



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
ASSESSMENT STANDARDS DIVISION

450 N STREET, MIC:64, SACRAMENTO, CALIFORNIA
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)
TELEPHONE (916) 445-4982

Member
First District, Kentfield

BRAD SHERMAN
Second District, Los Angeles

ERNEST J. DRONENBURG, JR.
Third District, San Diego

MATTHEW K. FONG
Fourth District, Los Angeles

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Controller, Sacramento

BURTON W. OLIVER
Executive Director

January 12, 1994

No. 94/02

TO COUNTY ASSESSORS:

PROPERTY TAXES LEGISLATION ENACTED IN 1993

A summary of important 1993 legislation affecting property tax assessment is enclosed. This is a summary only; some of the major legislation has been or will be discussed in greater detail in separate letters to assessors.

All legislation is effective January 1, 1994, unless otherwise indicated.

The summary is separated into two parts: "Legislation of General Interest" and "Other Legislation." The "Other Legislation" section includes summaries of legislation that affects only a limited number of counties or is otherwise of very limited interest to most assessors.

If you have any questions or comments, please contact our Real Property Technical Services Unit at (916) 445-4982.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW/grs

Enclosure

I. LEGISLATION OF GENERAL INTEREST

ASSEMBLY BILL 99 (ANDAL) CHAPTER 1002

Amends Section 402.1 of the Revenue and Taxation Code.

ENFORCEABLE RESTRICTIONS

AB 99 requires the assessor, in the assessment of land, to consider the effect of a recorded conservation, trail, or scenic easement, as described in Section 815.1 of the Civil Code. These easements must be granted to a public agency, or to a nonprofit corporation organized pursuant to Section 501(c)(3) of the Internal Revenue Code. These nonprofit corporations must have as their primary purpose the preservation, protection, or enhancement of land in its natural, scenic, historical, agricultural, forested, or open-space condition or use.

ASSEMBLY BILL 162 (HAYNES) CHAPTER 140

Amends Section 205.5 of the Revenue and Taxation Code.

DISABLED VETERANS' EXEMPTION

This legislation expands the disabled veterans' exemption to include spouses of persons who died, while on active military duty, as a result of service-connected injury or disease. *See Letter To Assessors 93/52.*

ASSEMBLY BILL 695 (RAINEY) CHAPTER 173

Amends Section 441 of the Revenue and Taxation Code.

PERSONAL PROPERTY TAX STATEMENTS

AB 695 increases the personal property value threshold from \$30,000 to \$100,000 for which an annual property tax statement must be filed. It requires taxpayers with taxable personal property holdings of an aggregate cost of \$30,000 or more for the initial assessment year to file a signed property statement with the assessor. *See Letter to Assessors 93/57.*

ASSEMBLY BILL 1202 (HAUSER) CHAPTER 1148

Adds Section 74.8 to the Revenue and Taxation Code.

NEW CONSTRUCTION EXCLUSION - DISABLED ACCESS IMPROVEMENTS
This bill excludes from the definition of "new construction" and "newly constructed" the construction, installation, removal, or modification of any portion or structural component of an existing building or structure completed on or after June 7, 1994, to the extent that it is done for the purpose of making the building or structure more accessible to, or more usable by, a disabled person.

This act becomes operative on June 7, 1994, only if ACA 8 is adopted by the voters.

ASSEMBLY BILL 1699 (MARTINEZ) CHAPTER 855

Amends Section 75.21 of the Revenue and Taxation Code.

SUPPLEMENTAL ASSESSMENTS - EXEMPTION CLAIMS
AB 1699 provides for 85 percent cancellation or refund of supplemental assessments, or of any amount of tax or penalty exceeding \$250, whichever is greater, where the college, cemetery, church, religious, exhibition, veterans' organization, free public schools, community colleges, state colleges, state universities, or welfare exemption was available but for which a timely application was not filed on or before the date on which the first installment of taxes on the supplemental tax bill became delinquent. *See Letter to Assessors 93/78.*

ASSEMBLY BILL 1823 (ALPERT) CHAPTER 868

In part, adds and repeals Section 5108 of the Revenue and Taxation Code.

