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From: Olson, Jeffrey [mailto:Jeffrey.Olson@sdcounty.ca.gov]
Sent: Wednesday, May 30, 2018 9:06 AM
To: Schultz, Glenna
Cc: Gomez, Robert
Subject: Letter to Assessors No. 2018/023, Interested Parties Process: Change in Ownership - Rescission

Good Morning Glenna,

I would like to make a comment on the draft rescission letter. While this letter, for the most part, mirrors how San Diego County is handling rescissions, there is one difference and I cannot tell if it was an oversight or something intended. On Page 6, starting on line 29:

“Thus, as a result of the two rescissions effected concurrently in this example, in our opinion, the county assessor should enroll the property at its factored base year value as of the original transfer from Party A to Party B, as of the date of the rescission, with appropriate adjustments for inflation. No refund of taxes should be made by the county assessor to the rescinding parties for the time during which the transfers were in force.” [Emphasis added]

Revenue and Taxation Code (R&T) Section 75.10 provides generally in subdivision (a), “whenever a change in ownership occurs or new construction resulting from actual physical new construction on the site is completed, the assessor shall appraise the property changing ownership or the new construction at its full cash value”. A rescission is neither a change in ownership nor new construction, and therefore no reassessment as of that date is warranted. Property Tax Annotation 220.0598 clearly states, in part, “A rescission is not a reappraisable event; it merely restores the parties to their positions prior to the contract”.

It has been previously understood (in San Diego County) that the FBV is to be enrolled on the lien date following the date of rescission. As such there would be no refunds. In the typical rescission scenario the original transfer resulted in a change in ownership and reassessment. Upon the recordation of the rescission the property’s base value prior to the original transfer is restored,

plus the annual inflation adjustments for the interim period, effective on the lien date following the date of the rescission. Therefore the property's assessed value today is the same as it would have been had the original documents never been executed.

For example, if a rescission deed is recorded on July 15, 2018, the property's base value prior to the recordation of the deed now being rescinded will be enrolled (plus indexing) as of January 1, 2019 (lien date), for the 2019-2020 roll.

Is this new letter intended to instruct Assessor's to restore values supplementally versus on the following lien date?

Thank you.

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