



STATE BOARD OF EQUALIZATION
PROPERTY TAX DEPARTMENT
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Executive Director

July 5, 2017

TO: INTERESTED PARTIES

Enclosed is a copy of Current Legal Digest (CLD) number 2017-2 for your information and review. The annotations included in this CLD are new proposed annotations (in italics) and/or suggested revisions or deletion of existing annotations (indicated by ~~and italics~~). After review, please submit any questions, comments, or suggestions for changes *in writing* by **Friday, August 4, 2017**. These may be sent by email using the "Comments Form" on the Board of Equalization's (BOE) website (www.boe.ca.gov/proptaxes/ptemail.htm), fax, or mail. The fax number is 1-916-285-0134. The mailing address is:

State Board of Equalization
County-Assessed Properties Division
ATTN: Annotation Coordinator
P O Box 942879, MIC 64
Sacramento, CA 94279-0064

Please note, the new annotations and/or suggested revisions of existing annotations contained in the enclosed CLD are drafts and may not accurately reflect the BOE's official position on certain issues nor reflect the language that will be used in the final annotation, if formally adopted.

CLDs are circulated for 30 days, at which time any questions are addressed and/or suggested modifications are taken into consideration. After approval of the final version by the BOE's Legal Department, the changes will be posted to the BOE website under "Annotations" (<http://www.boe.ca.gov/lawguides/property/current/ptlg/annt/property-tax-annotations.html>). After all proposed changes have been resolved, the CLD will become obsolete and deleted from the website.

This CLD is posted on the BOE website at www.boe.ca.gov/proptaxes/cld.htm. Copies of the backup correspondence are linked to each annotation via the annotation number. If a link does not work, please let us know by using the "Comments Form" on the BOE website (www.boe.ca.gov/proptaxes/ptemail.htm). If you have any questions, please contact Glenna Schultz at 1-916-274-3362.

Sincerely,

/s/ David Yeung

David Yeung, Chief
County-Assessed Properties Division

DY:gs
Enclosure

PROPERTY TAX DEPARTMENT
PROPERTY TAX CURRENT LEGAL DIGEST NO. 2017-2
July 5, 2017

160.0000 ASSESSEE

[160.0050](#) **Unrecorded Transfer.** *Deeds are used when an owner of an interest (the grantor) transfers, sells, or gives the interest to another (the grantee) by executing a written document with certain requirements. The requirements for a valid deed are a grantor, a grantee, a writing and subscription, delivery, and acceptance. Recordation is not required. Thus, an unrecorded deed is valid as between the parties and as to all those who have notice thereof. Revenue and Taxation Code section 405 provides that the assessor may assess the property on the secured roll to "the person owning, claiming, possessing, or controlling it on the lien date." If the assessor accepts an unrecorded deed as conveying full interest in property, the former owner's name should be removed from the secured tax roll. C 2/24/2016. **POSTED***

220.0000 CHANGE IN OWNERSHIP

[220.0595](#) **Rescission.** *A rescission relates back to the formation of a contract and dissolves it as though it had never been made. Thus, once a contract for the sale of real property is rescinded by mutual consent, the parties are placed in the same position they were in before the contract was executed, and the value of the real property reverts to its previous base year value with appropriate adjustment(s) for inflation. However, taxes incurred after the contract had been executed and before it was rescinded remain owing since they have become owing because of the facts which existed on the applicable lien date(s), and no refund(s) thereof should be made. C 1/16/1985; C 2/20/2015. **POSTED***

[220.0664.005](#) **Statutory Conversion.** *Statutory conversions of corporations into limited liability companies do not result in reassessment of the properties directly or indirectly owned by the converting corporations if the respective statutes under which the conversion is accomplished provide that a statutory conversion does not result in a transfer of real property, and the converted entity is the same entity as the converting entity for all purposes. Therefore, a statutory conversion alone in such situations cannot trigger either a change in control as defined in Revenue and Taxation Code section 64(c)(1), or the application of the original co-owner rule under section 64(d). As a result, there is no need to file form BOE-100-B upon completion of the conversions. C 2/18/2016. **POSTED***

