



*California State Board of Equalization,  
Legislative Division*

# LEGISLATIVE BULLETIN

---



---

## PROPERTY TAX LEGISLATION 1997

# PROPERTY TAX LEGISLATION TABLE OF CONTENTS

## CHAPTERED LEGISLATION ANALYSES

<b><u>Assembly Bill 122 (V. Brown) Chapter 607</u></b>	<b>3</b>
<i>Vineyards - Pierce's Disease</i>	
<b><u>Assembly Bill 240 (Takasugi) Chapter 227</u></b>	<b>6</b>
<i>Intercounty Base Year Value Transfers</i>	
<b><u>Assembly Bill 719 (Torlakson) Chapter 420</u></b>	<b>8</b>
<i>State-County Property Tax Administration Program</i>	
<b><u>Assembly Bill 1178 (Davis) Chapter 249</u></b>	<b>9</b>
<i>Appeal and Homeowners' Exemption Solicitations</i>	
<b><u>Assembly Bill 1319 (Alquist) Chapter 182</u></b>	<b>13</b>
<i>Appeals - Residential Property Opinions of Value</i>	
<b><u>Senate Bill 33 (Maddy) Chapter 106</u></b>	<b>16</b>
<i>Possessory Interests - Fairgrounds</i>	
<b><u>Senate Bill 76 (Kopp) Chapter 94</u></b>	<b>18</b>
<i>Life Insurance Companies - Property Statements</i>	
<b><u>Senate Bill 542 (Alpert) Chapter 941</u></b>	<b>20</b>
<b><i>Property Tax Omnibus Measure</i></b>	
<i>Parent/Child Transfers - Late Filed Claims</i>	
<i>Exemptions - Uniform Filing Date</i>	
<i>Documented Vessels - Filing Date</i>	
<i>Homeowners Exemption - Filing Date</i>	
<i>Intracounty Pipeline Lands and Rights-of-Way</i>	
<i>Williamsom Act - Filing Date</i>	
<i>Appeal Filing Deadline - Market Value Reductions</i>	
<i>Appeal Application - Penalty of Perjury Statement</i>	
<i>Escape Assessment Installment Payment Plan - Refund Actions</i>	

# PROPERTY TAX LEGISLATION TABLE OF CONTENTS

## CHAPTERED LEGISLATION ANALYSES

**Senate Bill 594 (C. Wright) Chapter 353** 32  
*Disaster Relief - Northridge Earthquake - Base Year Value Transfers*

**Senate Bill 1105 (Committee on Revenue and Taxation) Chapter 940** 35

***Board Sponsored Housekeeping Measure***

*California Consumer Price Index Measurement Period*

*Intercounty Base Year Value Transfers - Excess Land*

*Assessor's' Tax Liens*

*Timberland Value Certification*

*Annual Value Notices*

*Assessors'- Appraiser's Certificate*

*Appeal Filing Deadline - Market Value Reductions*

*Timber Yield Tax - Administration Cost Reimbursement*

*School Facilities Improvement Districts*

*Boundary Changes - Filing Date*

*Boundary Changes - Processing Fees*

**Senate Bill 1107 (Committee on Revenue and Taxation) Chapter 546**

36

***Treasurer/Tax Collector Sponsored Housekeeping Measure***

*Escape Assessment Installment Payment Plan - Fee*

## TABLE OF SECTIONS AFFECTED

37

**Assembly Bill 122 (V. Brown) Chapter 607**  
*Vineyards - Pierce's Disease*

*Tax levy; effective October 3, 1997. Amends Section 53 of the Revenue and Taxation Code.*

**This measure permits local boards of supervisors to authorize special assessment provisions for grapevines planted to replace grapevines removed due to Pierce's Disease. It extends the current exception provided for phylloxera infestations to grapevines planted to replace grapevines that are destroyed by Pierce's disease. In short, this measure provides a "base year value transfer" of the Proposition 13 base year value from the diseased grapevines to the replacement grapevines. That is, the base year value of the removed grapevines would be transferred to the replacement grapevines, once the three year exemption period for replantings expires.**

*Sponsor: Assembly Member Valerie Brown*

***Law Prior To Amendment:***

Article XIII, Section 3(i) of the California Constitution provides that grapevines are exempt until three years after the season in which they were planted in vineyard form. Property Tax Rule 131 provides that replacement plantings create a new three year exemption period.

Section 53 of the Revenue and Taxation Code provides that the initial base year of vines subject to exemption shall be the full cash value of the properties as of the lien date of their first taxable year.

Section 53 provides an exception to the establishment of the initial base year value of grapevines planted to replace grapevines destroyed by phylloxera. Specifically, a county board of supervisors may, after consulting with affected local agencies within the county's boundaries, provide by ordinance that the initial base year value for replacement grapevines that are planted to replace grapevines less than 15 years of age that were removed solely as a result of phylloxera infestation, as certified in writing by the county agricultural commissioner, shall be the base year of the removed vines factored to the January 1 of the first taxable year (the fourth year after replanting) of the replacement vines.

***In General:***

Agricultural property is subject to the assessment rules of Proposition 13, in that it retains its base year value until new construction or a change in ownership takes place. Increases in assessment are limited to no more than two percent a year. At the time of a reassessable event, a new base year value is established for the entire

property if there is a change in ownership, or for the new property in the case of new construction.

Generally, when a portion of a vineyard is pulled, the base year value of those grapevines is removed from the assessed value of that property as of the following lien date. When the grapevines are replanted, they receive a “new” three year exemption period. In the fourth year after replanting they will become taxable at the current market value as of the lien date.

Agricultural property may be preserved as such under the Williamson Act (California Land Conservation Act of 1965), whereby a landowner enters into a contract with the local government to maintain the agricultural use in exchange for valuation and taxation of the land as agricultural property. Property subject to a Williamson Act contract is generally valued based on its income stream, and is revalued annually. Each year, the property will be assessed at the lowest of the factored base year value, the Williamson Act value, or the current fair market value.

***Background:***

Chapter 413 of the Statutes of 1992 (AB 3303, Hansen) added subdivision (b) to Section 53 to provide for the special assessment procedures for grapevines infested by phylloxera.

**Pierce’s Disease**

*The following information is taken from the report “Status of Pierce’s Disease in Napa Valley Vineyards” prepared by the Napa Valley Pierce’s Disease Task Force.*

Pierce’s Disease is a bacterial infection that kills grapevines, especially young ones, by interfering with their ability to transport water through the vine. It is primarily spread by an insect called the blue green sharpshooter. Throughout the Napa Valley, many vineyards have been recently replanted due to phylloxera. Pierce’s Disease is present in some vineyards every year, however, at certain times the disease goes through cycles where a large area is affected. Napa Valley is in such an epidemic cycle. Presently, the only response is to replace the grapevine.

***Comments:***

1. **Purpose.** The purpose of this measure is to protect vineyard owners from increased property tax assessments if they replant as a result of Pierce’s Disease. Jack Stuart, President of the Napa Valley Pierce’s Disease Task Force states: “The current outbreak of Pierce’s Disease has so far cost growers nearly \$20 million in Napa Valley alone, and it could get worse. Vineyard owners who just invested millions in replanting vineyards killed by phylloxera now face the frightening prospect of having to do it all over again because of PD. This legislation makes it possible for counties to provide tax relief that will help the growers survive.”

