California State Board of Equalization,
Legislative and Research Division

LEGISLATIVE BULLETIN

State Capitol Building (from the East) c.1945
Photo courtesy of California State Archives

PROPERTY TAX LEGISLATION 2014

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Assembly Bill 777 (Muratsuchi) Chapter 13

Space Flight Property: Exemption

Effective April 29, 2014. Adds and repeals Section 242 of the Revenue and Taxation Code.

BILL SUMMARY

This bill exempts from property tax qualified space flight property, including fuel, until the 2024-25 fiscal year.

Sponsor: SpaceX

LAW PRIOR TO AMENDMENT

Except where the law provides a specific exemption, the property tax applies to all property, both real and personal. The law imposes the property tax on tangible personal property items used in a trade, profession, or business.[1] Currently, there is no specific property tax exemption for space flight property. Such property, however, may qualify under the business inventory exemption if the criteria are met.[2] The law exempts business inventories, but imposes tax on supplies.

- Supplies are items used in the normal operation of the business and are not intended for sale or lease.
- Business inventory, on the other hand, includes all personal property that is a product or becomes a product held for sale or lease. It also includes raw materials and work in progress with respect to such products.
- Business inventory does not include business machinery or equipment unless such property is held for sale or lease in the ordinary course of business.

The Constitution authorizes the Legislature to statutorily exempt any personal property from property tax with a 2/3 vote of each house.[3]

AMENDMENTS

This bill exempts from property tax qualified property for use in space flight for lien dates 2014 to 2024, inclusive.[4] "Space flight" means any flight designed for suborbital, orbital, or interplanetary travel by a space vehicle, satellite, space facility, or space station of any kind.

The exemption is limited to taxpayers that have a primary business purpose in space flight activities. The exemption does not apply to any material that is not intended to be launched into space, but does apply regardless of whether the property will ultimately be returned to California.

"Qualified property" includes:

- Tangible personal property that has space flight capacity. This includes an orbital space facility, space propulsion system, space vehicle, launch vehicle, satellite, or space station of any kind, and any component thereof.

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[1] Revenue and Taxation Code (RTC) §224.
[2] RTC § 219, RTC § 129, 18 Cal. Code Regs. §133.
[3] Cal. Const. Art. XIII, §2.
[4] These lien dates correspond to the 2014-15 to 2024-25 fiscal years.

- Tangible personal property, including raw materials, work in process or finished goods, that has, or upon manufacture, assembly, or installation, has space flight capacity.
- Fuel produced, sold, and exclusively used for space flight and not adaptable for use in ordinary vehicles.

The assessor cannot deny the exemption because:

- The space flight launch fails, is postponed, or is cancelled.
- A launch vehicle, or any component thereof, is destroyed.

The exemption is effective April 29, 2014 and applies retroactively to the January 1, 2014 lien date for the 2014-15 fiscal year.

IN GENERAL

Business Personal Property. Personal property used in a trade or business is generally taxable. Annually, the law requires property owners to report their business assets to the assessor on the business property statement,[5] which can also be e-filed. The self-reported assets and costs are subject to audit[6]. Proposition 13's value limitations do not apply to personal property, which is valued each lien date at its current fair market value.

The business property statement includes information regarding the supplies, business equipment, and leasehold improvements for each business location in the state. The owner provides information on the statement that is then used to assess and tax property in accordance with the law. The owner reports the acquisition costs of the supplies, business equipment and leasehold improvements that were owned on the lien date at the business location. Business personal property includes all supplies, equipment and leasehold improvements used in the operation of a business. Business inventory and licensed vehicles (except Special Equipment (SE) tagged and other off-road vehicles and equipment) are not taxable personal property and are not reported on the statement.

Generally, the assessor determines the fair market value using the property's acquisition cost. The assessor multiplies acquisition cost by a price index (an inflation trending factor based on acquisition year) to estimate reproduction cost new. Next, the assessor multiplies reproduction cost new by a percent good factor (from BOE-issued percent good tables) to estimate depreciated reproduction cost (reproduction cost new less depreciation). The assessor uses the reproduction cost new less depreciation value as the property's taxable value for the fiscal year. The tax rate applied to the value is the same as the rate on real property; that is 1% plus voter approved indebtedness, which varies by locality.

Business Inventory Versus Supplies. The BOE's Assessors' Handbook 504 (AH 504), Assessment of Personal Property and Fixtures, explains it is important to distinguish supplies, which are assessable, from inventory items, which are exempt. In short, business inventory includes all items of personalty that become part of, or are themselves, a product that is held for sale or lease in the ordinary course of business. For an item of property to qualify for the business inventory exemption, the key phrases *ordinary course of business* and *goods intended for sale or lease* must apply.

[5] RTC §441 - "Business Personal Property Statement" BOE Form 571-L
[6] RTC §469

The AH 504 provides that business inventory generally includes:

- Goods transferred in the rendition of a "**nonprofessional service."**
- Items incorporated into a product and held for sale in the ordinary course of business.

Supplies include:

- Incidental goods transferred in the rendition of a "**professional service"** unless the goods are regularly billed separately from the service.
- Items consumed in the manufacturing process, but not physically incorporated into the product.

The AH 504 notes that many services are difficult to classify as a professional or nonprofessional service and provides the following criteria:

Professional Services: A "profession" is a vocation where the labor and skill is predominantly mental or intellectual, rather than physical or manual. A profession requires knowledge of an advanced type in a given field of science or learning gained by a prolonged course of specialized instruction and study.

Property Tax Rule 133 lists as examples medicine, law, architecture, or accountancy.

Nonprofessional Services: A "nonprofessional service" is generally defined as a vocation requiring skill of a manual or mechanical nature. Courts tend to classify a nonprofessional service as a business instead of a profession. Examples noted include barbers, carpenters, and plumbers.

Property Tax Rule 133 lists as examples dry cleaners, beauty shop operators, and swimming pool service companies.

COMMENTS

1. **Purpose.** According to the author, this bill "ensures that California's brilliant space technology innovators stay in business by nurturing a productive business climate for the state's aerospace sector." The sponsor, Space Exploration Technologies (SpaceX), designs, manufactures and launches rockets and spacecraft.
2. **Amendments. The February 19, 2014 amendments** (1) updated the fiscal years to which the proposed exception applies since the bill was not enacted in 2013, (2) deleted a provision exempting items placed or used aboard qualified property, and (3) expressly provided that no inference is to be drawn from the creation of the exemption with respect to whether space flight property qualifies as business inventory under related Revenue and Taxation Code or the Property Tax Rule provisions. **The August 26, 2013 amendments** changed the effective date from January 1, 2007 to January 1, 2013, limited the exemption to those taxpayers that have a primary business purpose in space flight activities, and required taxpayers to provide evidence to support exemption eligibility upon the assessor's request. **The May 21, 2013 amendments** added sunset provisions to make the exemption temporary.
3. **The Legislature may tax or exempt personal property in its discretion.** Because space flight property is classified as personal property, the Legislature legally may exempt it, provided they do so by a two-thirds vote of both houses. Section 2 of Article XIII of the California Constitution provides that the Legislature, two-thirds of the membership of each house concurring, may classify personal property for differential taxation or exemption.

4. **The exemption is retroactive to the January 1, 2014 lien date upon which the 2014-15 tax bill will be based.** A public purpose statement supporting retroactivity notes the bill promotes businesses within the state that consistently expand and provide secure employment in a much needed industry.
5. **Related BOE Legal Opinion and BOE Rulemaking Process to amend Property Tax Rule 133 "Business Inventory."** On December 24, 2013, the BOEs legal department issued an advisory, non-binding legal opinion that the business inventory exemption applies to space flight property fabricated and used to transport satellites and cargo to locations in outer space if the owner relinquishes ultimate control at launch. The opinion recommended that Rule 133 be amended to specifically address space flight property governed by the Arms Control Export Act and the International Traffic in Arms Regulation (See footnote 2). On October 1, 2014, the rule change became effective. The rule change history is available on the BOE website.
6. **Differences between this bill and the rule changes.** The BOE rule change under consideration is narrower in scope than this bill. Specifically, the rule applies only to business inventory and does not apply to reusable spaceflight property. The exemption this bill proposes exempts all qualified space flight property whether inventory or not, and whether reusable or not. Furthermore, this bill also proposes to exempt fuel.
7. **The issue giving rise to this bill.** As previously noted, business inventories are exempt, while supplies are taxable. The sponsor indicates that two of its propulsion systems – rockets used for space travel - were classified as "supplies" resulting in an unexpected property tax bill. [The county indicates that it classified the property, not as supplies, but as machinery and equipment, which is also taxable.] The sponsor believes its rockets should be classified as inventory and thus exempt from tax. Under existing law, the question is unsettled. For the years this exemption is in effect, this bill would make it unnecessary to determine whether propulsion systems are (1) business machinery and equipment, (2) business inventory, or (3) supplies.
8. **Whether space flight property qualifies as exempt business inventory is currently being appealed.** Assessment appeals are pending in Los Angeles County. The county argues that the property in dispute is not eligible for the business inventory exclusion because it is machinery and equipment used to provide a service (space transportation) and the space launch equipment is not sold. The county also contends that Revenue and Taxation Code (RTC) Section 129 specifically provides that "business inventories" does not include machinery and equipment not ordinarily sold. Furthermore, the county notes that goods transferred in connection with professional services are not eligible for the inventory exemption. The issue has not yet been decided by the local appeals board as the issue has not been set for hearing.
9. **This bill does not allow for refunds of any amounts paid in prior tax years.** This bill would exempt qualified property commencing with the January 1, 2014 lien date. In contrast, rule changes are declaratory of existing law, and property expressly exempt under a rule change allow affected property owners to claim a tax refund for any years open under the statute of limitations for property tax refunds (typically four years from the date paid.)

