement as described below.

[2] **Proportional Interests Exclusion Creates "Original Coowner" Designation.** Under Section 62(a)(2), a transfer of real property to a legal entity does not result in a reassessment if the transfer is merely a change in the method of holding title and the proportional ownership interests in the real property are *exactly* the same before and after the transfer. However, after a transfer of real property qualifies for this exclusion from reassessment, the persons holding ownership interests in the legal entity immediately after the transfer are considered "**original coowners**" for purposes of tracking subsequent transfers by them of those interests. When such transfers cumulatively exceed 50 percent, the real property previously excluded from reassessment under Section 62(a)(2), is deemed to undergo a change in ownership, and is, therefore, subject to reassessment under Section 64(d).

Who must file? In the case of a change in control under Section 64(c), the person or legal entity that acquired control of the legal entity is responsible for filing the statement. Whereas in the case of a change in ownership under Section 64(d), the legal entity is responsible for ensuring the statement is filed.

Board Requests. The law requires that the Board participate in the discovery of changes in ownership and changes in control of legal entities under Section 64(c) and (d) to help discover unreported changes in ownership and changes in control of legal entities. To this end, the primary method is an annual canvassing of legal entities via the state income tax return as required by Section 64(e). Additionally, at the local level, businesses are canvassed via the annual business property statement filed with the local assessor.

With respect to information from the state income tax return, the Franchise Tax Board (FTB) transmits to the Board for further investigation the names and addresses of those legal entities that indicate it was involved in a change in control and/or a change in ownership. The Board then makes a formal written request to the legal entity to file a change in ownership statement to determine if property it owns in California should be reassessed. (The Board also sends statements to legal entities to investigate other possible changes in ownership based on information it obtains from monitoring business publications and referrals from local assessors.)

If a legal entity does not complete and file the requested statement within the stated time period, a penalty is applicable. The penalty for failure to respond to a Board written request to file a statement applies whether or not it is determined that a change in control or change in ownership actually occurred – the amount is either:

- 10 percent of the taxes applicable to the new base year value reflecting the change in control or change in ownership of the real property owned by the legal entity, *or*
- If no change in control or change in ownership occurred, 10 percent of the current year's taxes on that property shall be added to the assessment made on the roll.

Consequences of Ultimate Discovery. While there is no penalty for failing to notify property tax administrators within the required 45 day period, there is, nonetheless, a long term consequence of not reporting reassessable events promptly. This is because Section 531.2(b) and 532(b)(3) provide that when it is eventually discovered that a property should have been reassessed pursuant to Section 64(c) or (d) and it was not reported, then the property must be reassessed as of the date of that event and all the back taxes (plus interest and a potential fraud penalty) must be repaid. Specifically, “escape assessments” are levied for every tax year in which the property owned by the legal entity was not assessed at the proper amount to reflect the change in ownership.

Generally, the statute of limitations provisions on escape assessments found in Section 532 limit escape assessments for prior tax years to either a four or eight year limit. But due to concerns with intentional concealment of legal entity change in ownerships, provisions were enacted in the late 1990’s to remove the statute of limitations to ensure there would be no financial advantage to concealing the event. Thus, Section 532(b)(3) requires that an escape assessment be made for every tax year when a legal entity fails to file the change in ownership statement, as required by Section 480.1 for a Section 64(c) change in control, or Section 480.2 for a Section 64(d) change in ownership.

AMENDMENT

This bill amends Sections 480.1, 480.2, and 482(b) to provide that a penalty is to apply if the statement is not filed with the Board within 45 days of the ***earlier*** of:

- the date of the event triggering the reassessment (under Section 64(c) or 64(d)).
- the date the Board makes a written request to file a statement .

Thus, when there ***is*** a change in control or change in ownership, this means that a legal entity must file with the Board a change in ownership statement within 45 days of the event, with or without any written request being made by the Board, or a 10% penalty will be imposed.

Self Reporting. In practical application, this amendment serves to establish a penalty if a legal entity does not ***independently*** report a change in control or change in ownership to the Board within 45 days of the date of the event. The penalty would be 10% of the taxes applicable to each new base year value when the event is ultimately discovered.

Board Requests. This bill does not change the requirement to file a change in ownership statement after a written request by the Board. Nor does it change the associated penalties for failure to respond to a written request from the Board within 45 days. (But it does eliminate automatic penalty abatement from the Board as noted below under "Penalty Abatement.")

The Board will continue to make formal written requests to legal entities from potential leads it receives from the FTB annual canvassing process, from local assessors, and from business publications.

- If a change in control or change in ownership <u>did not</u> occur and the legal entity responds to the Board within 45 days – no penalty would be imposed.
- If a change in control or change in ownership <u>did</u> occur, and it was not previously self-reported, then the penalty would have already been triggered (because it was not reported within 45 days of the event).

Penalty Abatement
Revenue and Taxation Code Sections 482 and 483

LAW PRIOR TO AMENDMENT

Automatic – Second Notice. Section 482(b) provides that the penalty for failing to file a statement will be automatically extinguished if the person or legal entity files a complete statement with the Board no later than 60 days after the date on which the person or legal entity is notified by the Board of the penalty.

Reasonable Cause. Section 483(c) sets forth the procedures for requesting penalty abatement when the reason for not filing a statement was due to reasonable cause and not due to willful neglect.

AMENDMENT

This bill amends Sections 482(b) and 483 to delete the automatic extinguishment of the penalty for failure to respond if the legal entity files a complete statement within 60 days after being notified of the penalty. However, a legal entity could continue to seek penalty abatement for reasonable cause under Section 483 with the county board of supervisors.

Documentary Transfer Tax
Revenue and Taxation Code Sections 408 and 11935

LAW PRIOR TO AMENDMENT

The law requires that assessors keep certain information confidential. Section 408(a) contains the general confidentiality rule for county assessors, and provides that homeowners' exemption claims and any information and records in the assessor's office that are *not required*[3] by law to be kept or prepared by the assessor are not to be open to public inspection. In addition, Sections 451 and 481 provide that all information requested by the assessor or furnished in the property statement and change in ownership information shall be "held secret" by the assessor.

Subdivision (b) of Section 408 provides an exception to the general rule of confidentiality for certain governmental agencies or representatives. It requires that the assessor disclose information, furnish abstracts, or permit access to all records in his or her office to specified entities.

