

Amend various sections of the Revenue and Taxation Code and Government Code to specify that the Board directly consult with county assessors rather than the California Assessors' Association prior to taking actions in specified instances.

Source: Honorable Dean Andal

Under existing law, certain actions require the Board of Equalization (Board) to first consult with the California Assessors' Association (CAA). Specifically, procedures related to:

- Adoption of regulations defining the date of completion of new construction. (§ 75.21)
- Board-prescribed change in ownership statements. (§§480, 480.1, and 480.2)
- Board-prescribed statement of transfer for Life Insurance Company separate accounts. (§480.7)
- Exams for certification of appraisers. (§670)
- Requirements for advanced appraiser certification. (§671)
- Audits of counties. (Government Code §15640)

The Board is subject to the Bagley-Keene Open Meeting Act which governs notice and open meeting requirements for state bodies. The Board reaches its findings after presentations and deliberations in open public meetings with interested parties, including assessors, are able to participate in the process.

Additionally, the Board has formal interested parties meeting processes in which full participation is encouraged and permitted on a variety of issues by all parties, including assessors in the CAA. Consequently, on all major projects such as updating assessors handbooks, special topic surveys, special Letters to Assessors on specific topics and updating regulations prior to the commencement of the formal rulemaking process, all interested parties, including the CAA, are essentially consulted with prior to the Board taking action.

It is recommended that the few references to consulting with the CAA in various sections of the Government Code and Revenue and Taxation Code be modified to instead specify that the Board consult with county assessors directly.

Revenue and Taxation Code Section 75.12 is amended to read:

75.12. (a) For the purposes of this chapter, new construction shall be deemed completed on the earliest of the following dates:

(1) The date upon which the new construction is available for use by the owner, unless the owner does not intend to occupy or use the property. The owner shall notify the assessor prior to, or within 30 days of, the date of commencement of construction that he or she does not intend to occupy or use the property. If the owner does not notify the assessor as provided in this subdivision, the date shall be conclusively presumed to be the date of completion.

(2) If the owner does not intend to occupy or use the property, the date the property is occupied or used with the owner's consent.

(3) If the property cannot be functionally used or occupied on the date it is available for use considering the type of property and any special facts and circumstances affecting use or occupancy, the date the property can be functionally used or occupied.

(b) For the purposes of this section:

(1) "Occupy or use" means the occupancy or use by the owner, including the rental or lease of the property, except as provided in paragraph (2).

(2) Property shall not be considered occupied or used by the owner or with the owner's consent if the occupancy or use is incidental to an offer for a change of ownership, including, but not limited to, use of the property as a model home.

(c) The board, after consultation with county assessors ~~the California Assessors Association~~, shall adopt rules and regulations defining the date of completion of new construction in accordance with this section. The rules and regulations shall not define the date of completion in a manner that the date of completion of all new construction is postponed until the following lien date.

(d) Nothing in this section shall preclude the reassessment of that property on the assessment roll for January 1 following the date of completion.

(e) The owner of any property who notifies the assessor pursuant to subdivision (a) that he or she does not intend to occupy or use the property shall notify the assessor within 45 days of the earliest date that any of the following occur:

(1) The property changes ownership pursuant to an unrecorded contract of sale.

(2) The property is leased or rented.

(3) The property is occupied or used by the owner for any purpose other than provided in subdivision (b).

(4) The property is occupied or used with the owner's consent for any purpose other than provided in subdivision (b).

(f) The failure to provide the assessor the notice required by subdivision (e), whether requested or not, shall result in a penalty in the amount specified in Section 482.

Revenue and Taxation Code Section 480 is amended to read:

480. (a) Whenever there occurs any change in ownership of real property or of a manufactured home that is subject to local property taxation and is assessed by the county assessor, the transferee shall file a signed change in ownership statement in the county where the real property or manufactured home is located, as provided for in subdivision (c). In the case of a change in ownership where the transferee is not locally assessed, no change in ownership statement is required.

(b) The personal representative shall file a change in ownership statement with the county recorder or assessor in each county in which the decedent owned real property at the time of death that is subject to probate proceedings. The statement shall be filed prior to or at the time the inventory and appraisal is filed with the court clerk. In all other cases in which an interest in real property is transferred by reason of death, including a transfer through the medium of a trust, the change in ownership statement or statements shall be filed by the trustee (if the property was held in trust) or the transferee with the county recorder or assessor in each county in which the decedent owned an interest in real property within 150 days after the date of death.