MANUFACTURING EQUIPMENT PROPERTY TAX REBATE
AB 1823, among other things, permits local agencies, excluding school districts, to rebate property tax revenue derived from economic revitalization manufacturing equipment for a period of five years from the date the equipment is put in service, commencing with the 1994-95 fiscal year. This applies to personal property only, not fixtures.

ASSEMBLY BILL 1824 (LEE) CHAPTER 1053

Amends Section 69 of the Revenue and Taxation Code.

BASE YEAR VALUE TRANSFERS - DISASTER RELIEF

This legislation extends to three years after a disaster occurring on or after October 20, 1991, the transfer of a base year value of property which is substantially damaged or destroyed by a disaster, as declared by the Governor, to comparable property **within the same county** which is acquired or newly constructed as a replacement for the substantially damaged or destroyed property. This is retroactive; operative date of the provisions of the Act is the 1991-92 fiscal year.

Effective October 11, 1993.

ASSEMBLY BILL 2063 (WEGGELAND) CHAPTER 543

Amends Sections 161, 190, 1101.1, 1109, 1201, 1300, 15611, 15636, 15642, 15678.1, 15678.2, 15678.4, 15678.5, 15678.6, 15678.7, 15678.8, and 15681 of, and adds Sections 161.5, 156.5, 167.5, 171.05, 171.5, 190.5, and 1113 to, the Corporations Code, and amends Sections 11202 and 11214 of the Government Code, relating to corporations.

LIMITED PARTNERSHIPS

This bill permits mergers between California corporations and limited partnerships. Provides that either entity may be the survivor entity.

**ASSEMBLY CONSTITUTIONAL AMENDMENT 8 (HAUSER)
RESOLUTION CHAPTER 92**

Amends Subdivision (c) of Section 2 of Article XIII A of the California Constitution.

NEW CONSTRUCTION EXCLUSION - DISABLED ACCESS

This constitutional amendment authorizes the Legislature to provide that "newly constructed" does not include the construction, installation, removal, or modification on or after the effective date of this proposal of any portion or structural component of an existing building or structure if the construction, installation, removal or modification is for the purpose of making the building more accessible to, or more usable by, a disabled person. *See Assembly Bill 1202.*

Effective if approved by the voters on June 7, 1994.

SENATE BILL 50 (THOMPSON) CHAPTER 1058

Adds Section 73.5 to the Revenue and Taxation Code.

NEW CONSTRUCTION EXCLUSION - WATER CONSERVATION EQUIPMENT
This legislation excludes from the definition of "newly constructed" the installation of water conservation equipment (not classified as personal property) for agricultural use. It defines "water conservation equipment" as any device, system, pipeline, mechanism, or improvement that is installed to replace or improve an existing irrigation system and the use of which results in the actual reduction of water. It requires taxpayers to obtain, **prior to the purchase of the equipment proposed to be excluded**, the certification of a registered agricultural engineer, or certified irrigation designer that the use of that equipment will result in an actual reduction of water usage. It requires taxpayers to provide a copy of this certification, upon request, to the assessor.

Effective October 11, 1993. However, these provisions become operative only if voters approve Senate Constitutional Amendment 4 and, in that event, would become operative on the same date as the constitutional amendment.

SENATE BILL 70 (GREENE) CHAPTER 1187

In part, amends Sections 7510 and 27557 of the Government Code, amends Sections 19, 254.5, and 1256 of the Revenue and Taxation Code, and adds uncodified language to Chapter 1180 of the Statutes of 1992, relating to Section 241(g) of the Revenue and Taxation Code.

DEFINITION OF PERSON

SB 70 adds the general partner of a partnership to the list of terms defining person in Section 19 of the Revenue and Taxation Code.

