



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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November 8, 1994

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No. 94/61

TO COUNTY ASSESSORS:

PROPERTY TAXES LEGISLATION ENACTED IN 1994

A summary of important 1994 legislation affecting property tax assessment is enclosed. This is a summary only; some of the major legislation has been or will be discussed in greater detail in separate letters to assessors.

All legislation is effective January 1, 1995, unless otherwise indicated.

The summary is separated into two parts: "Legislation of General Interest" and "Other Legislation." The "Other Legislation" section includes summaries of legislation that affects only a limited number of counties or is otherwise of very limited interest to most assessors.

If you have any questions or comments, please contact our Real Property Technical Services Section at (916) 445-4982.

Sincerely,

John W. Hagerty
Deputy Director
Property Taxes Department

JWH/grs

Enclosure

I. LEGISLATION OF GENERAL INTEREST

ASSEMBLY BILL 382 (LEE) CHAPTER 72

Adds Section 69.3 to the Revenue and Taxation Code.

DISASTER RELIEF - INTERCOUNTY TRANSFER OF BASE YEAR VALUE

This bill authorizes county boards of supervisors to pass an ordinance allowing the transfer of base year value of property located in another county in the state that has been substantially damaged or destroyed by a Governor-declared disaster to comparable replacement property of equal or lesser value, including land, that is located in the adopting county and has been acquired or newly constructed as a replacement for the damaged or destroyed property within three years after the damage or destruction of the original property. *See Letter to Assessors 94/49. Also, see Senate Bill 1431.*

Effective May 20, 1994. Section 69.3 operative October 21, 1991.

ASSEMBLY BILL 3359 (MURRAY) CHAPTER 856

Adds Sections 4833.1 and 4985.3 to the Revenue and Taxation Code.

DELINQUENCY PENALTY RELIEF

This bill would provide that, upon adoption of a resolution of the county board of supervisors and with the approval of the county auditor and the county tax collector, if there are penalties on an assessment that is being appealed and the taxes are delinquent, any relief on the penalties shall apply only to that portion of the assessment found invalid by the appeals board; taxes and interest applicable to penalties not relieved by the appeals board are allocated solely to the county (this applies only where an appeal was filed and the taxes are delinquent).

Effective September 25, 1994.

ASSEMBLY BILL 3514 (COSTA) CHAPTER 527

Adds Section 241 to the Revenue and Taxation Code.

EXEMPTION OF HAND TOOLS

This legislation exempts the handtools of a tradesperson, as defined, in the amount of \$20,000 of assessed value. The employee must be required, as a condition of employment, to supply his or her own tools. The tools need not be transported to and from the workplace on a regular basis to qualify for the exemption.

Effective September 12, 1994.

ASSEMBLY CONSTITUTIONAL AMENDMENT 17 (KNOWLES)
RESOLUTION CHAPTER 110

Amends subdivision (h) of Section 2 of the Article XIII A of the California Constitution.

PARENT/CHILD EXCLUSION

This bill places a proposition on the March 26, 1996, ballot which would amend the Constitution to exclude from change in ownership certain transfers of property between grandparents and grandchildren, as defined by the Legislature, if all the parents of that grandchild or grandchildren, who qualify as the children of the grandparents, are deceased as of the date of the purchase or transfer.

Effective March 27, 1996, only if approved by the voters.

SENATE BILL 469 (Beverly) CHAPTER 1200

Amends Sections 17900, 17902, 17910.5, 17913, and 17914 of, and adds Sections 16602.5 and 17901.5 to, the Business and Professions Code, amends Section 3307 of the Commercial Code, amends Section 161, 190, 1109, 1113, 1201, 15046, 15611, 15632, 15678.2, 25013, and 25019 of, adds Sections 161.7, 167.3, 167.7, 167.8, 171.03, 171.07, 171.3, 174.5, and 190.7 to, and adds Title 2.5 (commencing with Section 17000) to, the Corporations Code, amends Section 1220 of the Financial Code, amends Sections 8670.3 and 12185 of, and adds Section 12164.7 to, the Government Code, amends Section 25118 and 25281 of the Health and Safety Code, amends Section 387 and 653s of the Penal Code, amends Section 50170 of the Public Resources Code, amends Section 19, 64, 480, 480.1, 480.2, 6005, 6829, 7310, 8606, 11204, 17007, 17220, 18402, 18535, 18621.5, 18637, 18638, 18648, 19002, 19009, 19132, 19254, 23036, 23038, 25141, 30010, 38106, 40004, 41003, 43006, 45006, 46020, and 55002 of, adds Sections 28.5, 17087.6, 18633.5, and 23305.5 to, adds Chapter 1.6 (commencing with Section 23091) to Part 11 of Division 2 of, and repeals Section 28 of, the Revenue and Taxation Code, amends Sections 125.4, 135, 135.1, 610, 1116, 1735, 2071, 2107, 2109, 2110, 2110.3, 2110.5, 2110.7, and 13005 of the Unemployment Insurance Code, and amends Section 675 of the Vehicle Code..