(c) Except as provided in subdivision (d), the change in ownership statement as required pursuant to subdivision (a) shall be declared to be true under penalty of perjury and shall give that information relative to the real property or manufactured home acquisition transaction as the board shall prescribe after consultation with county assessors ~~the California Assessors' Association~~. The information shall include, but not be limited to, a description of the property, the parties to the transaction, the date of acquisition, the amount, if any, of the consideration paid for the property, whether paid in money or otherwise, and the terms of the transaction. The change in ownership statement shall not include any question that is not germane to the assessment function. The statement shall contain a notice informing the transferee of the property tax relief available under Section 69.5. The statement shall contain a notice that is printed, with the title in at least 12-point boldface type and the body in at least 8-point boldface type, in the following form: "Important Notice"

“The law requires any transferee acquiring an interest in real property or manufactured home subject to local property taxation, and that is assessed by the county assessor, to file a change in ownership statement with the county recorder or assessor. The change in ownership statement must be filed at the time of recording or, if the transfer is not recorded, within 45 days of the date of the change in ownership, except that where the change in ownership has occurred by reason of death the statement shall be filed within 150 days after the date of death or, if the estate is probated, shall be filed at the time the inventory and appraisal is filed. The failure to file a change in ownership statement within 45 days from the date of a written request by the assessor results in a penalty of either: (1) one hundred dollars (\$100), or (2) 10 percent of the taxes applicable to the new base year value reflecting the change in ownership of the real property or manufactured home, whichever is greater, but not to exceed two thousand five hundred dollars (\$2,500) if that failure to file was not willful. This penalty will be added to the assessment roll and shall be collected like any other delinquent property taxes, and be subject to the same penalties for nonpayment.”

(d) The change in ownership statement may be attached to or accompany the deed or other document evidencing a change in ownership filed for recording, in which case the notice, declaration under penalty of perjury, and any information contained in the deed or other transfer document otherwise required by subdivision (c) may be omitted.

(e) If the document evidencing a change in ownership is recorded in the county recorder’s office, then the statement shall be filed with the recorder at the time of recordation. However, the recordation of the deed or other document evidencing a change in ownership shall not be denied or delayed because of the failure to file a change of ownership statement, or filing of an incomplete statement, in accordance with this subdivision. If the document evidencing a change in ownership is not recorded or is recorded without the concurrent filing of a change in ownership statement, then the statement shall be filed with the assessor no later than 45 days from the date the change in ownership occurs, except that where the change in ownership has occurred by reason of death the statement shall be filed within 150 days after the date of death or, if the estate is probated, shall be filed at the time the inventory and appraisal is filed.

(f) Whenever a change in ownership statement is filed with the county recorder’s office, the recorder shall transmit, as soon as possible, the original statement or a true copy thereof to the assessor along with a copy of every recorded document as required by Section 255.7.

(g) The change in ownership statement may be filed with the assessor through the United States mail, properly addressed with the postage prepaid.

(h) In the case of a corporation, the change in ownership statement shall be signed either by an officer of the corporation or an employee or agent who has been designated in writing by the board of directors to sign those statements on behalf of the corporation. In the case of a partnership, limited liability company, or other legal entity, the statement shall be signed by an officer, partner, manager, or an employee or agent who has been designated in writing by the partnership, limited liability company, or legal entity.

(i) No person or entity acting for or on behalf of the parties to a transfer of real property shall incur liability for the consequences of assistance rendered to the transferee in preparation of any change in ownership statement, and no action may be brought or maintained against any person or entity as a result of that assistance.

Nothing in this section shall create a duty, either directly or by implication, that the assistance be rendered by any person or entity acting for or on behalf of parties to a transfer of real property.

Revenue and Taxation Code Section 480.1 is amended to read:

480.1. (a) Whenever there is a change in control of any corporation, partnership, limited liability company, or other legal entity, as defined in subdivision (c) of Section 64, a signed change in ownership statement as provided for in subdivision (b), shall be filed by the person or legal entity acquiring ownership control of such corporation, partnership, limited liability company, or other legal entity with the board at its office in Sacramento. The statement shall list all counties in which the corporation, partnership, limited liability company, or legal entity owns real property.

