STATE BOARD OF EQUALIZATION
STAFF LEGISLATIVE BILL ANALYSIS

Date Amended:	**4/29/02**	Bill No:	**AB 1844**
Tax:	**Property**	Author:	**Mountjoy and Strickland**
Board Position:	**Homeowners' Exemption - Support**	Related Bills:	**SB 48 (2002)** **AB 2158 (2000)**

BILL SUMMARY

This bill would:

- create a change in ownership exclusion for mobilehome parks where 51% of the tenants are either persons of low and moderate incomes aged 62 and older, blind or disabled.
- increase the homeowners' exemption from $7,000 to $17,000 for persons who are either 62 years of age or older, blind or disabled.

ANALYSIS

PART 1. CHANGE IN OWNERSHIP EXCLUSION – MOBILEHOME PARKS

Current Law

Under existing property tax law, real property is reassessed to its current fair market value whenever there is a "change in ownership." (*Article XIIIA, Sec. 2; Revenue and Taxation Code Sections 60 - 69.7)*

With respect to mobilehome parks, existing law excludes certain transfers from change in ownership reassessment **if tenants** who rent the individual spaces of the mobilehome park **purchase it.** Qualifying conversions to resident ownership permit the residents of the park to retain the base year value of the previous owner, rather than triggering a reassessment of the mobilehome park to current market value. Existing law also provides that once the park has been excluded from a change in ownership and the park has not been converted to condominium, limited equity, or cooperative ownership, then any transfer (after January 1, 1989) of the shares of stock or ownership interests in the entity which acquired the park results in a pro-rata change in ownership in the park real property for the portion of ownership interests which have transferred. In other words, once the residents who participated in the original purchase of the park sell or otherwise transfer their ownership interests in the park, that particular share in the park would be reassessed to current market value.

Proposed Law

This bill would add Section 62.3 to the Revenue and Taxation Code to create a change in ownership exclusion for transfers of mobilehome parks to a **private investor** occurring on or after January 1, 1999, if 51 percent of the residents were one or more of the following:

- Aged 62 years or older and are persons of low and moderate income, as defined in Section 50093 of the Health and Safety Code.
- Blind.
- A ‘‘disabled person’’ as defined in Section 74.6.

This bill would also require that the county auditor [sic] adjust the base year value of any qualifying mobilehome park, but that no refund of property taxes would be made for property taxes levied prior to the effective date of this section.

In General

Property Tax System – Acquisition Value Based. California's system of property taxation under Article XIII A of the State Constitution (Proposition 13) values property at its 1975 fair market value, with annual increases limited to the amount of inflation or 2%, whichever is less, until the property changes ownership or is newly constructed. At the time of the ownership change or new construction, the value of the property for property tax purposes is redetermined based on current market value. The value initially established, or redetermined where appropriate, is referred to as the "base year value." Thereafter, the base year value is subject to annual increases for inflation. This value is referred to as the "factored base year value."

Change in Ownership. While Proposition 13 provided that a “change in ownership” would trigger reassessment, the phrase was not defined. The Assembly Revenue and Taxation Committee appointed a special task force to recommend the statutory implementation for Proposition 13 including its change in ownership provisions. The task force findings are published in California State Assembly Publication 723, Report of the Task Force on Property Tax Administration, January 22, 1979. A second report “Implementation of Proposition 13, Volume 1, Property Tax Assessment,” prepared by the Assembly Revenue and Taxation Committee, California State Assembly Publication 748, October 29, 1979, provides additional information on how changes in ownership would be determined under Proposition 13.

Change in Ownership Exclusions. Certain definitional “exclusions,” including the interspousal exclusion, were embodied in the initial statutory definitions necessary to implement Proposition 13’s change in ownership provisions. Thereafter, three other exclusions were statutorily provided as noted below.

Bills	Year	Change In Ownership Exclusion	R&T Code
AB 1488	1979, Ch. 242	Interspousal Transfers – including marriage dissolutions (subsequently amended into Constitution via Prop. 58)	§63
AB 2718	1982, Ch. 911	Parent to Minor Child Upon Death of Parent- Residence	§62(m)
AB 2890	1984, Ch. 1010	Parent to Disabled Child - Residence	§62(n)
AB 2240	**1984, Ch. 1692**	**Purchases of Mobilehome Parks by Residents**	**§62.1, §62.2**

