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No. 2015/025

May 6, 2015

TO COUNTY ASSESSORS, COUNTY COUNSELS,  
AND OTHER INTERESTED PARTIES:

**CALIFORNIA CODE OF REGULATIONS  
TITLE 18, PUBLIC REVENUES**

**PROPERTY TAX RULE 472  
VALUATION OF REAL PROPERTY INTERESTS IN TIMESHARE ESTATES  
AND TIMESHARE USES**

Following a public hearing on January 21, 2015, the State Board of Equalization amended Property Tax Rule 472, *Valuation of Real Property Interests in Timeshare Estates and Timeshare Uses*. The amendments were initiated pursuant to California Code of Regulations, title 1, section 100. The amendments to the rule became effective on March 19, 2015.

Rule 472 was amended to make the rule consistent with the repeal of Business and Professions Code section 11003.5 and the enactment of Business and Professions Code section 11212 by Assembly Bill 2252 (Stats. 2004, ch. 697). In addition, the reference to Revenue and Taxation Code section 998, subdivision (e), was deleted from the rule's authority note as subdivision (e) was repealed by Senate Bill 299 (Stats. 1991, ch. 646).

Enclosed is a final printed copy of the regulation. In addition, the regulation is posted on the Board's website at <http://www.boe.ca.gov/proptaxes/pdf/rules/Rule472.pdf>.

If you have any questions regarding the content of this regulation, please contact the County-Assessed Properties Division at 1-916-274-3350.

Sincerely,

/s/ Dean R. Kinnee

Dean R. Kinnee  
Deputy Director  
Property Tax Department

DRK:grs  
Enclosure

State of California  
BOARD OF EQUALIZATION  
PROPERTY TAX RULES

Division 1. State Board of Equalization-Property Tax  
Chapter 4. Equalization by State Board  
Article 4. Change in Ownership and New Construction

**Rule 472. Valuation of Real Property Interests in Timeshare Estates and Timeshare Uses.**

*Authority:* Section 15606, Government Code.

*Reference:* Section 998, Revenue and Taxation Code.

**(a)** The full value of the real property interest of a timeshare estate or a timeshare use, as defined in section 11212 of the Business and Professions Code, shall be determined in accordance with the provisions of this section.

**(b)** In determining the value of the real property interest of a timeshare estate or use, consideration shall be given to the following factors which are unique to such interests:

- (1) The fact that the timeshare estate or use is marketed in increments of time.
- (2) The season of the year during which the owner is entitled to the right to use or possession of the property.

**(c)** The full value of the real property interest of a timeshare estate or use shall not include the value of any personal property or other nonreal property items. Such items include, but are not limited to, vacation exchange rights, vacation conveniences and services, and club memberships, as defined in subdivisions (d), (e), and (f).

The value of any nonreal property items included in the purchase price of a timeshare estate or use which are provided to the timeshare interest owner in exchange for a periodic fee or charge which is separate from the purchase price of the timeshare estate or use shall not be considered in the determination of the full value of the real property of the timeshare estate or use.

**(d)** "Nonreal property vacation exchange rights" shall include, but not be limited to, internal and external exchanges. An internal exchange means an exchange arranged by the timeshare project developer or operator for a timeshare estate or use owner between two or more resorts owned by the same developer or operator. An external exchange means an exchange arranged by an independent exchange network, which has a contractual relationship with either the timeshare project development or the individual timeshare owner.

**(e)** "Nonreal property vacation conveniences and services" shall include, but not be limited to:

- (1) The owner's right to participate in exchange network.
- (2) Maintenance and repair of buildings (interior and exterior) and grounds.
- (3) Maid, meal, linen, and security guard services.
- (4) Transportation, scheduling, and reservation services.
- (5) Management services necessary for the administration of the operation of the property.
- (6) The services of personnel charged with providing social or recreational instruction and planned activities.

**(f)** "Nonreal property club memberships" shall include memberships in recreational enterprises that are in the nature of licenses or permits to use real property but do not grant ownership interests in that property. Evidence that a membership grants a license or permit rather than an ownership interest includes, but is not limited to, the fact that the membership is offered as an option to timeshare purchases and that such memberships are also offered to others who do not own timeshare estates or uses.

**(g)** In determining the full value of the real property interest of a timeshare estate or use, the assessor shall consider the value concepts and approaches set forth in Sections 2, 3, 4, 6, and 8 of this chapter.

**(h)** The assessor may determine the value of the timeshare appraisal unit by the following method:

(1) Determine the full value of resort properties, condominiums, cooperatives, or other properties not marketed in increments of time but which are comparable to the subject property in terms of size, type, and location. Divide such full value by a unit of time equal to the timeshare interest being valued.

(2) Add to or subtract from the non-timeshare value quotient determined in (1), an amount necessary to reflect any increase or decrease in such value attributable to the fact that the subject property is marketed in increments of time and, if applicable, for a particular season.

**(i)** In addition to the method set forth in subdivision (h), the assessor may utilize any generally recognized alternative method of valuation to determine the full value of the real property of a timeshare estate or use.

**(j)** Nothing in this section shall be construed as requiring the assessment of a timeshare appraisal unit at less than full value as required by Section 401 of the Revenue and Taxation Code and as defined in Section 2 of this chapter.

**(k)** The provisions of this section are declaratory of, and not a change in existing law and are therefore applicable to the determination of all base year values for the real property interest of timeshare estates and uses.

*History:* Adopted June 28, 1984, effective February 9, 1985.  
Amended January 21, 2015, effective March 19, 2015