



May 11, 2020

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Re: State Board of Equalization (SBE) Property Tax Relief Task Force
Proposals by California Alliance of Taxpayer Advocates (CATA)

Dear Chairman Vasquez and Vice Chair Schaefer:

On behalf of the California Alliance of Taxpayer Advocates (CATA), I want to thank you for your leadership in convening the Property Tax Relief Task Force to address multiple issues currently facing California's property taxpayers.

In addition, CATA also thanks you for your leadership and involvement in the Governor's extension of the May 7 filing date for business personal property statements (Form 571-L) to May 31, and also the recent action by the SBE regarding electronic signatures on such statements set forth in Letter to Assessors No. 2020/022, "Guidance on Accepting Electronically Filed Business Property Statements and Other Documents," issued by the SBE on May 4, 2020.

CATA is aware that several other issues identified by the Property Tax Relief Tax Force will be addressed by the SBE at its Meeting on Wednesday, May 13, 2020. For the convenience of the Chair and Vice Chair, the other SBE Members, and the State Controller's Office, CATA has summarized below its proposed solutions for each of the areas discussed below.

For the Proposition 8 Decline-in-Value Relief issue, CATA particularly urges the SBE to provide taxpayers with property tax relief for the current tax year. Helping taxpayers to weather COVID-19's impact will encourage taxpayers by showing that state and local governments support taxpayers' efforts to re-open their businesses, which includes being able to pay their property taxes during a period of reduced revenues. This is especially true for businesses which face the prospect of losing their properties because they are unable to pay their rent or their mortgage. Keeping businesses from failing or declaring bankruptcy will have long term benefits for California's recovery from the COVID-19 downturn.

1. Assessment Appeals Boards Relief: (A) Rev. & Tax. Code Section 1605 60-Day Filing Deadlines; and (B) Rev. & Tax. Code Section 1604(c) 2-Year Hearing Deadline

A. 60-Day Deadline for Filing Supplemental/Escape Assessment Appeals

CATA's Proposed Solutions:

- Governor exercise emergency powers to extend 60-day deadline for filing assessment appeal applications with Assessment Appeals Boards (AABs) as required by Rev. & Tax. Code section 1605.
- Ask the Legislature to amend Section 1605(b) to create "safe harbor" periods for filing assessment appeal applications with AABs during 2020 only by adding subparagraph (3) to Section 1605(b). Suggested language:

(3) Where the notice of a supplemental assessment or the notice of an escape assessment, or the tax bill relating to such supplemental assessment or escape assessment, bears a postmark between February 1 and July 1, 2020, the application shall be filed with the clerk not later than October 1, 2020. Applications filed by that date shall be deemed timely filed by the clerk.

- SBE to issue a Letter to Assessors (LTA) providing following guidance to AABs:
 - Assessment appeal applications which are late-filed pursuant to Section 1605(b)(1) and Property Tax Rule 305(d)(4), and which include an attachment explaining the reason for the late-filing was due to COVID-19, should be accepted by AABs.
 - The LTA should recommend "safe harbor" mailing dates of February 1 through July 1, 2020 for notices/tax bills, and October 1, 2020 as the date for filing timely assessment appeal applications with AABs.
 - The LTA should also recommend that AABs make "COVID-19 Extension Declaration" forms available for applicants to attach to assessment appeal applications.

B. 2-Year Deadline for Assessment Appeals Boards (AABs) to Hear Assessment Appeals

CATA's Proposed Solutions:

- Governor exercise emergency powers to extend Section 1604(c) 2-Year deadline for AABs to hear and decide assessment appeals.
- SBE to issue a Letter to Assessors (LTA) providing following guidance to AABs:
 - Instructing AABs to communicate directly with all applicants regarding the status of their applications (and not indirectly by requiring applicants to consult AABs websites, telephone AABs, etc.).
 - Instructing AABs to give priority in hearing scheduling, after the COVID-19 shutdown has concluded and AABs are again in operation, to applications that were scheduled or were to be scheduled for hearing but could not be heard due to the COVID-19 shutdown.
 - Instructing AABs not to use waivers of the 2-year statute for applications that were postponed due to the COVID-19 shutdown unless the time periods for such waivers are limited to the COVID-19 shutdown period.

2. Proposition 8 – Decline in Value Relief for January 1, 2020 Lien Date

CATA's Proposed Solutions:

- Ask the Legislature to move the “date of value” for the 2020-2021 tax year only by amending Rev. & Tax. Code section 2192 to set July 1, 2020 as the “date of value” for assessment and equalization purposes. Suggested language (amendment bolded):

Except as otherwise specifically provided, all tax liens attach annually as of 12:01 a.m. on the first day of January preceding the fiscal year for which the taxes are levied. **Notwithstanding section 401.3 or other law to the contrary, fair market value of all property shall be determined as of July 1, 2020 for purposes of the 2020-2021 tax year, except that normal or typical depreciation shall be determined effective January 1, 2020. The lien date as such shall otherwise be unchanged.**

- Ask the Legislature to change the evidentiary standard for the 2020-2021 tax year only by amending Section 2192 to allow for market value evidence existing as of nine months after the lien date (January 1, 2020) to be considered for assessment and equalization purposes. Suggested language (amendment bolded):


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Except as otherwise specifically provided, all tax liens attach annually as of 12:01 a.m. on the first day of January preceding the fiscal year for which the taxes are levied. **In assessing and equalizing all property types for the 2020-2021 tax year, assessors and assessment appeals boards shall consider any information available for up to nine months after the lien date of January 1, 2020 without being limited to comparable sales information pursuant to Section 402.5 and/or State Board of Equalization Rule 324(d) or any California judicial rulings limiting the time periods for evidence that may be considered in setting assessed values or in equalization proceedings. In addition, the requirement to time-adjust information to the lien date in Section 402.1 and State Board of Equalization Rules 4, 6 and 8 and 324 shall not be operative for purposes of assessing and equalizing property values during the 2020-2021 tax year. These provisions shall also apply to any reassessment caused by a change in ownership or completion of new construction which occurs during the 2020 calendar year.**

- SBE to work with Assessors and taxpayers to set prescribed capitalization/return rates for different categories of properties to be used for 2020-2021 assessment and equalization purposes only, and to publicize the usage of such rates through an LTA or other means.

Once again, CATA thanks the Chairman and Vice Chair, and their staffs, as well as SBE Member Cohen, SBE Member Gaines, and the State Controller's Office for the opportunity to participate in the Property Tax Relief Task Force project.

Sincerely,


Cris K. O'Neill, Chair
California Alliance of Taxpayer Advocates

cc: SBE Member Malia M. Cohen
SBE Member Ted Gaines
Yvette Stowers, Deputy State Controller
Ms. Brenda Fleming, SBE Executive Director
Mr. Henry Nanjo, SBE Chief Counsel
CATA Board Members and Officers