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TO COUNTY ASSESSORS:

EXTENDED EXEMPTION PERIOD—JANUARY 2007 FREEZE

Assembly Bill 297 (Chapter 225 of the Statutes of 2007) amends section 211 of the Revenue and Taxation Code to restart the exemption period for newly planted fruit and nut trees that were severely damaged by the January 2007 freeze. This legislation was urgent and became effective on September 21, 2007.

Section 3(i) of article XIII of the California Constitution exempts from property tax fruit and nut trees until four years after the season in which they were first planted in orchard form. The land upon which the trees are planted remains subject to taxation. A similar exemption exists for grapevines, except that the exemption period is for three years.

Section 211 restates these exemption provisions and has twice been amended to allow the exemption period to restart in cases where major pruning must be undertaken due to severe freeze damage. Specifically, AB 1771 was enacted in 1991 for a freeze occurring in December 1990, and its provisions applied to both grapevines and fruit and nut bearing trees. SB 1014 was enacted in 1999 for a freeze occurring in December 1998, but was limited in scope to fruit and nut bearing trees, since grapevines were not affected by that freeze.

Assembly Bill 297 amends subdivision (a) of section 211 to similarly extend the provisions allowing the exemption period to be restarted for trees that must be pruned due to the January 2007 freeze. Section 211, subdivision (a) now reads in pertinent part:

For purposes of exemption pursuant to this subdivision, any fruit- or nut-bearing tree severely damaged during the exemption period by the December 1998 freeze or the January 2007 freeze so as to require pruning to the trunk or bud union to establish a new shoot as a replacement for the damaged tree shall be considered a new planting in orchard form.

In addition to the exemption for newly planted orchards and vineyards provided by section 211, Property Tax Rule 131 provides that the exemption period will also apply to individual trees or grapevines when (1) a tree or grapevine is newly planted within an existing orchard or vineyard (a replacement tree or grapevine) or (2) a tree or grapevine that had reached commercial production requires grafting causing another nonproducing period before it will bear fruit or nuts.

If you have any questions regarding this legislation, please contact our Technical Services Unit at 916-445-4982.

Sincerely,

/s/David J. Gau

David J. Gau  
Deputy Director  
Property and Special Taxes Department

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