



**STATE BOARD OF EQUALIZATION  
STAFF LEGISLATIVE BILL ANALYSIS**

DRAFT

Date Amended:	<b>04/23/08</b>	Bill No:	<b><a href="#">SB 1777</a></b>
Tax:	<b>Property Administration</b>	Author:	<b>Committee on Revenue and Taxation</b>
Related Bills:		Position:	<b>Support as Sponsor</b>

**BILL SUMMARY**

This Board of Equalization (Board) sponsored bill contains Property Taxes provisions to:

- Amend Sections 69 and 69.3 of the Revenue and Taxation Code<sup>1</sup> to treat land and improvements as separate units in meeting the "substantially damaged or destroyed" threshold of 50% for purposes of qualifying for disaster relief via a base year value transfer.
- Amend Section 214.6 to clarify the filing procedures for obtaining a property tax exemption on property owned by a church or a nonprofit organization that is leased to a public school, community college, state college, or state university, including the University of California.
- Amend Section 276, related to the Disabled Veterans' Exemption, to delete obsolete references to prior exemption amounts that have since been increased, and to correct a transposition error within that section that intends a cross reference to Section 4985. (Housekeeping)
- Amend Section 441 to eliminate a requirement that owners of noncommercial boats with an initial cost of more than \$100,000 file a property statement every year.
- Amend Sections 480.3 and 480.4 to remove the specific detail of the Preliminary Change in Ownership Report from statute and instead authorize the Board to prescribe the form after consultation with the California Assessors' Association and interested parties.
- Amend Sections 670 and 671 to correct the name of the California Assessors' Association. (Housekeeping)
- Amend Section 671 and Section 15606.5 of the Government Code to allow the Board to deliver online continuing education training to certificated property tax appraisers through established web based systems maintained by community colleges that charge fees for online courses.
- Amend Section 15641 of the Government Code to clarify that a cross reference to "Section 408" refers to that section of code in the Revenue and Taxation Code rather than the Government Code. (Technical)

In addition, this bill amends Section 15609 of the Government Code to require the Members of the Board to meet monthly in the state but not exclusively in Sacramento so long as they hold at least one regular meeting in Sacramento each quarter.

<sup>1</sup> All code section references are to the Revenue and Taxation Code unless otherwise specified.

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### Summary of Amendments

The amendments make technical drafting corrections to the bill as introduced. They also delete proposed amendments to Section 279, related to the disabled veterans' exemption, because identical provisions are contained in SB 1495 (Kehoe).

### ANALYSIS

<p style="text-align: center;"><b>Base Year Value Transfers: Disaster Victims</b> <i>Revenue and Taxation Code Section 69 &amp; 69.3</i></p>
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#### CURRENT LAW

California property tax law provides for various situations in which the base year value of a property can be transferred to another property, notwithstanding that the property has changed ownership. These special situations are provided pursuant to various constitutional amendments and serve to avoid the otherwise required reassessment of a property to its current market value when it changes ownership. Related to this bill, base year value transfers are available to disaster victims that choose to relocate and purchase a new property rather than rebuild on the same site.

Permitting a person to “transfer” his or her base year value from one property to another property provides that person with tax relief by allowing the property owner to continue to pay taxes on the replacement property equivalent to that paid on the property from which they were displaced. Without a base year value transfer, the taxes on the new property would likely be significantly more because under the general change in ownership laws the taxes would be based on the new property’s current fair market value. The rationale for providing a base year value transfer is that the tax laws should not further afflict disaster victims by imposing upon them higher property taxes. If the disaster had not occurred, those individuals would not have been compelled to relocate and thereby forfeit their Proposition 13 protected base year values.

Specifically, Section 69 of the Revenue and Taxation Code provides that persons who own property substantially damaged or destroyed in a governor-declared disaster may transfer the base year value of that property to a property acquired or constructed as a replacement if it is acquired within five years after the disaster. “Substantially damaged” means physical damage amounting to more than 50 percent of its current market value immediately prior to the disaster.