Since Proposition 13, the constitution has been amended twice to provide for additional change in ownership exclusions. These transfers will not trigger a reassessment of the property to current fair market value. Instead, the property will retain the prior owner's base year value. Other constitutional amendments have been approved by voters permitting a person to "transfer" their Proposition 13 base year value from one property to another property, thereby avoiding reappraisal of the newly acquired property to its fair market value. In essence, this is another form of a change in ownership exclusion. The constitutional amendments include:

Prop.	Election	Subject	R&T Code
Change In Ownership Exclusions			
58	Nov. 6, 1986	Parent-Child Interspousal-statutorily provided since 1979	§63, §63.1
193	Mar. 26, 1986	Grandparent–Grandchild	§63.1
Base Year Value Transfers			
3	June 8, 1982	Replacement Property After Gov't Acquisition	§68
50	June 3, 1986	Replacement Property After Disaster	§69
60	Nov. 6, 1986	Persons Over 55 - Intracounty	§69.5
90	Nov. 8, 1988	Persons Over 55 - Intercounty	§69.5
110	June 5, 1990	Disabled Persons	§69.5
1	Nov. 3, 1998	Replacement Property for Contaminated Property	§69.4

Mobilehome Park Change in Ownership Exclusions. In 1984, a change in ownership exclusion for tenant purchases of mobilehome parks was statutorily created. Since its inception, the constitutionality of its provisions have been questioned because the exclusion was not approved by a constitutional amendment. Because of these questions, a Legislative Counsel opinion was requested by Senator Kopp at the time legislation seeking to extend the statute (which had at one time included a sunset provision and which has subsequently been amended out) was sought. Legislative Counsel's Opinion #6691, issued May 18, 1992, opined that the exclusion of mobilehome parks converted to resident-ownership from change in ownership was not a valid interpretation of that term as it is used in Article XIII A of the California Constitution, and was not authorized by any constitutional provision allowing mobilehome parks preferential treatment in avoiding reappraisal. Ultimately, however, the constitutionality of a statue must be determined by the courts. Article XIII, Sec. 3.5 of the California Constitution provides that an administrative agencies has no power to declare a statute unconstitutional or to declare a statute unenforceable, or refuse to enforce a statute, on the basis of it being unconstitutional unless an appellate court has made a determination that such statute is unconstitutional.

Proposition 154 - Property Tax Postponement for Renters Who Buy Their Homes. In 1990, Proposition 154 (SCA 37), was presented to voters to postpone increases in property taxes as a result of a change in ownership in the case where low and moderate income renters purchase the home or mobilehome in which they reside. This proposition failed 39.81% to 60.19%.

Sale of Undivided Mobilehome Park to Resident Owned Entity. A transfer on or after January 1, 1985 of a mobilehome park to a specified legal entity, formed by the tenants of a park, for purposes of purchasing the park, is excluded from change in ownership provided that any transfer of the park on or after January 1, 1989 involves 51% ownership of the acquiring legal entity by tenants renting at least 51% of the spaces in the park prior to the transfer. Under Section 62.1(c), if the park has been excluded from a change in ownership and the park has not been converted to condominium, limited equity, or cooperative ownership, then any transfer (after January 1, 1989) of the shares of stock or ownership interests in the entity which acquired the park in accordance with Section 62.1(a), results in a pro-rata change in ownership in the park real property equal to the portion of ownership interests which have transferred. As an exception, this pro-rata change in ownership does not take place, if the transfers are for the purpose of converting the park to condominium or cooperative ownership. (Revenue and Taxation Code Section 62.1(a))

Sale of Individual Rental Spaces to Individual Residents. Transfers of rental spaces in a mobilehome park to individual tenants of the spaces are also excluded from change in ownership provided that (1) at least 51% of the spaces are purchased by individual tenants renting their spaces prior to purchase, and (2) the individual tenants form, within one year after the first purchase of a rental space by a tenant, a resident organization, defined in Health & Safety Code §50781. If the tenant(s) notify the assessor of their intent to comply with these conditions, there is no reappraisal of any spaces purchased by individual tenant(s) during that time period. The assessor may levy escape assessments, if the requirements for the exclusion are not met. This exclusion applies only to parks in operation for five years or more, and to qualifying transfers on or after January 1, 1985. (Revenue and Taxation Code Section 62.1(b))

