

610.0000 NEWLY CONSTRUCTED PROPERTY

*See Golf Courses
Supplemental Assessment*

610.0001 Appraisal Upon Completion. Construction begins in July 1976 and is completed in January 1979. The structure is appraised at \$30,000 on March 1, 1977 (when one-third complete), at \$60,000 on March 1, 1978 (when two-thirds complete), and has an actual fair market value of \$120,000 as of January 1, 1979. The March 1, 1979, newly constructed base year value is \$120,000. Factoring commences March 1, 1980. C 2/11/80.

(916) 445-4588

February 11, 1980

Dear Ms. _____

In your letter of January 17, you asked our opinion to two different problems.

The first situation you describe is one in which A sells to B, C, and D as joint tenants and then D sells his interest to B and C leaving them as the sole remaining joint tenants. You ask if this transfer constitutes a change in ownership.

Your second problem concerns appraisal on completion of a structure that has been in the process of construction for several years and has been appraised as partially completed on each previous lien dates. You ask whether the assessor should assess the total property at its "fair market value" at the time of its completion.

With regard to your first question, we agree the statement in Rule 462(b)(6) appears to be contrary to AB 1019. As you pointed out, this apparent inconsistency is due to the fact that Rule 462(b)(6) omitted the phrase "in a joint tenancy described in (b)(2) above." Clearly it was our intent to be in conformity with Section 65(a)(2). I therefore will suggest the above-referenced phrase be added to the rule at the next opportunity. To answer your specific question, we would regard the transfer of D's interest to B and C as a change in ownership.

In regard to your second question concerning the appraisal on completion of the structure that has been in the process of construction for several years, it is our opinion the entire structure is to be reappraised at its fair market value at the date of completion without regard to previous appraisals of construction in progress on previous lien dates.

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Although I recognize an argument can be made under Section 70(a)(1) that the reappraisal be limited to the actual construction that occurred from the last lien date, such a conclusion would make that last sentence of Section 71 a nullity. In view of this, it is our opinion Section 71 should be read to require full appraisal of the subject property at \$120,000 rather than the \$90,000.

I agree that legislation should be introduced to make this position clearer.

Very truly yours,

Glenn L. Rigby
Assistant Chief Counsel

GLR:sfb