



STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 1799, SACRAMENTO, CA 95808)

(916) 445-4982

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March 13, 1987

TO COUNTY ASSESSORS:

No. 87/25

CHAPTER 1457 OF THE STATUTES OF 1986
(ASSEMBLY BILL 2890)

Chapter 1457 of the statutes of 1986 (Assembly Bill 2890) became effective September 30, 1986. This law amends and adds numerous sections to the Revenue and Taxation Code.

We will summarize the portions of the new law applicable to the assessor's office in this letter. Those portions concerning exemptions and the assessment of state-assessed properties will be discussed in separate letters.

Summary of Major Sections

1. Provides optional proration date of supplemental taxes when more than one reassessable event occurs in the same assessment year (Section 75.54).
2. Cancels supplemental tax bill of less than \$20.00 (Section 75.55).
3. Provides that eligible counties, as certified by the State Board of Equalization, can recover their actual administrative costs associated with the supplemental roll up to 5 percent of the revenues from supplemental assessments (Section 76.60).
4. Provides the statutory language to allow for increases to the property tax rate due to bonded indebtedness that are approved by voters after June 4, 1986. This section implements Proposition 46 which was adopted by the voters on June 4, 1986. (Sections 93, 95, 97.65, 2237.5 and 2611.5).
5. Allows access to assessor's records by staff appraisers of the Department of General Services (Section 408).
6. States that county assessment appeals boards shall hear change in ownership and new construction issues (Section 1605.5).
7. Requires the Board of Equalization to annually conduct sales ratio studies of commercial and industrial properties in each county and publish the results (Section 1817).

8. Prohibits the allowance of renters' credit on state income tax if a homeowners' exemption has been granted a mobilehome (Section 17053.5).

Proration Date

This chapter adds subsection (d) to Section 75.54. Subsection (d) permit each county to elect an optional method of prorating supplemental taxes whenever there is more than one reassessable event in the same assessment year as provided in subsection (c). In the situation where there is more than one reassessable event, a county may elect to compute that portion of the supplemental tax attributable to the initial assessee from the first day of the month following the date of the initial change in ownership or completion of new construction to the date of the subsequent change in ownership. Previously, the method of prorating the supplemental taxes was from event date to event date. This new optional proration method will result in no supplemental taxes to the initial assessee if another reassessable event occurs in the same month.

Cancellation of Supplemental Tax Bill

This chapter adds Section 75.55. It would permit a county board of supervisors, by ordinance, to provide for the cancellation of any supplemental tax bill where the amount of taxes, not to exceed \$20.00, is less than the cost of administration.

Certification of Eligible County

Section 75.60 was completely rewritten by this chapter. The heart of the prior Section 75.60 is included in this revision; it includes (1) the county can recover a portion of their actual administrative costs associated with the supplemental roll and (2) this amount is not to exceed 5 percent of the revenues generated by the supplemental roll. The major change is that now this cost recovery plan is only available to an "eligible county."

An eligible county has been defined in this chapter to be a county certified as one by the State Board of Equalization. This certification is based upon a county's average level of assessment in relation to the assessment level required by statute, as determined by the Board in surveys made pursuant to Section 15640 of the Government Code. For those counties with surveys commencing prior to January 1, 1987, the average assessment level must be at least 90 percent of the required assessment level. For those surveys commencing after January 1, 1987, the average assessment level must be at least 95 percent. Each certification of a county shall be valid only until the next survey made by the Board. If a county is not certified by the Board, it may request a new survey in advance of the regularly scheduled survey,

provided that it agrees to pay for the cost of that survey. A letter from the Board of Equalization has gone out to the clerk of the board of supervisors of each county stating whether or not it is an eligible county.

Bond Indebtedness

This chapter implements Proposition 46 of the June 1986 Primary Election which amended Section 1 of Article XIII A of the California Constitution. This chapter added subsection (c) to Section 93 and amended Sections 95 and 97.65.

It extends the authority of local jurisdictions to levy a property tax rate for the payment of bonded indebtedness for the acquisition or improvement of real property which was approved by two-thirds of the voters in that jurisdiction on or after June 4, 1986.

This chapter also amends Sections 2237.5 and 2611.5 to adjust the tax rate on the unsecured roll accordingly.

Access to Assessors' Records

This chapter amends Section 408(c) to allow staff appraisers of the State Department of General Services access to assessors' records. It would also require the Department of General Services to reimburse the assessor for any costs incurred as a result of complying with this requirement.

Assessment Appeals

This measure adds Section 1605.5 which requires the county board of equalization or the assessment appeal board to hear applications for a reduction in an assessment where the issue is whether or not the property has undergone a change in ownership or has been newly constructed. Prior to this section, it was unclear as to whether an appeals board can hear and decide on those issues.

Assessment Ratio for Commercial and Industrial Properties

This chapter adds Section 1817 which require the State Board of Equalization, commencing with the 1987-88 fiscal year and annually thereafter, to determine the statewide and county-by-county ratio of assessed value to fair market value of locally assessed commercial and industrial property in the state and to publish these ratios.

Mobilehome Exemption

This chapter amends Section 17053.5. It would prohibit the allowance of the state income tax credit for renters in any taxable year for the rental of land upon which a mobilehome is located if the mobilehome has been granted a homeowners' exemption in that year. This amendment does not change the law but is declaratory or reaffirmation of existing law and practice.

TO COUNTY ASSESSORS

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I hope the above explanations have been helpful. If you need additional information, please feel free to contact our Technical Services Section at (916) 445-4982.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

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