Interim Holding By Non-Resident Owned Entity. In some cases, prior to the transfer to the tenants directly or to an entity owned by the tenants, there is an interim transfer of the mobilehome park to a non-tenant owned entity. This entity helps facilitate the purchase and conversion to a resident-owned park. Section 62.2 allows for application of the change of ownership exclusion in Section 62.1 upon the occurrence of an "interim transfer" of the mobilehome park to an entity (including a governmental entity) not owned by the park residents. This exclusion permits an initial transfer to an entity not formed by the tenants, followed within 18 months, by a transfer to one that is formed by the tenants or to the individual tenants (Section 62.1, above). For parks originally transferred on or after January 1, 1993, the interim time period is extended to 36 months, and for parks located within disaster areas, the time period is extended to 76 months. (Revenue and Taxation Code Section 62.2)

COMMENTS

1. **Sponsor and Purpose**. This bill is sponsored by the author to reverse a ressessment of a particular mobilehome park to its current fair market value as a result of a change in ownership.

2. **Statement of Legislative Intent**. The bill provides that following uncodified statement of intent:

   - that the purpose is to protect the existing stock of affordable housing for seniors, blind persons, and disabled persons.
   - that the owners of mobilehome parks whose property tax liability is reduced as a result of the change in ownership exclusion commensurately reduce the cost to tenants of renting spaces or lots in that mobilehome park.

3. **Reassessment of property to current fair market value can result in a sharp increase in property taxes.** A fundamental argument for Proposition 13 was that a person would thereafter not be "taxed" out of their home because of increasing property taxes. As the element of Proposition 13 requiring property to be reassessed upon "change in ownership" is triggered, those affected have sought legislation and constitutional amendments based on the rationale that the tax system unfairly penalizes them.

   - That persons buying the land underneath their mobilehome where they reside should be able to pay the same level of property taxes as the prior owner.
   - That property, business, or farms that "stay in the family" should not be subject to a property tax increase, possibly requiring the property to be sold if the child can't afford the property taxes.
   - That older persons should be able to "downsize" and pay the same amount of property taxes.
   - That persons who may need to change residences because of a disability should be able to pay the same amount of property taxes.
   - That persons who were displaced from their home or property through no fault of their own should be protected from increased property taxes.

   In the situation addressed by this bill, new owners of mobilehome *parks* increase the rent charged for the park space and justify the rent increase, in part, due to the increase in property taxes that occurred as a result of the change in ownership. (Some communities have rent control ordinances related to rents charged to mobilehome owners.)

4. **This bill has retrospective application**. It would require that any reassessment occurring as a result of a change in ownership on or after January 1, 1999, meeting the specifications of this bill, be reversed. But, no property tax refunds would be issued. There may be some administrative complications since some of the tenants may no longer reside in the property to determine whether the 51% threshold has been met.

5. **Suggested technical amendment.** Section 62.3 (b)(1) "The county ~~auditor~~ <u>assessor</u> shall adjust the base year value of the qualified mobilehome park according to law."

6. **Does this bill provide more tax relief over the long term than to tenants who purchase their park and receive a change in ownership under Section 62.1 or Section 62.2?** Under this bill, mobilehome parks purchased by private investors and granted a change in ownership exclusion would never be reassessed during their ownership tenure. Conversely, a mobilehome park purchased by tenants that receives a similar exclusion would be subject to a pro rata change in ownership as the individual spaces change ownership.

7. **While these provisions are most likely to apply to private investors who purchase mobilehome parks, the provisions could be used by tenants who purchase their park and fail to qualify under the requirements of Sections 62.1 or 62.2.** In some cases, tenants have not been able to obtain the 51% threshold levels of residents willing to participate in the purchase of their mobilehome park.

8. **There is nothing in this bill that requires the new owner to reduce the rent charged.** This bill provides a statement of legislative intent that the property tax savings are to be passed on to the tenants, but there is no legal obligation to do so.

PART 2. HOMEOWNERS' EXEMPTION

Current Law

Article XIII, Section 3(k) of the California Constitution exempts the first $7,000 of assessed value of an owner-occupied principal place of residence from property tax. This exemption is commonly referred to as the "homeowners' exemption." The Constitution gives the Legislature the authority to increase the amount of the homeowners' exemption, provided that:

1. Any increase is funded by increasing the "rate of State taxes" in an amount sufficient to reimburse local governments for property tax revenue loss and
2. Benefits to renters, which under current practice is granted through the renters' tax credit, are increased by a comparable amount.

Section 218 of the Revenue and Taxation Code specifies eligibility for the exemption and sets the exemption in the amount of $7,000 of full cash value.

Article XIII, Section 25 of the Constitution requires that the state reimburse local government for the property tax revenue loss resulting from the homeowners' exemption.

