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OPINION	:	No. 81-1101
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of	:	<u>FEBRUARY 10, 1982</u>
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THE HONORABLE DAVID G. KELLEY, MEMBER OF THE CALIFORNIA STATE ASSEMBLY, has requested an opinion on the following question:

Does the provision in Revenue and Taxation Code section 135 changing the definition of "assessed value" beginning with the 1981-1982 fiscal year have a substantive effect upon other statutes that contain the term without specific definition and which have not been amended to reflect the new property tax system revision?

CONCLUSION

The provision in Revenue and Taxation Code section 135 changing the definition of "assessed value" beginning with the 1981-1982 fiscal year does not have a substantive effect upon other statutes that contain the term without specific definition and which have not been amended to reflect the new property tax system revision.

## ANALYSIS

Revenue and Taxation Code section 135<sup>1/</sup> states as follows:

"(a) 'Assessed value' shall mean 25 percent of full value to and including the 1980-1981 fiscal year, and shall mean 100 percent of full value for the 1981-1982 fiscal year and fiscal years thereafter.

"(b) 'Tax rate' shall mean a rate based on a 25 percent assessment ratio and expressed as dollars, or fractions thereof, for each one hundred dollars (\$100) of assessed valuation to and including the 1980-1981 fiscal year, and shall mean a rate expressed as a percentage of full value for the 1981-1982 fiscal year and fiscal years thereafter.

"(c) Whenever this code requires comparison of assessed values, tax rates or property tax revenues for different years, the assessment ratios and tax rates shall be adjusted as necessary so that the comparisons are made on the same basis and the same amount of tax revenues would be produced or the same relative value of an exemption or subvention will be realized regardless of the method of expressing tax rates or the assessment ratio utilized.

"(d) For purposes of expressing tax rates on the same basis, a tax rate based on a 25 percent assessment ratio and expressed in dollars, or fractions thereof, for each one hundred dollars (\$100) of assessed value may be multiplied by a conversion factor of twenty-five hundredths of 1 percent to determine a rate comparable to a rate expressed as a percentage of full value; and, a rate expressed as a percentage of full value may be multiplied by a factor of 400 to determine a rate comparable to a rate expressed in dollars, or fractions thereof, for each one hundred dollars (\$100) of assessed value and based on a 25 percent assessment ratio." (Italics added.)

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1. All unidentified section references herein are to the Revenue and Taxation Code.

The question presented for analysis is whether the change in the definition of "assessed value" in section 135 from 25 percent of full value to 100 percent of full value beginning with the 1981-1982 fiscal year substantively affects other statutes that specify "assessed value" without express definition and which have not been amended to reflect the new property tax system revision. We conclude that it does not.

A number of statutes containing the terms "assessed value" or "assessed valuation" have not been amended to reflect the change in definition contained in section 135. Public Utilities Code section 98310, for example, limits the bonded indebtedness of the Santa Cruz Metropolitan Transit District to "1 percent of the assessed value of the taxable property of the district as shown by the last equalized assessment roll of the County of Santa Cruz." (See also Pub. Util. Code, §§ 96150, 96152, 103500, 100400.) Under Public Resources Code section 5784.23, the bonded indebtedness of a recreation and park district is limited to "10 percent of the assessed value of all the taxable property in the district." (See also Pub. Resources Code, § 5788.13.) Pursuant to Government Code section 40101, the annual publicity fund of a city is limited to "five cents (\$0.05) on each one hundred dollars (\$100) assessed valuation." None of these statutes have been amended since section 135's enactment.

If the change in definition of assessed value is applicable to such statutes, the consequences would be significant. For instance, with regard to the examples given, the bonded indebtedness of the Santa Cruz Metropolitan Transit District and of recreation and park districts would be increased 400 percent and cities could annually spend four times as much on advertising campaigns. Did the Legislature intend for such substantive results to occur by enacting section 135?