2. **County Participation Optional.** The special assessment provisions authorized by this measure would be extended only to property located in a county where the board of supervisors adopts an ordinance making these provisions applicable.
3. **Similar Base Year Value Transfer Provisions.** California property tax law provides for various situations where a Proposition 13 base year value is either retained or transferred to another property. Briefly, Section 70(c) of the Revenue and Taxation Code provides that where real property has been damaged or destroyed by a misfortune or calamity the reconstructed property will maintain the assessed value of the predamaged property. Sections 69 and 69.3 provide that where property is destroyed in a Governor-declared disaster, a replacement property may be acquired and the replacement property will retain the Proposition 13 base year value of the damaged or destroyed property. Section 63.1 permits property to transfer between parents and children while maintaining the property's Proposition 13 base year value. Finally, Section 69.5 permits persons over the age of 55 years or disabled persons to transfer their Proposition 13 base year value to another property.
4. **Grapevine Base Year Value Transfers Not Constitutionally Authorized.** Opponents of this measure could argue that this bill has the effect of exempting real property from taxation without the benefit of constitutional authorization. The provisions discussed in Comment #3 are specifically provided for in the constitution. However, as noted above, the Legislature has already established a precedent for base year value transfers for diseased grapevines and this measure would merely expand the current special assessment provisions provided to grapevines replanted as a result of phylloxera to grapevines replanted as a result of Pierce's Disease.
5. **Does Not Directly Affect Properties Assessed Pursuant to the Restricted-Income Capitalization Approach (The Williamson Act).** Property subject to a Williamson Act contract is assessed at the lowest of three values: the factored base year value, the Williamson Act value, or the current fair market value. This measure would not affect the assessed value of those vineyards affected by Pierce's Disease where the Williamson Act value is still the lowest of the three determined values. However, in those vineyards, the assessed value would, generally, nevertheless be reduced the following year. This is because the Williamson Act value is determined according to a capitalization of income method. Since a nonproducing or pulled grapevine would produce little or no income, this loss in productive capacity would result in a reduced assessment of the property in the subsequent lien date (assuming that all other valuation factors remain constant from the previous year).

**Assembly Bill 240 (Takasugi) Chapter 227**  
***Intercounty Base Year Value Transfers***

*Effective January 1, 1998; Operative January 1, 1999. Amends Section 69.5 of the Revenue and Taxation Code.*

**This bill authorizes the transfer of the base year value to a replacement home located in another county for persons over the age of 55 years or disabled persons on and after January 1, 1999.**

***Sponsor: Assembly Member Takasugi***

***Law Prior To Amendment:***

Proposition 60 amended the constitution to authorize base year value transfers from an original property to a replacement dwelling located in the same county for persons over the age of 55 years. Proposition 90 further amended the constitution to authorize such base year value transfers to replacement dwellings located in another county, provided the county board of supervisors of that county adopts an ordinance accepting such transfers.

Pursuant to this constitutional authorization, the Legislature has adopted Revenue and Taxation Code Section 69.5. The Revenue and Taxation Code Section 69.5 which is currently in effect includes the statutory language necessary to implement Proposition 90. However, it is only operative until January 1, 1999, at which point another Section 69.5, which does not include the intercounty base year value provisions of Proposition 90, takes effect. As a result, absent future legislative changes, counties that have adopted ordinances implementing Proposition 90 will, after January 1, 1999, be without statutory authority to enforce local provisions which administer this particular tax benefit.

***In General:***

Subdivision (a) of Section 2 of Article XIII A of the California Constitution provides generally that the assessed value of real property shall be its market value, determined as of the date the property was either newly constructed or last underwent a change in ownership after March 1, 1975. Subsequent paragraphs of subdivision (a) authorize the Legislature to provide an exception to that general requirement, by providing for transfers of base year value from former residences to replacement dwellings, under certain conditions, by qualified persons who are either over age 55 or severely disabled.

***Background:***

Currently 10 counties have an ordinance implementing the intercounty base year value transfer provisions of Section 69.5: Alameda, Kern, Los Angeles, Modoc, Monterey, Orange, San Diego, San Mateo, Santa Clara, and Ventura.

***Comments:***

1. **Purpose.** The purpose of this bill is to extend the availability of intercounty base year value transfers beyond January 1, 1999.
2. **Provides taxpayers with certainty.** The Board of Equalization has recently informed county assessors that they may wish to warn homeowners seeking information on Proposition 90 of the risk that intercounty transfers of base year values may not be available after January 1, 1999. This measure eliminates this uncertainty and provide taxpayers contemplating the purchase of a replacement dwelling located in another county with the assurance that such base year value transfers will be available.

**Assembly Bill 719 (Torlakson) Chapter 420**  
***State-County Property Tax Administration Program***

*Urgency legislation; effective September 22, 1997. Amends Section 95.31 of the Revenue and Taxation Code.*

**Extends the Department of Finance administered State-County Property Tax Administration Program, which loans up to 60 million dollars to local counties, to the year 2000-01. This program provides loans in a specified amount per county for purposes of enhancing the property tax administration system. Counties may elect to participate in the program upon the recommendation of the county assessor, and by the resolution of the board of supervisors of that county adopted not later than December 1 of the fiscal year for which it is first to apply.**

***Sponsor: County State Association of Counties***

**Assembly Bill 1178 (Davis) Chapter 249**  
***Appeal and Homeowners' Exemption Solicitations***

*Effective January 1, 1998. Amends Section 17533.6 of, and adds Section 17537.8 and 17537.9 to, the Business and Professions Code.*

This measure adds Sections 17537.7 and 17537.8 to the Business and Professions Code to specify that the fee charged by firms who make solicitations to taxpayers offering to file assessment appeal applications on residential property and homeowners' exemption claim forms cannot be collected until after the relevant form has been filed. It requires that the outer envelope of the solicitation state that the mailing is not from a governmental agency. It also requires that the solicitation state that the offer is not being made by a governmental agency and that the government does not require a fee to be paid to file the document. In addition it specifies the types of information contained in the solicitation that would be considered misleading or untrue. With respect to homeowners' exemption claim forms, it limits to \$25 the maximum fee that may be charged.

In addition, this measure amends Business and Professions Code Section 17533.6 to make clarifying technical amendments to general provisions related to solicitations implying a governmental agency connection.

*Sponsor: Board of Equalization*

***Law Prior to Amendment:***

Business and Professions Code Section 17533.6 provides that it is unlawful for any person to imply a governmental agency connection when making a solicitation. This California statute is patterned after a federal statute, 39 U.S.C. Code §3001(h).

Business and Professions Code Section 17537.6 makes it is unlawful for a person to make an untrue or misleading statement in connection with the offering or performance of a homestead filing service. Existing law did not place any restrictions or requirements on statements made in connection to solicitations made by companies offering to file, in exchange for a fee, assessment appeal applications or homeowners' exemption claim forms on behalf of a property owner.

***In General:***

**Homeowners' Exemption Solicitations.** A homeowners' exemption is available to property occupied by the owner as his or her principal place of residence. The amount of the exemption is \$7,000 of full cash value, which results in annual tax

savings of at least \$70, depending upon the tax rate in the area where the property is located. To receive the exemption the owner must file a homeowners' exemption claim form with the county assessor's office. Once a property owner files this claim form, the exemption remains in effect until the property is sold or the homeowner notifies the assessor that the property is no longer his or her principal place of residence. The law requires that the assessor mail this claim form to any person who purchases a home. The law also requires that the claim form be mailed within a specified time frame of the date the home was purchased. In addition, property owners are annually notified of the homeowners' exemption via information provided in their annual property tax bill.

Notwithstanding the fact that assessors' offices directly provide recent home buyers with the homeowners' exemption claim form, at no charge, private companies mail solicitations to property owners offering to file the claim form for a fee. In addition to solicitations sent to recent home buyers, at least one company operating in California sends solicitations to persons already receiving the homeowners' exemption. This particular solicitation implies that the State is auditing the homeowner to determine if the property is still eligible for the exemption and that, as a result of the audit, a fee of \$12 must be submitted within 10 days.

**Assessment Appeal Solicitations.** Over the last few years, a cottage industry has emerged in response to the decline in real estate values that began in the latter part of the 1980's. This industry makes solicitations to taxpayers offering to "file" assessment appeal applications in exchange for a fee. The ability for these industries to flourish was fueled by an inability at the local level to keep pace with the number of assessments that needed reduction. Counties faced decreased staffing resources in the face of an increasing workload. The increase in workload was created by the need to reduce individual assessments on a case by case basis in a system that was otherwise mass-appraisal based. The reduction in budgetary support for assessors' offices came about because of the state property tax revenue shift and was compounded by reduced property tax revenues due to fewer construction starts and property resales.

