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April 7, 1980

BURTON W. OLIVER
Executive Director

Dear :

This is in reply to your request for our opinion on whether the transfer of a limited partner's interest is a change in ownership as defined under Section 60 et seq. of the Revenue and Taxation Code and under Property Tax Rule 462.

As you may know, we have ruled that in a general partnership when there is addition or deletion of a partner, unless there is a clause in the partnership agreement providing for continuation of the partnership, there is a dissolution of the old partnership and a creation of a new entity under Section 15031 of the Corporation Code. The dissolution of one entity and emergence of a new entity causes a change in ownership.

In reviewing the uniform partnership act there does not appear to be a comparable section providing for dissolution upon the addition or deletion of a limited partner. Under Section 15519 a limited partner's interest is assignable without affecting the status of the partnership. The only time there would be a possible change in ownership for a limited partnership is upon change of a general partner within the limited partnership under Sections 15520 and 15520.5.

It is our opinion that upon the transfer of a limited partner's interest there will be no change in ownership, whether that transfer is intervivos or by death, whether consideration is paid or not, and whether or not the new limited partner becomes a substituted partner.

Very truly yours,

Robert D. Milam
Tax Counsel

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