November 29, 2021

TO COUNTY ASSESSORS:

2021 PROPERTY TAX LEGISLATION

This is a summary of 2021 legislation affecting property taxes. All bills will become effective January 1, 2022, unless otherwise specified.

**AB 137** (Assembly Budget Committee), Chapter 77, effective July 16, 2021
Among others, amends section 1604 of the Revenue and Taxation Code.

**Assessment Appeals Boards.** For qualified appeal applications where the two-year decision deadline occurs during the period beginning March 4, 2020 through December 31, 2021, it extends the two-year decision period from March 31, 2021 to December 31, 2021.¹ Also extends the period in which assessment appeal applications are deemed "qualified" applications from March 31, 2021 to December 31, 2021.

**AB 345** (Quirk-Silva), Chapter 343
Amends sections 65852.2 and 65852.26 of the Government Code.

**Accessory Dwelling Units – Separate Conveyance.** Changes conditions under which accessory dwelling units can be sold or conveyed separately from the primary residence to a qualified buyer.

**AB 378** (Bauer-Kahan), Chapter 50
Among others, amends sections 15614, 15617, 15619, 15626, 15640, 15641, and 15642 of the Government Code.

**State Board of Equalization (BOE) and BOE Survey Program.** Makes gender neutral changes to various statutes related to the BOE and its programs.

**AB 473** (Chau), Chapter 614, Operative January 1, 2023
Adds and repeals article 3 (commencing with 6276.50) of chapter 3.5 of division 7 of, and adds division 10 (commencing with section 7920.000) to, title 1 of the Government Code.

**Public Records Act.** Recodifies and reorganizes the Public Records Act, which is intended to be entirely nonsubstantial in effect.

¹ See Letter To Assessors No. 2021/039 for more detailed information.
AB 474 (Chau), Chapter 615, Operative January 1, 2023
Among others, amends sections 15650 and 15652 of the Government Code; and amends sections 408.2, 408.3, and 409 of the Revenue and Taxation Code.

Public Records Act Conforming Statutory Changes. Makes conforming and nonsubstantial changes in other code sections to reflect the reorganization of the Public Records Act made by Assembly Bill 473.

AB 1203 (Burke), Chapter 418
Amends sections 1624.05 and 1624.1 of the Revenue and Taxation Code.
Assessment Appeals Board Member Qualifications. Sets new criteria for eligibility to members of assessment appeals boards to include five years' professional experience in California from specified occupations. Expands qualifications for an assessment appeals board member in Los Angeles County to include professional experience in a real estate field. Also allows the Los Angeles County Board of Supervisors, by resolution, to reduce the restriction period from three years to one year in which a former employee of an Assessor's office must wait before they are qualified to serve as an assessment appeals board member. This reduced restriction period remains operative until January 1, 2028.

SB 267 (Hertzberg), Chapter 424, effective September 30, 2021
Adds section 64.1 to the Revenue and Taxation Code.
New Construction Exclusion – Active Solar Energy Systems. For a legal entity that owns an active solar energy system pursuant to a partnership flip transaction, it provides that neither the initial transfer of capital and profit interests in the legal entity nor any subsequent change in the allocation of capital and profits of the legal entity among the members constitutes a transfer of control or a majority interest in the legal entity. Also provides that this applies to only one partnership flip transaction. Further provides that these provisions do not apply to the sale or exchange of legal entity interests that trigger a change in control of the legal entity under Revenue and Taxation Code section 64(c)(1).

SB 303 (Borgeas), Chapter 540, effective October 5, 2021
Amends section 69 of the Revenue and Taxation Code.
Intracounty Base Year Value Transfer – Disaster. Extends the five-year period to acquire replacement property by two years under the following circumstances:

- The last day to transfer the base year value was on or after March 4, 2020, but on or before the COVID-19 emergency termination date or March 4, 2022, whichever occurs sooner; or
- The disaster occurs on or after March 4, 2020, but on or before the COVID-19 emergency termination date or March 4, 2022, whichever occurs sooner.

Defines the "COVID-19 emergency termination date" to be the date that the Governor proclaims the termination of the emergency related to the COVID-19 pandemic that was proclaimed on
March 4, 2020. In addition, clarifies that "qualified property" is property that is substantially damaged or destroyed by a disaster that is proclaimed by the Governor.

**SB 315 (Roth), Chapter 215**
Amends section 27281 of the Government Code; and amends sections 5600, 5608, 5624, 5626, 5632, 5642 5644, 5652, 5660, 5674, 5682, 5690, and 5694 of; adds sections 5605, 5615, 5618, 5625, 5638, 5639, 5677, 5678, and 5698 to; repeals section 5676 of; and repeals and adds section 5610 of; the Probate Code.