AMENDMENT

Assessors' Records. This bill amends subdivision (b) of Section 408 to add the county recorder to the list of agencies that may have access to all records in the assessor's office for purposes of determining whether a documentary transfer tax is to be imposed. The documentary transfer tax is administered at the local level by the county recorder.

Appeals. This bill also adds Section 11935 to the Revenue and Taxation Code to expressly provide for an administrative appeal process to resolve documentary transfer tax disputes. Section 11935(b) expressly provides that the value of property established for purposes of determining the amount of documentary tax due in the administrative appeal process or a subsequent lawsuit is not binding on the determination of the value of that property for property tax purposes by the county assessor, an assessment appeals board, or a court of law reviewing property tax values established by an assessment appeals board.

IN GENERAL

The Board's Legal Entity Ownership Program (LEOP) started in January 1983 as a result of Chapter 1141 of the Statutes of 1981 (AB 152). The resulting Sections 480.1 and 480.2 of the Revenue and Taxation Code require the Board to participate in the discovery of changes in control and ownership of corporations, partnerships, and other legal entities. It was recognized that such events, which are not evidenced by a recorded document, would fall outside the parameters of assessors' normal means for discovering changes in ownership. Independent discovery of these changes by property tax administrators is difficult because ordinarily there is no recorded deed or notice of a transfer of an ownership interest in a legal entity.

Under the LEOP, the Board:

[3] There are only very limited records that are required to be kept by the assessor, such as the roll and the list of transfers.

- Receives a list from the FTB of legal entities that have reported a change in control or change in ownership on their income tax returns.
- Monitors business publications, such as *Mergers & Acquisitions* and the Wall Street Journal.
- Receives referrals from assessors as a result of information obtained in local publications or business property statement filings.
- Sends a "Statement of Change in Control or Ownership of Legal Entities" to each entity. http://www.boe.ca.gov/proptaxes/leop.htm
- Analyzes completed statements to determine whether there has been a change in control or ownership.
- Notifies county assessors of changes in control and ownership.

Guide to Change in Ownership Reporting Statutes

RTC Section	**Subject** *Click on link to view sample forms*
480	Change In Ownership Statement (COS)
480.1	BOE Change In Ownership Statement - Transfers of Legal Entity Interests • Legal Entity Ownership Program (LEOP): • Change In Control under §64(c)
480.2	BOE Change In Ownership Statement– Transfers of Legal Entity Interests • Legal Entity Ownership Program (LEOP) • Change In Ownership under §64(d)
480.3	Preliminary Change in Ownership Report (PCOR)
480.4	Preliminary Change in Ownership Report – Detail of Form
481	COS and PCOR – Confidentiality
482	Failure to File Penalties (§§480, 480.1, and 480.2)
483	Failure to File Penalties – Penalty Abatement

COMMENTS

1. **Purpose.** This bill is sponsored by the California Assessors' Association to ensure that legal entities properly report changes in control and ownership.
2. **Amendments**. The **August 31** amendments provided that the state will not reimburse counties pursuant to provisions for state mandated costs because counties have the authority to levy service charges, fees, or assessments sufficient to pay any increased cost incurred by this bill. The **June 26** amendments incorporated suggestions made in a prior Board analysis to make corresponding changes to Section 483. Related to penalty abatement, the Board would no longer have a direct role in penalty abatement since the automatic penalty abatement provisions are being eliminated. In addition, Section 482 was amended for clarity as suggested in the prior analysis.
3. **Changes in control or changes in ownership of a legal entity triggered due to transfers of ownership interests in legal entities (Section 64(c) and (d)) are not easy to discover.** Unlike transfers of interests in real property, a deed is not recorded with the county recorder nor is there any other type of public notice that the

Board or the local assessor could use to monitor and track transfers of ownership interest in a legal entity.

4. **The law requires legal entities to report a change in control or change in ownership under Section 64(c) and (d) by filing a change in ownership statement within 45 days of the event, but there is no penalty for failure to do so.** Under current law, a penalty is incurred only if a legal entity does not respond to a written request by the Board to file a statement. Legal entities are given two opportunities to provide the information before a penalty is levied. This bill would impose a penalty on those legal entities that do not *initiate* filing a change in ownership statement within the required time period.

5. **As an aid in discovering change in control of legal entities or change in ownership of property owned by legal entities, the Board routinely sends statements to legal entities based on information from the property tax question on the state income tax return and from monitoring various business publications.** This bill would not modify the requirement to file a statement upon Board request and the penalty for failure to respond to the Board request for information. These penalties can apply whether or not a change in ownership actually occurred. However, this bill does eliminate the automatic penalty extinguishment provisions. As a result, the Board would not be required to send a penalty notice to those legal entities that do not respond to the Board's initial request along with a second request to file the statement and the request for automatic penalty abatement. Instead, the local assessor would send the penalty notice.

Senate Bill 822 (Committee on Revenue and Taxation) Chapter 204
Property Tax Omnibus Bill

Effective January 1, 2010. Amends Sections 72, 155.20, 441.5, and 2823 of, and adds Section 205.6 to, the Revenue and Taxation Code.

BILL SUMMARY

This property tax omnibus bill:

- Allows the county assessor to require scale copies of building plans provided for the county assessor's use to be in an electronic format, if available. *Revenue and Taxation Code §72*
- Increases the maximum value of property that can be exempted under a "low value" local ordinance from $5,000 to $10,000. *§155.20*
- Requires the Board to monitor claims for the disabled veterans' exemption to prevent multiple claims by a person for the disabled veterans' exemption and the homeowners' exemption throughout the state. *§205.6*
- Allows taxpayers to sign replica business property statements instead of the printed property statement provided by the assessor with a reference to the replica property statement as an "attachment." *§441.5*
- Allows separate valuations of new subdivision lots (i.e., parcel splits) created after the lien date by county option. *§2823*

Sponsor: California Assessors' Association (CAA)

Building Plans
Revenue and Taxation Code Section 72

LAW PRIOR TO AMENDMENT

Existing property tax law requires the county assessor to assess all new construction occurring within the county. To aid in this effort, Revenue and Taxation Code Section 72 requires city and county building departments to provide the county assessor with copies of all building permits issued. It also requires that when property owners file their approved building plans they provide a scale copy of floor plans and exterior dimensions designated for the assessor's use.