Base year value transfers are available for all property types with the limitation that the original property and the replacement property must be of the same property *type*: residential, commercial, agricultural, or industrial. The replacement property is “comparable” if it is similar in size, utility, and function to the destroyed property, and if the market value of the acquired property does not exceed 120% of the fair market value of the replaced property in its pre-damaged condition. Property owners may still, nevertheless, receive the disaster relief in cases where the value of the replacement property exceeds the 120% limitation. In such cases, the amount over this threshold is assessed at full market value and added to the transferred base year value. (Proposition 50 of 1986 authorized this base year value transfer provision.)

Section 69.3 provides similar disaster base year value transfer provisions but, unlike Section 69 which applies to all property types, it is limited to principal places of residences purchased in another county and only applies to homes purchased in counties where the board of supervisors has adopted an ordinance making this benefit

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available. Currently, only eight counties extend this relief to displaced homeowners who previously lived in another county: Contra Costa, Los Angeles, Modoc, San Francisco, Santa Clara, Solano, Sutter and Ventura. (Proposition 171 in 1995 authorized this base year value transfer provision.)

#### PROPOSED LAW

This bill amends Sections 69 and 69.3 to treat land and improvements as separate units in meeting the "substantially damaged or destroyed" threshold of 50% for purposes of qualifying for disaster relief via a base year value transfer.

#### COMMENT

Specifically related to the issue, this bill addresses cases in which the scarcity of land in some locations has driven up land values to the point that land comprises more than 50% of a property's total value. For example, assume a home that is worth \$800,000 is completely destroyed in a wildfire. If the now empty lot is worth \$450,000 – i.e., more than 50% of the total value, the homeowner would not be eligible for a base year value transfer even though the home itself (the improvement) was 100% destroyed and the homeowner purchases a replacement dwelling that is no more than \$800,000. In this scenario, if the home's Proposition 13 protected base year value was \$350,000 and a replacement home is purchased at \$800,000 then without a base year value transfer, property taxes would increase from \$3,500 ( $\$350,000 \times 1\%$ ) to \$8,000 ( $\$800,000 \times 1\%$ ). The issue of land values comprising more than 50% of a property's total value is an emerging issue that recently came to light as a result of the 2007 fires in San Diego County.

Sections 51(b) and 170(b) and Rule 461(e) treat land and improvements as separate appraisal units for calamity purposes. Using these provisions of law as a guide, Sections 69 and 69.3 should be similarly amended to provide that for purposes of measuring the 50 percent loss in value, land and improvements should be considered as separate appraisal units. For purposes of comparing values of the original and replacement properties' values, within the 120% value limitation, land and improvements would continue to be considered as one appraisal unit.

This bill would ensure that for those disaster victims that ultimately decide to relocate rather than rebuild a base year value transfer will be available to them in those locations where land values compromise more than 50% of the property's value.

**The April 23 amendments** delete a proposed definition of "property" by cross reference to Revenue and Taxation Code Section 104 which was found to be unnecessary.

**Property Leased To Schools: Filing Requirements**  
*Revenue and Taxation Code Section 214.6*

**CURRENT LAW**

Existing law provides property tax exemptions for public schools and colleges directly owned by the school (public schools exemption) and privately owned property when it is leased to public schools and colleges, but only if the property is exclusively used for school purposes (lessor's exemption). The law also provides property tax exemptions for property owned and used by qualifying nonprofit organizations (the welfare exemption) and for property owned by churches (the church and religious exemptions).

Revenue and Taxation Code Section 214.6 expressly provides that property owned by nonprofit organizations and churches and leased to public schools, including those of collegiate grade, are exempt from property tax under the welfare exemption provided the rents charged do not exceed the ordinary and usual expenses in maintaining and operating the property.

An emerging trend to maximize the use of facilities is for nonprofit organizations and churches to lease their properties to public schools and colleges in a shared or joint use arrangement. Sharing and joint use of facilities can reduce costs and maximize the usage of existing or new physical facilities, and provide better services to the community. Existing law allows an exemption in the case where the facilities are shared by both parties.