Assessment appeal application filing companies generally operate via direct mail pieces sent to a property owner's home. The solicitations typically state that the property is overassessed by a stated amount and provide, as justification, a list of sales prices of similar sized homes. The marketing techniques used in some of these solicitations can mislead the homeowner into assuming the document is from a governmental agency. For instance, some of these companies craft a business name that can mislead the taxpayer into believing the business is a governmental entity. In addition, the solicitations can include precise information concerning the taxpayer's home, such as its square footage, the number of bedrooms and baths, and the current assessed value of the property. Most homeowners are unaware that

such information is derived from publicly available information. To illustrate misconceptions and confusion by taxpayers concerning these solicitations, one taxpayer questioned his assessment appeals board why he had to pay the requested “fee” to lower his assessment three times. He had believed that each solicitation he received in the mail was a request from a governmental agency and that the fee was required in order to lower the property tax assessment to the amount indicated on the solicitation form as a “proposed assessment.” Local officials have reported that a number of taxpayers are convinced, that when they pay the required fee and return the information requested that they had completed everything they needed to do to lower their assessment.

In addition, some taxpayers have indicated that the comparable sales provided on the solicitation forms are misleading because the sales listed are from streets that are unrecognizable to the taxpayer or are located in an area that is not comparable to the taxpayer’s property. Local government officials have echoed similar comments about the quality of the sales comparables provided taxpayers.

Furthermore, some of the solicitations do not provide the level of service that is purported. For example, some agencies claim that they will “prepare an application.” In fact, some of these agencies merely provide the taxpayer with a list of comparable sales and a blank application form for the taxpayer to complete and file with the county assessor or county appeals board. The reputations of those agencies who have a long term commitment to their practice and provide a worthwhile service to taxpayers are harmed, by some degree, by those companies that simply collect fees and provide little or no real service .

The U.S. Postal Service has issued Cease and Desist Orders, which prohibits the use of the mails, to some of these solicitation companies using their powers under the postal false representation statute (engaging in conducting a scheme or devise for obtaining money through the mails by means of false representations). 39 U.S.C. §3005.

*Comments:*

1. **Purpose.** The purpose of this measure is to place restrictions on solicitations made to property owners concerning their property taxes. In addition, this bill would insure that unsuspecting property owners understand that a fee is not required by any governmental agency for the right to file and receive the homeowners’ exemption or file an assessment appeal.
2. **Similar provisions have proved effective in protecting property owners from solicitations related to homestead declarations.** The provisions in this bill are modeled after Business and Professions Code Section 17537.6, which

- relates to homestead filing services. These provisions were added in 1987, a time when property owners were inundated with solicitations from firms using questionable marketing techniques to urge property owners to file homestead declarations. These provisions have been effective in reducing misinformation stated in the mailings as well as providing authorities with a tool to curb the use of certain marketing techniques.
3. **This measure corrects a technical problem related to existing law which makes it unlawful for any person to imply a governmental agency connection when making a solicitation.** In *Property Tax Assessor Records Corporation v. Daniel Lungren, Attorney General of the State of California*, (Case No. CV 94-1613 JGD), the United States District Court Central District of California ruled that Business and Professions Code Section 17533.6 is unconstitutionally vague because of the lack of conjunctions between subdivisions (a), (b), and (c). This measure amends this statute to add the appropriate conjunctions and remove any ambiguity.
  4. **This measure gives taxpayers a more clear understanding of the level of service they can expect to receive.** Homeowners have responded to offers with the expectation that no further participation would be required on their part. Many homeowners have assumed, based on the description contained in the solicitation, that the company would actively advocate on the taxpayer's behalf as well as provide representation before the appeals board. Instead, some of these homeowners have only received a blank appeal application and a list of selling prices of comparable homes which they must manually transfer onto the application. This bill would address this issue by prohibiting any statement to the effect that the company will be physically present to represent the property owner unless the fee includes this service.
  5. **Some solicitation firms operating in California have accepted fees from property owners, but never filed the appeal applications.** By requiring that the service be rendered before the fee can be collected this measure is intended to prevent this fraud from reoccurring.

**Assembly Bill 1319 (Alquist) Chapter 182**  
***Appeals - Residential Property Opinions of Value***

*Effective January 1, 1998. Adds and repeals Section 80.1 of the Revenue and Taxation Code.*

**This measure requires those persons who prepare a statement of value for use in an assessment appeal hearing on residential real property with an assessed value of \$1,000,000 or less to designate it as either:**

- 1. An “appraisal report” prepared in accordance with the standards specified in Section 11319 of the Business and Professions Code<sup>1</sup>; or**
- 2. An “opinion of value,” and bears the following notation: “The value expressed in this opinion should not be construed as an appraisal report, which must be prepared in accordance with Uniform Standards of Professional Appraisal Practice.”**

**This requirement does not apply if the person preparing the statement of value is not being paid to do so. Thus, this measure would not affect appeals where a relative or friend prepares a statement of value for the property owner at no charge. These provisions would sunset on January 1, 2001.**

***Sponsor: The Appraisal Institute, California State Association of Counties, and County Clerks Association***

***Law Prior to Amendment:***

Taxpayers who disagree with the assessed value of their property can challenge that value before their local county assessment appeals board. There are no requirements placed on statements of value prepared for use in assessment appeal hearings.

***In General:***

**Uniform Standards of Professional Appraisal Practice.** Uniform Standards of Professional Appraisal Practice are the standards of professional appraisal practice established by the Appraisal Foundation. The Appraisal Foundation is a not-for-profit educational foundation, organized in 1987 to foster appraisal professionalism

<sup>1</sup> Section 11319 reads: “Notwithstanding any other provision of this code, the Uniform Standards of Professional Appraisal Practice constitute the minimum standards of conduct and performance for a licensee in any work or service performed that is addressed by those standards. If the licensee also is certified by the Board of Equalization, he or she shall follow the standards established by the Board of Equalization when fulfilling his or her responsibilities for assessment purposes.”

through the establishment of uniform standards of appraisal practice and qualifications for the state certification and licensing of appraisers. The Appraisal Foundation has 19 sponsors, who include organizations representing appraisers, users of appraisal services, and academia. The Appraisal Foundation has a Board of Trustees composed of 32 individuals responsible for funding and appointing members to The Appraisal Foundation's two independent boards, the Appraisal Standards Board and the Appraiser Qualifications Board. The Appraisal Standards Board promulgates the generally accepted standards of the appraisal profession, the Uniform Standards of Professional Practice. Through the enactment of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), Congress delegated significant responsibility to these Boards and gave the Appraisal Subcommittee of the Federal Institutions Examinations Council authority to monitor and review the practices, procedures, and organizational strategy of The Appraisal Foundation.

***Background:***

Chapter 491, Statutes of 1990 (AB 527, Hannigan) created the Office of Real Estate Appraisers to regulate real estate appraisers who perform appraisals as a part of a real-estate related financial transaction involving a federal financial institution. This measure was in response to the savings and loan crisis of the 1980's, when it was discovered that some loans were approved based on real estate appraisals of poor quality. In addition, some loans were approved on property where a real estate appraisal of the property was never prepared.

***Comments:***

1. **Purpose.** The purpose of this measure is to inform both property owners and assessment appeals boards of whether a statement of value, that is prepared in exchange for compensation, is or is not prepared according to Uniform Standards of Professional Appraisal Practice (USPAP).
2. **This measure could provide useful information to appeals boards and taxpayers.** Proponents state this measure will increase, over time, the public's awareness of the difference between an "appraisal" prepared according to professional standards and an "opinion of value" that is not so prepared. In addition, proponents state that this measure provides value to appeals boards by informing them of whether the "appraisal" submitted to them as evidence of a property's value is or is not prepared according to USPAP guidelines.
3. **This measure could act as tool in informing property owners of whether or not they are paying for the services of a professional real estate appraiser.** The downturn in real estate values has resulted in an unprecedented number of assessment appeals being filing. Assessors and assessment appeals boards report

that some of these appeals have no merit and are instead fueled by a cottage industry that solicits property owners to appeal their assessment. Most often, these appeals are filed by taxpayers who have been urged to file an application by tax agents who offer to represent the property owner on a contingency or flat fee basis. Some persons operating in this field have no specialized expertise or training in real estate appraisal. By requiring that the value statement used in an appeal specify whether it is or is not a "Professional Appraisal Report," property owners may be better informed of the qualifications of the person whom they are hiring. Proponents argue that this measure would provide property owners with better opinions of value which can be substantiated before the appeals board. Thus, fewer taxpayers would pay for opinions of value which could not be justified under generally accepted appraisal principles.

