



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

TAXPAYERS' RIGHTS ADVOCATE OFFICE MIC: 70
450 N STREET, SACRAMENTO, CALIFORNIA 95814-0070
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0070
916-324-2798 • FAX 916-323-3319
TOLL-FREE 888-324-2798
www.boe.ca.gov

SEN. GEORGE RUNNER (RET.)
First District, Lancaster

FIONA MA, CPA
Second District, San Francisco

JEROME E. HORTON
Third District, Los Angeles County

DIANE L. HARKEY
Fourth District, Orange County

BETTY T. YEE
State Controller

DAVID J. GAU
Executive Director

October 24, 2016

Mr. Howard Kato

Dear Mr. Kato:

Thank you again for your participation in the Board of Equalization's (BOE's) May 24, 2016, Taxpayers' Bill of Rights Hearings held in Sacramento. You explained that you were unable to obtain a parent to child exclusion under Revenue and Taxation Code section 63.1 because your parents' property was held in a corporation at the time of their death. You raised the question of whether the intent of section 63.1 (Proposition 58) is being ignored.

Based on research conducted by the BOE's Legislation and Research Division, it appears that the Legislature did not intend to include legal entities such as family corporations in the provisions of section 63.1. Thus we believe the only remedy for your situation would be new legislation. To that end, I understand the BOE's Legislative and Research Division is preparing a draft of suggested language for that legislation and plans to forward it to Mr. John Gamper of the California Farm Bureau to assist the Bureau with its attempt at a legislative solution.

Thank you again for sharing your ideas and concerns as part of the annual hearing process. If you have any further questions regarding this matter, please do not hesitate to contact me at 1-916-324-2798. You may also contact Mr. Mark Sutter of my office at 1-916-324-2797.

Sincerely,

Todd C. Gilman
Chief, Taxpayers' Rights and
Equal Employment Opportunity Division

TCG: ms

Kato response 102416.docx

cc: Honorable Fiona Ma, CPA, Chairwoman
Honorable Diane L. Harkey, Vice Chair
Honorable George Runner, First District
Honorable Jerome E. Horton, Third District
Honorable Betty T. Yee, State Controller
Ms. Yvette Stowers, Deputy State Controller
Ms. Genevieve Jopanda, Member's Office, Second District
Mr. Russell Lowery, Member's Office, Fourth District
Mr. Ted Mathies, Member's Office, Fourth District

Mr. Sean Wallentine, Member's Office, First District
Ms. Michele Brown, Member's Office, First District
Mr. Brian Wiggins, Member's Office, First District
Ms. Kari Hammond, Member's Office, Third District
Mr. David Gau, Executive Director (MIC 73)
Mr. Robert Tucker, Acting Chief Counsel (MIC 83)
Ms. Joann Richmond, Chief, Board Proceedings Division (MIC 80)
Mr. Robert Tucker, Assistant Chief Counsel, Tax and Fee Programs Division (MIC 82)
Mr. Richard Moon, Tax Counsel IV, Tax and Fee Programs Division (MIC 82)
Mr. Dean Kinnee, Deputy Director, Property Tax Department (MIC 63)
Mr. David Yeung, Chief, County Assessed Properties Division (MIC 64)
Ms. Michele Pielsticker, Chief, Legislative and Research Division (MIC 66)
Mr. Dan Leddy, Manager, Taxpayers' Rights Advocate Office (MIC 70)
Ms. Laureen Simpson, Technical Advisor to the Advocate (MIC 70)
Mr. Mark Sutter, Taxpayers' Rights Advocate Office (MIC 70)