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August 4, 1987

Mr. Mike Wright
Chief Appraiser
Office of the Assessor
Mariposa County
P.O. Box 35
Mariposa, CA 95338

Dear Mr. Wright:

This is in response to your request of July 2, 1987, for advice regarding the transfer of a parcel in Mariposa County resulting from a Chapter 11 reorganization. Attached to your letter were various materials including a letter from American Adventure, Inc., a copy of a Uniform Commercial Code Financing Statement, an order of the United States Bankruptcy Court for the Western District of Washington, at Seattle, confirming the reorganization plan of American Adventure, Inc., and a disclosure statement describing the reorganization plan.

The information provided indicates that American Adventure, Inc., a Washington corporation (the "Company") owned and operated a membership-based camping resort system in the United States. The resorts provide campsites and various recreational amenities to members who either own a recreational vehicle or use a rental trailer. The Company operated 24 resorts in various states including California. On September 30, 1986, the Company had 851 holders of record of its common stock. Each holder was entitled to one vote per share and holders of more than 50 percent of the shares were able to elect the entire board of directors of the Company.

Because of financial difficulties, the Company was forced into Chapter 11 bankruptcy in June of 1986. Under a plan of reorganization approved by the Bankruptcy Court on February 27, 1987, all of the assets of the Company were acquired by New American Adventure, Inc. ("NAAI"), a Delaware corporation not affiliated with the Company, for cash, securities and the assumption of certain indebtedness. NAAI was formed in Delaware in October of 1986 for the sole purpose of acquiring all of the assets and continuing the business of the Company in substantially the same form as the Company operated before the bankruptcy proceedings. NAAI is a wholly owned subsidiary of

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Calmark Investment Company, a Delaware corporation. After confirmation of the plan and the acquisition of the assets, 86.1 percent of the common stock of NAAI will be owned by Calmark and 13.9 percent of the common stock will be distributed to members, existing stockholders of the Company, and certain creditors of the Company. In addition, some creditors will receive NAAI preferred stock.

In summary, it appears that the Mariposa County parcel which, presumably, was one of the Company's resorts, was sold by the Company to NAAI for cash, securities and assumption of indebtedness. Although both firms use the same name, they were unrelated prior to the transfer. Further, the owners of 100 percent of the common stock of the Company received only a minority interest in NAAI. The exact percentage is unknown but it could not exceed 13.9 percent.

Based upon the foregoing facts, we conclude that any transfer of California real property resulting from the described reorganization plan resulted in a change in ownership of the subject property. This conclusion is supported by Revenue and Taxation Code section 60 which defines "change in ownership" as a transfer of a present interest in real property, including the beneficial use thereof, the value of which is substantially equal to the value of the fee interest. The described transfer fully satisfies each element of this test. Moreover, Revenue and Taxation Code section 61, subdivision (i) specifically provides that the transfer of any interest in real property between a corporation, . . . a shareholder, partner, or any other person, constitutes a change in ownership. Thus, a transfer of real property between two unrelated corporations is expressly defined as a change in ownership. See also Property Tax Rule 462, subdivision (j)(1).

Although certain transfers of real property to a corporation may be excluded from change in ownership where the transfer results solely in a change in the method of holding title to the real property and the proportional ownership interests of the transferors and transferees remain the same after the transfer, that exclusion is not applicable here. It is clear that the ownership interests did not remain proportional since the stockholders of the Company were relegated to a minority position in NAAI.

Finally, we conclude that the fact that the transfer occurred as part of a court ordered Chapter 11 reorganization does not affect its character as a change in ownership for purposes of California property tax law. See Rule 462, subdivision (a)(2) which provides, in part, that every transfer of property qualified as a change in ownership shall be so regarded whether

Mike Wright

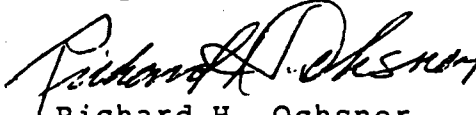
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the transfer is voluntary, involuntary, by operation of law,
etc.

As requested, we are returning the documents furnished with
your letter.

Very truly yours,



Richard H. Ochsner
Assistant Chief Counsel

RHO:cb
0629D

cc: Mr. Gordon P. Adelman
Mr. Robert H. Gustafson
Mr. Verne Walton
Mr. Don Davis

April 9, 1980



Glenn L. Rigby

Treatment of Ownership Changes in Irrevocable Intervivos Trusts

Earlier this year you raised the question regarding the treatment of ownership changes in irrevocable intervivos trusts. You believed that the transfer to an irrevocable trust should be handled in a manner similar to our treatment of life estates, that is, reappraise the property upon a transfer of a present interest. I agree.

When property is placed in an irrevocable intervivos trust, I am of the opinion it should be reappraised when the trust is terminated to the extent that real property is transferred to a person who did not have a present beneficial interest during the time the trust was in existence. This result should obtain except as regards a beneficiary who has a present beneficial interest that was appraised at the time the trust was created. In such a case, the persons beneficiary has equitable title and obtains mere legal title on the termination of the trust. This should be distinguished from a holder of a future interest since this future interest has not subject to reappraisal when the trust was created.

I think rule 462(h) (2)(D) says this but perhaps it needs some clarification. We will attempt to make this distinction when we republish Rule 462.

GLR:ljt