4. **Opponents of this measure argue that the value determined in an "opinion of value" could be just as justifiable as the value determined by an "appraisal."** Even though the "opinion of value" is justifiable, the appeals boards might be prejudiced against the evidence submitted by the property owner because of the disclaimer that the appraisal was not prepared according to professional appraisal standards.
5. **Opponents of this measure argue that this measure would discourage persons who are capable of preparing justifiable opinions of value from doing so because they are not licensed real estate appraisers.** The sponsor counters that this measure does not prohibit a person who is not a licensed real estate appraiser from designating their appraisal as in conformity with USPAP. As long as the appraisal is prepared according to the standards, the appraisal may be so designated regardless of whether the person is or is not licensed.
6. **This measure may be difficult to enforce.** This measure does not require the property owner to disclose who prepared the opinion of value. Currently there are many assessment appeal application filing companies active in California that operate via direct mail pieces sent to a property owner's home. These companies provide, for a fee, the property owner with a list of comparable sales and an opinion of value along with a blank application form for the taxpayer to complete and file with the county appeals board. Thus, it is unclear how the appeals board could determine who actually prepared the opinion of value if the property owner does not, or is not required, to disclose this information.
7. **Licensed appraisers must always follow USPAP guidelines.** The June 30 amendment adds a statement that the provisions added by this bill are not to be construed to permit licensed real estate appraisers from ever preparing an opinion of value that does not meet USPAP guidelines.

**Senate Bill 33 (Maddy) Chapter 106**  
***Possessory Interests - Fairgrounds***

*Effective January 1, 1998. Amends Section 155.20 of the Revenue and Taxation Code.*

**Allows county boards of supervisors to exempt possessory interests in fairgrounds if the value of the interest is less than \$50,000.**

*Sponsor: Senator Maddy*

***Law Prior to Amendment:***

Revenue and Taxation Code Section 155.20 provides that a county board of supervisors may exempt from property tax all real property with a base year value and all personal property with a full value so low that, if not exempt, the taxes and special assessments on the property would amount to less than the cost of assessing and collecting them. The section provides further that the board of supervisors shall have no authority to exempt property with a total base year value or taxable value of more than \$5,000, except for possessory interests in certain convention or cultural facilities; the board of supervisors may raise the exemption level for that type of property to \$50,000.

***In General:***

**Low Value Exemption.** 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 the Legislature, two-thirds of the membership of each house concurring, may authorize county boards 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 exercised the authority granted under Section 7 of Article XIII by enacting Revenue and Taxation Code Section 155.20. Section 155.20 authorizes the aforementioned exemption, subject to the existing \$5,000 and \$50,000 value limitation. The section additionally requires a board of supervisors, in determining the level of the exemption, to:

“... determine at what level of exemption the costs of assessing the property and collecting taxes, assessments, and subventions on such property exceeds the proceeds to be collected. The board shall establish

the exemption uniformly for different classes of property. In making this determination, the board 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.”

***Background:***

Chapter 570 of the Statutes of 1996 (Senate Bill 1737, Alquist) established the \$50,000 low value ordinance exception for possessory interests in publicly owned convention or cultural facilities.

***Comments:***

1. **Level of Exemption.** A value limitation for certain possessory interests that is ten times the amount specified for all other property may frustrate the spirit of the low value exemption. That exemption is intended to recognize the practical reality that, notwithstanding the constitutional requirement that all property be taxed, certain properties are so low in value that the taxes collected on them would not justify the costs of assessment and collection.<sup>2</sup> To the extent that the expansion of the \$50,000 value limitation leads to exemptions of possessory interests where taxes from such interests would exceed the costs of assessment and collection, this bill may have the effect of exempting real property from taxation without the benefit of constitutional authorization. However, as noted above, the Legislature has already established a precedent for a \$50,000 exemption level for possessory interests and this measure would merely expand the types of possessory interests eligible for exemption.
2. **County Participation Optional.** The exemption authorized by this measure would be extended only to property located in a county where the board of supervisors adopts an ordinance making these provisions applicable.

---

<sup>2</sup> Assuming a 1% tax rate and no special assessments, property valued at \$5,000 would generate annual revenues of \$50; property valued at \$50,000 would generate annual revenues of \$500.

**Senate Bill 76 (Kopp) Chapter 94**  
***Life Insurance Companies - Property Statements***

*Effective January 1, 1998. Amends Section 441.1 of the Revenue and Taxation Code.*

**Requires assessors to compile a list, by July 1, 1998, of the names of life insurance companies who have filed an Insurance Company Separate Account Property Statement. This statement would be a public record. This measure also extends the sunset date of Section 441.1 to January 1, 2004.**

*Sponsor: Senator Kopp*

***Law Prior to Amendment:***

Revenue and Taxation Code Section 441.1 requires life insurance companies to provide the assessor with a one-time property statement (the "Insurance Company Separate Account Property Statement") that lists transfers of real property to or from their separate interest accounts that occurred on or after January 1, 1985 and before January 1, 1996. Failure to file this statement by July 1, 1996, results in a penalty of \$1,000. Section 441.1 contains "sunset clause" of July 1, 1997.

Section 451 specifically states that all information requested by the assessor or furnished in property statements shall be held secret by the assessor. The statement is not a public document and is not open to public inspection, except as provided in Section 408.

***In General:***

Generally, current law limits access to information and records in the assessor's office which are not required by law to be kept or prepared by the assessor. Such information is not open to public inspection, with two exceptions: 1) certain governmental agencies are permitted access to all the assessor's records; 2) an assessee or his or her agent may copy and inspect information related to the appraisal and assessment of the assessee's property, provided the information will not jeopardize another taxpayer's confidentiality or reveal trade secrets. (See Section 408)

***Background:***

Senate Bill 991 (Chapter 933, Statutes of 1995) was successfully authored by Senator Kopp in response to a particular unreported change in ownership situation in the City and County of San Francisco involving the shift of beneficial ownership of One Market Plaza from Equitable Life Insurance Company to the IBM Retirement Plan.

The transaction was highly complex, appears to have been structured to avoid reassessment, and apparently involved an agreement among some of the participants not to inform the assessor of the transaction. Whether this transaction is, in fact, a reassessable event is currently being litigated (*Abquab v City and County of San Francisco, et. al., SFSC 946-445*).

The purpose of Senate Bill 991 was to enable county assessors to determine whether any other unreported changes of ownerships had occurred with respect to real property held in separate accounts by life insurance companies. Senator Kopp has contacted a number of assessors to determine the extent to which insurance companies have complied with the reporting requirements of Senate Bill 991. Specifically, he has requested a list of those companies that have filed the required statement. Assessors have responded that they are unable to provide the requested information because such a list is not required by law to be kept or prepared by the assessor, and therefore, pursuant to Section 408, it is not a public document and not open to public inspection.

**Comments:**

1. **Purpose.** The purpose of this measure is to provide a means for the Legislature and the public to determine whether life insurance companies have complied with the requirements imposed by Senate Bill 991.
2. **Maintains Confidentiality.** In their role as an assessing authority, assessors obtain otherwise privileged information in order to accurately value properties. It is general policy that assessing agencies maintain the confidentiality of information provided by a taxpayer in order to encourage taxpayer compliance. A list of those companies which have filed the statement would provide the Legislature and public with a mechanism to determine whether companies have complied with the Legislative mandate to file a statement and at the same time maintain the confidentiality of the specific information contained in the statement.
3. **Aids Compliance.** Insurance companies had until July 1, 1996, to file the one-time property statement and the law requiring them to file this statement becomes inoperative one year later. Without deleting or extending the July 1, 1997 inoperative date of Section 441.1, its provisions could not be enforced against those insurance companies that have not complied. By deleting the inoperative date, the requirement to file and the penalty for failing to do so are maintained.

