



STATE BOARD OF EQUALIZATION
PROPERTY TAX DEPARTMENT
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No. 2021/033

August 6, 2021

TO COUNTY ASSESSORS:

CHANGE IN OWNERSHIP – RESCISSION

In 2018, State Board of Equalization (BOE) staff initiated a project to issue a Letter To Assessors that summarizes the various written opinions by the BOE's Legal Department addressing (1) a property owner's ability to rescind a recorded deed that triggered a reassessable change in ownership and (2) the property tax effect of such a rescission.

The first draft was issued in Letter To Assessors No. 2018/023. In response to comments received, staff scheduled an interested parties meeting on December 18, 2018. Staff took all comments from the discussion of the interested parties into consideration and determined that the BOE's initial guidance, as provided in Property Tax Annotations 220.0595 through 220.0601, has not changed.

In summary, an Assessor has discretion to determine whether a transfer is, in fact, a valid mutual rescission. A mutual rescission should be recognized if:

- All parties to the transaction consent.
- The rescission is made promptly and within a reasonable time (to be determined on a case-by-case basis by the Assessor).
- All parties are restored to the positions they were in prior to the transfer.

For a mutual rescission, all parties to the contract must consent to the rescission. If one of the parties is deceased, that person cannot consent, and the rescission is not mutual.

Once a transfer of real property is rescinded, the value of the real property reverts back to its adjusted base year value prior to the transfer, which is then factored forward and enrolled *prospectively*, beginning with the lien date following the recording date of the rescission. A rescission will not result in a refund of taxes paid while the contract was in effect.

The restoration of a base year value as a result of a rescission is not subject to supplemental assessment. An Assessor may make a supplemental assessment of real property only when a change in ownership occurs or new construction is completed. The restoration of a base year value is not a reappraisable event that would trigger a supplemental assessment.

All documents and comments regarding this project are posted to the BOE's website at www.boe.ca.gov/proptaxes/change-in-ownership-recissions.htm. In addition, Property Tax Annotations 220.0595 through 220.0601 may be viewed from the BOE's website at www.boe.ca.gov/lawguides/property/current/ptlg/amnt/220-0000-all.html.

If you have questions regarding this project, you may contact the County-Assessed Properties Division at 1-916-274-3350.

Sincerely,

/s/ David Yeung

David Yeung
Deputy Director
Property Tax Department

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