



STATE BOARD OF EQUALIZATION

3 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808)
(916) 445-4982

GEORGE R. REILLY
First District, San Francisco
ERNEST J. DRONENBURG, JR.
Second District, San Diego
WILLIAM M. BENNETT
Third District, San Rafael
RICHARD NEVINS
Fourth District, Pasadena
KENNETH CORY
Controller, Sacramento
DOUGLAS D. BELL
Executive Secretary

September 23, 1981

No. 81/117

TO COUNTY ASSESSORS:

ASSEMBLY BILLS 11 and 20

In Board of Supervisors v. Lonergan, 27 Cal. 3d 870, and Hanson v. County of Los Angeles, 27 Cal. 3d 855, the California Supreme Court held that the provisions of Article XIII A of the California Constitution were not applicable to the 1978-79 unsecured assessment roll. This decision meant that the 36 counties which used the Article XIII A tax rate for that assessment roll must issue supplemental tax bills for the difference between that tax rate and the 1977-78 secured tax rate, and that real property assessments which were based on Article XIII A valuation procedures must be reassessed to market value as of March 1, 1978.

Several legislative bills and constitutional proposals were introduced in early 1981 to deal with the Lonergan decision. The plan that emerged was that assessors would not be excused from reassessing the real property unless the total cost of reassessment, billing, and collection exceeds the difference in taxes, that the 36 counties which used the Article XIII A rate would have to issue supplemental tax bills, and that taxpayers who paid their 1978-79 taxes by December 31, 1981 would be eligible for full or partial refunds to the extent that the taxes exceed the taxes computed according to the Article XIII A tax rate.

The refund provisions were contained in Assembly Bill 11. Assembly Bill 11 did not pass during this regular legislative session, so there will be no refunds at this time to taxpayers for the supplemental tax levies resulting from the Lonergan decision. We have no idea whether any provisions for refunds or tax credits will be enacted in the future.

The failure of Assembly Bill 11 to pass does not affect the assessor's responsibility to reassess 1978-79 unsecured real property. Unless the county board of supervisors adopts the finding authorized by Section 155.21 of the Revenue and Taxation Code, all 1978-79 unsecured real property which was assessed under the provisions of Article XIII A must be corrected to a market value basis.

September 23, 1981

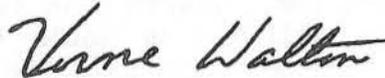
Had Assembly Bill 11 become law, there would have been strong incentive to complete the reappraisals by October 30 so that the Assembly Bill 11 refund program could reflect the proper amounts. Because Assembly Bill 11 did not pass, the normal four-year statute of limitations applies to roll corrections. In the case of the 1978 assessment roll, the corrections must be made on or before August 21, 1982, depending on when the 1978 assessment roll was completed.

There are at least two factors which encourage early completion of the roll corrections. No doubt, many of the tax bills will be uncollectible due to the passage of time, and any delay in issuing the tax bills will result in additional uncollectible bills. Also, if the bills are issued now, the taxpayers will have until December 31, 1981 to pay the bills without penalty for delinquency.

On the other hand, if the account is scheduled for audit this fiscal year, it may be best to delay correction of the assessed values until the audit is completed. Such a delay would prevent a situation where the 1978 assessment is changed once to correct the values from an Article XIII A basis to a market value basis, and then corrected again because of an escape assessment or overassessment discovered by audit.

We will inform you if there are further developments regarding reassessments of 1978-79 unsecured real property and possible refunds for 1978-79 unsecured property taxes.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:ebv
AL-01-1124A