WELFARE AND VETERANS EXEMPTION

This legislation establishes the intended operative date of 1992 amendments made by SB 1590 (Chapter 807, Statutes of 1992) but subsequently chaptered out by SB 1639 (Chapter 1180, Statutes of 1992) to be the 1989-90 fiscal year and fiscal years thereafter. SB 1590 provided that the welfare exemption was available to property that was owned by organizations eligible for the welfare exemption, but operated by an organization eligible for the veterans' organization exemption. Prior to this amendment, both the owner and the operator of the property must qualify under the same exemption.

WELFARE EXEMPTION

This bill requires financial statements from entities filing for the welfare exemption or the veterans' organization exemption for the first time. Thereafter, financial statements are required to be submitted only if requested in writing either by the assessor or the Board of Equalization.

ASSESSMENT MAPS

SB 70 requires the Board of Supervisors, upon the request of the assessor, to direct the assessor to prepare assessment maps. It also requires that once the assessor is so directed, all costs incurred with connection of preparing the maps be a charge against the county general fund.

TAX-DEFAULTED PROPERTY

SB 70 eliminates the duty of the assessor to establish current market values for tax-defaulted property pending sale at auction. Instead it provides that the minimum price at which a property may be offered for sale for nonpayment of taxes, shall be predicated upon the total amount necessary to redeem the property, plus costs, as defined.

POSSESSORY INTERESTS - STATE PUBLIC RETIREMENT PROPERTY

This legislation provides for the proration of taxes resulting from a lessee's possessory interest in investment property owned by a state public retirement system, for the 1992-93 and 1993-94 fiscal years only. It provides that in the case where a lessee's possessory interest existed for less than the full fiscal year for which the tax was levied, the amount of the tax shall be prorated in accordance with the number of months for which the lessee's interest existed.

SENATE BILL 143 (MORGAN) CHAPTER 387

Amends Sections 408, 532.1, 1605.5, 2191.3 and 5142 of, adds Sections 169, 531.8, 1605.6 and 5153 to, and adds Part 14 (commencing with Section 5900) to Division 1 of, the Revenue and Taxation Code.

PROPERTY TAXPAYERS' BILL OF RIGHTS

This legislation, among other things, requires the Board to encourage uniform statewide appraisal and assessment practices; revises the assessor's duty to provide market data, audit narratives, and other data to an assessee; prohibits escape assessments until 10 days after mailing a "Notice of Proposed Escape Assessment." *See Letter to Assessors 93/62.*

SENATE BILL 221 (MARKS) CHAPTER 831

Amends Sections 50281 of the Government Code, and amends Section 439.1, 439.2, and 439.3 of the Revenue and Taxation Code.

HISTORICAL PROPERTIES

SB 221 provides that unless a party to an instrument that creates an enforceable restriction expressly prohibits the valuation, the valuation resulting from the capitalization of income method for historical property shall not exceed the lesser of either the valuation that would have resulted by calculation under Revenue and Taxation Code Section 110, or the valuation that would have resulted under Section 110.1, as though the property were not subject to an enforceable restriction.

Effective October 6, 1993.

SENATE BILL 584 (MADDY) CHAPTER 1084

Amends Sections 19605.7 and 19605.71 of the Business and Professions Code.

SATELLITE WAGERING

This bill, among other things, specifies that the commission retained by a satellite wagering facilities is for "the right to do business" (as opposed to fair rent for possessory interest calculations).

Urgency statute; effective October 11, 1993.

SENATE BILL 664 (CRAVEN) CHAPTER 1200

Amends Section 62.1 of, and amends, repeals and adds Section 5802 of the Revenue and Taxation Code.

MANUFACTURED HOMES

SB 664 extends the change in ownership exclusion sunset date of Section 62.1 to January 1, 2000. It requires the assessor to determine the base year value of a manufactured home, located in a resident-owned mobilehome park or a rental park in the process of being changed to resident ownership, that is converted to property taxation by the registered owner pursuant to Section 18555 of the Health and Safety Code, so that the property taxes levied, after adjustment for any applicable exemption, shall be the same amount as the vehicle license fee that was imposed for the registration year in which the manufactured home was converted to property taxation.

