February 2, 1982

TO COUNTY ASSESSORS:

DISABLED VETERANS - HOMEOWNERS - RELIGIOUS EXEMPTIONS

TERMINATION NOTICE

There are now three exemptions that permit one-time filing, call for the mailing of notices regarding eligibility, and require the claimant to notify the assessor when ineligible for the exemption. Applicable Revenue and Taxation Code Sections which pertain to the mailing of notices and the notification of the assessor are as follows:

Disabled Veterans Sections 278, 279.5
Homeowners Section 2615.5
Religious Sections 257(c), 257.1

The assessor is responsible for mailing the notice to a disabled veteran (Section 278) and to a religious organization (Section 257.1), preferably prior to March 1. The tax collector is responsible for sending the notice to a homeowner along with the tax bill (Section 2615.5) by November 1. Failure to receive a notice does not excuse a taxpayer of the duty to inform the assessor of his ineligibility for the exemption.

The statutes do not provide for the date a termination notice must be returned to the assessor, but it is desirable to have disabled veterans and religious termination notices returned to the assessor prior to June 30 while the assessor has in his possession the assessment roll being prepared.

According to Property Tax Rule 135(b)(2), a homeowners' termination notice must be mailed to the assessor on or before December 10 to be considered timely filed; this date is forty days subsequent to the mailing of the tax bill required by Sections 2610.5. Even though there is no provision in the law or in Board Rules which provides when to file the termination notice of the disabled veterans or religious exemptions, we feel December 10th is reasonable.

In addition to a letter, card, or other written statement from the claimant notifying the assessor that he is no longer eligible for an exemption, we believe the assessor should accept the following types of information either as notification that a claimant is not eligible for the exemption or as notice that a claimant may not be eligible for the
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exemption on the subsequent lien date, thereby prompting the assessor's investigation of the facts to determine if the exemption should be continued, cancelled, or an escape assessment made:

1. New deed (for homeowners' exemption, no termination if property transfers to a surviving spouse).

2. Change-in-ownership statement (for homeowners' exemption, no termination if property is interspousal).

3. Listing on homeowners' exemption multiple claims lists one or two, unless the assessor confirms that the exemption should be continued (this assumes the assessor will receive the multiple claims list prior to December 10).

4. Renter's credit letter.

5. Any audit or receipt of information on or prior to December 10 of the applicable calendar year that would cause the assessor to question the eligibility of the claimant.

The application of an escape assessment on or subsequent to December 11 because of the receipt of information, from the claimant or other source, that leads to a redetermination of ineligibility should include the appropriate penalty, as follows:

1. Homeowners' Exemption (Section 531.6)—Make an escape assessment as allowed by Section 531.1 in the amount of the exemption with interest as provided for in Section 506. If the exemption was incorrectly allowed because of erroneous or incorrect information submitted by the claimant with knowledge that such information was erroneous or incomplete or because the claimant failed to notify the assessor in a timely manner (December 10) that the property was no longer eligible for the exemption, the 25 percent penalty provided for in Section 504 shall be added to the assessment. See Section 531.6 if the property transferred prior to July 2; see Section 531.2 if the property transferred subsequent to July 1.

2. Disabled Veterans' Exemption (Section 279.5)—Basically, the same as for homeowners, above. Absent a rule comparable to Rule 135(b) (2) (homeowners), we regard December 10 as a reasonable date by which a claimant should have to notify the assessor that property was no longer eligible for the exemption because of the identical language of Section 279.5 (disabled veteran) and Section 531.6 (homeowners) regarding failure to
notify in a timely manner; because December 10 is the
date by which a claimant must notify the assessor that
the property was no longer eligible for the homeowners' exemption; and because December 10 gives a claimant
approximately 9 months to notify the assessor that the property was no longer eligible for the disabled veterans' exemption. See Section 279.5 if the property transferred prior to July 2; see Section 531.2 if the property transferred subsequent to July 1.

3. Religious Exemption (Section 257(d))--Make an escape assessment as allowed by Section 531.1 in the amount of
the exemption with interest as provided for in Section 506, together with a penalty for failure to notify the assessor, where applicable, in the amount of 10 percent of the assessment but not to exceed $250 in tax liability. See Section 531.2 if the property transferred subsequent to July 1.

The interest provided for in Section 506 is at the rate of threefourths of one percent per month from the date or dates the taxes would have become delinquent if they had been timely assessed to the date the additional assessment is added to the assessment roll.

If you have any questions concerning these exemptions or termination of the exemptions, please call William L. Grommet, Assessment Standards Division. His telephone number is (916) 445-4982.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:ebv
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