Assembly Bill 1143 (Skinner) Chapter 325

Comparable Sales: Near in Time

Effective January 1, 2015. Among its provisions, amends Sections 402.5 of the Revenue and Taxation Code.

BILL SUMMARY

As a housekeeping measure, this bill substitutes the term “valuation date” for “lien date” in reference to selecting comparable sales to estimate a property’s value.

Sponsor: California Assessors’ Association

LAW PRIOR TO AMENDMENT

Existing law provides assessments on the supplemental roll become a lien on the date the property changes ownership[7] while the lien date for assessments on the regular roll is January 1.[8]

Under the comparative sales approach to value, Section RTC 402.5 prohibits the assessor from selecting sales that occur more than 90 days after the “lien date.” The law requires comparable sales to “be sufficiently near in time to the valuation date” and specifies that “near in time to the valuation date” does not include any sale more than 90 days after the “lien date.”

For property tax purposes, “lien date” is typically associated with the January 1 lien date for the regular roll. Since Section 402.5 uses both "lien date" and “valuation date” in the last sentence, confusion arises because tax administrators do not generally refer to a lien date for the supplemental roll.

AMENDMENTS

This bill replaces the term “lien date” with “valuation date” in Section 402.5, the comparable sales valuation method statute.

The bill’s other provisions relate to state income tax law and are outside the BOE’s purview.

BACKGROUND

In estimating a property’s fair market value, the assessor uses various valuation methods. The three major appraisal approaches are the comparative sales approach, the cost approach, and the income approach. Under the comparative sales approach, the assessor estimates value based on the sales price of comparable properties. In selecting comparable sales, an assessor seeks properties similar in size, quality, age, condition, utility, amenities, site location, legally permitted use, or other physical attributes to the subject property. A sale that occurred more than 90 days after the subject property was appraised cannot be used.

When reassessing a property due to a change in ownership (i.e., the supplemental roll), the 90 day limit begins running on the sale date. The 90 day limit for the annual fixed lien date (i.e., for the regular roll), begins January 1.

[7] Revenue and Taxation Code (RTC) Section 75.54
[8] RTC 2192

COMMENTS

1. **Purpose.** The California Assessors' Association is sponsoring this change to provide clarity. Section 402.5 causes confusion because the term "supplemental roll lien date" is uncommon. Rather than a fixed date, the supplemental roll has a "rolling" event-driven lien date.

2. **Some assume the term 'lien date" can only mean January 1**. Under the erroneous assumption that the lien date referred to in Section 402.5 means January 1, an assessor estimates a house's value for an October 2012 change in ownership based on sales occurring before April 1, 2012 (90 days after January 1, 2012), even though sales occurring nearer to October 2012 are available. Using outdated sales data results in an inaccurate estimate of the property's October 2012 value.

3. **This bill reflects existing law.** Section 75.54 defines "lien date" for real property on the supplemental roll to mean the change in ownership or new construction completion date. Under Section 402.5, "lien date" is intended to be synonymous with "valuation date" and is therefore technically accurate. This bill clarifies the law and eliminates the need to find the reference to "lien date" in Section 75.54.

4. **This section predates the supplemental roll and its rolling lien date.** Section 402.5 has not been amended since 1980, three years before the creation of the supplemental roll. The lack of any amendment since 1983 adds to the impression that the lien date reference in Section 402.5 means January 1.

5. **The BOE's Assessors' Handbook explains that "lien date" and "valuation date" are synonymous for purposes of Section 402.5.** In Assessors' Handbook Section 502, *Advanced Appraisal* page 36, footnote 34 reads: "Section 402.5 uses the term 'lien date' and not 'valuation date.' However, Section 75.54 defines lien date for real property [on the supplemental roll] to mean the date of the change in ownership or completion of new construction. Thus, lien date is synonymous with valuation date."

6. **This bill is consistent with a property tax administrative regulation.** Property Tax Rule 324 also uses the term "valuation date" rather than "lien date" when specifying what sales would be considered sufficiently near in time to be deemed comparable. This regulation relates to assessment appeals board decisions. The appeals board decides valuation disputes between the assessor and property owner. It reads in relevant part:

   > **(d) COMPARABLE SALES.** When valuing a property by a comparison with sales of other properties, the board may consider those sales that, in its judgment, involve properties similar in size, quality, age, condition, utility, amenities, site location, legally permitted use, or other physical attributes to the property being valued. When valuing property for purposes of either theregular roll or the supplemental roll, the board shall not consider a sale if it **occurred more than 90 days after the date for which value is being estimated.** The provisions for exclusion of any sale **occurring more than 90 days after the valuation date** do not apply to the sale of the subject property.

7. **Related Legislation.** AB 483 (Ting) and AB 769 (Skinner) included identical provisions that were amended out of those bills.

Assembly Bill 1760 (Chau) Chapter 671
Senate Bill 1203 (Jackson) Chapter 693

Low-Income Housing: PILOT Agreements

Effective January 1, 2015. Adds Sections 214.06 (AB 1760 and SB 1203), 214.07 (AB 1760), 214.08 (SB 1203), and 214.09 (AB 1760) to the Revenue and Taxation Code

BILL SUMMARY

Related to a property tax exemption for low-income rental housing projects, these double-jointed bills:

- Prohibit local governments from entering into a payment in lieu of taxes (PILOT) agreement with a property owner of a low-income housing project. *§214.06*
- Create a conclusive presumption that any funds from payments under a PILOT agreement entered into before January 1, 2015 are used to maintain affordability or reduce rents. *§214.07*
- Related to any property taxes levied (or that may be levied) because a PILOT agreement was deemed to preclude certification that property tax savings were used to maintain affordability or reduce rents:
  - Require cancellation of outstanding tax liabilities. *§214.08*
  - Require refunds of taxes paid.
  - Prohibit escape or supplemental assessments.

Sponsor: Assemblymember Chau and BOE Chairman Horton (SB 1203)

PILOT Agreements
RTC §214.06, §214.07, §214.08, and §214.09

LAW PRIOR TO AMENDMENT

PILOT Agreements. Existing property tax law is silent on the issue of PILOT agreements related to low-income rental housing projects.[9]

Property Tax Exemption. The law provides that the welfare exemption applies to certain low-income rental housing properties.[10] One exemption requirement is that the property owner must be able to certify the following:

- That an enforceable and verifiable agreement exists restricting the development to appropriate lower income household usage and rents.
- That the property tax savings from the exemption are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income households.[11]

The question has been raised whether a property owner can properly make the above

[9] RTC §237(b) addresses authorization of an Indian tribe to make payments in lieu of taxes to local governments for services, improvements or facilities related to a low-income housing project owned and operated by the tribe.
[10] RTC §214(g).
[11] RTC §214(g)(2)(B).

certification when it has entered into a PILOT agreement with local government. The BOE issued a non-binding legal opinion that a property owner can make the required certification in good faith if rents actually meet or are lower than the restrictions set forth in the enforceable agreement, and if the property owner has a reasonable belief that the PILOT payment will go directly to support or benefit the low-income household units.

Exemption revocation. The exemption has been revoked and escape assessments issued in at least one county which deemed payments made under a PILOT agreement to disqualify the property owner's certification regarding the use of property tax savings. Other counties are considering this issue.

AMENDMENTS

PILOT Agreements. On or after January 1, 2015, these bills prohibit a local government from entering into an agreement with the owner of a low-income housing project. Any PILOT agreement entered into in violation of this provision is void and unenforceable. These bills specify that no inference shall be drawn as to whether a local government had the authority to enter into a PILOT agreement prior to January 1, 2015. *§214.06*

PILOT agreement means any agreement entered into between a local government and a property owner of a low-income housing project to pay the local government a charge to compensate the local government for lost property tax revenues resulting from the property tax exemption available under Section 214(g). *§214.09(c)*

Conclusive Presumption. These bills create a conclusive presumption that any payments made under any PILOT agreement entered into before January 1, 2015, comply with the required certification that property tax savings were or are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income households. *§214.07*

Refunds and Cancellations. These bills require any outstanding ad valorem tax, interest, or penalty that was levied between January 1, 2012, and January 1, 2015, as a result of a PILOT agreement to be canceled, and any payments previously paid to be refunded. *§214.08(a)(1)*

Escape Assessments. On or after January 1, 2015, these bills prohibit any escape assessments from being levied on the basis that payments made under a PILOT agreement were, or are, being used in a manner incompatible with the certification regarding the use of property tax savings.[12] *§214.08(a)(2)*

Legislative Declaration. Related to the property tax exemption available to low-income housing projects, Legislative findings and declarations state that:

[I]n enacting subdivision (g) of Section 214 of the Revenue and Taxation Code in 1987, [the Legislature] determined that the funds that were being paid in property taxes could better be used in furtherance of the goal of providing low-income housing and that a property tax exemption was necessary to ensure that low-income housing properties with restricted rents would be able to provide the residents with a livable community and remain financially feasible over the life of the deed restrictions, generally 55 years.

[12] The bill also prohibits supplemental assessments imposed for the same reason in the case of a change in ownership or completion of new construction.

Background

Recently the Ventura County Assessor's Office sent notification of possible welfare exemption revocation to five nonprofit housing developments that have PILOTs with various cities. The assessor took this action after the office received a courtesy copy of a December 23, 2011 BOE legal opinion letter (never annotated). The legal opinion concluded that the required RTC Section 214(g)(2)(B) certification could not be made with respect to a certain PILOT agreement calling for in-lieu payments to the local government. Thereafter, the assessor's office investigated other low-income housing projects with PILOTs, and a statewide discussion commenced to reexamine this issue.

