



## STATE BOARD OF EQUALIZATION

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Executive Director

July 24, 2014

**Re: *Lot Line Adjustment***  
***Assignment No.: 14-098***

Dear Mr.       :

This is in response to your request for a legal opinion regarding whether your clients' proposed lot line adjustment will result in an increase or decrease of their property tax base. As explained below, it is our opinion that because the lot line adjustment will not result in a change in ownership of any property, the property tax base will be unaffected.

### **Factual Background**

Your clients, a married couple, recently purchased a lot adjacent to their residence in Lafayette, California. The residential property has a low base year value, and the new lot has a high base year value. Your clients wish to enter into a lot line adjustment so that the residential property and the new lot are one property.

### **Law and Analysis**

In California, property may only be reassessed upon a change in ownership or upon the completion of new construction. (Cal. Const., art. XIII A, § 2, subd. (a), Rev. & Tax. Code, § 110.1.) When a change in ownership of real property occurs after the 1975 lien date, the "full cash value" or "fair market value" is the appraised value of the property at the time of the change in ownership. (Cal. Const., art. XIII A, § 2, subd. (a); Rev. & Tax. Code, § 110.1, subd. (a).) This establishes a property's "base year value." (Rev. & Tax. Code, § 110.1, subd. (b).)

Revenue and Taxation Code<sup>1</sup> section 60 defines a 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." Section 65.1, subdivision (a), provides that when an interest in a portion of real property changes ownership, only the interest or portion transferred is to be reappraised. Thus, if a partial change in ownership occurs, only that portion that changes ownership is given a new base year value based upon its full cash value on the change in ownership date, and the remaining portion of the property that did not change ownership retains its existing adjusted base year value. (See Assessors' Handbook Section 401, *Change in Ownership* (September 2010), p. 2.)

<sup>1</sup> All further statutory references are to the California Revenue and Taxation Code, unless otherwise specified.

Here, your clients currently own both the residential property and the new lot, which you indicate have their own separate base year values. A lot line adjustment affecting only these two parcels would not result in a transfer of a present interest or beneficial use of either lot. As such, the lot line adjustment would not result in a change in ownership, and each part of the property would maintain its current and separate base year value.

The views expressed in this letter are only advisory in nature; they represent the analysis of the legal staff of the Board based on present law and the facts set forth herein, and are not binding on any person or public entity.

Sincerely,

/s/ Leslie Ang

Leslie Ang  
Tax Counsel

LA:yg

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cc: Honorable  
County Assessor

|                 |        |
|-----------------|--------|
| Mr. David Gau   | MIC:63 |
| Mr. Dean Kinnee | MIC:64 |
| Mr. Todd Gilman | MIC:70 |