

Amend Revenue and Taxation Code Section 423.3 to correct the subdivision references to Government Code Section 16142, related to Williamson Act assessments. (Technical)

Source: Property and Special Taxes Department

Existing Law. Counties and cities can enact a special law¹ that requires the assessor to cap assessments on Williamson Act-restricted land at a specified percentage of the property's factored base year value as if unrestricted. Typically, the assessor values Williamson Act property at the lowest of three values: Williamson Act restricted value,² current fair market value,³ or Proposition 13 factored base year value.⁴ However, if a local government enacts the special law, the “percentage of factored base year value” option also is available.

Shortly after Proposition 13’s enactment, the Legislature added the “percentage of factored base year value” option to address concern that landowners could withdraw from the Williamson Act if Proposition 13 provided more property tax savings. This option guaranteed that if Propositions 13’s factored base year value resulted in the lowest value, the local government could choose to allow assessment at an even lower value.

Under this option, the minimum percentage of factored base year value depends on land type: prime agricultural land, prime commercial rangeland, non-prime⁵ agricultural land, and waterfowl habitat. Except for “prime commercial rangeland,” land type is defined by cross reference to other code sections. The table below lists the specified minimum percentage and cross reference definition for each land type:

Type	Provision	Land Definition	Minimum Percent Reduction
Prime Agricultural Land	§423.3(a)	Government Code § 16142 (a)(1) Government Code § 51201	70%
Prime Commercial Rangeland	§423.3(b)	RTC §423.3(b)	80%
Non-prime Agricultural Land	§423.3(c)	Government Code § 16142 (a)(2) Government Code § 16143	90%
Waterfowl Habitat	§423.3(d)	RTC § 423.7	90%

¹ Revenue and Taxation Code (RTC) Section [423.3](#).

² RTC Section [423](#).

³ RTC Section [110](#).

⁴ RTC Section [110.1](#).

⁵ Non-prime means “all land other than prime agricultural land, which is devoted to open-space uses of statewide significance, as defined in Government Code Section [16143](#).” Government Code Section 16142(a)(2).

In 1999, [legislation](#)⁶ changed the cross reference to Government Code Section 16142 for prime agricultural land and non-prime agricultural land definitions. However, RTC Section 423.3 was not updated accordingly. Specifically, former Government Code Section 16142(a) and (b) became Section 16142(a)(1) and (a)(2), respectively. This provision details the per-acre amounts that the state must reimburse to local governments to offset property tax revenue loss related to prime agricultural land and other than prime agricultural land placed into the Williamson Act.⁷

This Proposal. This proposal amends RTC Section 423.3 to correct subdivision cross references in Government Code Section 16142 for prime agricultural land and other than prime agricultural land.

Background. The Williamson Act⁸ helps conserve agricultural and open-space lands. Under the Williamson Act, landowners may enter into contracts with participating cities and counties to restrict the land to agricultural or open-space uses. The contract must be for a minimum 10-year term with automatic yearly extensions unless specific action to remove the property from the program is taken (i.e., nonrenewal or immediate cancellation). In exchange for entering into these contracts, the assessor values the land and any living improvements (trees and vines) according to income earning potential. The law provides a formula to value the land.⁹ The valuation method capitalizes the income derived from the land's agricultural use. The statute details how to determine income and specifies the appropriate capitalization rate.

Section 423.3 of the Revenue and Taxation Code is amended to read:

423.3. Any city or county may allow land subject to an enforceable restriction under the Williamson Act or a migratory waterfowl habitat contract to be assessed in accordance with one or more of the following:

(a) Land specified in subdivision (a)(1) of Section 16142 of the Government Code shall be assessed at the value determined as provided in Section 423, but not to exceed a uniformly applied percentage of its base year value pursuant to Section 110.1, adjusted to reflect the percentage change in the cost of living not to exceed 2 percent per year. In no event shall that percentage be less than 70 percent.

(b) Prime commercial rangeland shall be assessed at the value determined as provided in Section 423, but not to exceed a uniformly applied percentage of its base year value pursuant to Section 110.1, adjusted to reflect the percentage change in the cost of living not to exceed 2 percent per year. In no event shall that percentage be less than 80 percent.

For purposes of this subdivision "prime commercial rangeland" means rangeland which meets all of the following physical-chemical parameters:

- (1) Soil depth of 12 inches or more.
- (2) Soil texture of fine sandy loam to clay.
- (3) Soil permeability of rapid to slow.

⁶ [Senate Bill 649](#) (Stats. 1999, Ch. 1019) amended Government Code Section 16142.

⁷ However, subvention payments have been suspended in recent budget years.

⁸ Government Code Section [51200 et. seq.](#)

⁹ RTC Section [423.](#)

- (4) Soil with at least 2.5 inches of available water holding capacity in profile.
- (5) A slope of less than 30 percent.
- (6) A climate with 80 or more frost-free days per year.
- (7) Ten inches or more average annual precipitation.
- (8) When managed at potential, the land generally requires less than 17 acres to support one animal unit per year.

Property owners of land specified in this subdivision, shall demonstrate that their land falls within the above definition when requested by the city or county.

(c) Land specified in subdivision ~~(b)~~ (a)(2) of Section 16142 of the Government Code shall be assessed at the value determined as provided in Section 423, but not to exceed a uniformly applied percentage of its base year value pursuant to Section 110.1, adjusted to reflect the percentage change in the cost of living not to exceed 2 percent per year. In no event shall that percentage be less than 90 percent.

(d) Waterfowl habitat shall be assessed at the value determined as provided in Section 423.7 but not to exceed a uniformly applied percentage of its base year value pursuant to Section 110.1, adjusted to reflect the percentage change in the cost of living not to exceed 2 percent per year. In no event shall that percentage be less than 90 percent.