BOE Legal Memo. On March 20, 2013, the BOE's Legal Department issued a memo reviewing the December 14, 2011 letter and an earlier annotated letter dated September 29, 2003, (former Property Tax Annotation 880.0155), and concluded that the certification could be made under certain circumstances, even when a PILOT agreement was in place.

BOE Town Hall Meeting. On November 6, 2013, the BOE held a panel discussion and some attendees noted the need to pursue legislative action. A video of the town hall meeting is available online.

BOE Publishes New Annotation. On November 19, 2013, the BOE Members took action to publish a new Annotation 880.0155.005 based on the March 20, 2013 memo and deleted the prior annotated letter.

Property Tax Annotation 880.0155.005 now states:

> RTC §214(g)(2)(B) requires a developer to certify that property tax savings be used to "maintain the affordability of" or "reduce rents otherwise necessary for" low-income housing units. A Payment In Lieu of Tax (PILOT) Agreement between a local government and an owner of a low-income housing project does not disqualify a developer from making the certification if rents have been maintained in accord with those required by section 214(g)(2)(A), and the developer has a reasonable belief that the PILOT payment will be used to support or benefit the low-income housing development.

Assembly Joint Informational Hearing. On February 3, 2014, the Assembly Committees on Housing and Community Development, Local Government, and Revenue and Taxation held a hearing entitled "Understanding the Scope of Payment in Lieu of Taxes (PILOTs) and Their Impact on the Welfare Property Tax Exemption." A video of the hearing and agenda is available online via the Cal Channel website.

Legislative Analyst's Office Report. The LAO issued a report for this hearing entitled "Nonprofits and the Property Tax."

In General

Under authority granted by the California Constitution, the Legislature has chosen to exempt from property taxation property used exclusively for religious, hospital, or charitable purposes. The exemption's main provisions, known as the "welfare exemption," are set forth in RTC Section 214(a), which enumerates many eligibility requirements.

In addition to the RTC Section 214(a) requirements, low-income housing projects must meet criteria set forth in RTC Section 214(g). Specifically, under RTC Section

214(g)(2)(B), the low-income housing property owner must certify that:

> [T]he funds that would have been necessary to pay property taxes are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income individuals.

When claimants cannot make this certification, they may not receive a welfare exemption.

COMMENTS

1. **Purpose.** The purpose of these measures is to address in statute the issue of whether and how PILOT agreements impact a low-income housing project's ability to receive the welfare exemption. The measures also resolve the immediate concern facing low-income housing developments with existing PILOT agreements by creating a presumption that payments made under agreements created before January 1, 2015 support project affordability and allow these projects to continue receiving the welfare exemption. BOE Chairman Jerome Horton is sponsoring the provisions included in SB 1203 to allow refunds of taxes paid and cancellation of outstanding tax liability for those projects where the exemption was retroactively revoked, as well as the provisions to prevent exemption revocation on similarly situated projects elsewhere in the state. The authors are sponsoring the remaining provisions. The prohibition on new PILOT agreements between local governments and low-income housing projects owners is outside the BOE's purview and not discussed in this analysis.
2. **The August 2014 amendments** recast the contents of both bills. The amendments deleted all prior revisions to RTC Section 214 related to PILOT agreements and instead place PILOT-related provisions into newly added law sections. Both bills must be enacted for either bill to become effective.
    - **Certification.** The recast provisions related to the property tax certification create a conclusive presumption as previously contained in AB 1760. Previously, SB 1203 proposed deleting the property owner's certification concerning use of property tax savings.
    - **Refunds, Cancellations, & Escapes**. The recast provisions continue to provide for refunds, cancellations, and prohibitions on future escape or supplemental assessments as previously contained in both bills.
3. **PILOT issue simplified.** Low-income housing property may be exempt from property taxation under the welfare exemption. Since the local government will not receive its portion of property tax if the property is exempt, low-income housing developers or owners sometimes enter into agreements (often called PILOT agreements) to compensate local government for costs associated with the property. For property tax purposes, some concern exists regarding the effect of a PILOT on a low-income housing property's eligibility for the Welfare Exemption.
4. **Financial implications of retroactively revoking a property tax exemption.** The low-income housing project owners are very concerned about the prospect of losing the welfare exemption for prior years in which they made PILOT payments. Since they did not anticipate such liabilities, they have insufficient funds to pay back taxes (escape assessments) and associated penalties.

5. **These bills provide certainty regarding the PILOT issue.** The BOE, assessors, local governments, nonprofit organizations, and project financers have an interest in clear and consistent treatment of properties subject to PILOT agreements when the welfare exemption eligibility is at stake. This bill cancels outstanding property tax liabilities on those projects where the welfare exemption was retroactively revoked due to a PILOT agreement and requires refunds for any payments already made. Furthermore, it prohibits other counties from revoking the exemption on other projects with pre-existing PILOTs in the future.

6. **These companion measures are double jointed and must both be enacted for either to be effective.** Both bills include identical findings and declarations and both prohibit PILOT agreements. The following table details the subject matter addressed by each bill.

Subject	RTC Section	Bill
Intent	Uncodified Findings and Declarations (Sec. 1)	AB 1760 & SB 1203
Partial Exemption Calculation	§214	SB 1203
PILOT Prohibition	§214.06	AB 1760 & SB 1203
PILOT Conclusive Presumption: Certification	§214.07	AB 1760
Cancellations & Refunds; Escapes & Supplemental Prohibition	§214.08	SB 1203
PILOT definitions • Local government • Low-income housing project • Payment in lieu of taxes agreement	§214.09	AB 1760
No inference on PILOT authority pre-01/01/15.	§214.06(b) & §214.07(b) §214.06(b) & §214.08(b)	AB 1760 SB 1203

7. **Certification regarding use of property tax savings.** The Senate Revenue and Taxation Committee analysis of AB 2144 (Stats. 1987, Ch. 1469) which added RTC Section 214(g), and included the certification requirement from inception, noted the enforcement difficulty of this particular provision. The analysis stated: “[i]n order to claim the exemption the operator must demonstrate that the property tax saved goes toward furthering the low-income aspects of the project. It will be impossible, operationally, to make an unambiguous demonstration, or for the assessor, in most cases, to effectively challenge the demonstration. Enforcing this requirement will prove very difficult, and will cause much administrative difficulty both for the assessors and the assesse.”

8. **Conclusive presumption.** RTC Section 214.07 creates a conclusive presumption that any payments made under any PILOT agreement entered into before January 1, 2015 are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income households. The purpose of the presumption is to allow the low-income housing developer to make the necessary certification related to the use of property tax savings.

Senate Bill 871 (Committee on Budget and Fiscal Review) Chapter 41

Solar Energy New Construction Exclusion: Sunset Date

Tax levy; effective June 20, 2014. Amends Section 73 of the Revenue and Taxation Code.

BILL SUMMARY

This bill extends the property tax new construction exclusion for active solar energy systems to improvements constructed through the 2023-24 fiscal year.

Sponsor: Committee on Budget and Fiscal Review

LAW PRIOR TO AMENDMENT

The California Constitution[13] grants the Legislature the authority to exclude the construction or addition of any active solar energy system from the definition of assessable new construction.

RTC Section 73 implements the new construction exclusion, which is available through the 2015-16 fiscal year. That section includes a repeal date of January 1, 2017.

Under current administrative guidance,[14] the exclusion applies to any system completed before January 1, 2017.[15] However, after the exclusion sunsets, any solar energy system previously excluded as new construction remains exempt from property tax until the property changes ownership.

AMENDMENTS

This bill extends the new construction exclusion to the 2023-24 fiscal year and extends the repeal date to January 1, 2025.

In General

Property Tax System. Article XIII, Section 1 of the California Constitution provides that all property is taxable at the same percentage of "fair market value," unless specifically exempted, or authorized for exemption, within the Constitution. Article XIII A, Section 2 defines "fair market value" as the assessor's opinion of value for the 1975-76 tax bill, or, thereafter, the appraised value of property when purchased, newly constructed, or a change in ownership has occurred. This value is generally referred to as the "base year value." Barring physical new construction or a change in ownership, annual adjustments to the base year value are limited to 2% or the rate of inflation, whichever is less. Article XIII A, Section 2 excludes certain events from consideration as a "change in ownership" and "newly constructed" as approved by voters via constitutional amendments.

New Construction. The California Constitution does not define the terms "new construction" or "newly constructed." RTC Section 70 defines these terms, in part, to mean:

- Any addition to real property, whether land or improvements (including fixtures), since the last lien date.

[13] Cal. Const. Art. XIIIA, §2(c)(1).
[14] Letter to Assessors 1995/04.
[15] This date is arguable due to conflicting language in Section 73. See comment 4 for a discussion.

- Any alteration of land or any improvements (including fixtures) since the last lien date that constitutes a "major rehabilitation" or that converts the property to a different use.

A major rehabilitation is any rehabilitation, renovation, or modernization that converts an improvement or fixture to the substantial equivalent of a new improvement or fixture.

With respect to any new construction, the law requires the assessor to determine the added value upon completion. The value is established as the base year value for those specific improvements qualifying as "new construction" and is added to the property's existing base year value. When new construction replaces certain types of existing improvements, the value attributable to those preexisting improvements is deducted from the property's existing base year value.[16]

New Construction Exclusions. Certain types of construction activity are excluded from assessment as "new construction" via constitutional amendment. Consequently, while these improvements may increase the value of the property, the additional value is not assessable.