Proposed Law

This measure would amend Section 218 of the Revenue and Taxation Code to increase, from $7,000 to $17,000, the amount of the homeowners' exemption for persons who are either 62 years of age or older, blind, or disabled.

Background

The homeowners' exemption was created in 1968 via a constitutional amendment, Proposition 1-A (SCA 1 and SB 8, Stats. 1968). The amount of relief provided was equivalent to $3,000 of full cash value. The actual amount was $750 but, at that time, property was assessed at 25%, rather than 100%, of value. In 1972, the amount of the exemption was increased (SB 90, 1972) to its current equivalent level of $7,000 commencing in 1974. The actual amount was $1,750.

The 1960's to 1970's was a period when many competing property tax reform proposals were promoted by various parties. At that time, property was reassessed to current market value levels on a cyclical basis. This process resulted in substantial property tax increases for property owners once the reassessment to market value occurred as home prices were escalating during that era. To provide some measure of property tax relief, the homeowners' exemption was created in 1968 and increased in 1972. Many bills were introduced between 1972 and 1978 to further increase the amount of the exemption. But it appears that these bills were, in part, rejected because some viewed the exemption as a temporary means of providing property tax relief, the benefits of which would erode over time due to inflation. Some argued that one of the many competing proposals to fundamentally change the taxation system should be sought instead as a permanent means of containing rapidly increasing property taxes.

Ultimately, Proposition 13, approved in November of 1978, rolled back property values to 1975 fair market value levels and limited annual increases in property taxes thereafter (provided it is under the same ownership) to the rate of inflation, not to exceed 2%. Once property changes ownership, the property is reassessed to its current fair market value (for homes this is usually the sales price) and once again annual increases of that value are limited to the rate of inflation, not to exceed 2%.

Thus, for property acquired after 1975, the property tax system was altered to an "acquisition value" basis. For taxpayers, especially homeowners, the primary benefits of this assessment value standard was that future property tax increases would be (1) determinable and (2) limited to a modest amount. Under Proposition 13, if the value of a home substantially increased after its initial purchase, the homeowner would not be "taxed" out of their home because they could no longer afford the property taxes. Another element of Proposition 13 was that it cut the tax rate to be applied to that assessed value from a prior statewide average of 2.67% to 1%. Previously, each taxing agency could determine and levy its own rate. With Proposition 13, all taxing agencies were instead limited to a share of the revenue proceeds from the 1% tax rate.

Post-Proposition 13, numerous bills have been introduced in the Legislature to increase the amount of the homeowners' exemption. The proposals have used various methods, including increasing the amount of the exemption by a flat amount, indexing the exemption for inflation, and varying the exemption according to the year of purchase. Additionally, increasing the exemption for certain groups of people, specifically, first time homebuyers and senior citizens have been proposed.

Previous bills to increase the homeowners' exemption are summarized in the table below.

Bill Number	Legislative Session	Author	Type
SB 48	2001-2002	McClintock	Index for inflation by California CPI
SB 48	2001-2002	McClintock	Increase to $25,000 plus index for inflation
AB 218	2000-2001	Dutra	Increase for 1st time homebuyers
AB 2288	1999-2000	Dutra	Increase for 1st time homebuyers
AB 2158	**1999-2000**	**Strickland**	**Increase to $8,750 for persons over 62**
SCA 8	1999-2000	Johannessen	Increase to $20,000; delete renter's credit parity
AB 2060	1997-1998	Granlund	Increase to $20,000
ACA 43	1997-1998	Granlund	Increase to $20,000
ACA 5	1991-1992	Elder	Variable according to assessed value
ACA 31	1991-1992	Frizzelle	Index for inflation by California CPI
ACA 47	1991-1992	Jones	25% exemption; no assessed value cap
ACA 3	1989-1990	Elder	Variable depending on year acquired
ACA 9	1989-1990	D. Brown	25% exemption; $250,000 assessed value cap
ACA 31	1989-1990	Hannigan	15% exemption; $150,000 assessed value cap
ACA 55	1989-1990	Wright	Increase to $48,000
ACA 1	1987-1988	Elder	Increased to $25,000 plus index for inflation
ACA 25	1987-1988	D. Brown	25% exemption; $250,000 assessed value cap
AB 2141	1985-1986	Klehs	20% exemption; $50,000 exemption cap
AB 2496	1985-1986	Cortese	Increase in years with General Fund Reserves
AB 3086	1985-1986	Elder	Variable depending on year acquired
AB 3982	1985-1986	La Follette	Increase for 1st time home buyers
ACA 49	1985-1986	Elder	Variable depending on year acquired
Prior to Prop. 13			
SCA 26	**1973-1974**	**Petris**	**100% exemption for low income persons over 62 and the disabled**

COMMENTS

1. **Sponsor and Purpose.** This bill is sponsored by the California Senior Legislature in an effort to increase the amount of the homeowners' exemption for senior citizens.