However, because of the numerous types of exemptions available, on occasion, both the public school and the nonprofit, or both the church and public school, file different types of exemption claims on the same property. This leads to confusion due to the various exemptions possible (i.e., the welfare exemption, the religious exemption, and the lessor's exemption) and the differing requirements for each exemption.

**PROPOSED LAW**

The bill amends Revenue and Taxation Code Section 214.6 to clarify the filing procedures for obtaining a property tax exemption on property owned by a church or a nonprofit organization that is leased to a public school.

**COMMENTS**

This bill updates the filing procedures and requirements to claim the welfare exemption in these shared use scenarios which has lead to confusion for both property tax administrators and claimants.

- **Nonprofits Leasing to Schools - Filing Requirements.** This bill specifies the annual filing procedure when a welfare exemption claimant leases property to public schools. The claimant would attach a copy of the lease agreement with the annual welfare exemption claim otherwise required to be filed. Current law is silent as to the administrative filing requirements under this situation.
- **Churches Leasing to Schools – Filing Requirements.** This bill clarifies that the exemption granted in the situation where a church leases property to a school is the welfare exemption. It provides that the filing procedure for a church receiving the religious exemption (which requires a one time filing with simplified postcard return filings thereafter) would be to annually file a church lessor's exemption. With this bill, the Board would prescribe a customized claim form for churches to file – the “church lessor's exemption claim.” Existing law specifies that churches are to file the

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“lessor’s exemption claim.” But, that particular claim does not work well in joint use situations because it refers to “exclusive” use of the property which has added to the confusion and uncertainty for claimants and tax practitioners.

- **Public Schools and the UC System - Technical.** Adds language to include "public school district" and "the University of California" to be consistent with Section 202.2. Case law (*Regents of the University of California v. State Board of Equalization* (1977), 73 Cal App.3d 660; 140 Cal.Rptr. 857) resulted in an amendment to Section 202.2 to include the UC system as a qualifying college for the exemption; however, corresponding changes to Section 214.6 at that time was overlooked.

**The April 23 amendments** expressly state that the church lessor’s exemption claim is to be filed annually. The purpose of adding the word “annually” is to be explicitly clear since some churches are accustomed to different filing requirements under the religious exemption. The amendment also adds the word “church” to describe the exemption. The purpose of this amendment is to create a clear distinction between the traditional lessor’s exemption, which requires exclusive use of the property as a school, and a lessor’s exemption in the case of a church, which allows a dual use of the property as both a church/religious and a school. The Board will prescribe a customized claim form for the church lessor’s exemption.

<p style="text-align: center;"><b>Disabled Veterans’ Exemption: Technical Amendment</b> <i>Revenue and Taxation Code Section 276</i></p>
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**CURRENT LAW**

Existing law provides a “disabled veterans’ exemption” to reduce the property tax assessed value of the home of qualified veterans or their surviving unmarried spouse. The disabled veterans' exemption is also available to the surviving spouse of a person who has died as a result of a service connected injury or death while on active duty in military service.

The amount of the exemption depends upon the claimant’s income:

- The basic exemption amount is \$100,000 with annual increases for inflation. For 2008, the exemption is \$111,296.
- The low-income exemption is \$150,000 with annual increases for inflation. For 2008, the exemption is \$166,944 for those with a household income below \$49,969.

A claim must be filed with the local county assessor to receive the exemption. If filing for the basic exemption, a claim need only be applied for once. The low-income exemption requires a claim to be filed each year to verify income eligibility. The annual filing period is between January 1 and February 15. However if a claim is filed after the deadline, the exemption can still be received at a reduced level as outlined in Revenue and Taxation Code Section 276.

In 1989, the exemption amounts were increased from \$40,000 and \$60,000 to \$100,000 and \$150,000, respectively, but with a sunset clause that would have automatically reduced the exemption amounts to the prior levels. However, the increased exemption amounts were made permanent through SB 320 (Stats. 1989, Ch. 1077) and SB 2195 (Ch. 1086, SB 2195).

#### PROPOSED LAW

This bill amends Section 276 to delete a reference to outdated exemption amount levels as a housekeeping measure.

