

Amend Section 62.2 of the Revenue and Taxation Code to correct erroneous code section references.

Source: Property Taxes Department and Legal Division

Under existing law, Revenue and Taxation Code Section 62.1 excludes certain transfers of mobilehome parks from change in ownership reassessment if the tenants who rent the individual spaces of the park purchase it either directly or through a legal entity owned by the tenants. Qualifying conversions to resident ownership permit the residents of the park to retain the base year value of the previous owner, rather than triggering a reassessment of the mobilehome park to current market value.

In some cases, prior to the transfer to the tenants directly or to an entity owned by the tenants, there is an interim transfer of the mobilehome park to a *non-tenant* owned entity. This entity helps facilitate the purchase and conversion to a resident-owned park. Section 62.2 allows the change of ownership exclusion of Section 62.1 to apply when there has been such an "interim transfer" of the mobilehome park to an entity (including a governmental entity) not owned by the park residents. Generally, to qualify for the change in ownership exclusion of Section 62.1, the initial transfer to an entity not formed by the tenants, must be followed within 18 months, by a transfer to one that is formed by the tenants or to the individual tenants themselves.

Last year, Assembly Bill 1457 (Stats. 2001, Ch. 772) amended Section 62.1 and, among other things, renumbered various paragraphs. Specifically, former subdivision (a) of Section 62.1 has been renumbered as paragraph (1) of subdivision (a) and former subdivision (b) of Section 62.1 has been renumbered as paragraph (2) of subdivision (a).

This proposal is a housekeeping measure to correct the cross reference errors created by the recent amendments.

Section 62.2 of the Revenue and Taxation Code is amended to read:

62.2. (a) (1) Subject to paragraph (2), change in ownership shall not include any transfer on or after January 1, 1989, of a mobilehome park to a nonprofit corporation, stock cooperative corporation, tenant-in-common ownership group, or any other entity, including a governmental entity, if, within 18 months after the transfer, the mobilehome park is transferred by that corporation or other entity, including a governmental entity, to a nonprofit corporation, stock cooperative corporation, or other entity formed by the tenants of the mobilehome park in a transaction that is excluded from change in ownership by paragraph (1) of subdivision (a) of Section 62.1, or at least 51 percent of the mobilehome park rental spaces are transferred to the individual tenants of those spaces in a transaction

excluded from change in ownership by paragraph (2) of subdivision (b)(a) of Section 62.1.

(2) (A) Any mobilehome park that was initially transferred on or after January 1, 1993, to a nonprofit corporation, stock cooperative corporation, tenant-in-common ownership group, or any other entity, including a governmental entity, that is subsequently transferred within 36 months of that initial transfer as provided in paragraph (1), shall qualify for the exclusion from change in ownership pursuant to this subdivision. In applying the 36-month limit specified in the preceding sentence to the subsequent transfer to an individual tenant, as provided in paragraph (1), of a rental space in a mobilehome park that was initially transferred on or after January 1, 1995, to a nonprofit corporation, stock cooperative corporation, tenant-in-common ownership group, or any other entity, the execution of a purchase contract and the opening of a bona fide purchase escrow with a licensed escrow agent shall be deemed to transfer the rental space in compliance with that 36-month limit, provided that both of the following conditions are met:

(i) The escrow is opened prior to the expiration of the 36-month time period.

(ii) The escrow closes on a date no later than six months after the end of the 36-month time period.

(B) A mobilehome park located within a disaster area that was initially transferred on or after October 1, 1991, and before October 31, 1991, to a nonprofit corporation, stock cooperative corporation, or other entity, that is subsequently transferred within 76 months of that initial transfer as provided in paragraph (1), shall qualify for the exclusion from change in ownership pursuant to this subdivision. For purposes of the preceding sentence, "mobilehome park located within a disaster area" means a mobilehome park that is located in the County of Los Angeles in an area for which both of the following apply:

(i) The Governor, as a result of the January 17, 1994, Northridge earthquake, has declared the area to be in a state of disaster and certified the area's need for assistance.

(ii) The President of the United States has, pursuant to federal law, determined the area to be in a state of major disaster.

The exclusion from change in ownership pursuant to this subdivision of a mobilehome park located within a disaster area shall be effective commencing with the 1995-96 fiscal year, and shall not require any affected county to refund any amount of property tax levied with respect to a mobilehome park for the period from October 1, 1991, to June 30, 1995, inclusive.

(b) With respect to any transfer of any mobilehome park on or after January 1, 1989, subject to this section, the individual tenants who are renting at least a majority of the spaces in the mobilehome park prior to the transfer to the entity formed by the tenants for the acquisition of the park shall participate in the transaction through the ownership of an aggregate of at least a majority of voting stock of, or other ownership or membership interest in, that entity.

(c) This section shall not apply if any fees charged the mobilehome park tenants in connection with either the first or second transfer exceed 15 percent of the total

consideration paid for the mobilehome park in the first transfer, plus any accrued interest and taxes.

(d) If the assessor is notified in writing at the time the transferee files the change in ownership statement that the transferee intends to qualify the transfer under this section, the mobilehome park shall not be reappraised pending satisfaction of the relevant conditions set forth in this section for exclusion from change in ownership. If the transferee fails to satisfy those conditions, the assessor shall reappraise the mobilehome park and levy escape assessments or supplemental assessments, as appropriate. For escape or supplemental assessments levied pursuant to the preceding sentence with respect to a mobilehome park located within a disaster area, both of the following conditions shall apply:

(1) The limitations period shall be that period specified in either subdivision (b) of Section 532 or subdivision (d) of Section 75.11, as applicable.

(2) For purposes of applying the limitations periods specified in paragraph (1), the expiration date of the 76-month period specified in subdivision (a) shall be deemed to be the date upon which the initial transfer of the mobilehome park was reported to the assessor.