



July 2, 2021

VIA EMAIL ONLY

State Board of Equalization
Attn: Henry Nanjo, MIC 121
P.O. Box 942879
Sacramento, CA 94279-0121

**Re: LETTER TO ASSESSOR 2021-028 DATED JULY 2, 2021
PROPOSED RULE 462.520**

Dear Mr. Nanjo,

We would like to make a suggestion and request clarification on issues surrounding the proposed property tax rule.

SUGGESTION:

Example 7-4 under section d(2): Please add a note to this example to the effect that since the full cash value (\$800,000) is less than the new base year value (\$833,306) the Assessor is obligated to enroll the market value as a decline in value pursuant to Revenue and Taxation Code Section 51(a)(2).

Our experience shows some Assessor's do not automatically enroll the market value when a new base value established due to a partial interest transfer is higher than market value.

CLARIFICATION:

The examples provided only go so far as to transferring property from one generation to the next generation. Proposition 19 claimed it was protecting the property tax base on a family home as long as it continued use as a primary residence. Below is a scenario we would like you to consider and clarify.

Scenario:

Parent (generation 1) transfers principal residence to only child (generation 2) and generation 2 meets exclusion requirements. The taxable value of the property is \$159,181. The full market value is \$800,000. The new taxable value remains at \$159,181 and the new base value is \$800,000.

Five years later generation 2 transfers the property to their child (generation 3) who meets the exclusion requirements.

With 2% factoring, the taxable value is now \$175,748. The factored base value established for generation 2 is now \$883,263. The full market value is \$1,100,000. What is generation 3's taxable value and new base value?

What if the market value was \$1,300,000?

Including an example demonstrating this in the proposed rule could be helpful and provide transparency.

Thank you for your consideration.

Very Truly Yours,
Assessment Counselling Services



Kent A. Meyer
Senior Consultant