



STATE BOARD OF EQUALIZATION
PROPERTY AND SPECIAL TAXES DEPARTMENT
450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064
916 274-3350 • FAX 916 285-0134
www.boe.ca.gov

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SEN. GEORGE RUNNER (RET.)
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JOHN CHIANG
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KRISTINE CAZADD
Interim Executive Director

No. 2011/003

January 19, 2011

TO COUNTY ASSESSORS:

SUMMARY OF 2010 PROPERTY TAXES LEGISLATION

This is a summary of 2010 legislation affecting property taxes. All bills will become effective January 1, 2011, unless otherwise specified.

ABx6 11 (Hill), Chapter 2 of the 2009-10 Sixth Extraordinary Session, Effective October 19, 2010

Among others, adds section 218.6 to the Revenue and Taxation Code.

Homeowners' Exemption—Disaster Relief. Allows homes that were damaged or destroyed by the September 2010 San Bruno explosion and fire in San Mateo County to retain the exemption while the owners are in the process of rebuilding.

AB 157 (Anderson), Chapter 341, Effective September 27, 2010

Amends section 69 of the Revenue and Taxation Code.

Disaster Relief Base Year Value Transfer. Allows the San Diego County Board of Supervisors to extend the period in which a replacement property must be acquired or newly constructed from five to seven years for properties damaged in the 2003 Cedar Fire.

AB 384 (Ma), Chapter 228

Amends sections 401.17, 441, and 1153.5 of the Revenue and Taxation Code.

Certificated Aircraft Assessment. Extends the sunset date for the assessment methodology from December 31, 2010 to December 31, 2015. Creates a rebuttable presumption that the fair market value of the certified aircraft is the amount established under the specified formula. Provides that the value of an individual aircraft assessed to the original owner of that aircraft cannot exceed its original cost from the manufacturer. See Letter To Assessors 2010/052.

AB 1341 (Saldana), Chapter 442, Effective September 29, 2010

Uncodified

Possessory Interest. Provides that a project agreement between the Judicial Council and a nongovernmental entity to replace and operate the Long Beach Courthouse is not a taxable possessory interest because the nongovernmental entity's interest lacks the element of independence.

AB 1662 (Portantino and Jeffries), Chapter 447, Effective September 29, 2010

Among others, adds section 218.4 to the Revenue and Taxation Code.

Homeowners' Exemption—Disaster Relief. Allows homes that were damaged or destroyed by the following disasters to retain the exemption while the owners are in the process of rebuilding:

- August 2009 wildfires in Los Angeles, Monterey, and Placer Counties
- January 2010 storms in Calaveras, Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Francisco, and Siskiyou Counties
- July 2010 wildfires in Kern County

AB 1690 (Chesbro), Chapter 449, Effective September 29, 2010

Among others, adds section 218.2 to the Revenue and Taxation Code.

Homeowners' Exemption—Disaster Relief. Allows homes that were damaged or destroyed by the January 2010 earthquake in Humboldt County to retain the exemption while the owners are in the process of rebuilding.

AB 1813 (Lieu), Chapter 194

Amends sections 6254.21 and 6254.24 of the Government Code.

Home Address Confidentiality—Public Safety Officials List. Expands the list of persons from whom written permission must first be obtained before any state or local agency may post on the Internet their home addresses or telephone numbers (see Letter To Assessors 2010/050):

- A peace officer as defined in Penal Code sections 830.1 to 830.65, including retired officers.
- A person who is not a peace officer, but may exercise the powers of arrest during the course and within the scope of their employment pursuant to Penal Code section 830.7.

AB 2136 (V. Manuel Pérez), Chapter 461, Effective September 29, 2010

Among others, adds section 218.3 to the Revenue and Taxation Code.

Homeowners' Exemption—Disaster Relief. Allows homes that were damaged or destroyed by the April 2010 earthquake in Imperial County to retain the exemption while the owners are in the process of rebuilding.

AB 2314 (Block), Chapter 150

Amends section 276.1 of the Revenue and Taxation Code.

Disabled Veterans' Exemption – Delayed Disability Ratings. Related to the retroactive granting of a disabled veterans' property tax exemption, once a disabled veteran receives a 100 percent disability rating letter from the United States Department of Veterans Affairs (USDVA) or the military service from which the veteran was discharged, this bill:

- Increases the minimum amount of time a disabled veteran has to file a claim for the exemption and receive the full amount of the exemption from 30 days to 90 days and
- Deletes a requirement that the disabled veteran have a "pending" application with the USDVA. See Letter To Assessors 2010/056.

AB 2530 (Nielsen), Chapter 391

Amends sections 16142, 16142.1, and 51244, and to add and repeal section 51244.3, of the Government Code.

Williamson Act Contracts. From January 1, 2011 until January 1, 2015, under specified circumstances relating to subvention payments, authorizes a county to revise the terms for new contracts with agricultural land owners for continued agricultural related use of the land. Requires the assessor to value the property based on the new contract. Allows a landowner to file for nonrenewal instead of accepting a shortened contract. Provides that any increased revenues under the new contract will be paid to the county. Superseded by Senate Bill 863.

SB 863 (Committee on Budget and Fiscal Review), Chapter 722, Effective October 19, 2010

Amends sections 16142, 16142.1, and 51244 of; adds section 16148 to, and adds and repeals section 51244.3, of the Government Code.

