220.0426 **Mobilehome Park.** The sale of all the ownership stock in a corporation that owns a mobilehome park to a nonprofit corporation, the stock of which is owned by park tenants, would result in a change in ownership of park property. The exclusion contained in Revenue and Taxation Code section 62.1 would be inapplicable since it only applies to transfers of mobilehome park property and not to transfers of corporate ownership interests, i.e., corporate stock. C 6/11/92.

STATE OF CALIFORNIA

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June 11, 1992

This is in response to your letter of April 17, 1992 requesting advice regarding Stonegate Mobile Home Estates, Inc. We sincerely regret that our response to your inquiry has been delayed due to current workload requirements.

Your letter states that the corporation owns and operates a mobilehome park in Sacramento County. The principal assets of the corporation are the land on which the mobilehome park is located and the other assets necessary for operation of the park, including improvements, vehicles, equipment and contract rights. The park tenants desire to purchase the park from the current owner. The tenants wish to accomplish this by forming a non-profit tenants corporation which will purchase the stock of the corporation. The non-profit tenants corporation will then enter into a cooperative or other arrangement with the tenants. You asked whether the sale of all of the stock of the corporation to a non-profit tenants corporation formed by the corporation's tenants would be excluded from a change in ownership under the provisions of Revenue and Taxation Code section 62.1(a).

Subdivision (c) of Revenue and Taxation Code section 64 provides that when a corporation obtains control in any corporation through the purchase or transfer of corporate stock, the purchase or transfer of such stock shall be a change in ownership of the real property owned by the corporation in which the controlling interest is obtained. Under the facts you have described, the acquisition of all of the stock of Stonegate Mobile Home Estates, Inc. by a non-profit corporation would constitute a change of ownership of all real property owned by Stonegate.

As suggested in your letter, the question then is whether Revenue and Taxation Code section 62.1 applies in this case to exclude the transaction from change in ownership. As

correctly indicated in your letter, that section provides that change in ownership shall not include any transfer of a mobilehome park to a non-profit corporation formed by the tenants of a mobilehome park for the purpose of purchasing the mobilehome park provided that the individual tenants who were renting at least 51 percent of the spaces in the mobilehome park prior to the transfer participate in the transaction through the ownership of an aggregate of at least 51 percent of the voting stock of the entity which acquires the park. You also cite legislative intent language found in subdivision (e) of section 62.1 which states that in order to facilitate affordable conversions of mobilehome parks to tenant ownership, subdivision (a) applies to all bonafide transfers of rental mobilehome parks to tenant ownership. Based upon this intent language you believe that the term "mobilehome park", as used in section 62.1, is broad enough to include not only the transfer of the real property constituting the park but also to include the transfer of the stock of the corporation which owns the mobilehome park. Unfortunately, for the reasons set forth below, we are unable to agree with your conclusion.

Section 62.1 refers to the term "mobilehome park". That term is not defined elsewhere in the change in ownership provisions of the Revenue and Taxation Code but it is defined in section 18214 of the Health and Safety Code. Section 18214 defines that mobilehome park as any area or tract of land where two or more mobilehome lots are rented or leased. Presumably, the Legislature was fully aware of this definition when it enacted section 62.1(a). Thus, where the Legislature refers to the transfer of a mobilehome park in subdivisions (a) and (e), it was referring to a mobilehome park as defined in section 18214. Since that term is written solely in terms of real property and makes no reference to the entities owning the mobilehome park or ownership interest in such entities, it appears that the plain and unambiguous language of section 62.1 only applies to transfers of the real property.

It should also be recognized that Legislature is aware that transfers of real property may be accomplished through transfers of the stock of a corporation owning real property and it has provided for those types of transfers in section 64. Thus, the Legislature has demonstrated that it is fully capable of expressing clearly its intent with respect to stock transfers. We would not ordinarily presume, therefore, that the Legislature intended to include stock transfers where it has not expressly so indicated.

The views expressed in this letter are, of course, advisory only and are not binding upon the assessor of any

county. You may wish to consult the Sacramento County Assessor in order to confirm that the described property will be assessed in a manner consistent with the conclusions stated above.

Very truly yours,

Richard H. Ochsner
Assistant Chief Counsel

RHO:te
0083D/9

cc: Hon. Roger G. F. Fong
Sacramento County Assessor

Mr. John W. Hagerty
Mr. Verne Walton