Prop	Election	Subject	RTC
8	November 1978	Disaster Reconstruction	§70(c)
7	**November 1980**	**Active Solar Energy Systems**	**§73**
23	June 1984	Seismic Safety (Unreinforced Masonry)	§70(d) (Forme)
31	November 1984	Fire Safety Systems and Fire Egress	§74
110	June 1990	Disabled Access Improvements (Homes)	§74.3
127	November 1990	Seismic Safety Retrofitting & Hazard Mitigation	§74.5
177	June 1994	Disabled Access Improvements (All Properties)	§74.6
1	November 1998	Environmental Contamination Reconstruction	§74.7
13	June 2010	Seismic Safety Retrofitting & Hazard Mitigation (*changes Proposition 23 and 127)*	§74.5

Overview of Solar Energy New Construction Exclusion

An "active solar energy system" is defined in RTC Section 73 as a system that uses solar devices, which are thermally isolated from living space or any other area where the energy is used to provide for the collection, storage, or distribution of solar energy. An active solar energy system may be used for any of the following:

- Domestic, recreational, therapeutic, or service water heating.
- Space conditioning.
- Production of electricity.
- Heat processing.
- Solar mechanical energy.

An active solar energy system includes storage devices, power conditioning equipment, transfer equipment, and parts related to the functioning of those items. "Parts" includes spare parts that are owned by the owner of, or maintenance contractor for, an active solar energy system for which the parts were specifically purchased, designed, or fabricated for

[16] RTC §71

installation in that system. Such a system includes only equipment used up to, but not including, the stage of transmission or use of the electricity.

An active solar energy system also includes pipes and ducts that are used exclusively to carry energy derived from solar energy. Pipes and ducts that are used to carry both energy derived from the sun and energy derived from other sources may be considered active solar energy system property only to the extent of 75% of their full cash value.

An active solar energy system does not include auxiliary equipment, such as furnaces and hot water heaters that use a source of power other than solar energy to provide usable energy. Dual use equipment, such as ducts and hot water tanks, which is used by both auxiliary equipment and solar energy equipment, is considered active solar energy system property only to the extent of 75% of its full cash value.

RTC Section 73 explicitly provides that the exclusion does not apply to solar swimming pool heaters or hot tub heaters. By definition, the exclusion does not apply to "passive" solar systems. Lastly, the exclusion does not apply to wind energy systems.

Legislative History of Solar Energy New Construction Exclusion

Proposition 7 (SCA 28, Alquist) was approved by voters in 1980 and amended the California Constitution by giving the Legislature the authority to exclude from property tax assessment the addition of active solar energy systems.

SB 1306 (Stats. 1980, Ch. 1245, Alquist) added RTC Section 73 to implement Proposition 7. Its provisions were operative for five fiscal years: 1981-82 through 1985-86.

AB 1412 (Stats. 1985, Ch. 878, Wyman), extended the exclusion for another five fiscal years: 1986-87 through 1990-91. The bill also required the Legislative Analyst's Office to report to the Legislature by January 1, 1990 on the fiscal and economic effects of the exclusion.

SB 1311 (Greene, 1989) proposed repealing the exclusion on January 1, 1990. The bill was not heard in any committee.

AB 4090 (Wyman & Alquist, 1990) proposed extending the exclusion through the 1993-94 fiscal year. AB 4090 passed both houses, but was vetoed by Governor Deukmejian. The Governor's veto messages state that he supported efforts to encourage the development of solar energy in California, but the bill would have resulted in millions of dollars of property tax revenue loss to local entities in the high desert region of the state, and solar energy income tax credits were otherwise available. At that time, a major commercial project to build solar-electrical generating facilities (SEGS) in the Mojave Desert near Barstow in San Bernardino County was underway by Luz International Ltd.

SB 103 (Stats. 1991, Ch. 28; Morgan) extended the exclusion for three more fiscal years: 1991-92 through 1993-94. The measure proposed a new RTC Section 73 since the prior statute sunset on January 1, 1991. However, SB 103 was urgency legislation effective on May 14, 1991 and drafted to avoid impacting the exclusion's continuity. SB 103 included a sunset on January 1, 1995 absent future legislative action. No legislation was enacted prior to the sunset date so the exclusion was not available for five fiscal years (1994-95 through 1998-99) until AB 1755 was enacted, as noted below.

SB 1553 (Alquist, 1994) would have, in part, extended the exclusion indefinitely; however these provisions were amended out of this bill prior to its enactment.

AB 1755 (Stats. 1998, Ch. 855; Keeley) re-established the exclusion for six fiscal years: 1999-2000 through 2004-05. [SB 116 (Peace) in 1998 would have, in part, also re-established the exclusion. This bill was not enacted.]

AB 1099 (Stats. 2005, Ch. 193, Leno) extended the exclusion to the 2008-09 fiscal year. [That same year SB 1 (Murray) would have, in part, also extended the sunset date of the new construction exclusion. However, that provision was deleted from the bill. SB 1017 (Campbell) would have extended the sunset date to the 2016-17 fiscal year, but that bill was never heard in a committee.]

AB 1451 (Stats. 2007, Ch. 538, Leno) extended the exclusion to the 2015-16 fiscal year. It also allowed the value of the exclusion to apply to the initial purchase of a new building that includes an active solar energy system, under specified conditions.

AB 865 (Nestande, 2011) would have extended the sunset date to the 2032-33 fiscal year in order to provide developers and their financers certainty that the exclusion would be available for their long term development plans. Because the exclusion includes a sunset, questions arose whether the exclusion would be active when a project is completed. Because of the sunset, prospective lenders include property taxes as part of the project operating costs. That bill was held in the Assembly Appropriations Committee.

ABx1 15 (Stats. 2011, Ch. 3, Hill) expressly provides, via uncodified legislative findings and declarations, that a purchaser of a newly constructed active solar energy system that was sold in a sale-leaseback, partnership flip structure, or other transaction, is eligible to receive the property tax new construction exclusion for the system.

COMMENTS

1. **Purpose.** This budget trailer bill ensures that the new construction exclusion will be in place through fiscal year 2023-24 by extending the repeal date to January 1, 2025.

2. **Except for a five-year hiatus for fiscal years 1994-95 through 1998-99, the exclusion has been available since 1981.** This bill ensures the continuity of the exclusion.

3. **Prior, pending, and approved large scale solar thermal projects in California.** By 2020, 33% of retail sales of electricity must derive from renewable energy resources. Solar energy will be a main source of renewable power. The California Energy Commission website lists solar power plant projects over 50 MW and includes the history of earlier large solar projects in California. Additionally, the website provides information on the status of all projects.

4. **A solar energy system currently excluded from assessment is not impact by the sunset.** Section 73's repeal would not make an excluded system immediately taxable. Generally, new construction exclusions remain in effect until the property changes ownership, at which point the entire property, including the new construction exclusion portion of the property (or additional value), will be reassessed to its current market value pursuant to Proposition 13's change in ownership provisions. Thus, if Section 73 sunsets on January 1, 2017, a solar system that previously received the new construction exclusion will not become assessable, absent any other change in circumstances.

5. **Ambiguity regarding eligibility completion date.** Section 73(g) provides that "[t]his section applies to property tax lien dates for the1999–2000 fiscal year to the

2023–24 fiscal year, inclusive" while Section 73(i) provides that "[t]his section shall remain in effect only until January 1, 2025, and as of that date is repealed." These provisions result in ambiguity regarding the date by which construction must be completed to qualify for the exclusion. Three possible dates could apply:

- January 1, 2023 (the lien date for the 2023-24 fiscal year);
- June 30, 2024 (the last day of the 2023-24 fiscal year); or
- January 1, 2025 (the last day the section of law remains in effect).

BOE staff faced similar conflicting provisions when a prior version of Section 73 (as amended by Stats. 1991, Ch. 28 (SB 103)) was allowed to sunset on January 1, 1995. At that time, former Section 73 (d) read "[t]his section shall apply to lien dates for the 1991-92 to 1993-94 fiscal years, inclusive. For purposes of supplemental assessment, this section shall only apply to qualifying construction completed on or after January 1, 1991. This section shall remain in effect only until January 1, 1995, and of that date is repealed, unless a later enacted statue, which is chaptered before January 1, 1995, deletes or extends that date."

To address the ambiguity, the staff interpreted the statute in favor of the taxpayer and issued Letter to Assessors 1995/04 to advise assessors to extend the exclusion to construction completed before the repeal date (January 1, 1995). Given the need for certainty, combining these provisions into a single subdivision with a specific date is helpful. For example, "This section shall apply to qualifying construction completed on or before December 31, 2024, and as of January 1, 2025, is repealed."

6. **Section 73 is not a real property tax "exemption" for solar energy facilities, but a new construction "exclusion."** The new construction exclusion was created in 1980 via Proposition 7 to provide that the construction or addition of an active solar energy system to an existing property alone would not lead to a revaluation of the property for property tax purposes. The distinction between an exclusion and an exemption is important for several reasons: (1) the exclusion terminates with a transfer of the property upon a property's change in ownership (a reappraisal event); (2) the exclusion does not apply to any property that is under the BOE's assessment jurisdiction – any such facility would be subject to property tax assessment; and (3) in the case of any locally assessed large scale solar project, only the "improvements" are eligible for the exclusion, while the land remains subject to property tax.[17]

7. **State assessed properties are not eligible for the new construction exclusion because it is only applicable to locally assessed property.** In *ITT World Communications, Inc.* v. *City and County of San Francisco* (1985) 37 Cal.3d 859, the California Supreme Court ruled that Proposition 13's (Article XIIIA) assessment rollback, its 2% limit on annual assessment growth, and its limit on current market value assessment only upon a change in ownership or new construction did not apply to state-assessed property, only to locally assessed property. As a result, taxable property in California is now generally split into two major categories: locally

[17] If the land is government-owned, it could become subject to a possessory interest. Generally, a taxable possessory interest exists when a taxpayer possesses an interest in government real property that is durable, independent, exclusive of the rights held by others in the real property and the interest provides a private benefit to the possessor.

assessed property subject to Article XIIIA assessment limitations and state-assessed property without assessment limitations. Thus, active solar energy systems owned by public utilities and subject to BOE assessment do not benefit from the Section 73 new construction exclusion; the value of these properties would be captured under the unitary approach to value.

