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No. 79/131

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TO COUNTY ASSESSORS:

INFORMATION REGARDING ASSESSMENT OF
OPEN-SPACE PROPERTIES AND UNRESTRICTED TREES AND VINES

The enactment of Assembly Bill 1488 has modified the procedures for valuing open-space properties subject to enforceable restrictions and unrestricted trees and vines.

Enclosed are some of the most frequently asked questions regarding the valuation of these properties.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:ebv
Enclosure

1. QUESTION: How are trees and vines restricted under the provisions of an open-space contract valued?

ANSWER: The living improvements are valued in the same manner as they were prior to the passage of Proposition 13. They are to be valued pursuant to the provisions of Section 423 of the Revenue and Taxation Code without regard to the provisions of Section 2 of Article XIII A of the Constitution.

2. QUESTION: How do you value trees and vines not enforceably restricted?

ANSWER: The trees and vines shall be enrolled at their base year value factored by the appropriate inflation factor, or at their full value on the current lien date, whichever is less.

3. QUESTION: What is the base year for newly planted trees and vines not enforceably restricted?

ANSWER: The base year shall be the year the trees and vines became subject to taxation unless that year was prior to 1975, in which case the base year is 1975.

4. QUESTION: When an open-space contract provides that a property's restricted value shall not exceed its market value, what market value is used for the comparison?

ANSWER: The market value to be used for this comparison is the actual full cash value of the property, as if unrestricted on the current lien date, and not the factored base year market value.

5. QUESTION: Should 1979 roll values reflect the changes in valuing trees and vines mandated by Assembly Bill 1488?

ANSWER: Yes, however, no escapes or refunds shall be made on assessments enrolled in 1978-79 as a result of the changes mandated by Assembly Bill 1488.

6. QUESTION: When property subject to open-space restrictions is subject to cancellation or termination by non-renewal, what "full cash value" is used as the basis for calculating the cancellation fee and for revaluation?

ANSWER: The "full cash value" is the taxable value that would have applied to the property had it not been restricted. In most cases it will be the unrestricted base year value as modified annually by the inflation rate. The exception occurs when the current market value is less than the factored base year market value. In this instance the current market value will be used as the basis for revaluation.

7. QUESTION: How are homesites and residences valued when located on property restricted by open-space contracts?

ANSWER: They are excluded from the open-space restrictions; therefore, they are subject to the provisions of Article XIII A of the California Constitution.

8. QUESTION: How are other farm improvements such as barns, pumps, and fences valued?

ANSWER: If excluded from the open-space restriction, farm improvements are subject to the provisions of Article XIII A. If the open-space contract provides that improvements necessary for the farming operation be included in the enforceable restriction, they shall be valued in the same manner as other restricted portions of the property.