LIMITED LIABILITY COMPANIES

This legislation creates a new business entity that affords the members of a limited liability company the same legal liability protection as shareholders of a corporation. This creates a new form of legal entity for change in ownership purposes.

Effective September 30, 1994.

SENATE BILL 1234 (Bergeson) CHAPTER 33

Adds Section 15046.1 to the Health and Safety Code, and amends Sections 170, 17207, and 24347.5 of, and adds Sections 196.94, 196.95, 196.96 to, the Revenue and Taxation Code.

DISASTER RELIEF - SUPPLEMENTAL ASSESSMENTS

For properties that have been reassessed due to damage or destruction by a major misfortune or calamity, this bill requires that the new taxable value of that property, after being fully repaired, restored, or reconstructed, be enrolled upon the supplemental roll.

This has since been amended by Senate Bill 1431.

DISASTER RELIEF - STATE ALLOCATIONS FOR 1993 FIRES

This bill also provides for state allocations to eligible counties, declared by the Governor to be in a state of disaster as a result of the fires or any other related casualty occurring in October and November 1993, of the estimated amounts of the reductions in property tax revenues resulting on the regular secured and supplemental rolls as a result of reassessment of damaged properties under Section 170, with the exception of any estimated property tax revenue reductions to school districts, county offices of education, and community college districts.

Effective March 30, 1994.

SENATE BILL 1431 (Committee on Revenue and Taxation) CHAPTER 1222

Amends Section 51142 of the Government Code, and amends Sections 61, 63.1, 69.3, 69.5, 75.21, 75.5, 170, 273.5, 276, 480, 5802, and 38204 of, adds Section 2188.11 to, and repeals Sections 32 and 107.4 of, the Revenue and Taxation Code.

PARENT/CHILD EXCLUSION

This bill permits certain nonresident aliens the use of IRS tax identification numbers for purposes of the parent/child change in ownership exclusion. *See Letter to Assessors 94/59.*

DISASTER RELIEF: INTERCOUNTY TRANSFER OF BASE YEAR VALUE

Among other technical and clarifying changes, this legislation provides that claims shall be filed no later than January 1, 1996, or within three years after the replacement property is acquired or newly constructed, whichever is later. *See Letter to Assessors 94/49.*

OVER 55/DISABLED PERSONS EXCLUSION

Existing law provides that the transfer of the original property must be a change in ownership which either (1) subjects that property to reappraisal at its current fair market value or (2) results in a base year value determined in accordance with Sections 69 or 69.5. This legislation adds Section 69.3 to Sections 69 and 69.5 in this provision.

VETERANS' AND DISABLED VETERANS' EXEMPTIONS

This legislation provides that no additional veterans' or disabled veterans' exemption claim is required until the next succeeding lien date in the case in which a supplemental assessments results from the completion of new construction upon property that has previously been exempted with respect to either the current tax roll or the tax roll being prepared. This legislation also extends the deadline for filing partial veterans' exemptions from December 1 to December 10.

DISASTER RELIEF - ADDITIONAL ASSESSMENTS

This legislation adds supplemental assessment procedures for repair, restoration, or reconstruction of properties damaged or destroyed by calamities.

CHANGE IN OWNERSHIP STATEMENT

This legislation provides that a change in ownership statement be filed within 150 days after the date of death or, if subject to probate, at the time of filing of inventory or appraisal.

MANUFACTURED HOMES

This legislation provides that the base year value of a manufactured home that is transferred from the vehicle license fee (pursuant to Health and Safety Code Section 18119) will be its full cash value on the first lien date the home is subject to property tax.

TIMBER

This bill requires the Board of Equalization to consult with the Timber Advisory Committee prior to modifying immediate harvest values on its own motion and would require that payments of tax recoupment fees be made to the county in which the immediate rezoning has occurred.

SENATE BILL 1626 (Marks) CHAPTER 940

Amends Sections 503 and 522 of the Harbors and Navigation Code, amends Sections 227 and 3205 of the Revenue and Taxation Code, and amends Sections 9880 and 9900 of the Vehicle Code.

VESSELS

Among other things, this bill provides that the 4 percent assessment provision for a vessel engaged in carrying seven or more persons for hire for commercial passenger fishing purposes is not lost by reason of the vessel being occasionally used (no more than 15 percent of operating time) for dive, tour, or whale watching purposes.

Operative July 1, 1995.

SENATE BILL 1662 (Greene) CHAPTER 229

Amends Section 54902 of the Government Code and Sections 2189 and 2229 of the Revenue and Taxation Code.

PERSONAL PROPERTY

This legislation shifts certain personal property assessments to the unsecured roll when real property, to which the personal property assessment has been attached, is sold.