AMENDMENT

This bill amends Section 72 to provide that the scale copy may be either in a paper or electronic format and that the assessor may require the floor plans be provided in electronic format, if available.

COMMENT

Purpose. To expressly provide that scale copies may be provided in an electronic version, such as a PDF document or a CAD document.

Low Value Ordinance Exemption
Revenue and Taxation Code Section 155.20

LAW PRIOR TO AMENDMENT

Section 1(a) of Article XIII of the California Constitution provides that all property is taxable unless otherwise provided by that Constitution or the laws of the United States.

Section 7 of Article XIII provides that "[t]he Legislature, two-thirds of the membership of each house concurring, may authorize a county board of supervisors to exempt real property having a full value so low that, if not exempt, the total taxes and applicable subventions on the property would amount to less than the cost of assessing and collecting them."

The Legislature enacted Revenue and Taxation Code Section 155.20 to provide the necessary statutory implementation. It authorizes a county board of supervisors to exempt from property tax "real property with a base year value and personal property with a full value so low that, if not exempt, the total taxes, special assessments, and applicable subventions on the property would amount to less than the cost of assessing and collecting them." This exemption is usually referred to as the "low value ordinance" exemption.

Section 155.20 limits the maximum value of property that may be exempted. The current limit is $5,000, except that for certain possessory interests in fairgrounds and convention centers the limit is $50,000.

In determining the level of the exemption, Section 155.20(b)(2) states that the board of supervisors shall:

> ". . . determine at what level of exemption the costs of assessing the property and collecting taxes, assessments, and subventions on the property exceeds the proceeds to be collected. The board of supervisors shall establish the exemption level uniformly for different classes of property. In making this determination, the board of supervisors may consider the total taxes, special assessments, and applicable subventions for the year of assessment only or for the year of assessment and succeeding years where cumulative revenues will not exceed the cost of assessments and collections."

AMENDMENT

This bill amends Section 155.20 to increase the maximum exemption amount from $5,000 to $10,000.

IN GENERAL

In addition to the low value ordinance exemption, there are other provisions of law related to property tax assessments or property tax bills that are not cost effective to pursue.

- Section 75.55(a) provides that the county board of supervisors may, by ordinance, permit the county (presumably this means the county auditor or tax collector) to cancel supplemental tax bills, which are less than $50. Alternatively, Section 75.55(b) provides that the board may adopt an ordinance allowing the *assessor* to cancel the supplemental assessments in the first place.

- Section 531.9 provides that the county board of supervisors may, by ordinance, prohibit the county assessor from making escape assessments of an appraisal unit where the assessment would result in an amount of taxes due which is less than the cost of assessing and collecting them. The amount of taxes cancelled cannot exceed $50.
- Section 4986.8 allows the county auditor, upon the tax collector's recommendation, to cancel any tax bill, if the amount is so small as not to justify the cost of collection. This includes penalties, costs, fees and special assessments resulting from nonpayment of a tax bill. No express cap is provided.
- Section 2611.4 provides that "any county department, officer, or employee may refrain from collecting any tax, assessment, penalty or cost" when the amount to be collected is less than $20.

BACKGROUND

The authorization for the low value ordinance exemption was established by a constitutional amendment, Proposition 8, in November 1974. Proposition 8 also revised various articles of the State Constitution relating to taxation generally, as recommended by the Constitution Revision Commission. According to documents related to the legislation that added Section 155.20 to implement this constitutional amendment, many county assessors had decided not to assess certain real property interests, such as undeveloped mining rights, where the value of the property was minor. The constitutional amendment, therefore, was intended to provide some legal authority for the actual assessment practice.

The maximum value of property that may be exempted under a low value ordinance has been periodically increased as noted in the following table. The most recent increase, which was sponsored by the Board, was in 1995.

Amount	Year	Legislation
$ 400	1975	AB 728 (Stats. 1975, Ch. 106)
$1,500	1980	SB 1414 (Stats. 1980, Ch. 1098)
$2,000	1984	AB 511 (Stats. 1984, Ch. 1040)
$5,000	1995	SB 722 (Stats. 1995, Ch. 497)

Legislation has also amended Section 155.20 to permit higher exemption amounts for specific types of property as noted in the following table. In addition, it has been amended to permit low value ordinances to apply to personal property. While the constitutional amendment only referred to real property, the constitution previously authorized the Legislature to provide for the exemption of personal property.

Special Categories	Year	Special Amount	General Amount	Bill
Personal Property Included	1980	$ 1,500	$1,500	SB 1414 (Stats. 1980, Ch. 1098)
Mobilehome Accessories	1991	$ 5,000	$2,000	SB 367 (Stats. 1991, Ch. 441)
Possessory Interests - Convention & Cultural Centers	1996	$50,000	$5,000	SB 1737 (Stats. 1996, Ch. 570)
Possessory Interests- Fairgrounds	1997	$50,000	$5,000	SB 33 (Stats. 1997, Ch. 106)

COMMENTS

1. **Purpose.** To obtain authority to exempt properties with a value of less than $10,000 from property tax, subject to local board of supervisor approval. The sponsors state that in some counties making assessments of property valued between $5,000 and $10,000 is a net money loser. With limited staff and pending budget cuts increasing the low value ordinance is one option in managing scarce resources.
2. **Should other sections of the code also be amended to increase the specified threshold found in those sections?** For instance, both Section 75.55, for supplemental assessments, and Section 531.9, for escape assessments, are set at $50.
3. **The $5,000 threshold has been in place since January 1, 1996.** The threshold has been periodically increased to its current level as noted below.

Year	Amount
1975	$ 400
1980	$1,500
1984	$2,000
1995	$5,000

4. **County participation optional.** Any increase in the exemption amount would take effect only if a county board of supervisors subsequently amends its ordinance.
5. **Seventeen counties have ordinances currently at the maximum level.** Those counties are Kern, Lassen, Madera, Nevada, Placer, Riverside, Sacramento, San Benito, San Diego, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Solano, Stanislaus (personal property only), Ventura, and Yolo.
6. **Counties determine their maximum exemption amount.** Counties set the appropriate level of the exemption. The manner of preparing the cost-benefit analysis in each county may vary. Where the analysis is identical, the actual break-even point will still likely vary because of the uniqueness of costs in each particular county.
7. **What types of property could qualify?**
   - **Real property** with a value of less than $10,000 might include mining or mineral rights, possessory interests, timeshare estates in timeshare projects, and leased tenant improvements.
   - **Personal property** with a value of $10,000 might include personal property used in a trade, profession or business, and boats, jet skis, planes, and mobilehomes.
8. **State-County Property Tax Administration Grant Program.** In some contracts between the Department of Finance and counties, one element in approving the grant was a restriction against increasing the county's low value exemption threshold. However, the grant program is not in effect currently.