This bill also corrects a transposition error in Section 276 intending a cross reference to Section 4985, rather than Section 4895, relating to the provisions of law for cancelling taxes due. In some cases, to grant a disabled veterans' exemption for a late filed claim, a cancellation of property taxes outstanding is necessary.

### Noncommercial Boats: Annual Property Statements

#### *Revenue and Taxation Code Section 441*

#### CURRENT LAW

Generally, privately owned boats held for personal use are assessable each year for property tax purposes as taxable personal property. While the Department of Motor Vehicles (DMV) or the Coast Guard is responsible for collecting registration fees on vessels, local county assessors are responsible for the annual property tax assessment of vessels (boats) whether trailered or on the water that have situs in their county. Taxable personal property is annually reassessed at its current fair market value as of the January 1 lien date and the resulting taxes are due on August 31.

Under current law, each person owning a boat with an initial cost of \$100,000 or more is subject to an *annual* reporting requirement. Other boat owners are required to file a report only upon the request of the assessor. Specifically, Revenue and Taxation Code Section 441 requires property owners (*other than* manufactured home owners) with taxable personal property holdings with an initial cost of more than \$100,000 to file a "property statement" with the county assessor every year. In connection with this provision, Property Tax Rule 171 in turn requires the assessor to mail a property statement to any person required by law to file one, in order to prompt taxpayers to complete and file the annual statements. These provisions of law apply to all taxable personal property and are not specific to boats.

The Board has prescribed a special property statement called the "Vessel Property Statement" that is specific to boats for purposes of Section 441. The vessel statement requests a variety of information on the vessel -- such as the type, size, vessel number, builder, model, length, engine type, year built, equipment, cost, etc.

In the annual assessment of noncommercial vessels, many counties use various mass appraisal procedures in determining the annual assessed value. For instance, when a noncommercial vessel establishes tax situs in a county for the first time, the assessor will request that the vessel owner file a property statement and determine an initial value. In subsequent years, the assessor adjusts that value applying a depreciation schedule developed by the county that reflects depreciation trends for various classes of noncommercial vessels. Thereafter, on a three or four year cycle, the assessor

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resets the value using nationally published value guides (i.e., blue books). Owners are annually sent a notice of the new value and instructed to contact the assessor if the condition of the vessel has changed or new equipment has been added.

An impediment to using these administratively practical and cost effective techniques occurs because of the *annual* statement requirement for certain boats. The statement must be mailed out by the assessor, completed and filed by the taxpayer, and then processed when returned. Moreover, while current law limits the annual filing to boats that *initially* cost more than \$100,000, the annual filing requirement remains in play even after the value of the boat has since depreciated below that amount.

Some counties, in recognition of the inefficiency of the annual reporting requirement and given their limited resources, do not mail the property statements every year and, thus, are not in compliance with existing law. Likewise, boat owners are not in compliance with the law.

### PROPOSED LAW

This bill amends Section 441 to provide that a person who owns a boat that initially costs more than \$100,000 and that is not used for any commercial purpose is not required to annually file a property statement with the county assessor. Currently, only a person that owns a manufactured home is excluded from this annual filing requirement. An owner of a noncommercial boat would only be required to file a property statement if the assessor makes a written request. This is because Section 441 specifies that every person not required by law to file a statement, must, nevertheless, file one if the assessor makes a written request. A vessel used or held for *commercial* purposes would continue to be subject to annual reporting.

### COMMENTS

This bill would reduce the cost associated with mailing and processing vessel property statements every year and in other counties it would reflect actual administrative practices. It would also give county assessors more flexibility. For example, assessors could then make annual requests at a higher threshold level, at a level appropriate for the county, or make requests on a periodic rather than annual basis. For affected taxpayers, this would eliminate the need to file a statement every year that seeks information previously provided and the associated risk of a 10% penalty if the statement is not returned timely.

Modifying the annual reporting requirement should not have an impact on the discovery or assessment of boats. The primary discovery method for boats does not result from the property statement as few boat owners independently file an initial vessel property statement. Rather, they are first prompted to file a statement by the assessor. The assessor's discovery program includes:

- **Coordination with the DMV.** Vehicle Code Section 9869 requires the DMV to transmit information to assessors which typically occurs on a monthly basis. In addition, most assessor's offices have a computer terminal with a direct link to DMV boat registration records.
- **Certificates of Documentation issued by the United States Coast Guard.** A data base of these vessels is available online and can be used to extract vessel characteristic, documentation, and ownership data and is updated monthly.