Senate Bill 1113 (Knight) Chapter 656

Disabled Veterans' Exemption: Refunds

Effective January 1, 2015. Amends Section 890.3 of the Military and Veterans Code and Section 5097 of the Revenue and Taxation Code.

BILL SUMMARY

This bill extends the statute of limitations from four to eight years on property tax refunds related to the disabled veterans' exemption.

Sponsor: Board of Equalization

LAW PRIOR TO AMENDMENT

Refunds. The statute of limitations bars the refund of property taxes related to the disabled veterans' exemption unless a claim for refund is filed within four years after making the payment subject to refund.[18]

Disabled Veterans' Exemption. California law provides qualified disabled veterans and their unmarried surviving spouses with a property tax exemption that applies to their home's assessed value.[19] Exemption eligibility provisions require that the claimant obtain a United States Department of Veterans Affairs (USDVA) disability rating that either (1) rates the veteran's disability at 100% or (2) rates the veteran's disability compensation at 100% because the veteran is unable to secure and maintain gainful employment.

The law also allows surviving spouses to receive the exemption if the death is service-connected. Surviving spouse exemption eligibility provisions require that the claimant receive a USDVA determination that the non-surviving spouse's death was service-connected. A USDVA determination is necessary for (1) active duty personnel deaths (i.e., the service person had not yet become a "veteran") and (2) veterans who die without a prior 100% rating, but whose cause of death is deemed service-connected. Surviving spouses of veterans with a 100% rating during their lifetime continue to receive the exemption after the veteran's death so long as they do not remarry.

Exemption Eligibility Date. California law specifies that a home becomes eligible for the disabled veterans' exemption as of the effective date of a 100% disability rating. In the case of death, a home becomes eligible on the day the active duty service person dies.[20]

However other provisions can prevent the receipt of the exemption as of these dates. Specifically, claimants must comply with the statutory filing requirements and counties[21] must comply with the limitation periods for issuing property tax refunds.

Exemption Filing Requirements. The law requires the disabled veteran (or surviving spouse who has not remarried) to file an exemption claim with the local county

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[18] RTC Section 5097.

[19] Cal. Const. Art. XIII, §4 and RTC § 205.5.

[20] RTC §279.

[21] Many county departments (the assessor, auditor-controller, and tax collector) and the county board of supervisors have duties related to processing property tax exemptions, property tax refunds, tax bill corrections, and assessment roll corrections.

assessor.[22] Generally, the law provides that any exemption not claimed within the time specified by statute is deemed waived for that year.[23] However, the law allows a 90% or 85% partial disabled veterans' exemption for a claim filed after the deadline.[24] The exception to this general rule relates to claims filed late due to delayed USDVA disability ratings.[25] In this case, the exemption amount provided is not reduced.

AMENDMENTS

In the case of property tax refunds related to the disabled veterans' exemption, this bill increases the number of years open to refund to the last eight years of taxes paid. It also corrects a statutory cross reference in the Military and Veterans Code to the property tax refund law.

The provisions apply to any claim for refund filed with the Board of Supervisors after January 1, 2015 that relates to the disabled veterans' exemption.

Background

Exemption Amounts. California law provides qualified disabled veterans and their unmarried surviving spouses with a property tax exemption that applies to their home's assessed value.[26] For 2014, the exemption amount is $124,932. The exemption amount increases to $187,399 for households with incomes under $56,101.[27] At the 1% tax rate, the exemption reduces annual property taxes by up to $1,249, or $1,874, depending on income. Each year, 31,055 homes in California receive the disabled veterans' exemption[28] and 5.5 million homes receive the homeowners' exemption in the lesser amount of $7,000.[29]

Related Legislation

Legislation enacted to provide the disabled veterans' exemption retroactively include:

Bill Number	Legislative Session	Section	Type
AB 2314	Stats. 2010, Ch. 150	RTC §276.1	Eliminate "pending" USDVA application requirement. Additional time to file claim.
SB 1637	Stats. 2006, Ch. 677	RTC §276.1 RTC §276.2	Exemption eligibility start date.
SB 2092	Stats. 2002, Ch. 775	RTC §276 RTC §276.1	Additional time to file claims. Correct statute of limitations cross reference.
SB 1362	Stats. 2000, Ch. 1085	RTC §276 RTC §276.1	Authorized partial retroactive exemptions. Authorized full retroactive exemptions for pending USDVA applications.
AB 2562	Stats. 2000, Ch. 922	RTC §276	Authorized partial retroactive exemptions for prior tax years
AB 2092	Stats. 2000, Ch. 575	MV §890.3	Delayed USDVA-Disability Ratings

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[22] RTC §277 and RTC §255.
[23] Cal.Constitution Art. XIII, §6 and RTC Section 260.
[24] RTC § 276.
[25] RTC §276.1 added by SB 1362 (Stats. 2000, Ch. 1085) and Military and Veterans (MV) Code §890.3 added by AB 2092 (Stats. 2000, Ch. 575).
[26] Cal. Const. Art. XIII, §4 and RTC §205.5
[27] Letter to Assessors 2013/027 "Disabled Veterans' Exemption Increase for 2014."
[28] BOE Annual Report, Table 8.
[29] Cal. Const. Art. XIII, §3(k) and RTC §218.

COMMENTS

1. **Purpose.** The BOE is sponsoring this bill to "give veterans better access to the full benefit offered to them by a grateful state."

2. **The existing statute of limitations on refunds can undercut the provision of law allowing disabled veterans to receive their exemption as of their disability effective date.** This tends to occur when (1) veterans successfully appeal or litigate their rating; (2) the USDVA issues a new rating to correct an initial rating error; or (3) the USDVA experiences processing backlogs or lost paperwork. On occasion, veterans or their advocates contact the BOE with backdated disability effective dates of more than 20 years, seeking help to obtain refunds beyond the allowable four years. These disabled veterans are disheartened that, after years of struggling with the federal government to obtain a 100% disability rating, California law limits available property tax relief. These disabled veterans express frustration that another level of government is preventing them from receiving the benefits to which they understood they were entitled.

3. **Most first-time claimants for the disabled veterans' exemption with back-dated disability effective dates are not negatively impacted.** This is because either the taxes were paid within the existing 4-year limitations period or, as first-time homeowners, they have no property taxes.

4. **This bill changes the statute of limitations on refunds associated with the disabled veterans exemption from the last four to the last eight years of taxes paid**. This bill seeks to balance the veteran's need to receive added property tax relief with the state and local government's need for certainty and closure on property tax revenue receipts.

5. **Escape assessments can be assessed within eight years.** Opening up the last eight years of taxes paid to possible refund parallels the law requiring eight years of back taxes to be collected from taxpayers for escape assessments related to unrecorded changes in ownership.[30]

6. **This bill applies to any claim for refund filed with the Board of Supervisors after January 1, 2015.** Any impacted veteran could file a claim after January 1, 2015 (including refiling a previously denied refund claim) to receive refunds of taxes paid within the last eight years.

[30] RTC §532 Generally, the escape assessment statute of limitations limits the imposition of additional tax for escaped or under-assessed property to the last four years, but in certain circumstances eight years of back taxes are sought from property owners.

Senate Bill 1203 (Jackson) Chapter 693
Assembly Bill 1760 (Chau) Chapter 671

Low-Income Housing: PILOTS and Partial Exemption Calculation

Effective January 1, 2015. Amends Section 214 of, and adds Sections 214.06, 214.07 (AB 1760), 214.08, 214.09 (AB 1760) to, the Revenue and Taxation Code.

BILL SUMMARY

Related to a property tax exemption for low-income rental housing projects, these double-jointed bills:

- Prohibit local governments from entering into a payment in lieu of taxes (PILOT) agreement with a property owner of a low-income housing project. *§214.06*
- Create a conclusive presumption that any funds from payments under a PILOT agreement entered into before January 1, 2015 are used to maintain affordability or reduce rents. *§214.07*
- Related to any property taxes levied (or that might be levied) because a PILOT agreement was deemed to preclude certification that property tax savings are used to maintain affordability or reduce rents:
  - Require cancellation of outstanding tax liabilities. *§214.08*
  - Require refunds of taxes paid.
  - Prohibit escape or supplemental assessments.
- Related to the provisions that allow a partial exemption on property and related facilities when the rental housing does not exclusively serve low-income residents:
  - Specify that the partial exemption percentage calculation uses a unit method. *§214(g)(1)*
  - Define "related facilities" to explicitly include certain items. *§214(g)(3)(B)*
  - Define "units serving lower income households" to explicitly address units that are vacant when determining the occupancy percentage. *§214(g)(3)(C)*

Sponsor: BOE Chairman Horton (SB 1203) and Assemblymember Chau

PILOT Agreements
RTC §214.06, §214.07, §214.08, and §214.09

LAW PRIOR TO AMENDMENTS

PILOT Agreements. Existing property tax law is silent on the issue of PILOT agreements related to low-income rental housing projects.[31]

Property Tax Exemption. The law provides that the welfare exemption applies to certain low-income rental housing properties.[32] One exemption requirement is that the property owner must be able to certify the following:

[31] Revenue and Taxation Code (RTC) §237(b) addresses payments that an Indian tribe may make related to a low-income housing project owned and operated by the tribe.
[32] RTC §214(g)

- That an enforceable and verifiable agreement exists restricting the development to appropriate lower income household usage and rents.
- That the property tax savings from the exemption are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income households.[33]

The question has been raised whether a property owner can properly make the above certification when it has entered into a PILOT agreement with local government. The BOE issued a non-binding legal opinion that a property owner can make the required certification in good faith if rents actually meet or are lower than the restrictions set forth in the enforceable agreement, and if the property owner has a reasonable belief that its PILOT payment will go directly to support or benefit the low-income household units.