2. **Amendments.** The March 11 amendment extended the increase in the homeowners' exemption to persons who are blind or disabled.

3. **Homeowners Will Need to Take Action to Receive the Higher Exemption Amount.** This bill would likely require a mass refiling by persons eligible to claim the higher exemption amount. Currently, persons file a claim for the homeowners' exemption only once. Those persons eligible for the $17,000 exemption will need to refile with the assessors' office and provide any necessary documentation as to eligibility. Additionally, as other persons reach the age of 62 or become disabled, they would also need to modify their claim with the assessors' office to receive the proposed higher exemption amount.

4. **Exemption Amount Unchanged Since the Enactment of Proposition 13.** The homeowners' exemption was first enacted in 1968 in the equivalent amount of $3,000 of full cash value. It was increased to its current level of $7,000 in 1974.

Arguments against increasing the homeowners' exemption have generally centered on the point that Proposition 13, passed in 1978, has provided sufficient property tax relief and controls.

5. **The $7,000 Exemption is a Minimum Amount.** The $7,000 amount specified in the Constitution sets forth the *minimum* amount of the exemption. The Constitution provides that the homeowners' exemption can be statutorily increased, as long as there is an equivalent increase in the amount of the renters' credit (Revenue and Taxation Code Section 17053.5), and any increase is funded by increasing the rate of state taxes sufficiently to reimburse local governments for property tax revenue losses.

6. **Renters' Credit.** Presumably, it could be argued that the amount of the renters' credit for senior citizens, the blind and the disabled would also have to be increased. (The Property Tax Assistance Program for senior homeowners and renters, noted below, has been increased in recent years, but the general renters' credit provided via the state income tax return has not.) The renters' credit for all persons was suspended from the 1993 through the 1997 income tax years in accordance with budget agreements. It was restored in 1998 by AB 2797, a budget trailer bill. During this suspension period homeowners continued to receive the homeowners' exemption. So the constitutional parity provision was not adhered to for this five year period.

7. **Provides Additional Annual Tax Savings of $109.50.** The homeowners' exemption, in the amount of $7,000 of full cash value, on average, provides annual property tax savings of $76.65. It is estimated that this measure would increase the annual property tax savings, on average, to $109.50 for a total savings of $186.15 for persons 62 or older, or blind or disabled who own homes.

8. **The State Subvenes Property Tax Revenue Loss from the Homeowners' Exemption.** The homeowners' exemption is the only property tax exemption for which the state provides reimbursement to local government.

9. **Two Programs Currently Provide Persons 62 or Older, or Blind or Disabled with Property Tax Relief and/or Assistance.** Both of the following programs have income restrictions limiting participation.

   - The **Property Tax Postponement Program,** administered by the State Controller, permits persons to delay all or part of their property taxes until after their death.

   - The **Property Tax Assistance Program**, administered by the Franchise Tax Board, rebates from 4% to 96% of property taxes paid. The percentage rebated is determined according to a sliding income scale. The rebate ranges from $19.72 to a maximum of $473.00. This program also makes assistance payments to renters to rebate property taxes paid indirectly via rent.

10. **Other Property Tax Benefits Provided to Seniors and the Disabled.** In addition to above programs, persons over the age of 55 and the disabled are permitted to transfer their Proposition 13 assessment if they purchase a new home of equal or

lesser value that is located in the same county (Additionally, nine counties[1] permit persons to transfer values from homes located in other counties). This once in a lifetime benefit allows seniors and the disabled to pay the same level of taxes if they purchase a qualifying new home.

11. **Disability Definitions.** With respect to new construction exclusions, there are different definitions of disability under Section 74.3 and 74.6. These exclusions ensure taxes will not increase when property is modified for accessibility improvements. For base year value transfers, other definitions of disability are specified to which a doctor certifies. For the disabled veterans' exemption, the Department of Veterans Affairs disability rating of 100% is used as the basis of determining eligibility. Previously, the definitions and conditions for various exemptions have been stand alone measures separated from those used new construction exclusions or change in ownership exclusions. Therefore, it may be preferable to directly state in the homeowners' exemption provisions, the definition of disability to be used for purposes of qualifying for the increased homeowners' exemption. (Both the FTB and State Controller's Property Tax Programs use definitions for "disabled" and "blind" as found in Section 12050 of the Welfare and Institutions Code[2]).