Disabled Veterans' Exemption Claims
Revenue and Taxation Code Section 205.6

LAW PRIOR TO AMENDMENT

Revenue and Taxation Code Section 218.5 requires assessors to provide specified information to the Board so that it can monitor claims for the homeowners' exemption to prevent duplicate claims from being made within the state. To this end, the Board maintains a database with information supplied by county assessors of all persons claiming the homeowners' exemption on their principal place of residence. The homeowners' exemption is in the amount of $7,000 of assessed value and the state reimburses local governments for the revenue loss associated with granting the exemption.

Persons that qualify for the disabled veterans' exemption, claim that exemption instead since it is greater (nearly $111,000 or $167,000 depending on income). Unlike the homeowners' exemption, the state does not reimburse local governments for the revenue loss. A person cannot receive both the disabled veterans' exemption and the homeowners' exemption at the same time. For those persons that may own more than one home in California, only one exemption in the state is allowed on a single principal place of residence. Thus, a person may not claim both the homeowners' exemption and the disabled veterans' exemption if that person owns more than one home (i.e., a second home or rental home).

Relevant to this bill:

- Section 277 requires that a person claiming the disabled veterans' exemption provide their social security number or another personal identifying number.
- Section 278 requires the assessor to annually mail a notice to all persons receiving the exemption in the prior year informing them of the need to inform the assessor if they are no longer eligible for the exemption along with other required information.
- Section 279(b) requires the assessor of each county to (1) verify the continued eligibility of persons receiving the disabled veterans exemption, (2) establish a control system to monitor claims for the exemption, and (3) provide for a periodic audit of the claims.

AMENDMENT

This bill adds Section 205.6 to the Revenue and Taxation Code to prevent multiple claims for the disabled veterans' exemption within the state and improper overlapping with the homeowners' exemption from being granted to persons filing more than one claim anywhere in the state.

The practical effect of this section is to require the Board to act as the statewide clearinghouse for disabled veterans' exemption claims. However, participation by assessors is optional. Thus, the database may be incomplete. To administer these provisions, the Board would add the names and social security numbers of persons claiming the disabled veterans' exemption to the existing homeowners' exemption database and report to counties any person that has made more than one claim in the state for investigation and resolution.

IN GENERAL

The disabled veterans' exemption applies to the principal place of residence of a qualified disabled veteran and, after his or her death, to the surviving unmarried spouse. Surviving spouses of persons who died while on active duty are also eligible.

The amount of exemption, which is automatically indexed each year, depends upon the claimant's income. For those with a household income below $49,969 (the "low income exemption"), the amount will be $166,944 in 2008-09. For all others (the "basic exemption"), the amount will be $111,296.

COMMENTS

1. **Purpose.** To discover duplicate claims for the disabled veterans' exemption on a statewide basis as well as to prevent improper overlapping with the homeowners' exemption.
2. **Discovering Multiple Claims**. The requirement for a person claiming the disabled veterans' exemption to provide his or her social security number is a new requirement that became effective on January 1, 2007 via SB 1637 (Stats. 2006, Ch. 677). This bill was also sponsored by the CAA to aid in the discovery of possible multiple claims. However, SB 1637 did not require the Board to act as the statewide clearinghouse for disabled veterans' exemption claims. Thus, while a county might be able to determine if multiple claims for the disabled veterans' exemption are being filed within its own county, or a claim for the homeowners' exemption and the disabled veterans' exemption within its county, it could not monitor claims being filed in other counties.
3. **Assessor participation is optional.** The database would not necessarily be complete with respect to those assessors that do not provide the Board with the necessary data.
4. **Adding disabled veterans' exemption claims to the homeowners' exemption database.** The Board currently maintains a database, as required by Section 218.5, to monitor claims for the homeowners' exemption to prevent multiple claims from being made. These claims would be added to that database.
5. **To fully populate the database it would be necessary for persons currently receiving the disabled veterans' exemption to provide their social security number to the local county assessor**. Because the basic disabled veterans' exemption has a one-time filing requirement, persons receiving the exemption prior to the change in law may never have provided their social security number. Assessors would need to canvass taxpayers currently receiving the exemption to obtain their social security number for purposes of the database, if they have not already done so after SB 1637 was enacted.

Business Property Statements – Attachment Signatures
Revenue and Taxation Code Sections 441 and 441.5

LAW PRIOR TO AMENDMENT

Under existing property tax laws, an ad valorem tax is imposed every year on all assessable personal property used in a trade or business at its current fair market value. In making this annual assessment, taxpayers typically report the cost of their property holdings to the local county assessor on the “business property statement” as provided in Section 441. The business property statement shows all taxable property, both real and personal, owned, claimed, possessed, controlled, or managed by the person filing the property statement.

When the aggregate cost of the taxable personal property is one hundred thousand dollars ($100,000) or more, taxpayers are required to file a signed property statement each year with the assessor. Property Tax Rule 171(d) requires the assessor to mail a property statement to any person required by law to file one, in order to prompt taxpayers to complete and file the annual statements.

Business property statements are required to be “signed.” The signature serves to declare that the information contained in the statement is true. Section 441.5 provides that, in lieu of completing the property statement as printed by the assessor, an assessee may instead furnish information as “attachments” to the property statement. This filing is acceptable provided that the property statement attachments (1) are in a format specified by the assessor, (2) include one copy of the property statement, as printed by the assessor and signed and executed by the taxpayer, and (3) include appropriate reference to the data.

AMENDMENT

This bill amends Revenue and Taxation Code Sections 441.5 related to signature requirements on the business property statement to provide that in lieu of completing and signing the property statement as printed by the assessor (in other words, the property statement that the assessor mailed to the taxpayer), the assessor may accept as the “property statement” a statement that is substantially similar to the one mailed that is signed by the taxpayer. Therefore, this change in law modifies the requirement that the property owner sign the property statement mailed by the assessor and instead allows the replica property statement itself to be signed. *§441.5*

COMMENTS

1. **Purpose.** To improve the efficiency of the annual processing of the property tax statement by updating what may be accepted as meeting the requirements of filing a “signed” property statement.

