

**Memorandum**

\*140.0005\*

**To:** Mr. Larry Augusta  
Assistant Chief Counsel

**Date:** June 10, 1996

**From:** Eric Eisenlauer

**Subject:** Proposition 111 - Demolition as Negative New Construction

Article XIII B, Sec. 8, subdivision (e)(2) of the California Constitution defines "Change in the cost of living" to include, in the alternative, "the percentage change in the local assessment roll from the preceding year . . . due to the addition of local nonresidential new construction." (Included in Prop. 111.)

Brad Jacobs, Assessor of Orange County, inquired in a telephone conversation whether, as he believes, demolition should be treated as "negative new construction" if the demolition nets out negative. I told him that based on Revenue and Taxation Code section 75.10 (b), which defines "actual physical new construction" to include "the removal of a structure from land", I agreed with his position. I told him, however, that I would check to see if ASD had ever opined on the issue. I discovered that ASD had not so opined, but in discussing the issue with Charlie Knudsen and Don Ide of ASD, they both agreed that "new construction", for purposes of Prop. 111, should probably include negative new construction resulting from demolition as well as positive new construction. I then informed Brad Jacobs of that fact by telephone.

*Eric Eisenlauer*

EFE:sao

cc: Mr. Dick Johnson - MIC:63  
Mr. Charlie Knudsen - MIC: 64  
Mr. Don Ide - MIC: 64  
Ms. Jennifer Willis - MIC:70

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