



STATE BOARD OF EQUALIZATION
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Executive Director

February 13, 2002

No. 2002/013

TO COUNTY ASSESSORS, COUNTY COUNSELS, AND INTERESTED PARTIES:

REVISION OF PROPERTY TAX RULE 462.060

In December 2001, the Board received a request to amend Property Tax Rule 462.060, *Change in Ownership - Life Estates and Estates for Years*, from Mr. James Bone of Squar, Milner & Reehl LLP. The proposed language adds an exclusion from change in ownership for life estates purchased by persons over age 55. This matter has been scheduled for discussion at the Board's May 29, 2002 Property Tax Committee meeting. While Board staff is not endorsing the changes to the rule, staff is reviewing this proposal and is seeking input from interested parties.

Enclosed is a draft of the rule with proposed amendments. Please submit your comments by March 15, 2002. After comments are received, it is anticipated that the review/revision process will proceed as follows:

- Staff will meet with interested parties on April 12, 2002 to discuss comments received on the draft rule. The purpose of the meeting is to discuss each party's position regarding the proposed draft of the rule. Staff will distribute an agenda matrix prior to the meeting.
- Staff will submit an issue paper and other required documents for the Property Tax Committee meeting.
- The Board's Property Tax Committee will hear and resolve issues regarding the rule at its May 29, 2002 meeting.

This letter and all future letters regarding this project will be posted to the Board's Web site (www.boe.ca.gov) under Property Taxes, Property Tax Committee Work Plans, Property Tax Committee Work Plans 2002. If you have any questions, please contact Mr. Lou Ambrose at (916) 445-5580, lou.ambrose@boe.ca.gov.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property Taxes Department

DJG:lt
Enclosure

DRAFT

Rule 462.060. CHANGE IN OWNERSHIP - LIFE ESTATES AND ESTATES FOR YEARS

Reference: Section 60, 61, 62, 63, 67, Revenue and Taxation Code.
Section 15606, Government Code

(a) LIFE ESTATES. The creation of a life estate in real property is a change in ownership at the time of transfer unless the instrument creating the life estate reserves such estate in the transferor or the transferor's spouse. However, the subsequent transfer of such a life estate by the transferor or the transferor's spouse to a third party is a change in ownership. Upon termination of such a reserved life estate, the vesting of a right of possession or enjoyment of a remainderman (other than the transferor or the transferor's spouse) is a change in ownership. The creation of a life estate based upon the life of one or more persons who are all 55 years of age or older is not a change in ownership if the life estate is purchased from the transferor and the transferor reserves the remainder estate in the transferor.

(b) ESTATE FOR YEARS. The creation of an estate for years for a term of 35 years or more in real property is a change in ownership at the time of transfer unless the instrument crating the estate for years reserves such estate in the transferor or the transferor's spouse. However, the subsequent transfer of such an estate for years by the transferor or the transferor's spouse to a third party is a change in ownership. Upon the termination of a reserved estate for years for any term, the vesting of the right to possession or enjoyment of a remainderman (other that the transferor or the transferor's spouse) is a change in ownership. The creation or transfer of an estate for years for less than 35 years is not a change in ownership.