**Senate Bill 542 (Alpert) Chapter 941**  
*Property Tax Omnibus Measure*

*Effective January 1, 1998. Amends Sections 63.1, 69.5, 255, 255.3, 273, 273.5, 275, 275.5, 276, 430.5, and 1603 of, and adds Sections 401.13 and 5145.5 to, the Revenue and Taxation Code.*

1. Grants the parent-child exclusion on a prospective basis where the customary time period for filing the claim to receive the exclusion from the initial date of the transfer has expired.
2. Authorizes intercounty base year value transfers on and after January 1, 1999.
3. Clarifies the application of the "area of reasonable size" standard to residential properties qualifying for base year value transfers.
4. Creates a uniform deadline of February 15 for filing a claim, if one is required, to receive most property tax exemptions.
5. Moves forward the date for assessors to mail homeowners' exemption claim forms to new property owners to January 15.
6. Moves forward the documented vessel final filing date to February 1.
7. Moves forward the homeowners' exemption final filing date to February 15.
8. Moves forward the homeowners' exemption notification date to new property owners to January 15.
9. Allows assessors to combine intracounty pipeline lands and rights-of-way assessment segments which are owned by the same person into a single assessment.
10. Advances the final date for filing proposals to establish Williamson Act preserves to conform to the January 1 lien date.
11. Permits taxpayers to file appeals for market value reductions after the September 15 appeals deadline in specified instances.
12. Places into statute language currently contained in the state prescribed assessment appeals application.
13. Modifies the filing period for assessment appeal applications, to provide for situations where county offices are closed on the final filing date or closed prior to 5:00 P.M. on the final filing date for reasons other than an official holiday or a weekend.
14. Permits taxpayers to bring a refund action in superior court due to an escape assessment notwithstanding the fact that they have not paid the taxes on the escape assessment in full because they are paying them under a four year installment payment plan.

*Sponsor: Various persons, see detail.*

### Parent-Child Change In Ownership Exclusion - Prospective Relief

**This bill, except in the case where the property has already been transferred to a third party, allows the assessor to grant, on a prospective basis, the parent-child change in ownership exclusion at any time the claim is filed after the conclusion of the filing periods described above. This bill, in that case, applies the pre-reassessment value to the property commencing in the year that the claim is filed. That is, if a claim is made after the customary filing periods, then the pre-reassessment value will be reinstated as of the year the claim form is filed (i.e. property tax refunds are not issued for past years, but future property tax bills will reflect the lower assessed value).**

#### *Law Prior To Amendment:*

Section 2, subdivision (h), of Article XIII A of the California Constitution provides that "the terms "purchased" and "change of ownership" shall not include the purchase or transfer of the principal residence of the transferor in the case of a purchase or transfer between parents and their children (or grandparents and grandchildren), as defined by the Legislature, and the purchase or transfer of the first \$1,000,000 of the full cash value of all other real property between parents and their children, as defined by the Legislature."

The Legislature has adopted Revenue and Taxation Code Section 63.1 to prescribe the terms and conditions under which the parent-child change in ownership exclusion may be granted. Relevant to this bill, Section 63.1 precludes the exclusion unless the taxpayer files a claim form with the assessor. Current law requires that the claim be filed within three years after the date of the transfer of real property or prior to the transfer of the real property to a third party, whichever is earlier. However, even if a claim is not made within this stated filing period, a claim is considered timely if it is filed within six months after the date the assessor mails a notice of supplemental or escape assessment informing the taxpayer that the property will be reassessed. If a claim form is made within the above described periods, then the transfer is excluded from change in ownership as of the initial date the property was transferred (i.e. property tax refunds are issued for past years if the property was previously reassessed).

#### *In General:*

California's system of property taxation under Article XIII A of the State Constitution (Proposition 13) values property at its 1975 fair market value, with annual increases limited to the amount of inflation or 2%, whichever is less, until the property changes ownership or is newly constructed. At the time of the ownership change or new construction, the value of the property for property tax purposes is redetermined based on current market value. The value initially established, or

redetermined where appropriate, is referred to as the "base year value." Thereafter, the base year value is subject to annual increases for inflation. This value is referred to as the "factored base year value."

Proposition 58 was approved by the voters on November 6, 1986 to create an exclusion from change in ownership. By avoiding reassessment to current market value, children can preserve the Proposition 13 protected value of property acquired from their parents (or vice versa).

***Background:***

As originally enacted, Section 63.1 required that a claim form be filed to receive the change in ownership exclusion, but it did not place any time limitations on filing the claim. Assembly Bill 3020 (Ch. 769, Statutes of 1988) was enacted to require that a claim be filed within three years of the date of transfer. Subsequently, at the request of Stanislaus County, Assembly Bill 3843 (Ch. 1494, Stats. 1990) added a provision that claims must be filed prior to the transfer of the property to a third party. The purpose of this amendment was to eliminate the county's cost of preparing retroactive assessment roll corrections in this type of situation. Inevitably, the establishment of these filing periods led to some taxpayers being denied the reassessment exclusion because the claim was not filed "timely." This, in turn, led to the enactment of Senate Bill 675 (Ch. 709, Stats. 1993) to provide an additional six month period for the taxpayer to file a claim at the time he or she is notified of a supplemental or escape assessment issued as a result of a purchase or transfer of the property.

***Comments:***

1. **Sponsor and purpose.** This provision is sponsored by Senator Alpert. Its purpose is to ensure that taxpayers are not permanently barred from receiving a constitutionally authorized benefit due to a statutory requirement.
2. **Constitution Does Not Require Any Claim Form.** Establishing liberal time periods for filing a claim for exclusion could prevent challenges that any time limitations on filing a claim are unconstitutional. Article XIII A, Section 2, subdivision (h), of the California Constitution is a self-executing exclusion from a change in ownership for parent-child transfers of real property and does not expressly authorize the Legislature to establish filing requirements.
3. **Providing Prospective Relief.** By providing prospective but not retroactive relief, this measure conforms to Section 6 of Article XIII of the California Constitution which states: "The failure in any year to claim, in a manner required by the laws in effect at the time the claim is required to be made, an exemption or

classification which reduces a property tax shall be deemed a waiver of the exemption or classification for *that year*." (Emphasis added.)

4. **Impact on Transfers Occurring Previous to this Measure.** This bill adds Section 63.1 (e)(3)(B) to specify that this bill would apply to all transfers that occurred since the effective date of parent-child or grandparent-grandchild provisions. Thus, persons previously denied the exclusion due to a late filed claim may refile a claim and receive the change in ownership exclusion on a prospective basis.
5. **Record Keeping.** For claims that are filed many years after the parent-child transfer took place, there is a possibility that records may not be available to determine the original base year value of the property.

#### Base Year Value Transfers: Intercounty Authorization & Excess Land

**Intercounty Authorization.** *See AB 240 For Discussion*

**Excess Land.** *See SB 1105 For Discussion*

#### Exemptions - Uniform Final Filing Date

This bill amends pertinent code sections, commencing with Section 255, to establish a general deadline for filing of property tax exemption affidavits of February 15, in conformity with the new January 1 property tax lien date.

These provisions:

- Create a uniform final filing date for all exemptions, except the documented vessel, of February 15.
- Move forward the filing date for the documented vessels exemption to February 1.
- Move forward the date for assessors to mail homeowners' exemption claim forms to new property owners to January 15.
- Make other related conforming changes in dates specified in other exemption provisions for late filings, except for documented vessels, and would also conform to the January 1 lien date certain other dates specified in other property tax provisions. The late filing date for documented vessels would remain August 1.

*Law Prior To Amendment:*

Under existing law, the final date to file a claim to receive property tax exemptions varies. Those filing dates are:

- Exemptions, where a specific date is not provided: *March 15*

- Church & Religious Exemption: *March 31*
- Aircraft of Historical Significance Exemption: *April 1*
- Documented Vessels Exemption: *April 1*
- Homeowners' Exemption: *April 15*
- Veterans Exemption: *April 15*

Under existing law, the assessor must mail a homeowners' exemption claim form to every person who purchased a residential property during the previous year by March 15.

