



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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No. 83/111

October 19, 1983

TO COUNTY ASSESSORS:

ASSEMBLY BILL 399

Assembly Bill 399, which was clean-up legislation for Senate Bill 813, was signed by the Governor and is Chapter 1102 of the statutes of 1983. This bill, a copy of which is enclosed, repeals, adds, and amends various articles and sections in Chapter 3.5 in Part 0.5 of Division 1 of the California Revenue and Taxation Code. This letter should serve the purpose of pointing out these changes. Also enclosed, is a composit of Senate Bill 813 and Assembly Bill 399.

Article 1. Definitions and General Provisions

Section 75, which is an intent statement, was amended to provide for enrolling decreases in assessed value as well as increases.

Section 75.4 was amended to clarify that the "current tax rate" includes any amount to pay interest and redemption charges on any indebtedness properly approved by the voters. (See also, Article 7, Section 75.70 following.)

Section 75.5, which defines "property" in regard to Chapter 3.5, expands the definition of "fixture" and, in the definition of property, it includes mobilehomes subject to tax under Part 13 of the Revenue and Taxation Code. It should be noted, however, that mobilehomes being placed on the local property tax roll because of delinquency and/or voluntary changeover without a change in ownership would be enrolled as they were prior to Senate Bill 813. That is to say no supplemental assessment would result because of the change from licensing to local property tax.

Section 75.9 was added. For purposes of Chapter 3.5, "taxable value" is defined as the base-year full value adjusted for any given lien date as required by law or the full cash value for the same date, whichever is less.

Article 2. Assessments on the Supplemental Roll

Section 75.11 was amended to change the June 30 date to May 31. This change makes Section 75.11 correspond to the procedure of proration of taxes as outlined in Section 75.41.

Section 75.12 was amended in Subsection (a)(2). This changed the filing deadline for the builder's exclusion, for property in existence on the effective date of the bill, to within 45 days of July 29, 1983 (i.e., September 12, 1983). Subsection (b) was also amended to require the applicant

to notify the assessor within 45 days of (1) an unrecorded change in ownership, or (2) the property being rented or leased, or (3) the property being occupied as other than a model home, or (4) being occupied for any purpose other than that which is incidental to an offer for a change in ownership. Failure to so notify the assessor shall result in a penalty in the amount specified in Section 482. A written request from the assessor is not required. The collection and abatement procedures in Sections 482 and 483 are applicable under this section.

Section 75.14 is a newly added section stating that supplemental assessments shall not be made for any property not subject to Article XIII A assessment procedures. Further, all property subject to Article XIII A assessment procedures shall be subject to supplemental assessments except as provided in Article 2 (e.g., builder's exclusion).

Article 2.5. Application of Inflation Rate

Article 2.5 is added to Chapter 3.5 by Assembly Bill 399. Article 2.5 has only one section which is Section 75.18. This section provides that, beginning in 1984, if a change in ownership or the completion of new construction occurs between March 1 and June 30, then the new base-year value shall be adjusted on the March 1 following the change in ownership or completion of new construction by the inflation factor as provided in Section 2(b) of Article XIII A of the California Constitution.

Example

A property sells March 15, 1984 for a market value of \$110,000 and is placed on the supplemental roll at that value. On March 1, 1985, this property would be enrolled for \$112,200 (assuming an inflation factor of two percent) rather than \$110,000 as would have been the case prior to this amendment.

This change has the effect of changing the way we assign base years. In the future, properties that change ownership or have new construction completed on or before June 30 will be treated for purposes of factoring, as though the change in ownership or completion of new construction had occurred prior to the immediately preceding lien date.

Article 3. Exemption

Section 75.20. This section provides that a supplemental assessment will not affect an exemption that has been granted for either the current roll or the roll being prepared.

Section 75.21 has been amended into three subsections. Subsection (a) provides that, generally, a supplemental assessment shall not have any exemption applied against it if the property is already receiving an exemption. Subsection (b) provides that, if the property is receiving an exemption and

the assessee on the supplemental roll is eligible for, and timely claims, a larger exemption, the difference between the two exemptions shall be applied to the supplemental assessment. Subsection (c) provides that the assessee must claim the exemption within 30 days of the date of the notice of supplemental assessment.