2. **Key Amendments.** The **August 31** amendments deleted changes to Section 441 that would have allowed an employee or agent that is not a corporate officer to sign a business property statement on behalf of a corporation without requiring written authorization from its board of directors. The **June 23** amendments redrafted the amendments to Section 441.5 to avoid unintended consequences which were noted in a prior Board analysis. The section now provides a third “in lieu” option for completing the property statement as printed (i.e., mailed) by the assessor to address computer generated replica property statements which may be submitted

and signed. This third option is "[a] property statement that is substantially similar to the property statement as printed by the assessor that is signed by the taxpayer." As introduced, there were various issues associated with modifying the outdated "attachment" language to address current administrative practices. If the taxpayer was no longer required to sign the copy of the property statement as printed by the assessor, then the attachment is no longer an attachment – it is effectively the "property statement." Thus, if an "attachment" serves as the "property statement" then other sections of law that expressly apply to "property statements" but not "attachments" may not apply. For example:

- Various sections of law (§§441, 442, 443, 445, and 448) provide the filing provisions and requirements for the contents of the *property statement*.
- Section 451 provides that the *statement* is not a public document and is not open to public inspection.
- Section 463 provides a 10 percent penalty if the annual *property statement* is not filed timely.

The June 23 amendments addressed the above stated concerns and achieve the goal of allowing assessors to accept a signature on the face of a replica property statement as meeting the requirements of Section 441 as to a "signed property statement." Furthermore, in some cases, taxpayers may need to submit "attachments" that are data rather than a replica statement, as such the existing "attachment" language should be retained for those circumstances.

3. **Board Recommendations Made in Audits of County Assessors.** In previous Assessment Practices Survey reports, the Board has been critical of county assessors' acceptance of signed taxpayer-created computer-generated prepared attachments to business property statements with the original business property statement mailed to the taxpayer unsigned. To follow the letter of the law, the original property statement mailed to the taxpayer by the assessor must be signed and returned. However, the "attachment" is generally a replica of a property statement that is computer generated and printed by the taxpayer. Thus, it is counterintuitive for the taxpayer to sign the original statement rather than the replica statement with current year information. Therefore, this bill seeks to update the law to reflect current business practices for those that file hard copy business property statements using various software applications that create replica property statements. The "attachment to a property statement" provisions and requirements were added in the early 1980's before the widespread use of computers and software programs that could create replica property statements.

Parcel Splits – Subdivision Lots
Revenue and Taxation Code Section 2823

LAW PRIOR TO AMENDMENT

Revenue and Taxation Code Section 327 provides that the assessor may renumber or re-letter parcels or prepare new map pages to show combinations or divisions of parcels.

Section 2821 allows any person filing an affidavit of interest to apply to the tax collector to have any parcel separately valued for the purpose of paying property taxes. Section 2823 requires the assessor to then determine the separate valuation for the parcel.

Separate valuations are prohibited when the parcel is covered by a subdivision map filed for record after the lien date (January 1) immediately preceding the current fiscal year.

Generally, any subdivision of property for the purpose of sale, lease, or finance is subject to the Subdivision Map Act. Subdivisions into five or more parcels require local government approval of both a tentative subdivision map, which is discretionary, subject to whatever conditions are established by local ordinance, and a final subdivision map, which is ministerial once all of the conditions of the tentative map have been fulfilled. Subdivisions into four or fewer parcels require local government approval of a parcel map, which is also discretionary. In either case, once a map is approved by the local government, the clerk of the council or board of supervisors transmits the map to the county recorder for recordation. The county recorder has ten days to accept or reject the map for recordation.

AMENDMENT

This bill amends Section 2823 to allow separate valuations of new subdivision lots (i.e., parcel splits) created after the lien date by county option.

COMMENT

Purpose. According to the CAA, there is currently no method for placing newly recorded subdivision lots created after the lien date on the roll being prepared. (For example, on January 1, 2008, the roll being prepared is for the 2008-09 fiscal year.) As a result it can take up to 18 months before new subdivision lots appear on the regular assessment roll. The CAA reports that during the six month period between the lien date and the start of the next fiscal year (January 1 to June 30) parcels may have had new construction completed and lots may have been sold. This creates complicated tax bill situations for new buyers. These changes would allow counties the ability to make the separate assessments.

Senate Bill 824 (Committee of Revenue and Taxation) Chapter 67

Property Tax Omnibus Bill

Effective January 1, 2010. Amends Sections 15609 and 15641 of the Government Code and Sections 69, 69.3, 214.6, 276, 480.3, and 480.4 of the Revenue and Taxation Code.

BILL SUMMARY

This bill contains Property Taxes provisions to:

- Treat land and improvements as separate units in meeting the "substantially damaged or destroyed" threshold of 50% for purposes of qualifying for disaster relief via a base year value transfer. *§§ 69 & 69.3*[4]
- Clarify the filing procedures for obtaining a property tax exemption on property owned by a church or a nonprofit organization that is leased to a public school, community college, state college, or state university, including the University of California. *§214.6*
- Related to the Disabled Veterans' Exemption, delete obsolete references to prior exemption amounts that have since been increased, and to correct a transposition error within that section that intends a cross reference to Section 4985. (Housekeeping) *§276*
- Remove the specific detail of the Preliminary Change in Ownership Report from statute and instead authorize the Board to prescribe the form after consultation with the California Assessors' Association and interested parties. *§480.3 & 480.4*
- Clarify that a cross reference to "Section 408" refers to that section of code in the Revenue and Taxation Code rather than the Government Code. (Technical) *Government Code §15641*

In addition, this bill amends Section 15609 of the Government Code to require the Members of the Board to meet monthly in the state but not exclusively in Sacramento so long as they hold at least one regular meeting in Sacramento each quarter.

Sponsor: Board of Equalization

Base Year Value Transfers: Disaster Victims
Revenue and Taxation Code Sections 69 and 69.3

LAW PRIOR TO AMENDMENT

California property tax law provides for various situations in which the base year value of a property can be transferred to another property, notwithstanding that the property has changed ownership. These special situations are provided pursuant to various constitutional amendments and serve to avoid the otherwise required reassessment of a property to its current market value when it changes ownership. Related to this bill, base year value transfers are available to disaster victims that choose to relocate and purchase a new property rather than rebuild on the same site.

