

Amend Revenue and Taxation Code Section 4831 to clarify the provisions related to assessment roll corrections.

Source: Legal Department

Existing Law

Revenue and Taxation Code 4831 provides that assessors may initiate certain corrections to the assessment roll that he or she prepared after it has been delivered to the auditor. After the roll has been turned over to the auditor, incorrect entries may be corrected within four years of making the assessment. However, if an error is discovered as a result of an audit of the taxpayer's books and records, the error may be corrected within six months after completion of the audit. Section 4831 expressly excludes from correction any error that involves the exercise of value judgment, unless the error relates to the failure to reflect a decline in market value for the prior year (i.e., a one year grace to process Proposition 8 reductions). Section 4831 also expressly excludes from the four year time limit escape assessments caused by the assessee's failure to report required information.

Background

The Tax Section of the California State Bar annually sponsors an informal working meeting for tax administrators and tax professionals to discuss issues affecting California tax administration in an objective environment. The meeting is referred to as "Eagle Lodge West."

One property tax issue discussed at the meeting was that Section 4831 was confusing and difficult to read in its current form. The group drafted the following clarifying, non-substantive amendments to improve Section 4831:

- Restate subdivision (a) for clarity;
- Substitute "a value" for "assessor value judgment" and substitute "shall only be" for "shall be;" and
- Substitutes "auditor" for "county auditor."

This Proposal

This proposal would make the changes recommended at the conference. The Tax Section has requested that the amendments agreed to by the working group be sponsored by the Board and enacted into law as part of the Board's annual property tax omnibus bill.

Section 4831 of the Revenue and Taxation Code is amended to read:

4831. Incorrect entries on a roll may be corrected under this article as set forth herein:

(a) Any error or omission not involving the exercise of assessor value judgment may be corrected within four years after the making of the assessment being corrected, except as otherwise stated in this section.

(b) Any error or omission not involving the exercise of assessor value judgment that is discovered as the result of an audit may be corrected within six months after the completion of the audit.

(c) The four-year limit for correction of any error or omission not involving the exercise of assessor value judgment shall not apply to escape assessments caused by the assessee's failure to report the information required by Article 2 (commencing with Section 441) of Chapter 3 of Part 2.

~~—(a) Any error resulting in incorrect entries on the roll may be corrected under this article. The correction may be made at any time after the roll is delivered to the auditor but, except as provided in subdivision (b), shall be made within four years after the making of the assessment that is being corrected. This section does not apply to either of the following:~~

~~(1) Except as provided in subdivision (b), errors involving the exercise of value judgments.~~

~~(2) Escape assessments caused by the assessee's failure to report the information required by Article 2 (commencing with Section 441) of Chapter 3 of Part 2.~~

~~—If any error referred to in this subdivision is discovered as the result of an audit of a taxpayer's books and records, that error may be corrected at any time prior to the expiration of six months after the completion of the audit.~~

~~(b d) Any error or omission involving the exercise of a assessor value judgment that arises solely from a failure to reflect a decline in the taxable value of real property as required by paragraph (2) of subdivision (a) of Section 51 shall only be corrected within one year after the making of the assessment that is being corrected.~~

~~(e e) Taxes that are not a lien or charge on the property assessed may be transferred from the secured roll to the unsecured roll of the corresponding year by the county auditor. These taxes shall be collected in the same manner as other delinquent taxes on the unsecured roll and shall be subject to delinquent penalties in the same manner as taxes transferred to the unsecured roll under Section 5090. The statute of limitations for the collection of those taxes shall commence to run from the date of transfer.~~