BOUNDARY CHANGES

This legislation provides an additional month for the Board to process statements from taxing districts which identify boundary changes.

SENATE BILL 1726 (Kopp) CHAPTER 544

Amends Sections 75.11, 504, 531.2 and 532 of the Revenue and Taxation Code.

SUPPLEMENTAL AND ESCAPE ASSESSMENTS

This legislation deletes the eight-year statute of limitations for both escapes and supplemental assessments for unrecorded changes in ownership. The remaining four- and six-year limits would not begin running until the taxpayer files a change in ownership statement. It also amends the existing 25 percent penalty for escapes caused by fraudulent act or omission or collusion to 75 percent.

SENATE BILL 1805 (Committee on Revenue and Taxation) CHAPTER 1243

Amends Section 7550.5 of the Government Code, Section 1760 of the Insurance Code, Section 1340 of the Military and Veterans code, Sections 64, 11003, 13210, 17014, 17052.12, 17220, 17270, 17506, 18152.5, 18402, 18621, 18621.5, 18624, 18633, 18723, 18731, 18795, 18812, 19136, 19167, 19602, 19701.5, 19705, 21011, 23609, 23801, 24347.5, 24661, 24672, 25106, 25110, and 25111.1 of, amends and rennumbers Section 19531 of, amends, repeals, and adds Section 25105 of, adds Sections 18405 and 19364 to, adds and repeals Article 9 (commencing with Section 18801) and Article 11 (commencing with Section 18821) of Chapter 3 of Part 10.2 of Division 2 of, repeals Sections 17095, 17134, 17153, 17156, 17157, 17158, 17160, 17232, 17241, 17261, 17270.5, 17272, 17289, 17325, 17502, 17512, 17558, 17559, 17562, 17566, 17800, 17932, 18044, 18431, 18431.2, 18512, 18517, 18548, 18684.7, 18934, 19133, 19401.5, 19405, 25403, 25403.5, 25782, 25962, and 26081.5 of, and repeals Article 6.9 (commencing with Section 18518) of Chapter 17 of Part 10 of Division 2 of, the Revenue and Taxation Code, amends Section 42205 of the Vehicle Code, and amends Section 9 of Chapter 33 of the Statutes of 1994.

LIMITED LIABILITY COMPANIES

This legislation provides a reference to limited liability companies, a new business entity that affords the members of a limited liability company the same legal liability protection as shareholders of a corporation. Also clarifies that the change in the definition of direct

ownership or control for bank and corporation tax law is not effective for purposes of property tax change in ownership provisions.

Effective September 30, 1994.

SENATE BILL 1972 (Campbell) CHAPTER 1281

Amends Section 7510 of the Government Code.

INVESTMENT PROPERTY OF STATE PUBLIC RETIREMENT SYSTEM

This legislation provides that, whenever a state public retirement system has invested assets in real property and improvements and leases the property to others, the lease shall provide that the full cash value shall reflect the anticipated term of possession if, on the lien date, the term is expected to terminate prior to the end of the next succeeding fiscal year.

Effective September 30, 1994.

II. OTHER LEGISLATION

ASSEMBLY BILL 2041 (Honeycutt) CHAPTER 111

An act relating to the City of Hesperia. General law.

REDEVELOPMENT

This legislation makes effective redevelopment project areas in the City of Hesperia for purposes of receiving tax increment allocations for fiscal year 1994-95.

Effective June 27, 1994.

ASSEMBLY BILL 2290 (KATZ) CHAPTER 17

Amends Sections 17207 and 24347.5 of, and adds Sections 195.71, 195.72 and 195.73 to, the Revenue and Taxation Code.

DISASTER RELIEF - STATE ALLOCATIONS FOR JANUARY 1994 EARTHQUAKE
AB 2290 provides for state allocations to eligible counties, declared by the Governor to be in a state of disaster as a result of the earthquake and aftershocks that occurred in specified counties in January 1994, of the estimated amounts of the reductions in property tax revenues on the regular secured and supplemental rolls as a result of reassessment of damaged properties under Section 170, with the exception of any estimated property tax revenue reductions to school districts, county offices of education, and community college districts.

Effective March 15, 1994.

ASSEMBLY BILL 2663 (SHER) CHAPTER 1251

Amends Sections 16144, 51201, 51231, and 51238 of, and adds Sections 51238.1, 51238.2, and 51238.3 to, the Government Code.

OPEN-SPACE SUBVENTIONS

This bill requires the governing body of each county, city, or city and county to report annually to the Secretary of the Resources Agency the number of acres which qualify for state payments. The bill also permits the State Controller to withhold and deduct any cancellation fees for contracts for land conservation under the Williamson Act not collected and transmitted to the Controller.

LAND USE RESTRICTIONS

Existing law permits a county board of supervisors to impose conditions on lands to be placed within agricultural preserves. This legislation additionally permits the board of supervisors to impose conditions on land uses subject to specified principles of compatibility.