**Revocable Transfer on Death Deeds.** Provides that a revocable transfer on death (TOD) deed that names a political corporation or government agency as a beneficiary does not transfer title until the political corporation or government agency records a resolution of acceptance or a certificate of consent. Extends provisions allowing revocable TOD deeds to be recorded until January 1, 2032. Provides that a natural person, trust, or legal entity may be named as a beneficiary. Redefines real property that may be bequeathed via a revocable TOD deed to include (1) a parcel of land that is improved with one to four residential dwelling units, and (2) a residential separate interest and its appurtenant common area in a common interest development. Specifies that "real property" does not include either (1) a separate interest in a stock cooperative, or (2) a parcel of agricultural land that is greater than 40 acres in size.

**SB 539 (Hertzberg), Chapter 427, effective September 30, 2021**
Adds sections 63.2 and 69.6 to the Revenue and Taxation Code.

**Intergenerational Transfer Change in Ownership Exclusion.** Adds the implementing statute for an exclusion for a transfer of a family home or family farm between parents and their children or grandparents and their grandchildren. Provides that the exclusion applies separately to each legal parcel of a family farm. Requires that the exclusion for family home be removed when the eligible transferee or subsequent eligible transferee no longer qualifies for the homeowners' or disabled veterans' exemption. Requires the transferee to file both (1) a claim for exemption within one year of the date of transfer, and (2) a claim for exclusion within 3 years of date of transfer or before a transfer to a third party. Authorizes prospective relief for late-filed claims. Provides that claim forms are confidential. Requires the BOE to produce forms and authorizes BOE to enact emergency regulations.

**Base Year Value Transfers.** Adds the implementing statute for a base year value transfer for any person who is over age 55, severely and permanently disabled, or a victim of wildfire or natural disaster from an original property to a replacement primary residence that is purchased or newly constructed within two years of the sale of the original property. Specifies that the base year value cannot be transferred until the original property is sold. Allows either the sale of original property or the purchase/new construction of the replacement dwelling, but not both, to occur before April 1, 2021. Requires both the original property and the replacement dwelling to be the principal residence of the claimant. Provides that the base year value transfer for persons over age 55 or severely and permanently disabled may be used three times. Clarifies that the three-time limit does not include base year value transfers by victims of wildfires or natural disasters. Provides that a multiunit dwelling does not include a property with a dwelling unit and an accessory dwelling unit or junior accessory dwelling unit. Provides that the term "equal or lesser" value includes
inflationary adjustments if the original property is sold prior to the purchase or new construction of the replacement dwelling. Requires claims to be filed within three years of the purchase or completion of new construction of the replacement dwelling and provides prospective relief for late-filed claims. Requires County Assessors to report quarterly to the BOE in order to track the three-time limit. Requires the BOE to produce forms and authorizes BOE to enact emergency regulations.

**SB 667 (Roth), Chapter 430**
Amends section 277 of the Revenue and Taxation Code.

**Disabled Veterans' Exemption.** Allows any of the following persons to file a claim for exemption with the Assessor: (1) the executor, administrator, or personal legal representative of a deceased veteran's estate; or (2) the trustee of a deceased veteran's trust.

**SB 824 (Senate Governance and Finance Committee), Chapter 432**
Among others, amends sections 408 and 452 of; and repeals and adds sections 41010 and 41052.1 of; the Revenue and Taxation Code.

**Assessors' Records.** Allows the California Department of Tax and Fee Administration (CDTFA) access to Assessors' records and updates the name of the Department of Business Oversight to the Department of Financial Protection and Innovation.

**Property Statements.** Relating to the collection of use tax information, changes BOE to CDTFA.

**SB 825 (Senate Governance and Finance Committee), Chapter 433**
Among others, amends sections 214.02, 401.10, and 1752.2 of the Revenue and Taxation Code.

**Welfare Exemption – Natural Resources and Open-Space Lands.** Extends sunset date from lien date 2022 to lien date 2027.

**Intercounty Pipeline Right-of-Way Assessment.** Extends sunset date from January 1, 2022 to January 1, 2027.

**Multijurisdictional Assessment Appeals Boards.** Conforming to the authority contained in section 16 of article XIII of the California Constitution, authorizes multijurisdictional assessment appeals boards to adopt rules of notice and procedure.

These bills and their analyses may be viewed from the California State Legislature's website at http://leginfo.legislature.ca.gov/#. The BOE's legislative bill analyses may be viewed from our website at http://www.boe.ca.gov/legislative-research-and-stats/legislation.htm#Analyses.
If you have any questions regarding the application of these measures, please contact the County-Assessed Properties Division at 1-916-274-3350.

Sincerely,

/s/ David Yeung

David Yeung
Deputy Director
Property Tax Department

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