Exemption revocation. The exemption has been revoked and escape assessments issued in at least one county which deemed payments made under a PILOT agreement to disqualify the property owner's certification regarding the use of property tax savings. Other counties are considering this issue.

AMENDMENTS

PILOT Agreements. On or after January 1, 2015, these bills prohibit a local government from entering into an agreement with the owner of a low-income housing project. Any PILOT agreement entered into in violation of this provision is void and unenforceable. These bills specify that no inference shall be drawn as to whether a local government had the authority to enter into a PILOT agreement prior to January 1, 2015. *§214.06*

PILOT agreement means any agreement entered into between a local government and a property owner of a low-income housing project to pay the local government a charge to compensate the local government for lost property tax revenues resulting from the property tax exemption available under Section 214(g). *§214.09(c)*

Conclusive Presumption. These bills create a conclusive presumption that any payments made under any PILOT agreement entered into before January 1, 2015, comply with the required certification that property tax savings were or are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income households*. §214.07*

Refunds and Cancellations. These bills require any outstanding ad valorem tax, interest, or penalty that was levied between January 1, 2012, and January 1, 2015, as a result of a PILOT agreement to be canceled, and any payments previously paid to be refunded. *§214.08(a)(1)*

Escape Assessments. On or after January 1, 2015, these bills prohibit any escape assessments from being levied on the basis that payments made under a PILOT agreement were, or are, being used in a manner incompatible with the certification regarding the use of property tax savings.[34] *§214.08(a)(2)*

Legislative Declaration. Related to the property tax exemption available to low-income housing projects, Legislative findings and declarations state that:

[33] RTC §214(g)(2)(B)

[34] The bill also prohibits supplemental assessments imposed for the same reason in the case of a change in ownership or completion of new construction.

> [I]n enacting subdivision (g) of Section 214 of the Revenue and Taxation Code in 1987, [the Legislature] determined that the funds that were being paid in property taxes could better be used in furtherance of the goal of providing low-income housing and that a property tax exemption was necessary to ensure that low-income housing properties with restricted rents would be able to provide the residents with a livable community and remain financially feasible over the life of the deed restrictions, generally 55 years.

Background

Recently the Ventura County Assessor's Office sent notification of possible welfare exemption revocation to five nonprofit housing developments that have PILOTs with various cities. The assessor took this action after the office received a courtesy copy of a December 23, 2011 BOE legal opinion letter (never annotated). The legal opinion concluded that the required RTC Section 214(g)(2)(B) certification could not be made with respect to a certain PILOT agreement calling for in-lieu payments to the local government. Thereafter, the assessor's office investigated other low-income housing projects with PILOTs, and a statewide discussion commenced to reexamine this issue.

BOE Legal Memo. On March 20, 2013, the BOE's Legal Department issued a memo reviewing the December 14, 2011 letter and an earlier annotated letter dated September 29, 2003, (former Property Tax Annotation 880.0155), and concluded that the certification could be made under certain circumstances, even when a PILOT agreement was in place.

BOE Town Hall Meeting. On November 6, 2013, the BOE held a panel discussion and some attendees noted the need to pursue legislative action. A video of the town hall meeting is available online.

BOE Publishes New Annotation. On November 19, 2013, the BOE Members took action to publish a new Annotation 880.0155.005 based on the March 20, 2013 memo and deleted the prior annotated letter.

Property Tax Annotation 880.0155.005 now states:

> RTC §214(g)(2)(B) requires a developer to certify that property tax savings be used to "maintain the affordability of" or "reduce rents otherwise necessary for" low-income housing units. A Payment In Lieu of Tax (PILOT) Agreement between a local government and an owner of a low-income housing project does not disqualify a developer from making the certification if rents have been maintained in accord with those required by section 214(g)(2)(A), and the developer has a reasonable belief that the PILOT payment will be used to support or benefit the low-income housing development.

Assembly Joint Informational Hearing. On February 3, 2014, the Assembly Committees on Housing and Community Development, Local Government, and Revenue and Taxation held a hearing entitled "Understanding the Scope of Payment in Lieu of Taxes (PILOTs) and Their Impact on the Welfare Property Tax Exemption." A video of the hearing and agenda is available online via the Cal Channel website.

Legislative Analyst's Office Report. The LAO issued a report for this hearing entitled "Nonprofits and the Property Tax."

Low-Income Housing: Partial Exemption Calculations
RTC §214

LAW PRIOR TO AMENDMENT

Percentage of Value Calculation. Existing law allows the exemption to apply to rental housing that is not exclusively occupied by lower income households**.** The law provides that rental housing is "entitled to a partial exemption equal to that percentage of the value of the property that the portion of the property serving lower income households represents of the total property." While the law allows a partial exemption, it does not specify the method to calculate the "percentage of value." The BOE's administrative guidance to assessors on this issue is to calculate percentage of value by dividing the square footage of the exempt units by the total square footage of the structure.[35] The guidance does not detail which square footage to include or exclude (i.e, living areas, common areas) in the calculation.

Related Facilities. The exemption applies to both rental housing and "related facilities." Current law does not define related facilities and does not expressly state how to treat common areas in a rental housing property where there is continual shared use by non-lower income households. Common areas include such areas as recreational facilities, rental office and community rooms, laundry rooms, interior/exterior walkways and halls, stairs, parking areas, and landscaped grounds.

AMENDMENT

Partial Exemption Calculation. These bills specify in law that partial exemptions will be calculated using a "number of units" basis. Specifically, rental housing and related facilities are entitled to a partial exemption "equal to that percentage of the value of the property that is equal to the percentage that the number of units serving lower income households represents of the total number of residential units." In plain terms, when 90 out of 100 residential units qualify, then the property and related facilities are entitled to a 90% exemption.

Related Facilities. These bills define related facilities for purposes of the low-income rental housing exemption. The definition for related facilities means:

- any manager's units
- any and all common area spaces that are included within the physical boundaries of the rental housing development, including, but not limited to, common area space, walkways, balconies, patios, clubhouse space, meeting rooms, laundry facilities and parking areas.

Any portions of the overall development that are nonexempt commercial space are excluded from the related facilities definition. *§214(g)(3)(B)*

In General

Under authority granted by the California Constitution, the Legislature exempted from property taxation property used exclusively for religious, hospital, or charitable purposes. The exemption's main provisions, known as the "welfare exemption," are set forth in RTC Section 214(a), which enumerates many eligibility requirements.

[35] The Assessors' Handbook 267 on page 81 recommends that assessors use a square footage based method.

In addition to the RTC Section 214(a) requirements, low-income housing projects must meet criteria set forth in RTC Section 214(g). Specifically, under RTC Section 214(g)(2)(B), the low-income housing property owner must certify that:

> [T]he funds that would have been necessary to pay property taxes are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income individuals.

When claimants cannot make this certification, they may not receive a welfare exemption.

COMMENTS

1. **Purpose.** The purpose of these measures is to address in statute the issue of whether and how PILOT agreements impact a low-income housing project's ability to receive the welfare exemption. The measures also resolve the immediate concern facing low-income housing developments with existing PILOT agreements by creating a presumption that payments made under agreements created before January 1, 2015 support project affordability and allow these projects to continue receiving the welfare exemption. BOE Chairman Jerome Horton is sponsoring the provisions included in SB 1203 to allow refunds of taxes paid and cancellation of outstanding tax liability for those projects where the exemption was retroactively revoked, as well as the provisions to prevent exemption revocation on similarly situated projects elsewhere in the state. The authors are sponsoring the remaining provisions. The prohibition on new PILOT agreements between local governments and low-income housing projects owners is outside the BOE's purview and not discussed in this analysis. The provisions related to the partial exemption calculation and definition of related facilities is intended to promote uniformity and consistency in determining the exempt and taxable portions of low-income housing.

2. **The August 2014 amendments** recast the contents of both bills. The amendments deleted all prior revisions to RTC Section 214 related to PILOT agreements and instead place PILOT-related provisions into newly added law sections. Both bills must be enacted for either bill to become effective.

   - **Certification.** The recast provisions related to the property tax certification create a conclusive presumption as previously contained in AB 1760. Previously, SB 1203 proposed deleting the property owner's certification concerning use of property tax savings.

   - **Refunds, Cancellations, & Escapes**. The recast provisions continue to provide for refunds, cancellations, and prohibitions on future escape or supplemental assessments as previously contained in both bills.

   The new amendments to RTC Section 214 relate to partial exemption issues. These amendments (1) define "related facilities," (2) specify that the percentage of value calculation for the property and related facilities will be determined on a unit basis, and (3) include low-income units that are vacant in the count of units considered occupied by low-income households. Previously, SB 1203 added a definition of related facilities but did not address the partial exemption calculation method.

3. **PILOT issue simplified.** Low-income housing property may be exempt from property taxation under the welfare exemption. Since the local government will not receive its portion of property tax if the property is exempt, low-income housing developers or owners sometimes enter into agreements (often called PILOT agreements) to compensate local government for costs associated with the property. For property tax purposes, some concern exists regarding the effect of a PILOT on a low-income housing property's eligibility for the Welfare Exemption.

