

Issue Paper Number **21-001**

- Board Meeting  
 For Information Only  
 Other



California State  
Board of Equalization

---

## Property Tax Deadlines Impacted by COVID-19 Pandemic

### I. Issue

During the COVID-19 pandemic and the related restrictions from the Governor's stay-at-home orders, the ability of County Assessors, Assessment Appeals Boards, and taxpayers to meet certain property tax deadlines was a primary concern. Based on existing laws, the State Board of Equalization (Board) was limited in the relief it could provide. Accordingly, the Board and its stakeholders were dependent on the Governor issuing Executive Orders to grant relief.

Property tax laws provide the Board authority to extend certain deadlines, but limits who may be granted an extension and the amount of time granted. These laws include:

- Revenue and Taxation Code (RTC) section 155: authorizes the Board to extend the deadline for up to 30 days (40 days in case of public calamity) for any act by the County Assessor or county board.
- Government Code (GC) section 15620: authorizes the Board to extend any deadlines for reports that must be filed with the Board up to 30 days.

Should there be another monumental disaster, such as the COVID-19 pandemic, what is the most efficient governmental response needed to provide effective relief?

### II. Background

During the last two years, a number of issues were raised, in whole or in part, by the COVID-19 pandemic. One issue raised was that some taxpayers were unable to timely file their Business Property Statements as required by RTC section 441. The Board was asked if they could extend the deadline to avoid penalty for a late filing. However, RTC section 155 only authorizes the Board to extend the deadline for up to 30 days (40 days in case of public calamity) for any act by the County Assessor or county board but does not include acts by taxpayers. Additionally, GC section 15620 authorizes the Board to extend any deadlines for reports that must be filed with the Board up to 30 days but makes no provision for extra time in case of a Governor proclaimed emergency.

Another issue noted in year 2020, involved taxpayers who came to the Board seeking relief from the two-year deadline to complete a base year value transfer available for seniors and disabled persons. Section 2 of Article XIII A of the California Constitution, implemented by RTC section 69.5 and section 2.1 of Article XIII A of the California Constitution, states that the replacement property must be purchased or newly constructed within two years of the sale of the original home. Multiple taxpayers who had sold their original homes had difficulty either building their replacement homes or purchasing a replacement home due to the COVID-19 restrictions.

Additionally, the issue was raised whether the Proposition 19 deadline for the purchase or new construction of replacement primary residences for victims of wildfires or natural disasters requires extension. Section 2.1 of Article XIII A of the California Constitution states that the replacement primary residence must be purchased or constructed within two years of the sale of the original primary residence.

Although some property tax deadlines would be difficult for various parties to meet, the scope of the Board's authority constrained its ability to provide relief. Additional statutory authority is needed for the Board to be able to grant deadline relief to taxpayers. And, a Constitutional amendment is required to change the two-year deadline to purchase or newly construct a replacement property under section 2 and section 2.1 of Article XIII A.

### **III. Future Actions by the BOE**

For the BOE to have the authority to provide relief to the taxpayers in the case of a similar pandemic or emergency, statutory changes would be required, and in the case of the latter examples above, amendments to the California Constitution would be necessary.

### **IV. Citations**

Property tax laws provide the Board authority to extend certain deadlines but limits who may be granted an extension and the amount of time that may be granted. Additionally, the deadline for completing the base year value transfer for seniors and disabled persons and for victims of wildfire and natural disasters are embedded in the California Constitution.

- RTC section 155 authorizes the Board to extend the deadline for up to 30 days (40 days in case of public calamity) for any act by the County Assessor or county board but does not include acts by taxpayers.
- GC section 15620 authorizes the Board to extend any deadlines for reports that must be filed with the Board up to 30 days but makes no provision for extra time in case of a Governor proclaimed emergency.
- Section 2 of Article XIII A of the California Constitution, implemented by RTC section 69.5 and section 2.1 of Article XIII A of the California Constitution, for seniors and disabled persons, states that a replacement property must be purchased or newly constructed within two years of the sale of the original home.
- Section 2.1 of Article XIII A of the California Constitution, Proposition 19 (2020), states that for victims of wildfire or natural disaster, a replacement property must be purchased or newly constructed within two years.

## **V. Alternative Paths Forward**

When disaster prevents the Board, County Assessors, Assessment Appeals Boards, and taxpayers from meeting certain property tax deadlines, in order to have more flexibility than offered under existing law, the following alternatives are presented:

## **VI. Alternative 1 – Statutory Amendment**

### **A. Amendment of Revenue and Taxation Code section 155:**

The Board may wish to propose amending RTC section 155 to include acts by taxpayers among its ability to extend. Amending RTC section 155 would allow the Board to extend the deadline for acts to be performed by taxpayers, thus allowing taxpayers the same benefit as afforded to County Assessors and Assessment Appeals Boards. The Board would then be able to extend the deadline for which taxpayers must file business property statements, applications for assessment appeals, change in ownership statements for legal entities, and applications for exclusions.

Issues to consider are whether such amendments may adversely impact the work processes of County Assessors and Assessment Appeals Boards. Also, when proposing amendments, consideration should be given to limiting such extensions to only those in case of public calamity or to require a request from the county or taxpayer before an extension is granted.

### **B. Amendment of Government Code section 15620:**

The Board may also wish to propose amending GC section 15620 to allow extra time in case of emergency. Amending GC section 15620 would allow the Board to grant extra time beyond the current 30-day deadline for stakeholders to file a report with the Board. County Assessors and various county agencies have filing requirements with the Board, such as reporting transfers of base year value to replacement properties and transfers between parent and child using the \$1 million limit.

## **VII. Alternative 2 – Legislative Constitutional Amendment**

### **A. The Board can work with the Legislature to introduce a legislative Constitutional amendment to section 2 of Article XIII A, that would allow an extension of time for completing the base year value transfers for seniors and disabled persons. An amendment would allow taxpayers the ability to complete the sale and purchase portions of the transaction beyond the current two-year deadline.**

Consideration should be given as to whether such an extension will be granted only in a state of emergency and whether such an extension would require a request from the taxpayer.

Additionally, section 2.1 of Article XIII A (added by Proposition 19) includes a similar two-year deadline for seniors, disabled persons, and victims of wildfire or natural disaster that may allow them to transfer their base year value to a replacement property. The Board may wish to work with the Legislature to propose a legislative Constitutional amendment to change that deadline as well.

**FORMAL ISSUE PAPER**

B. A legislative Constitutional amendment first requires a Member of the Legislature to introduce a resolution. There is no required timeframe for passage of the resolution and the resolution can be introduced any time the Legislature is in session, subject to certain rules. Passage of the resolution requires a 2/3 vote of both houses. If passed by the people of California, the Constitutional amendment takes effect on the fifth day after the Secretary of State files the statement of the vote for the election at which the measure is voted on, but the measure may provide that it becomes operative after its effective date.

**VIII. Conclusion**

The opportunity exists for the Board to work with other state leaders – particularly, the Legislature and the Governor – to advocate for taxpayers and other stakeholders who are challenged with meeting property tax deadlines during the COVID-19 pandemic and need relief. The recommended alternatives can be pursued as conjoined paths to legislative actions that would grant the Board and Assessors more flexible authority to extend certain property tax deadlines during the existing pandemic and, potentially, also for future statewide emergencies.

Prepared By:  
Henry Nanjo / David Yeung / Laurel Williams

Current as of: 07/22/2021