Normally, statutes are to be read together and harmonized where possible. (See Wells v. Marina City Properties, Inc. (1981) 29 Cal.3d 781, 788; People v. Corey (1978) 21 Cal.3d 738, 743.) This rule of construction supports a conclusion that the definitional change in section 135 is applicable to all other statutes containing the general term "assessed valuation." A number of indications, however, require that we reject this conclusion.

First, section 135 was enacted as part of a complex revision of the property tax laws in California. Chapter 1207 of the statutes of 1978 added section 135, amended section 401 to increase from 25 percent to full value<sup>2</sup> the assessment of property by assessors, and amended several other codes to reflect the change in the assessed value definition. (§§ 205.1, 2260.5; Ed. Code, § 11; Gov. Code, §§ 16101.5, 43004.5; Welf. & Inst. Code, § 22.)

All of the changes expressly made by chapter 1207 indicate that no substantive consequences were intended by the definitional change in assessed value. Subdivision (c) of section 135 specifically states:

"Whenever this code requires comparison of assessed values, tax rates or property tax revenues for different years, the assessment ratios and tax rates shall be adjusted as necessary so that the comparisons are made on the same basis and the same amount of tax revenues would be produced or the same relative value of an exemption or subvention will be realized regardless of the method of expressing tax rates or the assessment ratio utilized."

Second, chapter 1207 became operative only on condition that "Senate Constitutional Amendment No. 60 of the 1977-78 Regular Session of the Legislature is approved by the voters." (Stats. 1978, ch. 1207, § 30.)

When the proposed constitutional amendment was submitted to the voters on November 6, 1979 for approval, they were told:

"Proposition 3 is concerned with the method of stating property taxes on your property taxes. Its passage would neither raise nor lower property taxes but would make it easier for you to understand how your taxes are computed."

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2. While the 25 percent formula was only codified in 1966 (Stats. 1966, ch. 147), it represented a long history of administrative practice accepted by the Legislature and judiciary. (See Sacramento v. Hickman (1967) 66 Cal.2d 841, 847-854; Hanks v. State Board of Equalization (1969) 229 Cal.App.2d 427, 430-438; Michels v. Watson (1964) 229 Cal.App.2d 404, 406-416.)

"For many years, tax assessors have used a 25% assessment ratio in computing property taxes. If your house is valued at \$80,000 for property tax purposes, the assessor multiplies that amount by 25% for an assessed value of \$20,000. The tax collector then divides the assessed value by 100, and multiplies it by the county tax rate per \$100 of assessed value to yield the amount of tax due. If you have never understood the computation of your property tax when you paid your bill, it was because of this confusing system.

"Passage of Proposition 3 will eliminate use of the 25% assessment ratio and the rate per \$100. Instead, the tax rate will be stated as a simple percentage of the assessed value. Property taxes on an \$80,000 house will, under the 1% limitation of Proposition 13, be stated as 1% of \$80,000 (plus the addition allowed under Proposition 13 for outstanding indebtedness from voter-approved bonds). The result will be an understandable system without complicated or confusing formulas.

"The language of Proposition 3 also ensures that the current Veterans' Property Tax Exemption guaranteed by the California Constitution is not reduced by this change.

"Proposition 3 is designed to simplify the property tax system and make it more easily understandable to property taxpayers without increasing or decreasing any one's taxes. Proposition 3 in no way changes the property tax limitations or the amount of property taxes payable under Proposition 13.

"Proposition 3 received bipartisan support in the Legislature. We urge its adoption by the people."  
(Ballot Pamph., Proposed Amendments to Cal. Const.,  
Special Statewide Elec. (Nov. 6, 1979) p. 15.)

The Legislative Analyst also informed the voters as follows:

"The change in the assessment ratio from 25 percent to 100 percent would have no effect on the amount of property taxes levied or the amount of value exempted by current property tax exemptions. The proposition would require certain state and local

agencies to make adjustments in all computations which use assessed value as a factor. Most of these changes would affect data processing procedures used by county auditors and assessors. The cost of these adjustments statewide is estimated to be relatively minor."  
(Ballot Pamp., supra, p. 14.)

