

Change in Ownership

General

In 1978, California voters adopted Proposition 13, adding [article XIII A](#) to the California Constitution. This changed the way county assessors' offices processed and valued real property assessments for property tax purposes. Prior to [article XIII A](#), real property was reappraised on a cyclical basis, not to exceed five years, pursuant to [sections 405.5](#) and [405.6](#). However, under the provisions of [article XIII A](#), real property is no longer reappraised on a cyclical basis. Instead, real property is enrolled at its full cash value as shown on the 1975-76 tax bill, factored annually for inflation not to exceed 2 percent, or, thereafter, at its appraised value when purchased, newly constructed, or a change in ownership occurs after the 1975 assessment.

[Section 60](#) defines a "change in ownership" as a transfer of a present interest in real property, including the beneficial use thereof, the value of which is substantially equal to the value of the fee interest. For those transfers that are not specifically addressed by statutes, regulations, or court decisions, [section 60](#) provides the fundamental criteria for determining whether a change in ownership has occurred.

[Sections 61](#) through [69.5](#) and [Rules 462.001](#) through [462.500](#) further clarify what is considered a change in ownership and what is excluded from the definition of a change in ownership for property tax purposes.

For purposes of valuation of real property due to a change in ownership, [section 110\(a\)](#) defines "full cash value" or "fair market value" as the amount of cash or its equivalent that property would bring if exposed for sale on the open market. [Section 110\(b\)](#) provides that when determining the full cash value to be appraised upon a purchase, the full cash value is the purchase price paid unless it is established by a preponderance of the evidence that the real property would not have transferred for that purchase price on the open market.

[Section 110.1\(a\)](#) defines "full cash value" of real property as the fair market value as determined pursuant to [section 110](#) for either (1) the 1975 lien date, or (2) for property which is purchased or changes ownership after the 1975 lien date, the date on which the purchase or change in ownership occurred. [Section 110.1\(b\)](#) provides that the value determined under [section 110.1\(a\)](#) shall be known as the base year value for the real property.

For purposes of base year values as determined by [section 110.1](#), [section 50](#) provides that values determined for property which is purchased or changes ownership after the 1975 lien date shall be entered on the roll for the lien date next succeeding the date of the purchase or change in ownership.

For detailed information regarding changes in ownership, refer to [Assessors' Handbook Section 401, Change in Ownership \(AH 401\)](#). For further information regarding valuation due to a change in ownership, refer to [Assessors' Handbook Section 501, Basic Appraisal \(AH 501\)](#), and [Assessors' Handbook Section 502, Advanced Appraisal \(AH 502\)](#).

Scope of Review

The BOE's assessment practices survey includes a review of the assessor's practices and procedures for the discovery and valuation of properties experiencing a change in ownership.

The specific areas of review may include, but are not limited to, the following:

- **General Program Elements**
- **Document Processing**
- **Penalties**
- **Transfer List**
- **Legal Entity Ownership Program (LEOP)**
- **Change in Ownership Exclusion - Section 63.1**
- **Change in Ownership Exclusion - Section 69.5**
- **Valuation**