4. **Financial implications of retroactively revoking a property tax exemption.** The low-income housing project owners are very concerned about the prospect of losing the welfare exemption for prior years in which they made PILOT payments. Since they did not anticipate such liabilities, they have insufficient funds to pay back taxes (escape assessments) and associated penalties.

5. **These bills will provide certainty regarding the PILOT issue.** The BOE, assessors, local governments, nonprofit organizations, and project financers have an interest in clear and consistent treatment of properties subject to PILOT agreements when the welfare exemption eligibility is at stake. This bill cancels outstanding property tax liabilities on those projects where the welfare exemption was retroactively revoked due to a PILOT agreement and requires refunds for any payments already made. Furthermore, it prohibits other counties from revoking the exemption on other projects with pre-existing PILOTs in the future.

6. **These companion measures are double jointed and must both be enacted for either to be effective.** Both bills include identical findings and declarations and both prohibit PILOT agreements. The following table details the subject matter addressed by each bill.

Subject	RTC Section	Bill
Intent	Uncodified Findings and Declarations (Sec. 1)	AB 1760 & SB 1203
Partial Exemption Calculation	214	SB 1203
PILOT Prohibition	214.06	AB 1760 & SB 1203
PILOT Conclusive Presumption: Certification	214.07	AB 1760
Cancellations &Refunds; Escapes & Supplemental Prohibition	214.08	SB 1203
PILOT definitions • Local government • Low-income housing project • Payment in lieu of taxes agreement	214.09	AB 1760
No inference on PILOT authority pre-01/01/15.	214.06(b) & 214.07(b) 214.06(b) & 214.08(b)	AB 1760 SB 1203

7. **Certification regarding use of property tax savings.** The Senate Revenue and Taxation Committee analysis of AB 2144 (Stats. 1987, Ch. 1469) which added RTC Section 214(g), and included the certification requirement from inception, noted the enforcement difficulty of this particular provision. The analysis stated: "[i]n order to claim the exemption the operator must demonstrate that the property tax saved goes toward furthering the low-income aspects of the project. It will be impossible, operationally, to make an unambiguous demonstration, or for the assessor, in most cases, to effectively challenge the demonstration. Enforcing this requirement will prove very difficult, and will cause much administrative difficulty both for the assessors and the assesse."

8. **Conclusive presumption.** RTC Section 214.07 creates a conclusive presumption that any payments made under any PILOT agreement entered into before January 1, 2015 are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income households. The purpose of the presumption is to allow the low-income housing developer to make the necessary certification related to the use of property tax savings.

9. **This bill addresses an uncertainty that exists concerning the square footage used to calculate the percentage of value when providing a partial exemption.** The BOE Assessors' Handbook 267 page 81, advises assessors to use a square foot method to calculate the partial exemption percentage. The BOE advises assessors that the percentage of value is calculated by dividing the square footage of the "exempt units" by the "total square footage of the structure." However, the Assessors' Handbook doesn't specify which areas fall within the category of "exempt units" for use in the numerator and which areas fall within the category of "total structure" for use in the denominator. As a result, the percentage of the exemption granted can vary.

10. **Specifying in statute that the partial exemption is calculated based on a percentage of affordable units promotes uniformity and simplicity.**

    - **County Uniformity.** Currently, counties do not uniformly calculate the partial exemption. Some counties already use a percentage of units basis. A per unit basis will eliminate the minor percentage differences that result from differing interpretations of which square footage to characterize as "exempt units" and "total structure."
    - **Revenue and Taxation Code Conformity.** Partial exemptions would be calculated on the same basis for both low-income housing (§214(g)) and elderly and disabled housing (§214(f)). There is no compelling reason to have different calculation methods in statute depending on the housing type.
    - **Simplicity.** The percentage of affordable units method is easier to understand and calculate and is less prone to mathematical errors.

11. **Common areas historically have lacked uniform treatment.** When a property also serves other than low-income households, concern has been expressed that commons areas, such as walkways and meeting rooms, either have not received the exemption or that when a partial exemption is applied, the amount provided is disputed. Questions have also been raised about whether it is appropriate to extend the exemption to certain facilities when low-income tenants pay fees for the amenity, such as covered parking. The definition of related facilities is intended to make clear

that all areas listed are eligible for exemption, or partial exemption, as the case may be. The amount of the exemption is dependent on the number of units that qualify in the occupancy count.

12. **The occupancy count.** The number of units serving lower income households includes the following units:

- **All units occupied by lower income households**. Note that, as provided in Property Tax Rule 140(d)(2), any unit *actually used* for rental to lower income households at the qualifying rent qualifies for exemption. The exemption is not limited to the percentage designated for use by lower income households in the regulatory agreement, recorded deed restriction, or other legal document.
- **Manager's unit.** The manager's unit is listed in the new related facilities definition. (Property Tax Rule 140(d)(2) already extends the exemption to the manager's unit.)
- **Vacant reserved low-income units.** The sentence "[u]nits reserved for lower income households at an affordable rent that are temporarily vacant due to tenant turnover or repairs shall be counted as occupied" is intended to make clear that vacant units count towards the partial exemption calculation, provided the project operator is holding (i.e., reserving) the units for rental to low-income tenants only.

Senate Bill 1464 (Committee on Governance and Finance) Chapter 134

Property Tax Omnibus Bill

Effective January 1, 2015. Amends Sections 62, 170, 201.7, and 439.2 of the Revenue and Taxation Code.

BILL SUMMARY

This Board of Equalization sponsored annual property tax omnibus measure contains purely technical changes to:

- Correct a cross reference to a Welfare and Institutions Code disability definition for the change in ownership exclusion available for a low-income disabled person's home after the death of the person's parent or guardian. (*RTC* §*62*);
- Update appeal board references for disaster relief reassessment appeals. (*RTC* §*170*);
- Make the term "nonprofit organization" consistent with the Public Resources Code for a nonprofit organization that operates a state park as an agent of the state. (*RTC* §*201.7*); and
- Reflect the creation of the Federal Housing Finance Agency that currently publishes the conventional mortgage interest rate information needed to value Mills Act historical properties. (*RTC* §*439.2*)

Sponsor: Board of Equalization

CHANGE IN OWNERSHIP EXCLUSION: LOW INCOME DISABLED WARDS HOME
RTC §62

LAW PRIOR TO AMENDMENT

After a "change in ownership" occurs, the assessor reassesses a property to its current fair market value.[36] However, the law provides that under certain circumstances, a change in ownership does *not* include the transfer of a home from a parent to a child or from a guardian to a ward, whether by will, devise, or inheritance.[37] To qualify for this exclusion:

1. The transfer must be from a parent/guardian to a disabled child/ward whose disability is defined in the Welfare and Institutions Code. Specifically, the child/ward requires in-home supportive care of at least 20 hours per week to carry out specified tasks.[38]
2. For at least five years preceding the transfer, the child/ward met the disability definition.
3. In the year the transfer occurs, the child/ward's adjusted gross income does not exceed $20,000 when combined with the adjusted gross income of any spouse, parent, or child.

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[36] Cal. Const. Art. XIII A, §2; RTC §§60 - 69.5.
[37] RTC §62(n).
[38] Welfare and Institutions Code §12304.

4. The home was the child/ward's principal place of residence for at least five years preceding the transfer and remains so after the transfer.

In 1991, legislation re-lettered the subdivision containing the relevant Welfare and Institutions Code disability definition.[39] However, the Revenue and Taxation Code cross reference has not been updated.

AMENDMENTS

This provision corrects the Revenue and Taxation Code's cross reference to the proper subdivision of Welfare and Institutions Code Section 12304. Specifically, former subdivision (e) is now subdivision (d) of Section 12304, and subdivision (e) no longer exists.

COMMENT

The amendment is a simple subdivision reference correction.

DISASTER RELIEF APPEALS
RTC §170

LAW PRIOR TO AMENDMENT

The law requires every county to establish an independent board to hear and decide disputes between county assessors and property owners. The law gives counties two options: (1) the board of supervisors sits as the "county board of equalization," or (2) the board of supervisors creates an "assessment appeals board" and appoints members.[40]

Currently, 39 counties use assessment appeals boards, while the other 19 county boards of supervisors meet as the county board of equalization. The assessment appeal laws define "county board" as "a county board of supervisors meeting as a county board of equalization or an assessment appeals board."[41]

A board of supervisors may enact a general ordinance to provide property tax relief after any disaster. This ordinance allows the assessor to reduce assessed values to reflect loss in value. Property owners that disagree with the assessor's proposed reassessment may file an appeal. The disaster relief law provision states that property owners file these appeals with the "local board of equalization" and uses the undefined term "board" throughout.

AMENDMENT

This provision updates the disaster relief law to state specifically that disaster property tax relief appeals may be filed with either the county board of equalization or the assessment appeals board, as the case may be. Referencing both types of boards eliminates property owner confusion that disaster relief appeals are filed with the board of supervisors rather than the specific type of board that the county has established to hear value disputes. The current confusion stems from the multiple references to the board of supervisors throughout the text. Additionally, this measure updates the provisions related to the clerk of either board.

[39] Stats. 1991, Ch. 96 (AB 551) effective June 30, 1991.
[40] Cal. Const. Art. XIII, §16, RTC §1620.
[41] RTC §§1601 – 1615.

COMMENT

This change is a technical correction intended to eliminate confusion.

