



STATE BOARD OF EQUALIZATION  
PROPERTY AND SPECIAL TAXES DEPARTMENT  
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Executive Director

No. 2009/061

December 17, 2009

TO COUNTY ASSESSORS:

### **LOW-VALUE PROPERTY TAX EXEMPTION**

Effective January 1, 2010, Senate Bill 822 (Stats. 2009, Ch. 204) amends Revenue and Taxation Code section 155.20 and increases the maximum value of property from \$5,000 to \$10,000 that a county board of supervisors has the authority to exempt from property taxation.

Section 1(a) of article XIII of the California Constitution provides that all property is taxable unless otherwise provided by the California Constitution or the laws of the United States. Section 7 of article XIII provides that "[t]he Legislature, two-thirds of the membership of each house concurring, may authorize county boards of supervisors to exempt real property having a full value so low that, if not exempt, the total taxes and applicable subventions on the property would amount to less than the cost of assessing and collecting them."

The Legislature enacted section 155.20 to provide the necessary statutory implementation. This section authorizes a county board of supervisors to exempt from property tax all real property with a base year value and personal property with a full value so low that, if not exempt, the total taxes, special assessments, and applicable subventions on the property would amount to less than the cost of assessing and collecting them. Sections 155.20(b) and (e) set the maximum value of property that may be exempted. The current limit for real property and new construction is \$5,000, except that the limit is \$50,000 for certain possessory interests in publicly owned fairgrounds, convention centers, or cultural facilities.

Effective January 1, 2010, Senate Bill 822 amends section 155.20(b)(1) to provide, in part, that the board of supervisors has no authority to exempt property with a total base year value or full value of more than \$10,000, with the exception of a possessory interest in a publicly owned fairground, convention, or cultural facility, which remains at the \$50,000 value limit. In addition, Senate Bill 822 amends section 155.20(e) to provide that nothing in this section will authorize a county board of supervisors to exempt new construction, unless the new total base year value of the property, including the new construction, is \$10,000 or less.

If you have any questions regarding the low-value property tax exemption, please contact our Assessment Services Unit at 916-445-4982.

Sincerely,

/s/ David J. Gau

David J. Gau  
Deputy Director  
Property and Special Taxes Department

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