- **Harbor Master Reports.** Annual harbor master reports filed with the assessor identifying boats kept at the facility whether in the water or in dry storage.
- **Inspections.** On-site inspections of docks and marinas.
- **Referrals.** Referrals from other counties.

Additionally, in the case where a boat escapes assessment, the law allows up to four years of escape assessments for prior tax years. But if a boat owner was intentionally evading the tax, the law allows up to eight years of back taxes and a penalty of 25 percent of the additional assessed value.

**The April 23 amendments** add subdivision (n) to Section 441 to expressly provide that a person that owns a noncommercial vessel that otherwise is excluded from the requirement to file a property statement under the provisions of this bill would be nonetheless required to file one if specifically requested.

### **Preliminary Change in Ownership Form**

*Revenue and Taxation Code Section 480.3 & 480.4*

#### **CURRENT LAW**

Under existing property tax law (Article XIII A, Sec. 2; and Revenue and Taxation Code Sections 60 - 69.5), real property is reassessed to its current fair market value when there is a “change in ownership.” Revenue and Taxation Code Section 480 requires that whenever there is a change in ownership of real property, the property owner must file a “Change in Ownership Statement” (COS). There is no penalty for failing to file the statement unless the assessor prompts the property owner to file the statement by making a written request. If requested, then the taxpayer has 45 days to file the COS or otherwise incur penalties as specified. The law specifies that the Board is to prescribe the form of the COS after consultation with the California Assessors’ Association.

In actual practice, many taxpayers file a “Preliminary Change in Ownership Report” (PCOR) rather than a COS. The two forms are nearly identical. And, as noted below, if a PCOR is filed at the time a deed is recorded, an extra fee of \$20 is avoided. The COS and/or PCOR provide the assessor with information necessary to value the property for tax purposes, such as details about the purchase price and the terms of the sale. It also assists in determining whether the transfer of property might be eligible for one of the many change in ownership exclusions that would avoid the need to reassess the property. Both the COS and the PCOR are confidential documents pursuant to Section 481.

Section 480.3 requires the transferee of real property to complete and file a PCOR when any document effecting a change in ownership, such as a grant deed, is submitted to the county recorder for recordation. If a PCOR is not concurrently filed, the document may still be recorded, but an additional recording fee of \$20 may be charged.

Section 480.4 provides that the PCOR will be substantially in a particular form, as detailed, and provides that the Board may only revise the form as necessary for purposes of maintaining statewide uniformity. Any other changes require legislation.

The PCOR is signed by the property owner and a certification is in the form that reads: “I certify that the foregoing is true, correct, and complete to the best of my knowledge and belief.”

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If a taxpayer does not file a PCOR, or files an incomplete PCOR, the assessor may subsequently request that the taxpayer file a COS pursuant to Section 480.

#### PROPOSED LAW

This bill amends Sections 480.3 and 480.4 to delete the specific content of the PCOR from the statute and instead provide that the Board prescribe the form, after consultation with the California Assessors' Association and interested parties, consistent with the provisions for most other Board-prescribed forms. This provision is intended so that modifications and improvements to the PCOR can be made without the necessity of seeking a legislative change. This bill also moves the current signature certification currently embedded in the form in Section 480.4 to Section 480.3.

#### COMMENTS

In a recent Board survey on change in ownership issues, a variety of improvements were proposed to make the PCOR more user-friendly. However, keeping the PCOR contents in statute makes it difficult to implement the suggested change because of the two different approaches necessary to make the PCOR and the COS consistent. To reiterate, the PCOR contents are embedded in statute while the COS is not, and is a form is prescribed by the Board. (See Section 480(c)).

**The April 23 amendments** strike the PCOR contents which were not struck in the bill as introduced due to a printing error.