[220.0867](#) **Unrecorded Transfer.** *Deeds are used when an owner of an interest (the grantor) transfers, sells, or gives the interest to another (the grantee) by executing a written document with certain requirements. The requirements for a valid deed are a grantor, a grantee, a writing and subscription, delivery, and acceptance. Recordation is not required. Thus, an unrecorded deed is valid as between the parties and as to all those who have notice thereof. Revenue and Taxation Code section 405 provides that the assessor may assess the property on the secured roll to "the person owning, claiming, possessing, or controlling it on the lien date." If the assessor accepts an unrecorded deed as conveying full interest in property, the former owner's name should be removed from the secured tax roll. C 2/24/2016. **POSTED***

250.0000 COLLEGE EXEMPTION

[250.0011](#) **Leased Property.** *Leasing University property to cell phone carriers for the purpose of installing cellular equipment did not disqualify such property from the college exemption because the provision of adequate wireless voice and data access to students and staff is incidental to and reasonably necessary for the fulfillment of University's function as a complete modern college. C 2/24/2016. POSTED*

565.0000 LEGAL ENTITIES

[565.0100](#) **Statutory Conversion.** *Statutory conversions of corporations into limited liability companies do not result in reassessment of the properties directly or indirectly owned by the converting corporations if the respective statutes under which the conversion is accomplished provide that a statutory conversion does not result in a transfer of real property, and the converted entity is the same entity as the converting entity for all purposes. Therefore, a statutory conversion alone in such situations cannot trigger either a change in control as defined in Revenue and Taxation Code section 64(c)(1), or the application of the original co-owner rule under section 64(d). As a result, there is no need to file form BOE-100-B upon completion of the conversions. C 2/18/2016. POSTED*

848.0000 VALUATION METHODOLOGY

[848.0003](#) **Auction Sale.** *Purchases at foreclosure auctions are not considered open-market transactions because they are, by definition, "forced sales" characterized by nonmarket conditions. Thus, the purchase price presumption does not apply to properties that are purchased at auction because they are not "open-market" transactions as contemplated by Revenue and Taxation Code section 110(b). C 1/4/2016. POSTED*

880.0001 WELFARE EXEMPTION – (a) IN GENERAL

[880.0107](#) **Housing.** *Property owned by a limited partnership and operated by a separate organization, both of which meet the requirements of Revenue and Taxation Code section 214, may qualify for the welfare exemption under section 214(g), as long as the property is used exclusively for low-income housing and related facilities. C 11/28/2016; 1/20/2017; 2/10/2017.*

[880.0109](#) **Incidental Use.** *Revenue and Taxation Code section 214(g) requires that the property be used exclusively for low-income housing and related facilities. The Supreme Court has held that "used exclusively" for exempt purposes includes uses that are incidental to and reasonably necessary for the accomplishment of the exempt purpose. Certain services, such as case management and referrals, counseling, legal services, and life skills training, after-school programs, senior services, exercise activities, ESL classes, tax preparation services, and computer education will be provided at a low-income housing development. These services are incidental to and reasonably necessary for the purpose of providing the low-income housing. C 12/11/2012; C 1/20/2017; C 2/10/2017. POSTED*

[880.0155.010](#) **Low Income Housing.** *Property used for low-income housing that is leased or licensed to a for-profit laundry operator may qualify for the welfare exemption under Revenue and Taxation Code section 214(g). The provision of laundry facilities is incidental to and reasonably necessary for the operation of low-income housing, and nonprofit organizations may perform exempt activities through hired for-profit service providers. C 1/20/2017; C 2/10/2017. **POSTED***

880.0350(b) WELFARE EXEMPTION – CHARITABLE PURPOSES

[880.0385](#) **Farmers' Markets.** *A non-profit public benefit corporation that runs five certified farmers' markets serves a charitable purpose by providing access to fresh, local, and organic produce to low-income communities that would otherwise lack access; providing small- and medium-scale local family farmers an avenue to sell their produce; and educating the public at no cost about healthy food options. C 1/4/2016. **POSTED***