

[Senate Bill 1480](#) (Governance and Finance Committee)

Date: 06/08/16

Program: Property Taxes

Sponsor: California Assessors' Association (\$254.5)

Board of Equalization (\$1840)

Revenue and Taxation Code Sections 254.5 and 1840

Effective: January 1, 2017

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This analysis only addresses the provisions that impact the Board of Equalization (BOE).

Summary: Removes from statute the contents of certain exemption renewal forms and extends the deadline for local governments to file appeals with the Board of Equalization (BOE) related to taxable government-owned property ("Section 11" appeals) from July 20 to November 30.

Summary of Amendments: The amendments since the previous analysis add the provision that allows the BOE to prescribe the notice used to renew certain exemptions rather than detail the form of the notice in the law.

Purpose:

Exemption Forms. To provide flexibility that will permit electronic exemption renewal.

Appeals Deadline. To align state and locally assessed property appeal filing deadlines.

Fiscal Impact Summary: No revenue impact.

Property Leased to Government and Habitat for Humanity Exemption Renewals

Revenue and Taxation Code Section 254.5

Existing Law: Current law requires that the assessor mail an annual notice to certain welfare exemption recipients to ask if the property will continue to be used for its exempt purpose. This procedure serves to allow a simplified annual renewal process for select claimants. The law specifies the wording of the notice and requires the notice include a "postcard" for claimants to use to respond.

Proposed Law: This bill removes from statute the precise contents of the postcard and instead allows the BOE to prescribe the detail of the notice.

Background: The law allows simplified annual exemption renewal filing in four special cases:

- Welfare Exemption: Property leased to government for a governmental purpose (Section 231)
- Welfare Exemption: Habitat for Humanity property (Section 214.15)
- Religious Exemption: Church-owned property and Church-owned schools (Sections 207, 257)
- Cemetery Exemption (Section 204)

This bill addresses the welfare exemption provisions. The other two will be addressed at a later date since more comprehensive amendments are necessary.

Commentary:

1. **Effect of the bill.** This measure allows administrative flexibility and will allow the future possibility of e-filing. The California Assessors' Association (CAA) has created [eForms](#), a portal where taxpayers can access and file property tax related forms. Removing the requirement that a postcard be mailed facilitates the ability to renew electronically.

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the BOE's formal position.

2. **The BOE prescribes many claim forms together with the CAA.** It is unnecessary for the statute to detail the precise language used, which impedes improving forms. BOE and CAA staff have an annual procedure in place to update and approve forms for continual improvement.

Section 11 Appeals Filing Deadline
Revenue and Taxation Code Section 1840

Existing Law: Generally, the law¹ exempts local government-owned property from the property tax. However, the law² subjects local government-owned property to tax if the property is located outside the local government's jurisdictional boundaries and the property was taxable when acquired. Taxable government-owned properties are referred to as "Section 11" properties after the section in the Constitution that requires their taxation. This same constitutional provision³ requires the BOE to review these assessments ("Section 11" appeals) instead of the local county assessment appeals board where the property is located.

The law⁴ sets July 20 as the deadline to file Section 11 appeals. But when the assessor completes the assessment roll after July 1, the law extends the deadline until two weeks after the assessor completes and delivers the roll to the auditor. In these counties, the deadline is typically two weeks after July 31.⁵

The appeals filing deadline for Section 11 properties differs from the deadline for other locally assessed property appeals. For appeals filed with the local assessment appeals board, generally the deadline is November 30. Nine counties have an earlier deadline of September 15.

Proposed Law: This bill extends the filing deadline for Section 11 appeals from July 20 to November 30. Establishing a November 30 filing deadline makes the appeals filing deadlines generally consistent with deadlines related to other locally assessed property appeals.

The bill also deletes the language that extends the deadline by two weeks in certain instances because a November 30 deadline provides an adequate extension. Moreover, deleting this language gives applicants a date certain.

Background: The appeals procedure for Section 11 properties is unique. For other property valued by the county assessor, appeals are filed with the local assessment appeals board. Section 11 appeals are filed infrequently. In the last 20 years, five appeals have been filed, and the BOE has rendered only one decision.⁶ The remaining appeals were withdrawn after the assessor and local government reached agreement prior to the matter being set for a BOE hearing. One withdrawn appeal initially was filed erroneously with the local assessment appeals board. After some time, the parties discovered the BOE was the proper appeals body, and the appeal was transmitted to the BOE.

As a result of legislation enacted in 2001, the assessment appeals deadline for most counties changed from September 15 to November 30.⁷ At one time, all counties had a uniform appeals deadline of September 15. Now the law provides an appeals deadline of either September 15 or November 30 depending upon whether the assessor mails assessed value notices to property owners by a certain date.⁸ Currently, nine counties⁹ have a September 15 deadline. The remaining 49 counties have a November 30 deadline.

¹ Article XIII, [Section 3\(b\)](#) of the California Constitution

² Article XIII, [Section 11](#) of the California Constitution

³ Article XIII, Section 11(g)

⁴ Revenue and Taxation Code (RTC) [Section 1840](#)

⁵ RTC [Section 617](#) requires the assessor to deliver the local assessment roll to the auditor as soon as it is completed. RTC [Section 616](#) requires the assessor to complete the roll by July 1, but many county assessors request a 30-day deadline extension from the BOE as RTC [Section 155](#) allows. In 2014, the BOE granted roll completion deadline extension requests to 29 counties. In 2013, the BOE granted 28 requests.

⁶ [East Bay Municipal Utility District v. County of Calaveras](#) (2003)

⁷ [AB 645](#) (Stats. 2001, Ch. 238, Horton)

⁸ RTC [Section 1603](#)

⁹ RTC [Section 619](#). [For 2015](#), the nine counties with a September 15 deadline include: Alameda, Inyo, Kings, Placer, San Francisco, San Luis Obispo, Santa Clara, Sierra, and Ventura.

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Commentary:

1. **Effect of the bill.** This measure extends the Section 11 appeals deadline to reflect the November 30 deadline provided to other property owners in most counties. For administrative simplicity, a single deadline for all appeals filed with the BOE, regardless of the county in which the property is located, is preferable and affords local governments the maximum amount of time to file.
2. **Currently, no Section 11 appeals are pending before the BOE.** This bill proactively prevents a local government from mistakenly filing an appeal according to the county deadline when the earlier state deadline applies. Providing local governments less time to decide to proceed with an appeal than is available to other locally assessed property owners in the county lacks a rational basis. Moreover, extending the appeals deadline would not negatively impact the BOE's operations.

Costs: Related to Section 11 appeals, the BOE would incur absorbable costs to modify [Regulation 5332](#), forms, publications, and website materials. Additionally, the BOE would incur absorbable costs to modify the exemption renewal claims.

Revenue Impact: This bill has no impact on state or local revenues.