

220.0175 **Effective Date.** A document binding the signatories thereto to dissolve a corporation on the happening of a specific future event does not result in reappraisal until the event occurs. A binding contract to perform is not performance. C 12/26/84.

(916) 324-6593

December 26, 1984

Date of Change in Ownership

Dear

This is in response to your letter of October 29, 1984 regarding the basic intention behind property tax Rule 462(n) (18 Cal. Admin. Code § 462).

After discussing this matter with Mr. Glenn Rigby, other members of the Board of Equalization legal staff and reviewing earlier correspondence relating to a similar problem, it is our opinion that this provision is applicable to the circumstances regarding the Sweetwater Feeders, Inc. dissolution.

The review of the dissolution agreement indicated that the purpose of the document was for the dissolution and liquidation of Sweetwater Feeders, Inc. upon the occurrence of the specific event. This triggering event was the death or retirement of Stewart Kern. While it is true that a binding contractual agreement was entered into on August 22, 1977, the triggering event did not occur until on or up to nine months prior to October 4, 1982. It has long been accepted that a condition precedent must be fulfilled before the effect can follow. Accordingly, the reappraisal would be mandated as of October 4, 1982 rather than the date of the signing of the agreement on August 22, 1977.

I trust the foregoing is responsive to your inquiry. If I may be of any further assistance to you in this or any other matter, please do not hesitate to contact me.

Very truly yours,

Gilbert T. Gembacz  
Tax Counsel

GTG:fr

bc: Mr. Glenn L. Rigby  
Mr. Gordon P. Adelman

Mr. Robert H. Gustafson  
Mr. Verne Walton