(b) The change in ownership statement as required pursuant to subdivision (a), shall be declared to be true under penalty of perjury and shall give such information relative to the ownership control acquisition transaction as the board shall prescribe after consultation with county assessors ~~the California Assessors' Association~~. The information shall include, but not be limited to, a description of the property owned by the corporation, partnership, limited liability company, or other legal entity, the parties to the transaction, and the date of the ownership control acquisition. The change in ownership statement shall not include any question which is not germane to the assessment function. The statement shall contain a notice that is printed, with the title at least 12-point boldface type and the body in at least 8-point boldface type, in the following form:
"Important Notice"

"The law requires any person or legal entity acquiring ownership control in any corporation, partnership, limited liability company, or other legal entity

owning real property in California subject to local property taxation to complete and file a change in ownership statement with the State Board of Equalization at its office in Sacramento. The change in ownership statement must be filed within 45 days from the date of the change in control of a corporation, partnership, limited liability company, or other legal entity. The law further requires that a change in ownership statement be completed and filed whenever a written request is made therefor by the State Board of Equalization, regardless of whether a change in control of the legal entity has occurred. The failure to file a change in ownership statement within 45 days from the date of a written request by the State Board of equalization results in a penalty of 10 percent of the taxes applicable to the new base year value reflecting the change in control of the real property owned by the corporation, partnership, limited liability company, or legal entity (or 10 percent of the current year's taxes on that property if no change in control occurred). This penalty will be added to the assessment roll and shall be collected like any other delinquent property taxes, and be subject to the same penalties for nonpayment.”

(c) In the case of a corporation, the change in ownership statement shall be signed either by an officer of the corporation or an employee or agent who has been designated in writing by the board of directors to sign such statements on behalf of the corporation. In the case of a partnership, limited liability company, or other legal entity, the statement shall be signed by an officer, partner, manager, or an employee or agent who has been designated in writing by the partnership, limited liability company, or legal entity.

(d) No person or entity acting for or on behalf of the parties to a transfer of real property shall incur liability for the consequences of assistance rendered to the transferee in preparation of any change in ownership statement, and no action may be brought or maintained against any such person or entity as a result of such assistance. Nothing in this section shall create a duty, either directly or by implication, that such assistance be rendered by any person or entity acting for or on behalf of parties to a transfer of real property.

(e) The board or assessors may inspect any and all records and documents of a corporation, partnership, limited liability company, or legal entity to ascertain whether a change in control as defined in subdivision (c) of Section 64 has occurred. The corporation, partnership, limited liability company, or legal entity shall upon request, make such documents available to the board during normal business hours.

Revenue and Taxation Code Section 480.2 is amended to read:

480.2. (a) Whenever there is a change in ownership of any corporation, partnership, limited liability company, or other legal entity, as defined in subdivision (d) of Section 64, a signed change in ownership statement as provided in subdivision (b) shall be filed by such corporation, partnership, limited liability company, or other legal entity with the board at its office in Sacramento. The statement shall list all counties in which the corporation, partnership, limited liability company, or legal entity owns real property.

(b) The change in ownership statement required pursuant to subdivision (a) shall be declared to be true and under penalty of perjury and shall give such information relative to the ownership interest acquisition transaction as the board shall prescribe after consultation with county assessors~~the California Assessors' Association~~. The information shall include, but not be limited to, a description of the property owned by the corporation, partnership, limited liability company, or other legal entity, the parties to the transaction, the date of the ownership interest acquisition, and a listing of the "original coowners" of the corporation, partnership, limited liability company, or other legal entity prior to the transaction. The change in ownership statement shall not include any question which is not germane to the assessment function. The statement shall contain a notice that is printed, with the title in at least 12-point boldface type and the body in at least 8-point boldface type, in the following form: "Important Notice" "The law requires any corporation, partnership, limited liability company, or other legal entity owning real property in California subject to local property taxation and transferring shares or other ownership interest in such legal entity which constitute a change in ownership pursuant to subdivision (d) of Section 64 of the Revenue and Taxation Code to complete and file a change in ownership statement with the State Board of Equalization at its office in Sacramento. The change in ownership statement must be filed within 45 days from the date that shares or other ownership interests representing cumulatively more than 50 percent of the total control or ownership interests in the entity are transferred by any of the original coowners in one or more transactions. The law further requires that a change in ownership statement be completed and filed whenever a written request is made therefor by the State Board of Equalization, regardless of whether a change in ownership of the legal entity has occurred. The failure to file a change in ownership statement within 45 days from the date of a written request by the Board of Equalization results in a penalty of 10 percent of the taxes applicable to the new base year value reflecting the change in ownership of the real property owned by the corporation, partnership, limited liability company, or legal entity (or 10 percent of the current year's taxes on that real property if no change in ownership occurred). This penalty will be added to the assessment roll

