



790.0175

(916) 445-0840

March 29, 1985

RE: Supplemental Assessments-New Construction,

Dear

This letter is in response to your letter of February 5, 1985, in which you ask whether grading, constructing roads, and installing underground utilities in a new subdivision are subject to a supplemental assessment. If they are subject to a supplemental assessment, you ask how the completion date for the supplemental assessment is determined.

Revenue and Taxation Code Section 75.10(a) provides that the assessor shall appraise property on the date that new construction is completed. Revenue and Taxation Code Section 75.12(a)(1) provides that new construction shall be completed on the date that it is available for use by the owner, unless the owner does not intend to occupy or use the property. If the owner does not intend to occupy or use the property, the owner must notify the assessor prior to, or within 30 days of, the date of commencement of construction that he does not intend to occupy to use the property. It is our position that Section 75.12 excludes any newly constructed real property if the property is held for sale. Assessor's Letter No. 83/132, dated December 16, 1983, states at question 2:

QUESTION 2: Would a developer be eligible for exclusion in regard to the street improvements (e.g., sewer lines, grading, paving, sidewalks, etc.) that he puts on his own land?

ANSWER 2: Section 75.12 excludes any newly constructed real property if the property is held for sale. So long as the developer applies prior to commencement of construction, the exclusion under this section would apply.

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Therefore, if the developer gave the notice required by Section 75.12(a)(1), the new construction which you describe is not subject to supplemental assessment until the date that the property is occupied or used with the owner's consent.

If the developer did not give the notice required by Section 75.12(a)(1), then the date of completion of new construction is the date upon which the new construction is available for use by the owner. The property is available for use by the owner when the property has been inspected and approved by the appropriate government official, or, in the absence of such inspection and approval procedures, when the prime contractor has fulfilled all of the contractual obligations. (See Rule 463) This is also the position taken in our proposed Rule 463.5 which deals with the date of completion of new construction under supplemental assessments. Rule 463.5 is currently being developed by our staff and a draft will soon be provided to the Assessor's Association.

If you have any questions or if you would like to discuss this further, please contact me.

Very truly yours,

Michele F. Hicks
Tax Counsel

MFH:mw