



**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA  
(P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808)  
(916) 445-4982

GEORGE R. REILLY  
First District, San Francisco  
ERNEST J. DRONENBURG, JR.  
Second District, San Diego  
WILLIAM M. BENNETT  
Third District, San Rafael  
RICHARD NEVINS  
Fourth District, Pasadena  
KENNETH CORY  
Controller, Sacramento

DOUGLAS D. BELL  
Executive Secretary  
80/94

June 24, 1980

TO COUNTY ASSESSORS:

OPEN-SPACE STATUTES - CANCELLATION FEES AND CHARGES

Questions have been raised concerning the values to be used under current law in determining the penalties and fees imposed when open-space contracts are cancelled.

Prior to the cancellation of an open-space contract the assessor is required to determine a cancellation value of the subject property for the purpose of determining a cancellation fee. In accordance with current law, this cancellation value is 25 percent of the taxable value as defined in Board Rule 460. The taxable value is the factored base year value of the property as if unrestricted or the current full cash value of the property as if unrestricted, whichever is less. The fee is 50 percent of the cancellation value, which equates to 12½ percent of the taxable value (Government Code Section 51283).

In addition to the fee prescribed in Section 51283, Section 51283.1 requires the calculation of a deferred tax charge which, in some instances, will result in the collection of a supplemental fee. To determine the amount (if any) of this supplementary fee, the assessor must establish four different values. Assessors' letter 79/28, Revisions and Additions to Open-Space Statutes, defined these values in terms of Proposition 13 restrictions. However, Revenue and Taxation Code Section 52 (Assembly Bill 1488 reinstated the original open-space valuation procedures which in turn required the modification of some of the previously established definitions. Under current law the values required to determine the additional fees are defined as follows:

- (1) "The unrestricted assessed value,..." 'This value is 25 percent of the factored base year (Rule 460) full cash value as if unrestricted or 25 percent of the current full cash value as if unrestricted, whichever is less.
- (2) "The current restricted assessed value,..." This value is 25 percent of the value determined in accordance with Section 423 of the Revenue and Taxation Code. (The lesser of the currently computed restricted value and the factored base year [Proposition 13] value as if unrestricted.)
- (3) "The base year unrestricted assessed value,..." In this context the term "base year" is not the same as the base year defined in

June 24, 1980

in Board Rule 460. For contracts in existence for 10 years or less, this value is the assessed value for the year prior to the initiation of the enforceable restriction. For contracts in existence for more than 10 years, this value is calculated by interpolation as prescribed in Section 51283.1(a)(3)(B).

- (4) "The base year restricted assessed value,..." As in (3), the term "base year" is not the same as the base year defined in Board Rule 460. For contracts in existence for 10 years or less, this value is the assessed value for the first year of the enforceable restriction. For contracts in existence for more than 10 years, this value is calculated by interpolation as prescribed in Section 51283.1(a)(4)(B).

Please refer questions concerning the calculations of penalties to John McCoy of the Assessment Standards Division, (916) 445-4982.

Sincerely,



Verne Walton, Chief

Assessment Standards Division\_

VW:sk