



TATE BOARD OF EQUALIZATION

20 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)

(916) 445-4982

WILLIAM M. BENNETT
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Third District, San Diego

PAUL CARPENTER
Fourth District, Los Angeles

GRAY DAVIS
Controller, Sacramento

CINDY RAMBO
Executive Director

April 26, 1989

TO COUNTY ASSESSORS:

No. 89/39

TITLE INSURANCE AND TRUST COMPANY (TICOR) v.
COUNTY OF RIVERSIDE, (1989) 48 CAL.3rd 84
REVENUE AND TAXATION CODE SECTION 64(c)
CHANGE IN OWNERSHIP BY ACQUISITION OF CORPORATE STOCK

The California Supreme Court ruled on February 27, 1989 (Title Insurance and Trust Company v. County of Riverside, (1989) 48 Cal.3rd 84) that Revenue and Taxation Code Section 64(c) applies, so as to require reassessment, where one corporation purchases all the shares of stock of another, and the real property subject to reassessment is owned not by the corporation whose stock has been purchased but by a wholly owned subsidiary of that corporation. On April 5, 1989 the plaintiff's petition for rehearing was denied.

This decision affirms the position long held by the Board which was stated in letter to assessors 79/191 dated October 26, 1979:

"...it is our opinion that when the stock of a holding company is purchased, there shall be a reappraisal of any real property owned by the holding company and a reappraisal of any real property owned by any corporation in which the acquired holding company owns more than 50 percent of the stock."

If you have any questions on this subject, contact our Real Property Technical Services Unit at (916) 445-4982.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:wpc
AL-27-0436V



STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA
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Controller, Sacramento
CINDY RAMBO
Executive Director

December 20, 1989

Honorable Michael R. Smith
Imperial County Assessor
940 West Main Street
El Centro, CA 92243

Attention: Mr. Jose M. Rodriguez, Jr.
Assistant Assessor

Dear Mr. Smith:

Your letter of December 1, 1989 to James J. Delaney, requesting advice on the change of control of Consolidated Gold Fields PLC has been referred to this office for reply.

Based on the information provided with your letter, we understand that in 1989 all of the outstanding shares of Consolidated Gold Fields PLC, a United Kingdom public company was acquired by Hanson PLC, which was at the time of the acquisition an unrelated United Kingdom public company. After the acquisition, Hanson owned 100 percent of the stock of Consolidated Gold Fields which, in turn, owned directly or indirectly 100 percent of the stock of Gold Fields American Corporation, a Delaware Corporation, which owns 100 percent of the stock of Goldfields Mining Corporation, a Delaware Corporation, which owns 100 percent of the stock of North American Gold Resources, Inc., a Delaware Corporation, which owns 100 percent of the stock of Gold Fields Operating Co-Mesquite, also a Delaware Corporation. The latter corporation owns mining property in your county. The question presented is whether the acquisition by Hanson of all of the stock of Consolidated Gold Fields results in a change in ownership of the Imperial County mining property owned by Gold Fields Operating Co-Mesquite. We conclude that it does.

Subdivision (c) of Revenue and Taxation Code section 64 provides that when a corporation obtains control, as defined in section 25105, in any corporation through the purchase or transfer of stock, such purchase or transfer of stock shall be a change of ownership of property owned by the corporation. Similarly, subdivision (j) of Property Tax Rule 462 (18 Cal. Code of Regs. § 462) provides, in part, that when any corporation obtains direct or indirect ownership or control of more than 50 percent of the voting stock in any corporation

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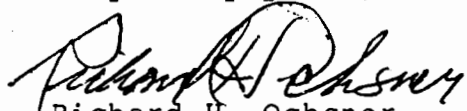
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December 20, 1989

which is not a member of the same affiliated group of corporations then all of the property owned directly or indirectly by the acquired legal entity is deemed to have undergone a change in ownership. (Subd. (j)(4)(A).) We have long held the view that these provisions mean that a change in ownership of the real property of a subsidiary corporation occurs when there is a change in control of the parent corporation. The Board's interpretation was sustained in Title Insurance and Trust Co. v. County of Riverside (1989) 48 Cal.3d 84. This case makes it clear that there was a change in ownership of the real property of Goldfields Operating Co-Mesquite when Hanson acquired control of the parent, Consolidated Gold Fields. A reading of the court's analysis in the Title Insurance and Trust Co. case makes it clear that the fact that the parent is a foreign corporation or that the property is owned by a fourth-tier subsidiary is immaterial since it is clear that Hanson has acquired indirect control of the subsidiary and its Imperial County mining property.

Our intention is to provide timely, courteous and helpful responses to inquiries such as yours. Suggestions that help us to accomplish this goal are appreciated.

Very truly yours,



Richard H. Ochsner
Assistant Chief Counsel

RHO:cb
2288D

cc: Mr. John W. Hagerty
Mr. Verne Walton



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Sincerely,

A handwritten signature in cursive script that reads "Verne Walton".

Verne Walton, Chief
Assessment Standards Division

VW:wpc
AL-27-0436V