



STATE BOARD OF EQUALIZATION

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November 3, 1987

No. 87/87

TO COUNTY ASSESSORS:

DISPOSITION OF LEGISLATIVE BILLS WITH  
PROPERTY TAX IMPLICATIONS

Here is a list of bills from the 1987 legislative session that are related to property tax matters and were passed by the Legislature and signed by the Governor.

AB 47 - Chapter 48

This bill implements Proposition 58 that was approved by the electorate on November 4, 1986. It excludes from change in ownership the purchase or transfer of the principal residence between parents and children and also the first one million dollars of other property. A letter explaining this legislation (87/72) was sent to all assessors.

AB 60 - Chapter 186

This measure implements Proposition 60 that was approved by the electorate on November 4, 1986. It permits persons over the age of 55 residing in property that is eligible for the Homeowners' Exemption to transfer the base-year value of their principal residence to a replacement dwelling of equal or lesser value in the same county. A letter explaining this legislation (87/71) was sent to all assessors.

AB 114 - Chapter 1094

This bill provides that for purposes of establishing changes in ownership of possessory interests, the term "renewal" does not include the granting of an option to renew an existing agreement which would result in lengthening the term of possession of an existing agreement. The property would be reappraised at the time the option is exercised. 1/

1/ We intend to send a letter to all assessors explaining this legislation in more detail.

AB 240 - Chapter 275

Existing law requires the county auditor to allocate on a timely basis revenues generated by supplemental assessments. This bill specifies that the duty of timely allocation of revenues also includes the timely payment of allocated revenues.

AB 297 - Chapter 261

This bill provides that "property" does not include fixtures which are normally valued as a separate appraisal unit from a structure for supplemental roll purposes and excludes these fixtures from the supplemental roll. A letter explaining this legislation (87/58) was sent to all assessors.

AB 454 - Chapter 921

This bill has to do with allocation of revenues from the assessment of the unitary value of utilities.

AB 509 - Chapter 144

This bill provides that, unless a party to an open-space contract prohibits such valuation method, the capitalization of income method shall not exceed the lesser of the unrestricted full cash value or the Article XIII A value. 1/

AB 714 - Chapter 232

Additional restrictions on the transfer of land subject to an open-space contract are imposed by this bill. 1/

AB 719 - Chapter 681

The threshold of 5 percent of all property taxes and assessments for county adopted property tax losses reserve fund is reduced to 4 percent by this bill.

AB 892 - Chapter 1412

This bill extends to property owned by a nonprofit public benefit corporation owned by a city, the same exclusion from property taxes which is presently available to cities.

AB 900 - Chapter 1228

This legislation extends the welfare exemption from property taxes to facilities used for emergency or temporary shelter for homeless persons and families, and a partial exemption if such facilities are only partially used for such purposes.

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1/ We intend to send a letter to all assessors explaining this legislation in more detail.

It also includes in the definition of a hospital, for purposes of the welfare exemption, a nonprofit multispecialty clinic as specified. 1/

AB 1054 - Chapter 703

This bill provides that when an entity that would be exempt from property taxes by subdivision (d) or (e) of Section 3 of Article XIII of the California Constitution enters a lease agreement as lessee, the terms of which agreement provide an option for the lessee at the end of the lease term to purchase the property for \$1.00 or other nominal amount, the lessor need not file for exemption, unless the lease terms change. 1/

AB 1874 - Chapter 765

This bill deletes the requirement that dealers report the sale of commercial coaches to the assessor, but it adds the requirement that leases and rentals of mobilehomes be reported.

AB 2120 - Chapter 1262

Revises various provisions relating to the assessment of, and filing of property tax refund suits by, state assessees. Adds Revenue and Taxation Code section 5148, providing that actions to recover taxes levied on state-assessed property arising out of disputes as to assessed value or allocation of assessed value shall be brought under that section. The Board of Equalization is required to notify counties as well as state assessees of its decision on a petition for reassessment.

AB 2144 - Chapter 1469

This bill provides an additional partial property tax exemption under the welfare exemption for property used exclusively for rental housing and related facilities, in which some of the property is used for housing and related facilities for low-income persons or families.