#### Appraisers: Online Continuing Education

*Government Code Section 15606.5*

*Revenue and Taxation Codes Sections 670 & 671*

#### CURRENT LAW

Under Revenue and Taxation Code Section 670 (effective 1967) any person performing the duties of an appraiser for property tax purposes as an employee of the state, any county, or any city and county must hold a valid appraiser's certificate issued by the Board. Sections 670 through 673, and Property Tax Rules 281 through 284, govern the issuance of such certificates.

For property tax purposes, Rule 281 defines an appraiser as one who renders value judgments and/or makes building classification judgments for cost estimating purposes in the administration of the valuation phase of ad valorem property taxation under Article XIII and Article XIII A of the California Constitution. Rule 282 requires the Board to issue to a qualified applicant, performing the duties of a property tax appraiser, a temporary appraiser's certificate which is valid for a one year period and allows an appraiser to perform the duties of a property tax appraiser during the one year training period.

In order to continue performing appraisal duties after the expiration of the training period, a permanent appraiser's certification must be achieved within one year of employment. A permanent appraiser's certification is granted when an individual attains a passing grade on an examination, prepared or approved by the Board, which covers fundamental property tax appraisal concepts. Once granted, the permanent appraiser's certificate remains valid, subject to the 24 hour annual training requirement set forth in

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Section 671 and Rule 284, for as long as the individual performs the duties of an appraiser for property tax purposes. There are approximately 2,800 certificated appraisers statewide.

Generally, certificated appraisers must annually complete 24 hours of continuing education to retain their certificate. Some of this training is provided by the Board. Much of it is obtained through outside sources: conferences hosted by various organizations such as the California Assessor's Association, in-house training days put on by an individual county assessor's office or a closely located group of counties, and appraisal courses offered through professional appraisal institutions.

Section 671 provides that the continuing education must be conducted or approved by the Board. With respect to any training provided by the Board, Section 670 provides that the Board can not charge for any of the training it conducts. Additionally, Government Code Section 15606 provides that the Board is required to prepare and issue instructions to assessors designed to promote uniformity throughout the state in the assessment of property for the purposes of taxation, which it does in part through its educational courses, while Government Code Section 15606.5 requires that the Board provide this training on a non-reimbursable basis. With the exception of in-house training provided by the county assessor, most other training typically results in costs to the county – such as a conference fee or a course fee.

#### PROPOSED LAW

**Community College Online Courses.** This bill amends Government Code Section 15606.5 and Revenue and Taxation Code Section 670 to allow the Board to deliver online continuing education training to certificated property tax appraisers through established web based systems maintained by community colleges that charge fees for online courses.

**California Assessors' Association Name Change.** In addition, this bill updates the name of the assessors' association from the State Association of County Assessors to the California Assessors' Association in Sections 670 and 671 to reflect the association's current name.

#### COMMENTS

To address the needs of assessors and their staff statewide, Board staff would like to make appraiser training courses available on an online basis through a state institution of higher education, specifically community colleges. This would result in cost savings to assessors and the Board because travel costs associated with attending a classroom environment course would be eliminated (lodging, transportation, food, etc.). Delivering online courses via the aforementioned method would allow the redirecting of Board resources to meet the needs of other mandated but under-funded training activities. Use of a state institution of higher education to host online courses would facilitate delivery of training and result in cost savings to the Board by avoiding system development and maintenance costs.

While the Board would be conducting the training, these institutions typically charge fees. These fees are not paid directly to the Board nor would any part of the fees be ultimately remitted to the Board. Due to the prohibition in Government Code Section 15606.5 and Revenue and Taxation Code Section 670, the Board cannot charge for its training courses. Therefore, those sections should be modified to clarify that a fee charged by the hosting educational institution is not a charge by the Board and thus

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allows the Board to pursue the use of providing online courses through web-based systems used and maintained by community colleges that charge fees for online courses.

**The April 23 amendments** to Section 670 correct “shall” to “shall not” which was a typographical error in the bill as introduced.