STATE PARK OPERATOR: NONPROFIT ORGANIZATIONS

RTC §201.7

LAW PRIOR TO AMENDMENT

Existing law authorizes the California Department of Parks and Recreation (CA State Parks) to enter into an operating agreement with a qualified nonprofit organization to operate portions of the state park system.[42] The law defines a "qualified nonprofit organization" as an organization that is all of the following:

- Exempt from income tax pursuant to Internal Revenue Code Section 501(c)(3);
- Its principal purpose and activity is to provide visitor services in state parks, facilitate public access to park resources, improve park facilities, provide interpretive and educational services, or provide direct protection or stewardship of natural, cultural, or historical lands, or resources; and
- Is in compliance with the Supervision of Trustees and Fundraisers for Charitable Purposes Act. [43]

For property tax purposes, the law deems a nonprofit organization that enters into such operating agreements to be an agent of the state.[44] The "agency" designation ensures that the nonprofit organization's state park operation does not create a taxable possessory interest.[45]

The Revenue and Taxation Code uses both "nonprofit corporation" and "nonprofit organization" to describe an eligible entity, while the cross-referenced Public Resources Code uses the term "nonprofit organization" to define an eligible entity. A "nonprofit corporation" is a subset of the broader term "nonprofit organization." For example, the term "nonprofit organization" also includes foundations, trusts, associations, and limited liability companies. A nonprofit entity need not incorporate for purposes of the property tax welfare exemption.

AMENDMENT

This bill changes the term "nonprofit corporation" to "nonprofit organization" for internal consistency. This technical change is consistent with the term "nonprofit organization" used in the law authorizing the operating agreements. This serves to avoid any misconception that this new law, effective January 1, 2013, only applies to a nonprofit entity organized as a nonprofit corporation.

[42] Public Resources Code §5080.42 (Added by Assembly Bill 42 (Stats. 2011, Ch. 450).
[43] Article 7 (commencing with Section 12580) of Chapter 6 of Part 2 of Division 3 of Title 2 of the Government Code.
[44] Assembly Bill 1589 (Stats. 2012, Ch. 533).
[45] In certain instances, the law requires the assessment of a person's or entity's interest in publicly-owned tax exempt real property. These are called "possessory interests." To be taxable, the interest must be "independent," which means that the interest is sufficiently autonomous to constitute more than a mere agency. (RTC §107 and Property Tax Rule 20)

COMMENT

The change to the term used in this section is purely technical and is consistent with the intent of the original legislation.

MILLS ACT HISTORICAL PROPERTIES: FEDERAL HOUSING FINANCE AGENCY
RTC §439.2

LAW PRIOR TO AMENDMENT

The California Constitution authorizes the Legislature to provide for the preferential property tax assessment of historically significant property that is enforceably restricted in order to encourage its conservation.[46] The Legislature created a program, known as the Mills Act, detailing the requirements.[47]

The Mills Act grants participating local governments (cities and counties) the authority to enter into contracts with a qualified historical property owner to enforceably restrict the property's use.[48] In exchange for use restrictions and a pledge to restore, maintain, and protect the property's historical and architectural character, the property owner receives property tax relief in the form of a reduced assessed value.[49]

The law requires the assessor to value these properties using a prescribed income capitalization method. The "income to capitalize," "capitalization rate," and "capitalization technique" are detailed in statute. Relevant to this bill, the law requires the BOE to determine and announce the interest component of the capitalization rate.[50] The interest component is the yield rate equal to the effective rate on conventional mortgages that the federal government publishes, as specified.

Effective July 30, 2008, the Housing and Economic Recovery Act of 2008 combined the Office of Federal Housing Enterprise Oversight (OFHEO), the Federal Housing Finance Board (FHFB), and the Government Sponsored Enterprise mission office at the Department of Housing and Urban Development (HUD) into the Federal Housing Finance Agency (FHFA). Therefore, the federal government now publishes the mortgage interest rate information through the FHFA.

AMENDMENT

This technical amendment updates the law to reflect that the FHFA now publishes the necessary mortgage interest rate information.[51]

[46] Cal. Const. Art. XIII, §8 (Proposition 7 – 1976).
[47] California State Parks Office of Historic Preservation: Mills Act Program.
[48] Article 12 "Historical Property Contracts" Government Code §§50280 - 50290 (Stats. 1972, Ch. 1442 - Mills).
[49] RTC §§439 - 439.4 (Stats. 1977, Ch. 1040; SB 380); BOE Guidelines for the Assessment of Enforceably Restricted Historical Property.
[50] The capitalization rate consists of four separate components that the assessor adds together. RTC §439.2(b) and (c)
[51] Published mortgage interest rate information .

Table of Related Bills of Interest Not Analyzed

Bill Number	Description	Code
AB 1888 (Ting) Chapter 20	**Documentary Transfer Tax.** Deletes the requirement that the amount of documentary transfer tax due be shown on a separate paper affixed to the document upon request. Also makes a conforming change to the signed declaration requirement.	RTC §11932 RTC §11933
AB 2109 (Daly) Chapter 781	**Parcel Tax Reports.** Requires the Controller to include specified information in local government financial transaction reports related to the imposition of locally assessed parcel taxes, including the type and rate of tax and the number of parcels subject to or exempt from the tax. Requires the levying agency to provide the Controller with the information.	GC §12463.2
AB 2231 (Gordon) Chapter 703	**Property Tax Postponement Program.** Beginning on July 1, 2016, reinstates the State Controller-administered Property Tax Postponement Program for senior citizens and disabled citizens. To participate, a claimant's household income may not exceed $35,500 and the claimant's equity interest in the dwelling must be at least 40%. For property under the program, requires the assessor or tax collector, whichever is applicable, to notify the Controller within 60 days of (1) a change in ownership, (2) a change in mailing address, (3) a tax default, or (4) knowledge of a claimant's death.	GC §16180 et al. RTC §2514 et al
AB 2241 (Eggman) Chapter 582	**Williamson Act and Farmland Security Zone Rescission Fee: Solar-Use Easements.** Increases the rescission fee from 6.25% to 10% for Williamson Act contracts and decreases the rescission fee for a Farmland Security Zone contract from 12.5% to 10% when parties mutually agree to rescind the contract and enter into a solar-use easement contract. Allows the county or city that is a party to the contract to retain 50% of the rescission fee.	GC §51255.1

Table of Related Bills of Interest Not Analyzed - continued

Bill Number	Description	Code
SB 854 (Budget) Chapter 28 Effective June 20, 2014	**State-County Assessors' Partnership Agreement Program.** Creates a three-year pilot program to be administered by the State Department of Finance, under which counties that submit an application to participate and are ultimately selected will receive funding for certain property tax administration purposes. Counties must have applied to the Department of Finance on or before September 15, 2014. Limited to nine counties, competitively selected from three classes of counties based on county population, as specified. Requires participating counties to annually match the program funds apportioned to its assessor's office and to report specified information to the State Department of Finance.	RTC §75.70 RTC §95.5
SB 1353 (Nielsen) Chapter 322	**Williamson Act and Farmland Security Zones: Additional Assessments.** Deletes the January 1, 2016 sunset date for provisions that authorize counties to reduce the term for contracts to 9-year and 18-year terms and make an additional assessment of 10% with the resulting revenue allocated to the county when state subvention payments are insufficient, as specified.	GC §16142 §16142.1 §51244 §51244.3 §51244.4
SB 1462 (Committee on Governance and Finance)	**California Assessors' Association.** Updates the name from the State Association of County Assessors to the California Assessors' Association in provisions related to appraiser certification.	RTC §670 RTC §671

TABLE OF SECTIONS AFFECTED

SECTIONS		BILL NUMBER	CHAPTER NUMBER	SUBJECT
Revenue & Taxation Code				
§62	Amend	SB 1464	134	Change In Ownership Exclusion: Disabled Wards
§73	Amend	SB 871	41	Solar Energy Exclusion
§75.60	Amend	SB 854	28	State-County Assessors' Partnership Agreement Program
§95.5	Amend	SB 854	28	State-County Assessors' Partnership Agreement Program
§170	Amend	SB 1464	134	Disaster Relief Appeals
§201.7	Amend	SB 1464	134	State Park Operators
§214	Amend	SB 1203	693	Low-Income Housing Partial Exemption
§214.06	Add	SB 1203	693	PILOTs: Prohibition
§214.06	Add	AB 1760	671	PILOTs: Prohibition
§214.07	Add	AB 1760	671	PILOTs: Tax Savings Certification Conclusive Presumption
§214.08	Add	SB 1203	693	PILOTs: Cancellations & Refunds Escape & Supplemental Assessment
§214.09	Add	AB 1760	671	PILOTs: Definitions
§242	Amend	AB 777	13	Space Flight Property
§402.5	Amend	AB 1143	325	Comparable Sales: Near in Time
§439.2	Amend	SB 1464	134	Mills Act Historical Properties
§670	Amend	SB 1462	201	CAA: Appraiser Certification
§671	Amend	SB 1462	201	CAA: Appraiser Certification
§5097	Amend	SB 1113	656	Disabled Veterans Exemption Refunds
§11932	Amend	AB 1888	20	Documentary Transfer Tax

TABLE OF SECTIONS AFFECTED

SECTIONS		BILL NUMBER	CHAPTER NUMBER	SUBJECT
§11933	Amend	AB 1888	20	Documentary Transfer Tax
Government Code				
§12463.2	Amend	AB 2109	781	Parcel Tax Reports
§16142	Amend	SB 1353	322	Williamson Act: 9-Year Terms
§16142.1	Amend	SB 1353	322	Williamson Act: 9-Year Terms
§51244	Amend	SB 1353	322	Williamson Act: 18-Year Terms
§51244.3	Amend	SB 1353	322	Williamson Act: 18-Year Terms
§51244.4	Amend	SB 1353	322	Williamson Act: 18-Year Terms
Military Code				
§890.3	Amend	SB 1113	656	Disabled Veterans' Exemption