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[4] All code section references are to the Revenue and Taxation Code unless otherwise specified.

Permitting a person to “transfer” his or her base year value from one property to another property provides that person with tax relief by allowing the property owner to continue to pay taxes on the replacement property equivalent to that paid on the property from which they were displaced. Without a base year value transfer, the taxes on the new property would likely be significantly more because under the general change in ownership laws the taxes would be based on the new property’s current fair market value. The rationale for providing a base year value transfer is that the tax laws should not further afflict disaster victims by imposing upon them higher property taxes. If the disaster had not occurred, those individuals would not have been compelled to relocate and thereby forfeit their Proposition 13 protected base year values.

Specifically, Section 69 of the Revenue and Taxation Code provides that persons who own property substantially damaged or destroyed in a governor-declared disaster may transfer the base year value of that property to a property acquired or constructed as a replacement if it is acquired within five years after the disaster. “Substantially damaged” means physical damage amounting to more than 50 percent of its current market value immediately prior to the disaster.

Base year value transfers are available for all property types with the limitation that the original property and the replacement property must be of the same property *type*: residential, commercial, agricultural, or industrial. The replacement property is “comparable” if it is similar in size, utility, and function to the destroyed property, and if the market value of the acquired property does not exceed 120% of the fair market value of the replaced property in its pre-damaged condition. Property owners may still, nevertheless, receive the disaster relief in cases where the value of the replacement property exceeds the 120% limitation. In such cases, the amount over this threshold is assessed at full market value and added to the transferred base year value. (Proposition 50 of 1986 authorized this base year value transfer provision.)

Section 69.3 provides similar disaster base year value transfer provisions but, unlike Section 69 which applies to all property types, it is limited to principal places of residences purchased in another county and only applies to homes purchased in counties where the board of supervisors has adopted an ordinance making this benefit available. Currently, only nine counties extend this relief to displaced homeowners who previously lived in another county: Contra Costa, Los Angeles, Modoc, Orange, San Francisco, Santa Clara, Solano, Sutter and Ventura. (Proposition 171 in 1995 authorized this base year value transfer provision.)

AMENDMENT

This bill amends Sections 69 and 69.3 to treat land and improvements as separate units in meeting the "substantially damaged or destroyed" threshold of 50% for purposes of qualifying for disaster relief via a base year value transfer.

COMMENT

Specifically related to the issue, this bill addresses cases in which the scarcity of land in some locations has driven up land values to the point that land comprised more than 50% of a property’s total value. For example, assume a home that is worth $800,000 is completely destroyed in a wildfire. If the now empty lot is worth $450,000 – i.e., more than 50% of the total value, the homeowner would not be eligible for a base year value transfer even though the home itself (the improvement) was 100% destroyed and the homeowner purchases a replacement dwelling that is no more than $800,000. In this scenario, if the home's Proposition 13 protected base year value was $350,000 and a replacement home is purchased at $800,000 then without a base year value transfer, property taxes would increase from $3,500 ($350,000 x 1%) to $8,000 ($800,000 x 1%). The issue of land values comprising more than 50% of a property's total value is an emerging issue that recently came to light as a result of the 2007 fires in San Diego County.

Sections 51(b) and 170(b) and Property Tax Rule 461(e) treat land and improvements as separate appraisal units for calamity purposes. Using these provisions of law as a guide, Sections 69 and 69.3 should be similarly amended to provide that for purposes of measuring the 50 percent loss in value, land and improvements should be considered as separate appraisal units. For purposes of comparing values of the original and replacement properties' values, within the 120% value limitation, land and improvements would continue to be considered as one appraisal unit.

This bill would ensure that for those disaster victims that ultimately decide to relocate rather than rebuild a base year value transfer will be available to them in those locations where land values comprised more than 50% of the property's value.

Property Leased To Schools: Filing Requirements
Revenue and Taxation Code Section 214.6

LAW PRIOR TO AMENDMENT

Existing law provides property tax exemptions for public schools and colleges directly owned by the school (public schools exemption) and privately owned property when it is leased to public schools and colleges, but only if the property is exclusively used for school purposes (lessor's exemption). The law also provides property tax exemptions for property owned and used by qualifying nonprofit organizations (the welfare exemption) and for property owned by churches (the church and religious exemptions).

Revenue and Taxation Code Section 214.6 expressly provides that property owned by nonprofit organizations and churches and leased to public schools, including those of collegiate grade, are exempt from property tax under the welfare exemption provided the rents charged do not exceed the ordinary and usual expenses in maintaining and operating the property.

An emerging trend to maximize the use of facilities is for nonprofit organizations and churches to lease their properties to public schools and colleges in a shared or joint use arrangement. Sharing and joint use of facilities can reduce costs and maximize the usage of existing or new physical facilities, and provide better services to the community. Existing law allows an exemption in the case where the facilities are shared by both parties.

However, because of the numerous types of exemptions available, on occasion, both the public school and the nonprofit, or both the church and public school, file different types of exemption claims on the same property. This leads to confusion due to the various exemptions possible (i.e., the welfare exemption, the religious exemption, and the lessor's exemption) and the differing requirements for each exemption.

AMENDMENT

The bill amends Section 214.6 to clarify the filing procedures for obtaining a property tax exemption on property owned by a church or a nonprofit organization that is leased to a public school.

COMMENTS

This bill updates the filing procedures and requirements to claim the welfare exemption in these shared use scenarios which has led to confusion for both property tax administrators and claimants.

- **Nonprofits Leasing to Schools - Filing Requirements.** This bill specifies the annual filing procedure when a welfare exemption claimant leases property to public schools. The claimant would attach a copy of the lease agreement with the annual welfare exemption claim otherwise required to be filed. Current law is silent as to the administrative filing requirements under this situation.
- **Churches Leasing to Schools – Filing Requirements**. This bill clarifies that the exemption granted in the situation where a church leases property to a school is the welfare exemption. It provides that the filing procedure for a church receiving the religious exemption (which requires a one time filing with simplified postcard return filings thereafter) would be to annually file a church lessor's exemption. With this bill, the Board would prescribe a customized claim form for churches to file – the "church lessor's exemption claim." Existing law specifies that churches are to file the "lessor's exemption claim." However, that particular claim does not work well in joint use situations because it refers to "exclusive" use of the property which has added to the confusion and uncertainty for claimants and tax practitioners.
- **Public Schools and the UC System - Technical.** This bill adds language to include "public school district" and "the University of California" to be consistent with Section 202.2. Case law (*Regents of the University of California* v. *State Board of Equalization* (1977), 73 Cal App.3d 660; 140 Cal.Rptr. 857) resulted in an amendment to Section 202.2 to include the UC system as a qualifying college for the exemption; however, corresponding changes to Section 214.6 at that time was overlooked.