*Comments:*

1. **Sponsor and purpose.** This provision is sponsored by the California Assessors' Association. Its purpose is to reflect the change in lien date while at the same time make most filing dates uniform.
2. **Proponents state that both taxpayers and tax practitioners would be less likely to miss final filing deadlines if there was a distinct date for *all* exemptions.** Currently, because of the variety of final filing dates, the deadlines can be more easily overlooked or confused. Like the April 15 deadline for filing income taxes, a consistent date for every exemption is more easily remembered. In addition, a uniform date would be more cost effective to promote as well as be more likely to receive free press coverage in the media.

### Intracounty Pipelines

**This provision requires an assessor to assess *intracounty* pipelines and related rights-of-way using the same method. The assessor is to combine, into a single parcel, the assessed values of each separate pipeline and related right-of-way interest, or segment thereof, owned by the taxpayer in the county, while maintaining a separate base year value for each interest, or segment thereof.**

*Law Prior To Amendment:*

Where a tract of land is located in more than one revenue district, the part in each district must be separately assessed. (R&T Code §606) Each separate assessment results in a separate tax bill. An exception to this requirement is made for intercounty pipelines and related rights-of-ways. The assessor must provide one assessment to the taxpayer of its intercounty pipelines and related rights-of-way in the county, by combining the assessed values of each separate interest into a single countrywide parcel. (R&T Code §401.8) A separate base-year value for each separate interest must, nevertheless, be maintained in the assessor's records. In practical terms, this means that a taxpayer would receive one tax bill rather than many individual tax bills for each segment that falls in a different tax-rate area.

***Background:***

Chapter 32 of the Statutes of 1995 (AB 511, Harvey) required the county assessor to determine the assessed value attributable to intercounty pipeline lands and rights-of-way on the basis of a single, countywide parcel per taxpayer. In addition, it provided that the assessed values and revenues attributable to such a single parcel be allocated in the same manner as state assessee revenues.

Chapter 1457 of the Statutes of 1986 (AB 2890) added §100 (former §98.9) to the Revenue and Taxation Code to simplify the complex process of reporting and allocating unitary and nonoperating unitary property values by tax-rate area (cities and special districts with taxing authority within the county). This legislation allowed state-assesseees to report property according to the county where it was located rather than by tax-rate area. This legislation also allowed the Board of Equalization to allocate value by county, rather than by tax-rate area.

***Comments:***

1. **Sponsor and purpose.** This provision is sponsored by the California Assessors' Association. Its purpose is to allow counties to assess and collect intracounty pipeline lands and rights-of-way assessments under the same ownership as a single assessment.
2. **This measure would simplify the assessment of this property as well as reduce the cost counties incur in making and collecting the individual assessments.** This measure would eliminate a burdensome job of allocating the value of pipeline property assessments into the fine detail of individual tax-rate areas. This allocation process is tedious, error prone, and time consuming, because pipeline property is of the type where 50 feet of pipe is in one tax-rate area and 1000 feet is in another. There are hundreds of tax-rate areas in each county, thus the values allocated to each individual tax-rate area can be quite small. By consolidating these multiple separate assessments, counties would benefit by eliminating a futile administrative procedure. Taxpayers, who currently have to annually report by tax-rate area, would benefit by a reduced reporting burden and by receiving one consolidated tax bill.

### Williamson Act Contracts

**This provision advances the final filing date for submitting a proposal from December 15 to October 15, to conform to the March 1 to January 1 change in the lien date.**

#### *Law Prior To Amendment:*

Under existing law, land cannot be valued pursuant to the Williamson Act, and therefore receive preferential assessment, unless a contract meeting the requirements of Section 422 is signed, accepted, and recorded *on or before the lien date* for the fiscal year to which the valuation would apply. (R&T Code §430.5) To assure that government has sufficient time to approve the contract prior to the lien date, the property owner must submit the proposal to establish the land as an agricultural preserve to the appropriate agency on or before December 15, or two and one-half months preceding the previous March 1 lien date to which the contract is to apply.

#### *Background:*

Chapter 1087, Statute of 1996 (SB 1827, Killea, et al) was a Board sponsored bill. It also contained a provision sponsored by Sonoma County to amend Section 401.9 to ensure that open space land and timberland preserve zone contracts recorded between January 1, 1997 and February 28, 1997 would receive preferential assessment treatment for the 1997-98 assessment year. Sonoma County was concerned that some taxpayers would be denied preferential assessment for one year because the December 15th date by which property owners could submit contracts for approval and still receive preferential assessment treatment for the ensuing lien date had not been amended to reflect the new January 1 lien date.

#### *Comments:*

1. **Sponsor and purpose.** This provision is sponsored by the California Assessors' Association. Its purpose is to move the deadline to submit Williamson Act contracts for approval forward two months to conform with the change in the property tax lien date from March 1 to January 1.
2. **This measure would ensure that property owners who file by October 15 can receive reduced Williamson Act assessments for the immediate forthcoming fiscal year.** This measure provides a permanent fix, which was temporarily provided for by SB 1827, to the filing date problems resulting from the lien date change. Property owners who file the required documents by October 15 can expect that, if approved, their property tax assessments will reflect a restricted value for the following January 1 valuation date.

**Extends the Appeals Deadline for Market Value Declines**

**This bill adds new subdivision (d) to allow taxpayers to file an appeal after the September 15 deadline under prescribed conditions. These provisions would only be available in those counties where both the assessor and the clerk of the assessment appeals board first recommends it and the board of supervisors gives approval. If approval is granted, an appeal could be filed after September 15, if:**

- 1. The taxpayer submits a State Board of Equalization prescribed form requesting the property's value to be reduced pursuant to Section 51(a)(2) by March 15 and**
- 2. The assessor's response to the taxpayer's request is mailed on or after September 1 and**
- 3. The assessor did not reduce the property value by the full amount requested by the taxpayer and**
- 4. The appeal application, accompanied with a copy of the assessor response, is filed within 60 days of the mailing of the notice, but no later than December 31.**

***Law Prior To Amendment:***

Under existing law, when a property's market value falls below its factored base year value for any reason, the assessor may lower the assessed value for that year accordingly. (Rev. & Tax. Code §51(a)(2)). The assessor generally has the authority to reduce assessed values to reflect declines in market value only until the assessment roll is completed and delivered to the auditor. However, recent legislation amended Section 4831 to grant assessors the authority to reduce assessed values, via a roll correction, up to one year after the assessment roll was delivered, if the assessor failed to properly reflect a decline in the taxable value pursuant to Revenue and Taxation Code §51(a)(2). Thereafter, values may only be reduced if the taxpayer is successful in an assessment appeal or the assessor agrees with the taxpayer and stipulates to a reduced value pursuant to §1603(c).

The assessor is not required by law to undertake an annual review of all property to determine whether any assessed value exceeds current market value (Section 51(e)); therefore, there are properties which do not receive the assessor's attention, yet are deserving of a reduction in value. In some counties, there is an informal process, not presently authorized by statute, whereby a taxpayer contacts the assessor to request a review of the property's assessment. The assessor provides this process to compensate for insufficient staff to review every property on an individual basis. In some counties a verbal request is sufficient to initiate a review, in others, a written request is required, while in others a particular form must be filed. This informal procedure typically precedes the formal assessment appeals process and is at the taxpayer's option. Requesting a review, however, does not preclude the taxpayer from filing an appeal as soon as the appeals filing period commences. At any time,

the taxpayer can proceed directly to the appeals board by timely filing an appeal application during the period from July 2 to September 15 inclusive.

***In General:***

California's system of property taxation under Article XIII A of the State Constitution (Proposition 13) values property at its 1975 fair market value, with annual increases limited to the amount of inflation or 2 percent, whichever is less, until the property changes ownership or is newly constructed. At the time of the ownership change or new construction, the value of the property for property tax purposes is redetermined based on current market value. The value initially established, or redetermined where appropriate, is referred to as the "base year value." Thereafter, the base year value is subject to annual increases for inflation. This value is referred to as the "factored base year value."

