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Assembly Bill 1534 (Committee on Revenue and Taxation)
Program: Property Tax
Sponsor: California Assessors' Association
Revenue and Taxation Code Section 674 et seq.
Effective January 1, 2016

Summary: Allows local boards of supervisors to impose certification and annual training requirements on county assessor employees responsible for property tax change in ownership and exemption decisions.

Purpose: To ensure county assessor employees making change in ownership and exemption decisions are adequately trained and educated.

Fiscal Impact Summary: No impact.

Existing Law: Existing California law[1] imposes certification and annual training requirements on property tax appraisers and auditor-appraisers who are state or county employees.[2] The law requires the Board of Equalization (BOE) to administer the property tax appraiser certification program.[3]

The law does not impose certification requirements on county assessor employees involved in other aspects of property tax administration.

Proposed Law: This bill requires any county assessor employee that makes change in ownership decisions or property tax exemption decisions (excluding the homeowners' exemption) to hold a BOE-issued assessment analyst certificate. County assessor employees who are BOE-certified appraisers[4] are excluded from these provisions, including an assessor (elected or appointed) who is required by law to hold an appraiser certification from the BOE.

This bill requires the county assessor employee to:

- Pass a certification examination.
- Annually receive 24 hours of BOE-approved or BOE-conducted training. Excess training hours may be carried forward for 3 years.
- Annually disclose financial interests in any legal entity.

The bill requires the BOE to:

- Adopt regulations to define competency in change in ownership and exemption decisions.
- Create the certification examination in consultation with the California Assessors' Association (CAA).
- Prescribe an advanced course of training and create the advanced exam in consultation with the CAA.
- Approve or conduct the required training.
- Revoke certifications for failure to complete required training.

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[1] Appraiser Qualifications Article 8 (commencing with Section 670) of Chapter 3 of Part 2 of Division 1 of the Revenue and Taxation Code (RTC).
[2] Including the city and county of San Francisco.
[3] Appraiser Training & Certification: BOE certification forms, reference materials, and training guidelines.

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The bill proposes **three different special certifications**:

- **Temporary Certification**. New county assessor employees that the BOE finds competent to make change in ownership and exemption decisions are eligible for a temporary certification. New county assessor employees could perform their duties for up to a one-year period before passing the exam. The certificate is not renewable.
- **Interim Certification.** Existing county assessor employees currently making change in ownership and exemption decisions are provided an interim certification that allows them to continue to do so for up to four years until they pass the new exam.
- **Advanced Certification**. County assessor employees certificated for at least 3 years can complete an advanced course of study or pass an advanced level exam and receive an advanced certification. For advanced certification holders, the annual continuing education requirement reduces to 12 hours. Excess training hours may be carried forward for only 2 years.

Noncertificated staff. Assessors may use noncertificated staff to prepare and work with exemption applications and change in ownership documents, provided the noncertificated staff does not make change in ownership or exemption decisions.

County Optional. Certification is only required in those counties that have passed a resolution upon the recommendation of the assessor to require certification.

Contract Appraisers. This bill also renumbers RTC Section 674 related to contract appraisers to Section 681.

Prior Legislation: In 2014, AB 2756 (AR&T) contained similar provisions with the exception of the optional county provision. The governor vetoed the bill writing: "This is something the Assessors can and should be doing without a state mandate."

Commentary:

1. **The April 30, 2015 amendments** limited certification to employees of the county assessor's office. As introduced, in addition to being applicable to BOE staff, the bill could have been interpreted to apply to assessment appeals board members, county counsel staff that advises the appeals board or assessor, BOE legal staff, and BOE Members.
2. **Certification procedures and training requirements would be similar to those for appraisers.** The CAA states that certification procedures and ongoing training requirements are needed to help ensure that employees making change in ownership and property tax exemption decisions are adequately trained and educated. These decisions can be complex, requiring a thorough understanding of different legal documents, statutes, regulations, and court decisions.
3. **Appraiser certification pre-dates Proposition 13's change in ownership provisions.** Determining whether a property has changed ownership is increasingly complex. For instance, using trusts for estate planning purposes is now widespread. Many trust documents include multifaceted transfers that require additional analysis. Additionally, laws providing for change in ownership exclusions, such as the parent-child exclusion, or base year value transfers, such as for persons over the age of 55, are increasingly detailed with many qualifications and conditions requiring examination.
4. **Welfare exemption administration has changed.** Since bifurcation, the BOE's role is limited to processing and issuing organizational clearance certificates. The assessor staff processes annual welfare exemption applications and examines property use. Consequently, assessor staff now bears responsibility to determine exemption eligibility without BOE involvement.
5. **Certified appraisers and the assessor are excluded.** These provisions do not apply to county assessor employees that hold a valid appraiser's certificate. This includes the person holding the office of the assessor who is a BOE-certified appraiser.

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6. **Current county assessor employees have four years to pass the test**. Employees currently engaged in making change in ownership and exemption decisions would be provided with a four-year period to pass the exam.
7. **BOE approves training and tracks educational requirements.** The BOE does not anticipate being the primary education provider. Counties, the California Assessors' Administrative Services Association, and the BOE together would provide education. The BOE would issue certifications, conduct tests, approve training, as well as maintain and monitor training hours.
8. **The CAA anticipates working with the BOE to develop implementing regulation.** The regulation would include defining the term "decisions" and setting competency standards for the testing and certification process.

Cost Impact: The BOE would incur costs to develop and conduct the assessment examinations, issue and maintain certifications, approve training courses, create a database, and track continuing education requirements. These costs are estimated to be $177,000 in the first year and $155,000 annually thereafter.

Revenue Impact: This bill has no impact on property tax revenues.