Clearly, the purpose of changing from the 25 percent to 100 percent assessment formula was to simplify the calculations so that property owners could better understand the procedure; no substantive changes were intended. The Legislature unmistakably informed the voters as to its intention,<sup>3/</sup> and the measure was approved based upon such representations.<sup>4/</sup>

A determination that the 25 percent to 100 percent assessment formula change was intended to be procedural rather than substantive is supported by recent enactments of the Legislature. Besides the revisions in the original legislation, the Legislature has amended various code provisions to indicate that the 25 percent to 100 percent change was intended only to serve the purposes of simplicity and understandability. (See Stats. 1981, chs. 874, 464,

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3. The proposed amendment was submitted to the electorate by the Legislature, the argument in favor of the proposed amendment was written by three legislators, and no argument against the proposition was presented to the voters. The final vote in the Legislature on the proposition was 35 to 0 in the Senate and 76 to 1 in the Assembly. (Ballot Pamp., supra, p. 14.)

4. Where "the enactment follows voter approval, the ballot summary and arguments and analysis presented to the electorate in connection with a particular measure may be helpful in determining the probable meaning of uncertain language." (Amador Valley Joint Union High Sch. Dist. v. State Bd. of Equalization (1978) 22 Cal.3d 208, 245-246.)

463; stats. 1980, ch. 1208.)<sup>5/</sup>

For example, Education Code section 15102 has been amended to provide: "The total amount of bonds issued shall not exceed five percent, except beginning with the 1981-82 fiscal year the amount shall not exceed 1.25 percent, of the taxable property of the district as shown by the last equalized assessment of the county or counties in which the district is located . . . ." Education Code section 16330.5 now provides that "a tax levy shall be twenty cents (\$.20) per one hundred dollars (\$100) of assessed value for years prior to the 1980-81 fiscal year and beginning in the 1981-82 fiscal year shall be 0.05 percent of the full value."

We also note that section 1 of Article XIII B of the California Constitution generally limits annual appropriations of local governments and the state to the appropriations limit "for the prior year adjusted for changes in the cost of living and population . . . ." It may readily be observed that if the statutory change from 25 percent to 100 percent valuation were substantive, it could directly conflict with this constitutional limitation. We must, however, "adopt an interpretation that, consistent with the statutory language and purpose, eliminates doubts as to the provision's constitutionality." (In re Kay (1970) 1 Cal.3d 930, 942.)

Finally, we are aware that the Legislature intended for all relevant code provisions to be conformed to the new definitional change by the 1981 operative date of the system's revision. Section [29] of chapter 1207 of the Statutes of 1978 states:

"This act shall become operative on January 1, 1981, and shall be applied with regard to the 1981-82 fiscal year and fiscal years thereafter.

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5. The primary rule in interpreting statutory provisions is well established: "choose that [construction] which most comports with the intent of the Legislature." (California Mfgs. Assn. v. Public Utilities Com. (1979) 24 Cal.3d 836, 844.)

"It is the intent of the Legislature in postponing the operative date of this act until 1981 that all affected state and local agencies will review the statutes affecting their duties to determine what effect, if any, the passage of this act will have on those statutes, and that such agencies will report to the Legislature, and to the State Board of Equalization which shall coordinate such reporting, any amendments to the various codes they believe to be necessary to properly implement this act."

Obviously, the Legislature envisioned that the question at issue herein would never arise. By the time the 1981-82 fiscal year changeover was to take place, all pertinent laws were to have been conformed to the new system. As we have pointed out, numerous statutes in numerous codes have been amended to reflect the new system. The ones that have not been amended appear simply to be obscure, seldom used provisions. (E.g., Gov. Code, § 40101.)

We do not believe, however, that these obscure statutes should now be interpreted in a manner to conflict with the sole intent of the Legislature, as approved by the voters, to make the property tax system more understandable without substantively affecting any rights, obligations, or authority.

It is therefore concluded that the provision in section 135 changing the definition of "assessed value" beginning with the 1981-1982 fiscal year does not have a substantive effect upon other statutes that contain the term without specific definition and which have not been amended to reflect the new property tax system revision.