Proposition 8 amended Article XIII A to provide that if the market value of real property on March 1 falls below its factored base year value for any reason, the assessor may lower the assessed value for that year. Property which falls under this category is revalued each year until its market value exceeds its factored base year value at which time the assessed value is returned to its Proposition 13 factored base year value. For instance if a property with a \$200,000 base year value loses market value to the \$100,000 level, the property will be assessed at the lower level. The taxable value of the property can return, without restriction, to the original factored base year value level, however, as market forces may dictate. There is no 2 percent limitation on annual increases as long as the property is assessed below or at the base year value.

***Background:***

Assessors in "normal" assessment years are usually under tight time constraints when examining property values for purposes of Proposition 8 declines in value. However, the recent economic recession, which has resulted in an unprecedented number of properties eligible for a temporary reduction in assessed value, has further complicated this problem. Most assessors have used mass appraisal techniques to provide a reasonable measure of relief to the greatest number of taxpayers. For example, reducing the value of all property in various neighborhoods purchased between 1989-1993 by a percentage that reflects the average decline in value during that period, say 15%. The recent workload with respect to declines in value has exceeded the abilities and resources of many county assessors. Chapter 164, Statutes of 1995 (AB 1620, McDonald) addressed this problem by giving assessors an additional year to process these declines in value, affording taxpayers the reduction in assessed value to which they are entitled to under law.

Previous legislative proposals to extend the filing deadline for assessment appeals include SB 657 (Maddy, 1995), sponsored by Cal-Tax; AB 614 (Rainey, 1993), sponsored by the Santa Clara County Assessor; and SB 1795 (Johnson, 1992), sponsored by the author.

*Comments:*

1. **Sponsor and purpose.** This provision is sponsored by the California Assessors' Association. Its purpose is to permit taxpayers to file appeals in those counties that cannot process the large volume of taxpayer requests for Proposition 8 review by September 15. Those taxpayers may not know if their request will be approved by the assessor before the September 15 deadline for filing.
2. **This measure is taxpayer friendly since it provides, under prescribed conditions, an additional opportunity for taxpayers to appeal the assessed value of their properties and an additional sixty days beyond September 15th to file an appeal.** Proposals to extend the filing deadline for assessment appeals have been before the Legislature on various occasions, but have never been successful, primarily because of opposition from the California Assessors' Association. Certain individual assessors, however, have been supportive of extending the deadline to file an appeal to a date after the first property tax installment becomes due (December 10). This measure would allow those particular assessors the option of seeking the approval of their board of supervisors to extend the appeals filing period.
3. **The extension of the appeals period would not be automatically available in all counties.** The assessor and the clerk of the county board of equalization must first recommend the extension before the board of supervisors can adopt a resolution implementing this provision. This avoids the state mandated cost issue associated with these provisions and satisfies the division within the Assessors' Association on the position of extending the appeals deadline.
4. **This measure would protect those taxpayers who may not realize that their request with the assessor is not equivalent to a formal assessment appeal.** Requesting a review does not preclude the taxpayer from filing an appeal as soon as the appeals filing period commences. However, the less knowledgeable taxpayer may not recognize the distinction between requesting that the assessor review the property and a formal appeal where the appeals board independently reviews the assessor's valuation. This measure would protect those taxpayers who are under the assumption that they have filed an "appeal." Thus, if the value of the property is not reduced to the taxpayer's satisfaction, the owner would not be precluded from filing an appeal even though the final filing date of September 15 had passed.

**Assessment Appeal Applications - Final Filing Date & Signature Block**

This provision modifies the filing period for assessment appeal applications, to provide that where county offices are closed on the final filing date or closed prior to 5:00 P.M. on the final filing date for reasons other than an official holiday or a weekend, the application shall be considered timely if it is filed on the following business day.

This provision additionally places language into the statute that is currently contained in the state prescribed assessment application form. It requires that the applicant declare under the penalty of perjury that the application is “true, correct, and complete to the best of my knowledge and belief”. In addition, it requires licensed attorneys to provide their State Bar Number and requires both agents and attorneys to declare that they have been retained and authorized to file the application on the property owner’s behalf.

***Law Prior To Amendment:***

Revenue and Taxation Code Section 1603(b) requires that assessment appeal applications for assessments made during the regular assessment period (January 1 to July 1) must be filed between July 2 and September 15.

***Background:***

Last year, September 15 fell on a Friday. Because several counties’ offices are closed every Friday, for budgetary purposes, some taxpayers were unable to get their application filed on that date. Some counties used the broad language in the second paragraph of Article XIII of the California Constitution, “... the county board of equalization, under such rules of notice as the county board may prescribe, shall equalize the values of all properties on the local assessment roll ....”, to accept applications on the following Monday.

***Comments:***

1. **Sponsor and purpose: Final Filing Deadline.** This provision is sponsored by the Board of Equalization. Its purpose is to ensure taxpayers are not denied the opportunity to file an assessment appeal on the final date for filing applications because the county office was closed. Adding a specific statement that appeals boards may accept such applications on the next business day clarifies this issue for future instances where September 15 falls on an day when county offices are not open or are not open until 5:00 P.M.
2. **Sponsor and purpose: Signature Statement.** This provision is sponsored by Los Angeles County. This language was developed by an assessments appeals task

force in order to reduce the number of frivolous applications which are being filed by both taxpayers and agents who file applications without the knowledge or consent of the property owner. The language was adopted by the Board of Equalization when the appeal application form was prescribed. Thus, this measure places into statute language currently found in the appeal application.

### **File Suit On Installment Plan**

**Permits taxpayers to bring a refund action in superior court due to an escape assessment notwithstanding the fact that they have not paid the taxes on the escape assessment in full because they are paying them under a four year installment payment plan.**

#### *Law Prior To Amendment:*

Revenue and Taxation Code §5145 permits taxpayers who own tax defaulted property which they are currently in the process of redeeming through an installment payment plan to bring a refund action in superior court even though they have not paid the property taxes due in full. Revenue and Taxation Code §4837.5 provides that escape assessments may be paid over a four year installment payment plan in a similar manner. However, the law prohibits those taxpayers subject to an escape assessment to file a refund action if they have not paid the property taxes owing in full. Thus, those taxpayers who elect to pay the escape assessment on the installment plan are barred from filing suit in court.

#### *Comments:*

- 1. Sponsor and purpose.** This provision is sponsored by Sean Flavin, a property tax attorney. Its purpose is to remedy the apparent omission of authority for a taxpayer to file a refund action while on an installment payment plan for escape assessments.

**Senate Bill 594 (C. Wright) Chapter 353**  
***Disaster Relief - Northridge Earthquake***

*Urgency legislation; effective August 26, 1997. Amends Section 69 of the Revenue and Taxation Code.*

**This bill extends the number of years from three to five for Northridge earthquake victims to acquire or construct replacement property within the same county and receive disaster relief, via a base year value transfer.**

*Sponsor: Senator Wright*

***Law Prior To Amendment:***

Revenue and Taxation Code Section 69 provides tax relief to persons who own property substantially damaged or destroyed in a Governor-declared disaster. This relief permits property owners to acquire or construct comparable replacement property within the same county and transfer the base year value from the damaged property to the replacement property. To receive a base year value transfer, the replacement property must be acquired within three years after the disaster.

***In General:***

California's system of property taxation under Article XIII A of the State Constitution (Proposition 13) values property at its 1975 fair market value, with annual increases limited to the amount of inflation or 2%, whichever is less, until the property changes ownership or new construction occurs. When a reassessable event occurs, the value of the property for tax purposes is redetermined based on its current market value. Because real estate values generally appreciate over time, the value determined may be substantially higher than the previous assessed value. The value initially established, or redetermined where appropriate, is referred to as the "base year value." Thereafter, the base year value is subject to annual increases for inflation. This indexed value is referred to as the "factored base year value."

California property tax law provides for various situations where the base year value of a property is either: 1) retained, notwithstanding that new construction had taken place or that the property had transferred ownership, or 2) transferred to another property, notwithstanding that the property had transferred ownership. Briefly, Revenue and Taxation Code Section 70(c) provides that where property has been damaged or destroyed by a misfortune or calamity, the property will retain its previous assessed value after it is reconstructed. Section 63.1 provides that when property is transferred between parents and children, the property will not be

reassessed to current market value, instead the property may maintain its base year value. Finally, Section 69.5 permits persons over the age of 55 years or disabled persons to, once in their lifetime, transfer their base year value from one home to another.