The owner of the property must provide a legal document restricting the project's usage and make the units continuously available to or occupied by lower income households. 1/

AB 2481 - Chapter 1339

This legislation provides that when an escrow is opened on a used manufactured home or mobilehome that is subject to local property taxation and subject to registration under this part, the escrow officer may demand that a tax clearance certificate be obtained from the tax collector.

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1/ We intend to send a letter to all assessors explaining this legislation in more detail.

SB 95 - Chapter 267

This bill exempts from property taxes any aircraft of historical significance, as defined, provided it is available for display to the public at least 12 days during the 12-month period immediately preceding the lien date. A letter explaining this legislation (87/67) was sent to all assessors and we are planning a follow-up letter.

SB 295 - Chapter 1162

This legislation adds employees of the Controller for property tax postponement purposes and the State Department of Savings and Loan to the list of government agencies that are authorized to have access to assessor's records. The bill provides for reimbursement to the assessor for any costs incurred in providing such access to the Department of Savings and Loan.

SB 298 - Chapter 1344

This bill extends from January 1, 1989 to January 1, 1994 the expiration of the exclusion from change in ownership of the purchase of a mobilehome park by a nonprofit corporation or other entity formed by the tenants of the park for the purpose of purchasing the park. It also declares the Legislature's intent that this exclusion apply to all bona fide transfers of rental mobilehome parks. 1/

SB 338 - Chapter 1305

This bill provides that the cancellation value of land that is under a Williamson Act contract is the property's current fair market value as though it were free of the contractual restriction. Prior law used the term full cash value rather than current fair market value. The bill's provisions are prospective only. 1/

SB 473 - Chapter 219

This bill provides that, at the time the base-year value of substantially damaged or destroyed property is transferred to replacement property, the base-year value of the substantially damaged or destroyed property be retained on the damaged property.

SB 544 - Chapter 498

This bill makes a number of changes to a variety of property tax statutes, most of which are technical, clean-up matters. It is the Board's technical bill.

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1/ We intend to send a letter to all assessors explaining this legislation in more detail.

SB 571 - Chapter 1378

This bill permits the assessor, upon authorization of the Board of Supervisors, to segregate subdivided land for past due taxes and assessment liens among the various parcels in the subdivision.

SB 587 - Chapter 537

This legislation requires that assessment errors involving the base year, not involving the exercise of judgment as to value, be corrected in the assessment year, as defined, in which they are discovered. It also permits correction of errors involving judgment as to value to be corrected within four years after July 1 of the assessment year in which the base-year value was established. The bill prescribes a standard of proof for establishing the existence of clerical errors. 1/

SB 734 - Chapter 501

This measure requires the Controller to submit a report to the Legislature on the Controller's annual audit of the apportionment and allocation of property tax revenues.

SB 1337 - Chapter 1194

This bill requires that assessment practices survey reports continue to be provided as required currently, and additionally be filed with other assessors unless notified by any assessor that he/she does not want them.

The bill also makes minor changes in law relative to redeeming property on which there are delinquent taxes.

SB 1503 - Chapter 699

This bill repeals the condition that state agencies may require "certified appraisal reports" only after January 1, 1989.

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1/ We intend to send a letter to all assessors explaining this legislation in more detail.

Following is a list of bills that did not pass. Some will be considered in the next session of the Legislature and may be enacted then. Others will not be carried over but none should be categorized as dead since any can be resurrected with a simple rule change.

<u>AB</u>	<u>SB</u>	<u>ACA</u>	<u>SCA</u>
208	134	1	13
218	399	8	16
339	407	9	21
398	569	22	
741	726	25	
1635	1023	28	
1719	1336	49	
1934	1425	51	
2259	1539		
2342	1652		

Assembly Bill 1845 was vetoed.

If you have any questions about the contents of this letter, contact Dick Schulte at (916) 445-4982.

Sincerely,



Verne Walton, Chief  
Assessment Standards Division

VW:wpc  
AL-23-0199V