Effective October 11, 1993.

SENATE BILL 675 (GREENE) CHAPTER 709

Amends Section 63.1 of the Revenue and Taxation Code.

PARENT/CHILD PROPERTY TAX EXCLUSION

This legislation provides that a claim for the parent/child change in ownership exclusion to be timely filed if it is filed within six months after the date of mailing of a notice of supplemental or escape assessment, issued as a result of the purchase or transfer of real property for which a claim is filed. It specifies that this provision is applicable to a purchase or transfer of real property that occurred on or after November 6, 1986.

SB 675 also provides that a transferee's legal representative, or the executor or administrator of the transferee's estate may make the claim for parent-child exclusion.

**SENATE BILL 708 (REVENUE AND TAXATION COMMITTEE)
CHAPTER 48**

Amends Section 74.3 of the Revenue and Taxation Code.

NEW CONSTRUCTION EXCLUSION - DISABLED ACCESS

SB 708 provides that the construction of an entirely new addition which duplicates existing facilities in a dwelling that are not otherwise available to a disabled person sole because of his or her disability, shall be deemed to make the dwelling more accessible for purposes of the new construction exclusion. This is declaratory of existing law. *See Letter to Assessors 93/05.*

SENATE BILL 1025 (THOMPSON) CHAPTER 1078

Adds Chapter 12 (commencing with Section 6200) to Part 1 of Division 1 of the Food and Agricultural Code.

WINEGRAPE PEST AND DISEASE SPECIAL DISTRICTS

This bill requires county assessors to annually identify any parcel of property located in a winegrape pest and disease control district with one or more acres of winegrape plants.

Urgency statute; effective October 11, 1993.

SENATE BILL 1068 (WRIGHT) CHAPTER 876

In part, amends Section 408 of the Revenue and Taxation Code.

ACCESS TO ASSESSOR RECORDS

Among other things, SB 1068 requires the assessor to disclose information, furnish abstracts, or provide access to assessor records to the State Department of Social Services.

Urgency statute; effective October 6, 1993.

**SENATE CONSTITUTIONAL AMENDMENT 4 (THOMPSON)
RESOLUTION CHAPTER 93**

Amends subdivision (a) of Section 2 of Article XIII A of the California Constitution.

NEW CONSTRUCTION EXCLUSION - WATER CONSERVATION EQUIPMENT

This constitutional amendment, if approved by the voters, excludes from the term "new construction" that portion of any improvement to real property that consists of water conservation equipment, as defined by the Legislature, for agricultural use. *See Senate Bill 50.*

II. OTHER LEGISLATION

ASSEMBLY BILL 937 (CAMPBELL) CHAPTER 1039

Adds Section 23027 to the Government Code.

SPECIAL TAXES

AB 937 authorizes a county board of supervisors to impose a special tax if approved by two-thirds of the voters. Special districts currently have this authorization. It also provides that the tax rate may be lower on unimproved properties.

ASSEMBLY BILL 1108 (PEACE) CHAPTER 1045

Amends Section 98.9 of the Revenue and Taxation Code.

STATE ASSESSEE PROPERTY TAX REVENUE ALLOCATION

This legislation provides that the county auditor allocate property tax revenue attributable to certain new construction according to a specified formula. It also provides that the special allocation formula applies only to property tax revenues allocated prior to December 31, 2004.

ASSEMBLY BILL 1196 (JOHNSON) CHAPTER 724

Amends Sections 2924f and 2924h of, and adds Section 1058.5 to, the Civil Code.

FORECLOSURE OF MORTGAGE OR DEED OF TRUST PROCEDURES

This bill provides that, in addition to any other description of the property, the notice of sale shall describe the property by giving its street address, other common designation, or legal description and a county assessor's parcel number. It also provides that the trustee's deed shall be deemed perfected as of 8 a.m. on the actual date of sale if the trustee's deed is recorded within 15 calendar days of the sale.

ASSEMBLY BILL 1239 (CALDERA) CHAPTER 865

Adds Section 171 to the Revenue and Taxation Code.