Section 75.22 was amended to provide that the assessee has 90 days from the date of the change in ownership or completion of new construction to meet the qualifications established by this part.

Article 4. Notice of Assessment

Section 75.30 was amended and now requires the assessor to place a notice of the pending supplemental assessment on the roll being prepared. The assessor shall also notify the auditor who shall place a notation on the current roll or on a separate document accompanying the current roll that a supplemental billing may be forthcoming.

Section 75.31 was amended in Subsection (a)(2) so that the June 30 date is now May 31. (See Section 75.11 above.) Subsection (a)(5) now requires the assessor to notify the assessee of the exempt amount, if any, on the current roll or the roll being prepared. Subsection (a)(6) now requires notification of the date the notice is mailed. Subsection (c) has been amended so that the filing period for appeals is now 60 days rather than 30 days. Subsection (d) has been amended and now refers to the auditor rather than the tax collector.

Article 5. Transmittal of Supplement Assessments to the Auditor

Section 75.40 was amended in that the reference to filing an application for appeal has been deleted. Subsection (h) had the word "actual" inserted. Subsection (i), the date of the change in ownership or completion of new construction, was added.

Section 75.41 was amended in Subsection (a). The second sentence was changed to read as follows: "For property on the secured roll, if the tax bill is delinquent on or before January 1, the taxes due shall be computed in two equal installments." Subsection (c) was amended in that the whole number fractions have been removed leaving only the two place decimal fractions. Subsections (c)(1-5) have been amended so that the month stated in the subsection agrees with the presumption in Subsection (b).

Section 75.42 was amended so that it now refers to an "extension of the negative amount rather than "refund to be paid."

Article 6. Collection of Supplemental Taxes and Payment of Refunds

Section 75.54 was amended to provide for a supplemental unsecured roll. Taxes on this roll shall be treated and collected like other taxes on the unsecured roll.

Section 75.55 was amended to require the auditor, rather than the tax collector, to make any applicable refund. It was further amended in that the June 30 date was changed to May 31.

Article 6.5. Reimbursement for County Costs

This article was added by Assembly Bill 399. Section 75.60 provides that for the 1983-84 and 1984-85 fiscal years, the county may, prior to other allocations, allocate 5 percent of the additional revenues to be used solely to offset the administrative costs of this chapter.

Also added was Section 75.65. This section creates a Supplemental Roll Administrative Cost Fund in the amount of \$10,000,000. This fund is to be used to pay administrative costs (for fiscal year 1983-84) that are in excess of the 5 percent allocated by Section 75.60. Claims against the fund must be submitted to the State Board of Equalization by January 15, 1984. The Board is required to review the claims and forward them with recommendations to the Department of Finance by March 1, 1984. Approved claims will be paid from the fund by the Controller by April 15, 1984. Guidelines for the claims shall be developed by the Department of Finance in cooperation with the Board and representatives of county assessors and issued by December 1, 1983. Claims must be certified by the Board and the Department of Finance as predicated on prudent administrative practice and not incorporating expenses not essential to the administration of this chapter.

Section 75.66, also added under this article, states that no further appropriation shall be made other than that by Section 75.65. Further, this section states that, because the county has authority under Section 75.60 to allocate revenue to offset administrative costs, no reimbursement is required by this chapter pursuant to Section 6 of Article XIII B of the California Constitution or Section 2231.

Article 7. Disposition of Revenue

Section 75.70 was amended to clarify that the tax rate to be applied to the supplemental roll is the rate including the amount above 1 percent to repay voter-approved bonded indebtedness. However, any revenue generated by any rate levied in excess of the limitation prescribed by Subdivision (a) of Section 1 of Article XIII A of the California Constitution (i.e., anything above the 1 percent) would be allocated to the fund for which the rate was levied. It also provides that allocations shall be made within 10 working days of the close of the preceding accounting period. The remaining amendments in Section 75.70 apply only to school districts.

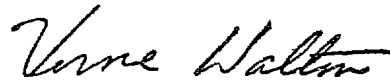
October 19, 1983

Article 8. Effective Date

Section 75.80 was amended by replacing the word "article" with the word "chapter." The effective date is still July 1, 1983.

If you have any questions in regard to this topic, please call Gene Palmer at (916) 445-4982.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:wpc
Enclosures
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