

**Final Statement of Reasons for  
Proposed Amendments to  
California Code of Regulations, Title 18, Section 462.040,  
*Change in Ownership - Joint Tenancies***

UPDATE OF INFORMATION IN THE INITIAL STATEMENT OF REASONS

The State Board of Equalization (Board) held a public hearing regarding the proposed amendments to California Code of Regulations, title 18, section (Rule) 462.040, *Change in Ownership - Joint Tenancies*, on July 14, 2016. During the public hearing, the Board unanimously voted to adopt the proposed amendments to Rule 462.040 without making any changes. The Board did not receive any written comments regarding the proposed regulatory action and no interested parties appeared at the public hearing on July 14, 2016, to comment on the proposed regulatory action.

The factual basis, specific purposes, and necessity for, the problems to be addressed by, and the anticipated benefits from the adoption of the proposed amendments to Rule 462.040 are the same as provided in the initial statement of reasons.

The Board anticipates that the proposed amendments will promote fairness throughout California's 58 counties and benefit the public, local boards of equalization and assessment appeals boards, and county assessors by providing additional notice regarding the provisions of Revenue and Taxation Code (RTC) section 65, as interpreted in *Richard N. Benson v. Marin County Assessment Appeals Board* (2013) 219 Cal.App.4th 1445 (hereafter *Benson*), clarifying the types of transfers that create "original transferor" status, and clarifying the change in ownership consequences of transfers terminating interests in joint tenancies described in RTC section 65, subdivision (b), under current law.

The adoption of the proposed amendments to Rule 462.040 is not mandated by federal law or regulations. There is no previously adopted or amended federal regulation that is identical to Rule 462.040 or the proposed amendments to Rule 462.040.

The Board did not rely on any data or any technical, theoretical, or empirical study, report, or similar document in proposing or adopting the proposed amendments to Rule 462.040 that was not identified in the initial statement of reasons, or which was otherwise not identified or made available for public review prior to the close of the public comment period.

In addition, the factual basis has not changed for the Board's initial determination that the proposed regulatory action will not have a significant adverse economic impact on business, the Board's determination that the proposed regulatory action is not a major regulation, as defined in Government Code section 11342.548 and California Code of

Regulations, title 1, section 2000, and the Board's economic impact assessment, which determined that the Board's proposed regulatory action:

- Will neither create nor eliminate jobs in the State of California;
- Nor result in the elimination of existing businesses;
- Nor create new businesses or expand businesses currently doing business in the State of California; and
- Will not affect the benefits of Rule 462.040 to the health and welfare of California residents, worker safety, or the state's environment.

The proposed amendments to Rule 462.040 may affect small business.

#### No Mandate on Local Agencies or School Districts

The Board has determined that the adoption of the proposed amendments to Rule 462.040 does not impose a mandate on local agencies or school districts.

#### Public Comments

The Board did not receive any written public comments regarding the proposed regulatory action, and no interested parties appeared at the public hearing on July 14, 2016, to comment on the proposed regulatory action.

#### Determination Regarding Alternatives

By its motion on July 14, 2016, the Board determined that no alternative to the proposed amendments to Rule 462.040 would be more effective in carrying out the purposes for which the amendments are proposed, would be as effective and less burdensome to affected private persons than the adopted amendments, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

The Board did not reject any reasonable alternative to proposed amendments to Rule 462.040 that would lessen any adverse impact the proposed regulatory action may have on small business.

No reasonable alternative has been identified and brought to the Board's attention that would lessen any adverse impact the proposed action may have on small business, be more effective in carrying out the purposes for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law than the proposed action.

#### Minor Corrections

Page 4 of the initial statement of reasons for the proposed amendments to Rule 462.040 contained a typographical error indicating that *Benson* held that the transfer of one party's interest to himself terminated the joint tenancy and constituted a change in ownership under the express terms of RTC section 61, subdivision (f), among other things; however, the initial statement of reasons should have referred to RTC section 61, subdivision (e), not subdivision (f).

Also, page 3 of the text of the proposed amendments to Rule 462.040 incorrectly illustrated the deletion of “an original transferor” from the current text of Example 10 in strikeout format, but it should have correctly illustrated the deletion of “an ‘original transferor’” from the current text of Example 10. Therefore, the Board corrected page 3 in the final text.