and shall be collected like any other delinquent property taxes, and be subject to the same penalties for nonpayment.”

(c) In the case of a corporation, the change in ownership statement shall be signed either by an officer of the corporation or an employee or agent who has been designated in writing by the board of directors to sign such statements on behalf of the corporation. In the case of a partnership, limited liability company, or other legal entity, the statement shall be signed by an officer, partner, manager, or an employee or agent who has been designated in writing by the partnership, limited liability company, or legal entity.

(d) No person or entity acting for or on behalf of the parties to a transfer of real property shall incur liability for the consequences of assistance rendered to the transferee in preparation of any change in ownership statement, and no action may be brought or maintained against any such person or entity as a result of such assistance. Nothing in this section shall create a duty, either directly or by implication, that such assistance be rendered by any person or entity acting for or on behalf of parties to a transfer of real property.

(e) The board or assessors may inspect any and all records and documents of a corporation, partnership, limited liability company, or legal entity to ascertain whether a change in ownership as defined in subdivision (d) of Section 64 has occurred. The corporation, partnership, limited liability company, or legal entity shall upon request, make such documents available to the board during normal business hours.

Revenue and Taxation Code Section 480.7 is amended to read:

480.7. (a) On or after January 1, 1996, in addition to any filing required to be made pursuant to Section 441, 480, 480.1, or 480.2, any domestic life insurance company that has established a separate account pursuant to Section 10506 of the Insurance Code, or any foreign life insurance company that has established a separate account pursuant to the corresponding insurance laws of its state of domicile, shall file with the assessor a signed statement of transfer as described in subdivision (b) with respect to any transfer of real property, located within the county, to or from that separate account.

(b) The statement of transfer required to be filed by subdivision (a) shall comply with all of the following conditions:

(1) The statement of transfer shall be subscribed under penalty of perjury.

(2) The statement of transfer shall identify all of the following:

(A) The separate account to which or from which the real property was transferred.

(B) The parties to the transfer.

(C) The date of transfer and the amount, if any, of consideration given with respect to the transfer, whether paid in the form of money or otherwise.

(D) The name and address of a contact person for any questions with respect to the separate account.

(E) Any other information with respect to the transfer as prescribed by the State Board of Equalization, after consultation with county assessors ~~the California Assessor's Association~~.

(3) The statement of transfer shall not be required to include any information that is not relevant to the assessment function.

(4) The statement of transfer shall be signed by either an officer of the filing life insurance company, or by an employee or agent of that insurance company who has been designated in writing by the company's board of directors to sign the statement of transfer on the company's behalf.

(5) The statement of transfer shall be filed with the assessor either in person or through the United States mail, properly addressed with the postage prepaid.

(c) Any life insurance company required by subdivision (a) to file a statement of transfer that fails to file that statement within 45 days from the date of the subject transfer of real property shall be subject to a penalty of one thousand dollars (\$1,000), in addition to any other penalty prescribed by law.

Revenue and Taxation Code Section 670 is amended to read:

670. (a) No person shall perform the duties or exercise the authority of an appraiser for property tax purposes as an employee of the state, any county or city and county, unless he or she is the holder of a valid appraiser's or advanced appraiser's certificate issued by the State Board of Equalization.