Williamson Act Contracts. Appropriates \$10 million for subvention funds for the 2010-11 fiscal year. From January 1, 2011 until January 1, 2015, if a county's subvention payment is less than one-half of that county's actual foregone general fund property tax revenue, allows a county to implement the following:

- Revises the terms for contracts with agricultural land owners for continued agricultural-related use of the land. Contracts currently 10 years in length will have a new term of 9 years, and contracts currently 20 years in length will have a new term of 18 years.
- Provides that new contracts entered into during a year in which the county is implementing these provisions will have an initial term of either 9 or 18 years. Contracts will automatically renew at the end of the contract term, unless notice of nonrenewal is given.
- Requires county to record a notice that states the affected parcel numbers and current owner's names, or, alternatively, the unaffected parcel numbers and owner's names.
- Consistent with the 10 percent reduction in the length of the restriction, requires the assessor to make an addition to the assessed value equal to 10 percent of the difference between the restricted value under Revenue and Taxation Code sections 423, 423.3, or 423.5 and the valuation under section 51(b) or section 110.1, whichever is lower. If the restricted value is not enrolled, the addition to the assessed value will be zero.
- Requires county to separately display the increased amount of tax revenue that results from the decrease in restriction on the taxpayer's annual tax bill.
- Allows a landowner to file for nonrenewal instead of accepting a shortened contract.
- Provides that any increased revenues under the new contract will be paid to the county.
- Requires county to give landowner 90 days notice. Notice period may be reduced to 60 days if county adopts a procedure to allow landowners to serve a notice of nonrenewal.
- Does not apply to contracts that have been nonrenewed, contracts with cities, open-space or agricultural easements, scenic restrictions, wildlife habitat contracts, or atypical term contracts.

SB 1250 (Ducheny), Chapter 327

Amends section 107.4 of the Revenue and Taxation Code.

Possessory Interests – Military Housing. Expands the property tax exemption on possessory interests available to private contractors that operate military family housing projects to those that operate housing projects for single, unaccompanied, or married service members without dependents. Provides that this exemption does not apply to a military housing unit managed by a private contractor that is rented to a tenant who is not a current member of the military and requires the private contractor to annually notify the assessor by February 15 of any housing units so rented.

SB 1330 (Committee on Judiciary), Chapter 328

Among others, amends sections 69, 69.3, and 276 of the Revenue and Taxation Code.

Disaster Relief and Disabled Veterans' Exemption. Makes nonsubstantive changes for maintenance of the code. The changes to section 69 were superseded by AB 157.

SB 1493 (Senate Committee on Revenue and Taxation), Chapter 185

Amends sections 75.31, 155.20, 465, 619, 621, and 3698.7 of the Revenue and Taxation Code.

Supplemental Assessment Value Notice. Allows the assessor to provide supplemental assessment notice by electronic mail instead of regular United States mail, upon written request by assessee. See Letter To Assessors 2010/059.

Low-Value Exemption. Clarifies that property eligible for exemption under the low-value ordinance threshold must continue to fall under that threshold with inflation adjustments. See Letter To Assessors 2010/055.

Document Destruction. Allows the assessor to dispose of certain documents obtained from a property owner once the documents are imaged, rather than storing the documents for three years before they can be disposed. See Letter To Assessors 2010/057.

Annual Value Notices.

- Allows the assessor to provide annual value notice by electronic mail instead of regular United States mail, upon written request by assessee.
- Allows assessor to use the office's Internet website to post annual value notice information required by section 619 in lieu of publishing a paid newspaper advertisement. See Letter To Assessors 2010/059.

SB 1494 (Senate Committee on Revenue and Taxation), Chapter 654

Among others, amends sections 61, 63.1, 69.5, 218, 401.10, 1604, 4831, and 5096, and repeals sections 1624.3, 1636.2, and 1636.5 of the Revenue and Taxation Code.

Change in Ownership of Leasehold Interests. Makes a technical, nonsubstantive change to section 61(c) to correct a numbering error.

Change in Ownership Exclusion: Parent-Child and Grandparent-Grandchild Transfers. Adds a trustee to the list of persons who can sign claims for the exclusion on behalf of eligible transferors and transferees.

SB 1494 (Continued)

Change in Ownership Exclusion: Over 55/Disabled Base Year Value Transfer. Clarifies that such transfers are available when the original property is held in a trust, provided that the claimant is a trustor or present beneficiary of that trust.

Disaster Relief – Homeowners' Exemption. Establishes general purpose language to allow disaster victims to keep the exemption when the Governor proclaims a state of emergency.

Intercounty Pipeline Rights-of-Way. Extends the assessment provisions for intercounty pipeline rights-of-way to January 1, 2015. See Letter To Assessors 2010/060.

Assessment Appeals – Taxpayers' Opinion of Value. Clarifies that the two-year period to hear and decide appeals applies to hearings on supplemental and escape assessment appeals as well as to decline in value appeals. See Letter To Assessors 2010/053.

Assessment Roll Corrections. Recasts its provisions for clarity.

Property Tax Refunds. Corrects a cross reference error.

Assessment Appeals Board – Duplicate Sections. See Letter To Assessors 2010/053.

- Repeals sections 1624.3 and 1636.2, related to assessment appeal board members and hearing officers, as they are duplicative of section 1612.5.
- Repeals section 1636.5, related to hearing officers, as it is duplicative of section 1612.7.

These bills may be viewed from the Legislative Counsel's website at www.leginfo.ca.gov/bilinfo.html. The Board of Equalization's bill analyses may be viewed from our website at www.boe.ca.gov/legdiv/legcont.htm. If you have any questions regarding the application of these measures, please contact the County-Assessed Properties Division at 916-274-3350.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

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