The amendments expressly state that the church lessor's exemption claim is to be filed annually. The purpose of adding the word "annually" is to be explicitly clear since some churches are accustomed to different filing requirements under the religious exemption. The amendment also adds the word "church" to describe the exemption. This creates a clear distinction between the traditional lessor's exemption, which requires exclusive use of the property as a school, and a lessor's exemption in the case of a church, which allows a dual use of the property as both a church/religious and a school. The Board will prescribe a customized claim form for the church lessor's exemption.

Disabled Veterans' Exemption: Technical Amendment
Revenue and Taxation Code Section 276

LAW PRIOR TO AMENDMENT

Existing law provides a "disabled veterans' exemption" to reduce the property tax assessed value of the home of qualified veterans or their surviving unmarried spouse. The disabled veterans' exemption is also available to the surviving spouse of a person who has died as a result of a service connected injury or death while on active duty in military service.

The amount of the exemption depends upon the claimant's income:

- The basic exemption amount is $100,000 with annual increases for inflation. For 2009, the exemption is $114,634.
- The low-income exemption is $150,000 with annual increases for inflation. For 2009, the exemption is $171,952 for those with a household income below $51,478.

A claim must be filed with the local county assessor to receive the exemption. If filing for the basic exemption, a claim need only be applied for once. The low-income exemption requires a claim to be filed each year to verify income eligibility. The annual filing period is between January 1 and February 15. However if a claim is filed after the deadline, the exemption can still be received at a reduced level as outlined in Section 276.

In 1989, the exemption amounts were increased from $40,000 and $60,000 to $100,000 and $150,000, respectively, but with a sunset clause that would have automatically reduced the exemption amounts to the prior levels. However, the increased exemption amounts were made permanent through SB 320 (Stats. 1989, Ch. 1077) and SB 2195 (Ch. 1086, SB 2195).

AMENDMENT

This bill amends Section 276 to delete a reference to outdated exemption amount levels as a housekeeping measure.

This bill also corrects a transposition error in Section 276 intending a cross reference to Section 4985, rather than Section 4895, relating to the provisions of law for cancelling taxes due. In some cases, to grant a disabled veterans' exemption for a late-filed claim, a cancellation of property taxes outstanding is necessary.

Preliminary Change in Ownership Report
Revenue and Taxation Code Sections 480.3 & 480.4

LAW PRIOR TO AMENDMENT

Under existing property tax law (Article XIIIA, Sec. 2; and Revenue and Taxation Code Sections 60 - 69.5), real property is reassessed to its current fair market value when there is a "change in ownership." Revenue and Taxation Code Section 480 requires that whenever there is a change in ownership of real property, the property owner must file a "Change in Ownership Statement" (COS). There is no penalty for failing to file the statement unless the assessor prompts the property owner to file the statement by making a written request. If requested, then the taxpayer has 45 days to file the COS or otherwise incur penalties as specified. The law specifies that the Board is to prescribe the form of the COS after consultation with the California Assessors' Association.

In actual practice, many taxpayers file a "Preliminary Change in Ownership Report" (PCOR) rather than a COS. The two forms are nearly identical. And, as noted below, if a PCOR is filed at the time a deed is recorded, an extra fee of $20 is avoided. The COS and/or PCOR provide the assessor with information necessary to value the property for tax purposes, such as details about the purchase price and the terms of the sale. It also assists the assessor in determining whether the transfer of property might be eligible for one of the many change in ownership exclusions that would avoid the need to reassess the property. Both the COS and the PCOR are confidential documents pursuant to Section 481.

Section 480.3 requires the transferee of real property to complete and file a PCOR when any document effecting a change in ownership, such as a grant deed, is submitted to the county recorder for recordation. If a PCOR is not concurrently filed, the document may still be recorded, but an additional recording fee of $20 may be charged.

Section 480.4 provides that the PCOR will be substantially in a particular form, as detailed, and provides that the Board may only revise the form as necessary for purposes of maintaining statewide uniformity. Any other changes require legislation.

The PCOR is signed by the property owner and a certification is in the form that reads: "I certify that the foregoing is true, correct, and complete to the best of my knowledge and belief."

If a taxpayer does not file a PCOR, or files an incomplete PCOR, the assessor may subsequently request that the taxpayer file a COS pursuant to Section 480.

AMENDMENT

This bill amends Sections 480.3 and 480.4 to delete the specific content of the PCOR from the statute and instead provide that the Board prescribe the form, after consultation with the California Assessors' Association and interested parties, consistent with the provisions for most other Board-prescribed forms. This provision is intended so that modifications and improvements to the PCOR can be made without the necessity of seeking a legislative change. This bill also moves the current signature certification currently embedded in the form in Section 480.4 to Section 480.3.

COMMENT

In a recent Board survey on change in ownership issues, a variety of improvements were proposed to make the PCOR more user-friendly. However, keeping the PCOR contents in statute makes it difficult to implement the suggested change because of the two different approaches necessary to make the PCOR and the COS consistent. The contents of the PCOR are embedded in statute, while the content of the COS is prescribed by the Board. (See Section 480(c)).

Assessment Practice Surveys: Technical Correction

Government Code Section 15641

LAW PRIOR TO AMENDMENT

The Board is required by law to review the practices and procedures of every county assessor's office at least once every five years. These reviews are called “surveys.” As part of the survey, a statistically representative sample of properties is drawn from the county’s assessment roll. For each property selected, Board staff independently audits and appraises the property.

In performing the independent appraisal, Government Code Section 15641 authorizes the Board to audit the original books of account of any person owning or controlling property selected when the property is of a kind for which accounting records are useful sources of appraisal data. The law specifies that the appraisal information in the Board’s possession relating to these sample properties is not a public record, with the exception that a property owner may inspect any information and records relating to the appraisal of his or her property, including "market data" that the Board has obtained.