(b) The board shall provide for the examination of applicants for these certificates and may contract with the State Personnel Board to give the examinations. Examinations shall be prepared by the board with the advice and assistance of county assessors ~~a committee of five assessors selected by the State Association of County Assessors for this purpose~~. No certificate shall be issued to any person who has not attained a passing grade in the examination and demonstrated to the board that he or she is competent to perform the work of an appraiser as that competency is defined in regulations duly adopted by the board. However, any applicant for a certificate who is denied the same shall have a right to a review of that denial in accordance with the State Administrative

Procedure Act contained in Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) Passage of a civil service or merit system examination for appraiser given by the state, or any county or city and county shall suffice to meet the requirements of this section. The scope of the examination shall be approved by the State Board of Equalization.

(d) No employee of the state, or any county, or city and county shall perform the duties or exercise the authority of an auditor or an auditor-appraiser under Section 469 or Section 15624 of the Government Code, unless he or she holds a degree with a specialization in accounting from a recognized institution of higher education, or is a licensed accountant in the State of California, or has passed the state, or a county, or city and county, or city civil service or merit system examination regularly given for the position of accountant or auditor by the testing body, or holds the office of assessor.

(e) Except for persons holding the office of assessor, this section does not apply to elected officials.

(f) No charge shall be made to counties or to applicants for examinations and certifications under this section or for training conducted by the board under Section 671.

Revenue and Taxation Code Section 671 is amended to read:

671. (a) In order to retain a valid appraiser's certificate every holder shall complete at least 24 hours of training conducted or approved by the State Board of Equalization in each one-year period.

Any excess in training time over the 24-hour minimum accumulated in any one year shall be carried over as credit for future training requirements with a limit of three years in which the carryover time may be credited. Failure to receive such training shall constitute grounds for revocation of an appraiser's certificate; provided, however, that proceedings to revoke shall be conducted in accordance with the Administrative Procedure Act contained in Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

Training shall include, but not be limited to, new developments in the case and statutory law and administrative rules.

(b) An advanced appraiser's certificate shall be issued by the board after an applicant has held an appraiser's certificate for at least three years and:

- (1) Has successfully completed a course of study; or
- (2) Has passed an advanced level examination; or
- (3) Holds a valid professional designation from a recognized professional organization.

The board, with the advice and assistance county assessors ~~of five assessors selected by the State Association of County Assessors of California~~, shall prescribe the course of study, prepare the advanced level examination, and approve the professional designation.

In order to retain a valid advanced appraiser's certificate, every holder shall complete at least 12 hours of training in each one-year period.

Any excess in training time for the advanced appraiser's certificate over the 12-hour minimum accumulated in any one year shall be carried over as a credit for future training requirements with a limit of two years in which the carryover time may be credited.

Failure to receive such training shall constitute grounds for revocation of an advanced appraiser's certificate; provided, however, that proceedings to revoke shall be conducted in accordance with the Administrative Procedure Act contained in Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

Training to retain the advanced appraiser's certificate shall include, but not be limited to, new developments in the case and statutory law and administrative rules.

Government Code Section 15640 is amended to read:

Government Code 15640. (a) The State Board of Equalization shall make surveys in each county and city and county to determine the adequacy of the procedures and practices employed by the county assessor in the valuation of property for the purposes of taxation and in the performance generally of the duties enjoined upon him or her.

(b) The surveys shall include a review of the practices of the assessor with respect to uniformity of treatment of all classes of property to ensure that all classes are treated equitably, and that no class receives a systematic overvaluation or undervaluation as compared to other classes of property in the county or city and county.

(c) The surveys may include a sampling of assessments from the local assessment rolls. Any sampling conducted pursuant to subdivision (b) of Section 15643 shall be sufficient in size and dispersion to insure an adequate representation therein of the several classes of property throughout the county.

(d) In addition, the board may periodically conduct statewide surveys limited in scope to specific topics, issues, or problems requiring immediate attention.

(e) The board's duly authorized representatives shall, for purposes of these surveys, have access to, and may make copies of, all records, public or otherwise, maintained in the office of any county assessor.

f) The board shall develop procedures to carry out its duties under this section after consultation with county assessors ~~the California Assessors' Association~~. The board shall also provide a right to each county assessor to appeal to the board appraisals made within his or her county where differences have not been resolved before completion of a field review and shall adopt procedures to implement the appeal process.