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November 24, 2004

No. 2004/070

TO COUNTY ASSESSORS:

SUMMARY OF 2004 PROPERTY TAXES LEGISLATION

This is a summary of 2004 legislation affecting property taxes. All bills will become effective January 1, 2005, unless otherwise specified.

AB 2846 (Salinas), Chapter 786
Adds section 402.95 to the Revenue and Taxation Code.

Low-Income Housing Income Tax Credits. Prohibits the assessor, when appraising any property under the income approach, from considering as income the benefit of federal and state low-income housing tax credits allocated by the California Tax Credit Allocation Committee pursuant to Internal Revenue Code section 42 and Revenue and Taxation Code sections 12206, 17058, and 23610.5.

AB 2853 (Laird), Chapter 889, Effective September 29, 2004
Among others, amends section 63.1 of the Revenue and Taxation Code.

Parent-Child Exclusion. Makes county assessors' quarterly reports to the Board optional rather than mandatory, but encourages that assessors voluntarily comply. This bill chapters out identical provisions contained in SB 1102, Chapter 227, effective August 16, 2004.

AB 2857 (Laird), Chapter 768
Amends section 1604 of the Revenue and Taxation Code.

Assessment Appeals. Clarifies that when an assessment appeal application on a base year value is not timely heard and decided within two years of filing an appeal, the taxpayer's opinion of value will become the taxable value of the property until the appeal is decided. For other types of appeals (i.e., decline in value, personal property), the taxpayer's opinion of value will be enrolled for the tax year covered by the application.

AB 3073 (Revenue and Taxation Committee), Chapter 354, Effective August 30, 2004
Among others, amends section 17002 of the Corporations Code, sections 69.4, 214, 214.01, 214.02, 214.5, 214.8, and 214.14, of the Revenue and Taxation Code.

Contaminated Property Base Year Value Transfer. Provides definitions and administrative provisions to implement the base year value transfer for property purchased to replace qualified contaminated property.

Welfare Exemption. For lien dates beginning with the January 1, 2005 lien date, extends the exemption to qualifying property owned or held in trust by limited liability companies.

SB 451 (Ducheny), Chapter 853
Adds section 107.4 to the Revenue and Taxation Code.

Possessory Interests. Provides that the possession or use of land or improvements on a military base is not independent if that possession or use is pursuant to a contract under the Military Housing Privatization Initiative, including, but not limited to, a long-term lease for the private construction, renovation, rehabilitation, replacement, management, or maintenance of housing for active duty military personnel and their dependents if certain criteria are met.

SB 764 (Morrow), Chapter 544, Effective September 16, 2004, Operative January 1, 2006
Amends section 205.5 of the Revenue and Taxation Code.

Disabled Veterans' Exemption. Beginning with the January 1, 2006 lien date, annually increases the $100,000/$150,000 exemption by an inflation factor based on the annual percentage change in the California Consumer Price Index for all items, measured from February to February of the two previous assessment years.

SB 1102 (Budget and Fiscal Committee), Chapter 227, Effective August 16, 2004
Among others, amends section 63.1 of the Revenue and Taxation Code.

Parent-Child Exclusion. Makes county assessors' quarterly reports to the Board optional rather than mandatory, but encourages assessors to voluntarily comply. These provisions were chaptered out by identical changes contained in AB 2853, Chapter 889, effective September 29, 2004.

SB 1112 (Budget and Fiscal Committee), Chapter 219, Effective August 11, 2004
Repeals Article 3.5 (commencing with Section 4138) of Chapter 1 of Part 2 of Division 4 of, the Public Resources Code.

Assessors' Records. Repeals the benefit assessment for fire protection on parcels within the state responsibility areas; previously, the State Board of Forestry and Fire Protection had access to assessors' records for the purpose of imposing this assessment.

SB 1147 (Hollingsworth), Chapter 792, Effective September 25, 2004
Amends Section 218 of the Revenue and Taxation.

Disaster Relief—Homeowners' Exemption. Provides that homes that qualified for the homeowners' exemption that were damaged or destroyed by the October-November 2003 Southern California fires, the December 2003 San Simeon earthquake, or the June 2004 San Joaquin levee break may not be denied the exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner.

SB 1820 (Machado), Chapter 794
Amends sections 51283, 51283.4, and 51284.1 of, adds section 51283.5 to, and repeals and adds section 51203 to, the Government Code.

Williamson Act Contract Cancellation Value Procedures. Repeals current provisions for landowners to appeal to the county assessment appeals board the assessor's determination of the fair market value for purposes of determining the cancellation and instead creates new procedures for the Department of Conservation or the landowner to request a formal review of the cancellation value from the assessor.

SB 1831 (Cedillo), Chapter 407
Among others, amends sections 1623.1, 1624, 1624.05, and 1624.1 of the Revenue and Taxation Code.

Assessment Appeals Boards. Makes technical and housekeeping changes related to the eligibility requirements for assessment appeals board membership. Specifically:

- adds a Board of Equalization certified property appraiser to the list of eligible professions from which appeals board members may be chosen
- requires documentation of qualifying experience be filed with the clerk of the Board of Supervisors
- specifies that the population estimate to use in determining the population of a county is the Department of Finance estimate prepared pursuant to Government Code section 13073.5

SB 1832 (Cedillo), Chapter 194
Among others, amends sections 72 and 327.1 of the Revenue and Taxation Code.

Subdivision Maps. Authorizes a county board of supervisors to enact mapping requirements by resolution or board order in addition to an ordinance.

SB 1880 (Revenue and Taxation Committee), Chapter 200

Amends section 24002.5 of the Government Code, amends sections 217, 217.1, 220.5, 533, and 5365 and repeals sections 218.1 and 5180 of the Revenue and Taxation Code.

BOE Appraiser Certificate. Clarifies that newly appointed/elected assessors must obtain a temporary appraiser's certificate from the Board within 30 days after taking office, rather than within 30 days of election or appointment.

Free Museum, Aerospace Museum, and Aircraft of Historical Significance Exemptions. Eliminates the need for taxpayers to sign the annual claim form before a notary public or a member of the assessor's office and instead requires that the taxpayer sign the affidavit under penalty of perjury.

Notation of Escape Assessment. Removes the requirement that a notation of escape assessment be entered on the assessment roll.

Aircraft Statement. Expands the information that taxpayers are required to provide on the aircraft statement.

Obsolete Provisions. Deletes section 218.1 which provides for claiming the homeowners' exemption on property damaged by riots of April and May 1992; deletes section 5180 which creates a trust fund for settlement agreements with state assessees for 1991 and prior assessment years.

CONCLUSION

Bills may be viewed from the Legislative Counsel's Web site (www.leginfo.ca.gov/bilinfo.html). Additional information based on the Board's bill analyses is contained in the *Legislative Bulletin*. A copy of the *Legislative Bulletin* is enclosed. This publication and the Board's bill analyses are posted to the Board's Web site at www.boe.ca.gov/legdiv/legcont.htm.

If you have any questions regarding the application of these measures, please contact the Assessment Policy and Standards Division at (916) 445-4982.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

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Enclosure