

## Crook, Michael

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**From:** Barbara Edginton <bedginton@co.slo.ca.us>  
**Sent:** Friday, August 12, 2022 5:22 PM  
**To:** Crook, Michael  
**Subject:** [External] Suggestions for 462.520

Good afternoon,

My apologies for not paying close enough attention the first dozen times I read through this! Following are some observations/suggestions:

Example 6 (page 4). It currently states: ". Parent transfers 30 percent interest of her 60 percent interest to Child and her remaining 30 percent interest to Niece." Would it not be more accurate to either state this as "Parent transfers **half** of her 60 percent interest to Child and her remaining 30 percent interest to Niece," or else as "Parent transfers 30 percent interest of her 60 percent interest to Child and her remaining 30 percent interest to Niece." (Currently reads "30% of 60%" which is actually 18%.)

Example 7-1 (page 5): The last sentence states in part, "..., the **new** base year value factored for inflation upon removal of the exclusion is \$883,265..." Using the word new implies it is something different than it was before. In fact, it is the base year value that was established on the date of transfer 5 years before, plus factoring. It is the new taxable value, but not the new base year value.

Example 7-3 (page 5): Wouldn't this be a great place to show what the new *base year value* is in addition to the New Taxable Value?

Example 8, Part B (Page 6): I think there is an error in the calculation for Daughter's 30%? It is based on the new base year value established on the date of transfer, which is actually a blended value that includes the parents' original BYV. Shouldn't her base year value be based on \$800,000 factored forward times 30%? (Or else \$240,000 [30% of \$800,000] factored forward? - Sorry, I don't really do the calculation part as a CIO person.) For the parents, the example takes their full original BYV factored forward times 20%, so it seems like it should work the same for daughter.

(f)(1)(B) (Page 8): Maybe I am getting my terms confused, but I think this is trying to describe what the New Taxable Value should be for the year the HOX/DVX claim is filed. Instead, it talks about *base year value*. The base year value will not change when the claim is filed, only the taxable value will change, right? Also, shouldn't it calculate not only the new BYV established on the date of the date of the transfer and any new construction, but also any intervening CIO that has occurred? Possibly both new construction and any CIO's are included in the definition of "full cash value," but new construction is specifically referenced while subsequent CIO's are not. [If so, maybe also add to (f)(4)(B)?]

Example 11-1 (Page 10): I am wondering if you might want the last sentence to include "...intergenerational transfer exclusion claim form within three years **of the date Son moves out of the property**, the property..."

Also, just wondered:

In the examples (such as 4-1, 4-2, 5-1, etc.), might it not be helpful to reference both the New Taxable Value *and* the new base year value? Just so people do not lose sight of the fact there is a different base year value even if the New Taxable Value does not change?

I hope this is not too confusing. Please let me know if there is something you would like me to clarify.

Thank you very much. As always, I appreciate your patience with me.

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