**Surveys Assessment Practice: Technical Correction**  
*Government Code Section 15641*

**CURRENT LAW**

The Board is required by law to review the practices and procedures of every county assessor's office at least once every five years. These reviews are called “surveys.” As part of the survey, a statistically representative sample of properties is drawn from the county's assessment roll. For each property selected, Board staff independently audits and appraises the property.

In performing the independent appraisal, Government Code Section 15641 authorizes the Board to audit the original books of account of any person owning or controlling property selected when the property is of a kind for which accounting records are useful sources of appraisal data. The law specifies that the appraisal information in the Board's possession relating to these sample properties is not a public record, with the exception that a property owner may inspect any information and records relating to the appraisal of his or her property, including "market data" that the Board has obtained.

Government Code Section 15641 specifies that the definition of “market data” is that as defined in Section 408, but without reference to a body of code, and Section 408 of the Government Code does not exist. The section of law intended to be referenced is Section 408 of the Revenue and Taxation Code, which includes a definition of the phrase “market data.”

**PROPOSED LAW**

This amendment would correct this code reference oversight by specifying that Section 408 is a reference to the Revenue and Taxation Code.

**Board Meetings***Government Code Section 15609***CURRENT LAW**

Under existing law, Section 15609 of the Government Code requires the Members of the Board to hold regular meetings in Sacramento each month and special meetings at such places and times as the chairperson directs. Under current practices, public meetings are held throughout the year, monthly in Sacramento as required by law and other times in the Los Angeles area. All meetings of the Board are open to the public and anyone is allowed to attend. These meetings offer taxpayers the opportunity to participate in the formulation of rules and regulations adopted by the Board to clarify the laws it administers, to present their case to the appellate body that reviews and decides property, business and income tax determinations, and to observe the Board as it carries out its official duties. The Board's five members serve concurrent four-year terms as the nation's only elected tax commission. Their popular election ensures that the Board's tax program administration remains directly accountable to the people. Four members are elected by district. The fifth member, the State Controller, is elected at large and serves in an ex officio capacity.

**PROPOSED LAW**

This bill amends Government Code Section 15609 to require the Board to meet monthly at times and places within the state as the chairperson directs but at least quarterly in Sacramento.

**COMMENTS**

The purpose of this bill is to provide the Board with more flexibility in scheduling its public meetings to better serve taxpayer needs without compromising the public's access to Board meetings or jeopardizing the Board's responsibilities under the Constitution or statutes. Also, this bill would serve to balance the uneven distribution of workload for Board Members and staff for preparation of these meetings.

Historically, the Board, in addition to its monthly Sacramento meetings, has held meetings in the Los Angeles area to accommodate taxpayer needs. Usually, the Board has three meetings in the Los Angeles area each year (Culver City, specifically) – in addition to the twelve monthly meetings in Sacramento. However, although there are much fewer meetings in the Los Angeles area, the number of taxpayer appeals scheduled in the Los Angeles area significantly exceeds the number of cases heard in Sacramento. This not only causes a significant imbalance in workload, but more importantly, taxpayers that request that their matter be considered in the Culver City location are required to wait significantly longer for their hearings – generally up to a year. And, should a taxpayer that is scheduled for a Culver City meeting require a postponement, the taxpayer is generally required to wait up to an additional six months for a hearing.

Since the Board's workload fluctuates throughout the year, the statutes should allow the Board flexibility with regard to when, where, and even how the Members meet. The public's interest and resources are best served when elected bodies meet to discuss and decide matters when they are pertinent and not simply required by a law enacted in 1951.

This bill would therefore provide the Board with the ability to better serve taxpayers by allowing a more flexible schedule to accommodate taxpayer needs as well as to provide

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a more balanced workload for both staff and Board Members in preparing for these meetings.

**The April 23 amendments** correct an error in the bill as introduced to replace “at the State Capitol” with “in Sacramento” to clarify that the Board would meet in Sacramento rather than at the State Capitol building.

### **COST ESTIMATE**

The Board would incur some minor absorbable costs in informing and advising county assessors, the public, and staff of the law changes and addressing ongoing implementation issues and questions. These costs are estimated to be under \$10,000.

### **REVENUE ESTIMATE**

This bill has no revenue impact.

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