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October 20, 1982

No. 82/122

TO COUNTY ASSESSORS:

SEPARATE ASSESSMENT OF TIMESHARES

Senate Bill 1276 was approved by the Governor, September 9, 1982 and is Chapter 887 of the statutes of 1982. This legislation added Sections 2188.8 and 2188.9 to the Revenue and Taxation Code. These sections provide for separate assessment of timeshare properties.

Section 2188.8 requires the assessor to separately assess the timeshare estates in a timeshare project upon receipt of: (1) a written request that has been certified as approved in a manner provided in the organizational documents of the timeshare project, (2) a copy of the documents setting forth the procedures for scheduling time and units to each owner, (3) a diagrammatic floor plan, and (4) a list of every timeshare estate owner including date of acquisition. Additionally, the assessor may request a plot map of the land showing improvement location. The organization must file an annual statement, on or before April 1, listing any changes in the required information. Further, for purposes of this section, the term "timeshare estate" refers to those timeshares that include a fee simple interest (e.g. and undivided interest) in the underlying property involved. Excluded from this term are timeshare estates that are coupled with a leasehold interest or an estate for years. These timeshare estates will receive separate tax bills, and the taxes levied will be a lien solely on each individually owned timeshare estate rather than the entire project. These separate assessments shall be entered on the secured roll.

Section 2188.9 requires the assessor to separately assess the interests in a timeshare project upon receipt of the information listed above. Although this section requires separate assessment of these interests, it differs from Section 2188.8 in that it requires that the separate assessments be cumulated and that a single tax bill be sent in the name of the organization or timeshare owners' association. The tax shall be a lien on the total project rather than the separate interests. The section further requires the assessor to notify assessees of any increased assessment of individual timeshare interests, and that the tax collector detail the taxes applicable to each separate assessment.

Both of these sections provide that separate assessment shall occur on the first lien date occurring more than 60 days following the request; and, once separate assessment is begun, it is binding on all future owners. Both sections also provide that a fee may be charged (not to exceed actual cost) for the initial cost of separate assessments. In the case of timeshare estates, ongoing costs may be recovered also, and fees charged shall be proportioned to timeshare estate owners and collected commencing with the initial separate tax bills.

For timeshare assessments, the interest to be separately assessed is the value of the right of recurrent, exclusive use or occupancy of real property, annually or on some other periodic basis, for the use or occupancy periods into which the project has been divided.

This legislation was passed as an urgency statute and takes effect immediately. The first separate assessments possible will be for March 1, 1983.

A copy of the legislation is enclosed. If you have any questions please contact our Technical Services Section at (916) 445-4982.

Sincerely,

Verne Walton

Verne Walton, Chief
Assessment Standards Division

VW:ab
AL-04-0610A
Enclosure