

[Assembly Bill 2450](#) (Achadjian)

Date: 04/25/16

Program: Property Tax

Sponsor: California Assessors' Association (CAA)

Revenue and Taxation Code Section 5091

Effective: January 1, 2017

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Summary: Requires a public agency to notify the county assessor when it intends to acquire taxable property.

Summary of Amendments: Since the previous analysis, the bill was amended to delete the provision requiring the BOE-prescribed change in ownership statement to include information about certain enforceable restrictions on the acquired property that could impact the assessed value established for property tax purposes.

Purpose: According to the author, to notify the assessor whenever a public agency is planning to acquire taxable property that will make it tax exempt.

Fiscal Impact Summary: No direct impact

Existing Law: Most government owned property is exempt from the property tax. The law¹ details the process for tax cancellation on newly acquired government-owned property. The law requires public entities to provide both the county assessor and county auditor with a copy of the instrument evidencing the public entity's property acquisition and request that the auditor cancel the taxes, as specified.² However, prior to the actual acquisition, the law also requires a public entity *proposing* to acquire property that will become tax exempt to notify the county tax collector once funds to acquire the property are budgeted. The notice must specify the extent of the proposed project and the estimated time to acquire all the properties needed for the project.

Proposed Law: This bill requires the public agency to provide the county assessor with the required notice of intent to acquire.

Commentary:

- 1. Effect of this bill.** Requires public agencies to provide county assessors with specified information that impact property tax assessments. The CAA states it needs this information to properly assess property by tracking the proposed government acquisition of taxable property that may lead to its eventual exemption from property taxation.
- 2. The April 25, 2016 amendments** deleted the change in ownership statement (COS)-related provision requiring assessor notification whenever a property that changes ownership is subject to certain enforceable restrictions that might impact the value the assessor sets for tax purposes. The notification concern stems from homes purchased under an affordable housing program with restrictions that allow for reduced assessment of which the assessor has no knowledge. This provision was deleted since the BOE-prescribed COS already requests information about government-imposed enforceable restrictions for low-income housing. The BOE and CAA can modify the change in ownership statement and related preliminary change in ownership report via the annual form revision and approval process. The modification authority allows expanding the existing question to include reference to non-profit -imposed restrictions.

¹ Article 5 "Cancellation of Taxes on Exempt Property ([RTC Sections 5081-5091](#)). Article 5 was added by AB 135 (Stats.1979, Ch. 31) and primarily relates to eminent domain provisions.

² RTC 5082.1

Costs: This bill does not impact the BOE.

Revenue Impact: The bill has no direct revenue impact.