Section 15641 specifies that the definition of “market data” is that as defined in Section 408, but without reference to a body of code, and Section 408 of the Government Code does not exist. The section of law intended to be referenced is Section 408 of the Revenue and Taxation Code, which includes a definition of the phrase “market data.”

AMENDMENT

This amendment corrects this code reference oversight by specifying that Section 408 is a reference to the Revenue and Taxation Code.

Board Meeting: Location

Government Code Section 15609

LAW PRIOR TO AMENDMENT

Under existing law, Government Code Section 15609 requires the Members of the Board to hold regular meetings in Sacramento each month and special meetings at such places and times as the chairperson directs. Under current practices, public meetings are held throughout the year, monthly in Sacramento as required by law and other times in the Los Angeles area. All meetings of the Board are open to the public and anyone is allowed to attend. These meetings offer taxpayers the opportunity to participate in the formulation of rules and regulations adopted by the Board to clarify the laws it administers, to present their cases to the appellate body that reviews and decides property, business and income tax determinations, and to observe the Board as it carries out its official duties. The Board's five members serve concurrent four-year terms as the nation's only elected tax commission. Their popular election ensures that the Board's tax program administration remains directly accountable to the people. Four members are elected by district. The fifth member, the State Controller, is elected at large and serves in an ex officio capacity.

AMENDMENT

This bill amends Section 15609 to require the Board to meet monthly at times and places within the state as the chairperson directs but at least quarterly in Sacramento.

COMMENT

The purpose of this bill is to provide the Board with more flexibility in scheduling its public meetings to better serve taxpayer needs without compromising the public’s access to Board meetings or jeopardizing the Board’s responsibilities under the Constitution or statutes. Also, this bill would serve to balance the uneven distribution of workload for Board Members and staff for preparation of these meetings.

Historically, the Board, in addition to its monthly Sacramento meetings, has held meetings in the Los Angeles area to accommodate taxpayer needs. Usually, the Board has three meetings in the Los Angeles area each year (Culver City, specifically) – in addition to the twelve monthly meetings in Sacramento. However, although there are much fewer meetings in the Los Angeles area, the number of taxpayer appeals scheduled in the Los Angeles area significantly exceeds the number of cases heard in Sacramento. This not only causes a significant imbalance in workload, but more importantly, taxpayers that request that their matter be considered in the Culver City location are required to wait significantly longer for their hearings – generally up to a year. And, should a taxpayer that is scheduled for a Culver City meeting require a postponement, the taxpayer is generally required to wait up to an additional six months for a hearing.

Since the Board’s workload fluctuates throughout the year, the statutes should allow the Board flexibility with regard to when, where, and even how the Members meet. The public’s interest and resources are best served when elected bodies meet to discuss and decide matters when they are pertinent and not simply required by a law enacted in 1951. Therefore, this provision provides the Board with the ability to better serve taxpayers by allowing a more flexible schedule to accommodate taxpayer needs as well as to provide a more balanced workload for both staff and Board Members in preparing for these meetings.

Senate Bill 8 (Ducheny) Chapter 4, Third Extraordinary Session

Property Tax Postponement Program - Suspension

Effective February 20, 2009. Adds Section 20623 to the Revenue and Taxation Code.

BILL SUMMARY

Suspends indefinitely the Property Tax Postponement Program administered by the State Controllers Office.

LAW PRIOR TO AMENDMENT

The Property Tax Postponement Program, administered by the State Controller, permits senior citizens and disabled persons where household income is below a specified amount, to delay all or part of their property taxes until after their death. Claimants file a claim with the State Controller.

AMENDMENT

This bill adds Section 20263 to the Revenue and Taxation Code to prohibit claims for property tax postponement from being filed on or after February 20, 2009. Thus the postponement program has been suspended indefinitely.

TABLE OF SECTIONS AFFECTED

SECTIONS		BILL NUMBER	CHAPTER NUMBER	SUBJECT
§69	Amend	SB 824	Ch. 67	Base Year Value Transfer - Disasters
§69.3	Amend	SB 824	Ch. 67	Base Year Value Transfer - Disasters
§72	Amend	SB 822	Ch. 204	Building Plan Copies
§155.20	Amend	SB 822	Ch. 204	Low Value Ordinance
§205.6	Add	SB 822	Ch. 204	Disabled Veterans' Exemption Claims
§214.6	Amend	SB 824	Ch. 67	Property Leased to Schools - Claim
§218	Amend	AB 1568	Ch. 299	Homeowners' Exemption
§276	Amend	SB 824	Ch. 67	Disabled Veterans' Exemption
§408	Amend	SB 816	Ch. 622	Assessor Records - Recorder
§441.5	Amend	SB 822	Ch. 204	Business Property Statement - Signature
§480.1	Amend	SB 816	Ch. 622	Change in Ownership Reporting – Legal Entities
§480.2	Amend	SB 816	Ch. 622	Change in Ownership Reporting – Legal Entities
§480.3	Amend	SB 824	Ch. 67	Preliminary Change in Ownership Report
§480.4	Amend	SB 824	Ch. 67	Preliminary Change in Ownership Report
§482	Amend	SB 816	Ch. 622	Change in Ownership Reporting – Legal Entities
§483	Amend	SB 816	Ch. 622	Change in Ownership Reporting – Legal Entities – Penalty Abatement
§1612.5	Repeal & Add	AB 824	Ch. 477	Appeals – Employee Conflict of Interest
§1612.7	Repeal & Add	AB 824	Ch. 477	Appeals – Employee Conflict of Interest

TABLE OF SECTIONS AFFECTED

SECTIONS		BILL NUMBER	CHAPTER NUMBER	SUBJECT
§1622.6	Amend	AB 824	Ch. 477	Inter-county Appeal Board Sharing
§2823	Amend	SB 822	Ch. 204	Parcel Splits – Subdivision Lots
§11935	Add	SB 816	Ch. 622	Documentary Transfer Tax - Appeals
§11935	Add	SBX3 8	Ch. 4	Property Tax Postponement
§17537.9	Amend	AB 992	Ch. 496	Assessment Appeal Solicitations
§15609	Amend	SB 824	Ch. 67	BOE Meeting Locations
§15641	Amend	SB 824	Ch. 67	Assessment Practice Surveys
§51203	Amend	SB 671	Ch. 358	Williamson Act Cancellation Value