**All Property Types Purchased Within the County.** Section 69 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 three years after 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, nevertheless, still 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.

***Background:***

Chapter 1053 of the Statutes of 1993 (AB 1824, Lee) extended from two to three years the period to acquire a replacement property pursuant to Section 69. The purpose of this bill was to provide the victims of the Oakland-Berkeley Fire with more time to purchase a replacement property. For a variety of reasons (unsettled insurance claims, lack of available homes for purchase) many property owners were unable to do so within the existing two year time limitation.

Chapter 687 of the Statutes of 1995 (SB 53, Craven) extended a statutorily defined time period, from 18 months to 76 months, because of the Northridge earthquake. The quake interrupted a transaction where the tenants of a mobilehome park were in the process of buying the park. A change in ownership exclusion was available if, among other things, the tenants completed the transaction within the previously defined time period of 18 months.

***Comments:***

1. **Sponsor and Purpose.** The author is the sponsor of this measure. Its purpose, as provided in the statement necessitating urgency legislation, is “to extend the property tax relief provided by Sections 69 of the Revenue and Taxation Code beyond the three-year limitation to homeowners who still have insurance claims unresolved due to the magnitude of the Northridge earthquake.”
2. **The three year time period has lapsed.** The Northridge earthquake occurred on January 17, 1994. Thus, the three year time period to acquire a replacement property lapsed on January 17, 1997. Property owners who have not yet

acquired a replacement property are now barred from receiving a base year value transfer. This measure would restore the disaster relief provisions of Section 69 until January 17, 1999.

3. **The Constitution Does Not Impose A Time Limit For §69 Transfers.** Article XIII A, Section 2(e), of the California Constitution does not expressly authorize the Legislature to establish time requirements for acquiring a replacement property within the same county. It may be more appropriate to establish time periods that do not unnecessarily exclude taxpayers from receiving the benefits otherwise available. A more liberal time period could prevent constitutional challenges to establishing any time limit.

**Senate Bill 1105 (Committee on Revenue and Taxation) Chapter 940**  
***Board Sponsored Housekeeping Measure and Technical Issues***

*Effective January 1, 1998. Amends Sections 15031 of the Education Code, Section 54902.5 of the Government Code, Section 33674 of the Health and Safety Code, and amends Sections 51, 69.5, 75.10, 408, 434.5, 670, 1603, 1605, and 38904 of, and amends, repeals and adds Section 619 of, the Revenue and Taxation Code.*

1. **Modifies the twelve month period for calculating the change in the California Consumer Price Index to October to October. §51**
2. **Clarifies the application of the “area of reasonable size” standard to residential properties qualifying for base year value transfers. §69.5**
3. **Corrects an erroneous reference to Section 51(b). §75.10**
4. **Eliminates an obsolete reference to an “assessor’s tax lien.” §408**
5. **Moves forward the date the Board certifies values for timberland valuation to conform with the recent change in the lien date. §434.5**
6. **Requires that after 1/1/99, annual notices sent to taxpayers informing them of their assessed value as a result of a decline in value additionally note, for informational purposes, the current factored base year value of the property. §619**
7. **Conforms existing law to a new requirement that county assessors hold an appraiser’s certificate issued by the board. §670, §673**
8. **Modifies the filing period for assessment appeal applications, to provide for situations where county offices are closed on the final filing date or closed prior to 5:00 P.M. on the final filing date for reasons other than an official holiday or a weekend. §1603**
9. **Deletes an erroneous reference to Section 531.1 §1605**
10. **Conforms dates applicable to reimbursing the General Fund for administrative costs incurred by the Board in administering the Timber Tax. §38904**
11. **Requires schools to provide the Board with information necessary to process tax rate areas for “school facilities improvement district” special assessments. Education Code §15301**
12. **Conforms the filing deadlines applicable to redevelopment district boundary changes with those of other revenue districts. Health and Safety Code §33674**
13. **Clarifies the fee charged to local governments for processing revenue district boundary changes. Government Code §54902.5**

**Senate Bill 1107 (Committee on Revenue and Taxation) Chapter 546**  
***Tax Collector Sponsored Housekeeping Measure and Technical Issues***

*Effective January 1, 1998. In part, amends Section 4836.5 of the Revenue and Taxation Code.*

**Annual omnibus property tax housekeeping bill sponsored by county treasurers and county tax collectors that contains minor, technical and corrective changes related to tax collection matters. In part, permits the tax collector to charge a fee for the actual cost of processing a request to pay escape assessments in installments.**

*Sponsor: California Association of County Treasurers and Tax Collectors*

## TABLE OF SECTIONS AFFECTED

SECTIONS	BILL NUMBER	CHAPTER NUMBER	SUBJECT
<b>Revenue &amp; Taxation Code</b>			
§51	Amend SB 1105	Ch. 940	Inflation Factor - October to October
§53	Amend AB 122	Ch. 607	Vineyards - Pierce's Disease
§63.1	Amend SB 542	Ch. 941	Parent-Child Transfers
§69	Amend SB 594	Ch. 353	Loma Preita Earthquake
§69.5	Amend SB 1105	Ch. 940	Land Area of Reasonable Size
§69.5 (§ operative 1/1/99)	Amend AB 240 SB 542	Ch. 227 Ch. 941	Intercounty Transfer Authorization
§75.10	Amend SB 1105	Ch. 940	Section 51(b) Reference
§80.1	Add AB 1319	Ch. 182	Appeals - Residential Opinions of Value
§95.31	Amend AB 71	Ch. 420	State County Loan Program
§155.20	Amend SB 33	Ch. 106	Fairground Possessory Interests
§255	Amend SB 542	Ch. 941	Homeowners' Exemption
§273	Amend SB 542	Ch. 941	Veterans' Exemption
§273.5	Amend SB 542	Ch. 941	Veterans' Exemption
§275	Amend SB 542	Ch. 941	Homeowners' Exemption
§275.5	Amend SB 542	Ch. 941	Documented Vessels
§276	Amend SB 542	Ch. 941	Disabled Veterans Late Filing
§401.13	Add SB 542	Ch. 941	Intracounty Pipeline
§408	Amend SB 1105	Ch. 940	Assessor's Tax Lien Reference

**§430.5      Amend   SB 542    Ch. 941      Williamson Act Contract Approval**

## TABLE OF SECTIONS AFFECTED

SECTIONS	BILL NUMBER	CHAPTER NUMBER	SUBJECT
<b>Revenue &amp; Taxation Code</b>			
§434.5	Amend SB 1105	Ch. 940	Timberland Value Certification Date
§441.1	Amend SB 76	Ch. 94	Life Insurance Company Reporting
§619	Amend SB 1105	Ch. 940	Annual Notice; Market Value Declines
§670	Amend SB 1105	Ch. 940	Assessors; Appraiser's Certificate
§673	Amend SB 1105	Ch. 940	Assessors; Temporary Certificate
§1603	Amend SB 1105 SB 542	Ch. 940 Ch. 941	Appeal Filing Deadline; Office Closed Signature Block; Perjury, State Bar No.
§1605	Amend SB 1105	Ch. 940	Section 531.1 Reference
§4837.5	Amend SB 1107	Ch. 546	Installment Plan; Fee
§5145.5	Add SB 542	Ch. 941	Installment Plan; Refund Action
§38904	Amend SB 1105	Ch. 940	Timber Tax; Cost Reimbursement
<b>Business &amp; Professions Code</b>			
§17533.6	Amend AB 1178	Ch. 249	Solicitations; Government Association
§17537.8	Add AB 1178	Ch. 249	Solicitations; Homeowners' Exemption
§17537.9	Add AB 1178	Ch. 249	Solicitations; Assessment Appeals
<b>Education Code</b>			
§15301	Amend SB 1105	Ch. 940	School Facilities Improvement Districts
<b>Government Code</b>			
§54902.5	Amend SB 1105	Ch. 940	Boundary Changes - Processing Fees
<b>Health &amp; Safety</b>			
§33674	Amend SB 1105	Ch. 940	Boundary Changes - Filing Date