12. **Suggested Amendment.** For clarity for both taxpayers and administrators it would be preferable to clearly state that the age or disability status of a person on the lien date (January 1) determines the exemption amount provided for the upcoming fiscal year, which runs from the following July 1 to June 30.

    (2) ~~For any assessment year beginning on or after January 1, 2003~~ For the 2003-04 fiscal year and each fiscal year thereafter, if the assessee for a dwelling is either aged 62 years or older, blind, or disabled on the lien date for that fiscal year the exemption is in the amount of seventeen thousand dollars ($17,000) of the full value of the dwelling.

COST ESTIMATE

With respect to property taxes, the Board would incur some minor absorbable costs in informing and advising local county assessors, the public, and staff of the law changes.

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[1] Alameda, Kern, Los Angeles, Modoc, Orange, San Diego, San Mateo, Santa Clara, and Ventura

[2] Section 12050(c) An individual shall be considered "blind" as defined in Section 1614 of Part A of Title XVI of the Social Security Act.

Section 12050(d) An individual shall be considered disabled as defined in Section 1614(a) of Part A of Title XVI of the Social Security Act.

REVENUE ESTIMATE

Background, Methodology, and Assumptions

PART 1. CHANGE IN OWNERSHIP EXCLUSION – MOBILEHOME PARKS

Under this bill, the transfer of a mobilehome park would not be considered to be a change in ownership if at the time of the transfer, 51 percent of the residents were 1) aged 62 years or older and are persons of low and moderate income, 2) blind, or 3) disabled. This is similar to the treatment afforded qualifying transfers of mobilehome parks to tenant ownership under Section 62.1 or Section 62.2 of the Revenue and Taxation Code. Of the approximately 4200 mobilehome parks in California, 225 had been purchased by their tenants since 1985.

The revenue effect of excluding from “change in ownership” transfers of qualified mobilehome parks depends upon the number of parks that meet the 51 percent standard (and do not meet the tenant ownership requirements) and the difference between the fair market value and the assessed value of each qualifying park at the time of transfer. It is likely that there would be fewer than ten transfers a year that would qualify. Assuming the average difference between the fair market value and the assessed value is about $3 million, the total difference in total value is 10 x $3 million, or $30 million.

PART 2. HOMEOWNERS’ EXEMPTION

Existing property tax law provides for homeowners’ exemption in the amount of $7,000 of the full value of a “dwelling,” as specified. The state is required to pay subventions to counties for the homeowners’ exemptions to offset the resulting local property tax loss. The state reimbursement to the counties for 2000-01 totaled $398,362,000.

The total exempt value on these properties was $36,396,322,000 on 5,207,251 claims. Therefore, the average tax rate for properties receiving the homeowners’ exemption is:

$398,362,000 / $36,396,322,000 = 1.095%

Under this proposal, the homeowners’ exemption for claimants who are 62 years of age or older, blind, or disabled would increase by $10,000 from $7,000 to $17,000 for a full exemption. The average increase in the reimbursement for claimants age 62 years and older, blind, or disabled is computed as follows:

$10,000 x 1.095% = $109.50

Based on 2000 U.S. Census data, we estimate that statewide there are 2 million people age 62 years or older, or blind, or disabled claiming the homeowner exemption. The estimated annual increase in the homeowners' exemption reimbursement is then:

2 million x $109.50 = $ 219 million

Revenue Summary

PART 1. CHANGE IN OWNERSHIP EXCLUSION – MOBILEHOME PARKS

The annual revenue decrease from excluding from "change in ownership" transfers of qualified mobilehome parks is estimated to be $300,000 at the basic one percent tax rate. The total tax loss grows over time, as each year additional mobilehome parks transfer.

PART 2. HOMEOWNERS' EXEMPTION

This bill would increase the state reimbursement for the homeowners' exemption approximately $219 million annually. This amount will grow over time due to the increased number of qualifying claimants as the California population ages.

Analysis prepared by:	Rose Marie Kinnee	445-6777	5/10/02
Revenue estimate by:	Aileen Takaha Lee	445-0840	
Contact:	Margaret S. Shedd	322-2376	

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