DISASTER RELIEF

AB 1239 provides that no interest or penalties shall be imposed or collected with respect to any delinquent installments of properties taxes levied for the 1992-93 fiscal year as a result of the civil unrest that occurred in Los Angeles in April and May 1992. It also prohibits the treasurer or tax collector from taking any collection action and to cease any collection action that has commenced, with respect to any delinquent property taxes for the 1992-93 fiscal year as a result of the April and May 1992 civil unrest.

ASSEMBLY BILL 1519 (ISENBERG) CHAPTER 905

Amends Sections 26220, 30052, and 30054 of, and adds Sections 24308 and 29300.5 to, the Government Code, adds Sections 33681.6 and 33682.1 to the Health and Safety Code, adds and repeals Section 1463.008 of the Penal Code, amends Sections 75.41, 97.035, 2188.8 and 7285.3 of the Revenue and Taxation Code, and adds Section 15200.99 to the Welfare and Institutions Code.

LOCAL GOVERNMENT

AB 1519 permits the board of supervisors to reorganize the delivery of services by consolidation, integration, or separation of duties and functions of county offices. It authorizes the county auditor, for purposes of supplemental assessments, to apply the tax rate for the "roll being prepared" and specifies the applicable rate where the former rate is not known. It also makes other financing changes.

TIMESHARE ESTATE

This bill authorizes the transfer of defaulted taxes with respect to a separately assessed timeshare estate from the secured roll to the unsecured roll.

Urgency statute; effective October 8, 1993.

ASSEMBLY BILL 2211 (Committee on Judiciary) CHAPTER 589

In part, amends Sections 53, 75.11, 214.02, 6201.3, 8272, 8273, 9272, 9273, 9276, 17207, 19405, 23801, 24347.5, 25962, 30459.2, 30459.3, 32472, 32473, 40096, 40212, 40213, 41172, 41173, 43523, 43524, 45862, 45868, 45869, 45870, 45871, 46153, 50156.2, 50156.10, 50156.12., 50156.13, 50156.15, and 50156.16 of and repeals 17208, 17208.1, 17208.2, 17208.3, 24347.6, 24347.7, 24347.8, and 24347.9 of, the Revenue and Taxation Code.

MAINTENANCE OF THE CODES

This legislation makes minor housekeeping changes in the law.

SENATE BILL 357 (THOMPSON, ET AL) CHAPTER 979

Adds Sections 196.61, 196.62, 196.63, 17208.4, and 24347.51 to the Revenue and Taxation Code.

DISASTER RELIEF

SB 357 provides for state allocations to eligible counties, declared by the Governor to be in a state of disaster as a result of storm, flooding, or any other related casualty that occurred in specified counties in January 1993, of the estimated amounts of the reductions in property tax revenues on the regular secured and supplemental rolls as a result of reassessment of damaged properties under Section 170, with the exception of any estimated property tax revenue reductions to school districts, county offices of education, and community college districts. It requires those eligible counties receiving those allocations to reimburse the state for those amounts where the estimated reductions in property tax revenues exceed actual reductions, excluding any property tax revenue lost by school districts, county offices of education, and community college districts.

SENATE BILL 405 (BERGESON) CHAPTER 1195

In part, amends Sections 24304 of the Government Code.

LOCAL GOVERNMENT

In addition to counties of the 13th to 57th classes, this legislation authorizes in counties of the 58th class the combinations of (1) assessor and treasurer, (2) assessor, county clerk and recorder, and (3) assessor and recorder.

SENATE BILL 936 (MCCORQUODALE) CHAPTER 1254

Adds Chapter 7.8 (commencing with Section 1775) to Division 2 of the Fish and Game Code.

WETLANDS - IN LIEU FEE

This bill requires the owner of a wetlands bank site, if it is a public entity, to annually pay to the county in which the property is located an amount equal to county taxes levied on the property at the time title to the bank site is transferred to that entity. The public entity is also required to pay assessments levied upon the property by any irrigation, drainage, or reclamation district.