

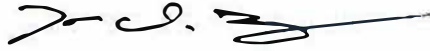
State of California
M e m o r a n d u m

Board of Equalization

To: Ms. Brenda Fleming
Executive Director

Date: April 15, 2019

From: Mr. Henry Nanjo
Chief Counsel
Legal Department



Subject: **Board Meeting, April 30, 2019**
Item G – Chief Counsel’s Rulemaking Calendar
Regulation 140, *Welfare Exemption Requirements for Low-Income Housing Properties*

We request your approval to place proposed changes to the above referenced property tax regulation (Property Tax Rule or Rule) on the Chief Counsel’s Rulemaking Calendar for the April 30, 2019, Board meeting. Property Tax Rule 140 sets forth definitions and rules guiding the construction of Revenue and Taxation Code section 214, subdivision (g).

Prior to the passage of SB 1115 (Stats. 2018, ch. 694), section 214, subdivision (g)(1)(C) of the Revenue and Taxation Code allows certain low-income rental housing and related facilities in which 90 percent or more of the occupants are low-income households whose rents do not exceed statutorily prescribed limits to qualify for exemption of up to \$10,000,000 of assessed value. SB 1115 increased this limit to \$20,000,000 of assessed value.

The proposed changes amend Rule 140, subdivision (b)(2) to make it consistent with the passage of SB 1115.

Based on the foregoing, staff will request the Board's authorization to make the change to the regulation under California Code of Regulations, title 1, section (Rule) 100, without the normal notice and public hearing process. The changes are appropriate for processing under Rule 100 because they make the regulations consistent with current law, and the changes do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

Attached is a strikeout and underlined version of the regulation illustrating the proposed revision.

If you have any questions regarding this request, please let me know or contact me at (916) 323-1094.


Recommendation by:


Henry Nanjo, Chief Counsel

Approved:


Brenda Fleming, Executive Director

BOARD APPROVED
At the 4/30/2019 Board Meeting


Henry Nanjo, Acting Chief
Board Proceedings Division

cc: Ms. Lisa Thompson MIC:120
Mr. Richard Moon MIC:121
Ms. Rose Smith MIC:80

Text of Proposed Changes to

Title 18. Public Revenue

Regulation 140. Welfare Exemption Requirements for Low-Income Housing Properties.

(a) . . . (unchanged).

(b) QUALIFIED CLAIMANTS. Claimants may qualify for the welfare exemption for low-income housing properties provided that the requirements set forth in either (1) or (2) below are met:

(1) . . . (unchanged).

(A) . . . (unchanged).

(B) . . . (unchanged).

(2) All low-income housing properties, subject to restrictions imposed by any other legal document, defined in subdivision (a)(3) above, owned by claimants listed under Revenue and Taxation Code section 214, subdivision (g)(1) as a qualifying organization, other than limited partnerships in which the managing general partner is an eligible nonprofit corporation or an eligible limited liability company, qualify for the welfare exemption but the amount of the exemption shall not exceed ~~\$20,000 in tax~~ \$20,000,000 in assessed value for a single claimant with respect to a single or multiple properties as provided in Revenue and Taxation Code section 214, subdivision (g)(1)(C).

(c) . . . (unchanged).

(d) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

Note: Authority cited: Section 15606, Government Code. Reference: Section 214, Revenue and Taxation Code.