

**Memorandum**

To : Mr. Charles Knudsen, MIC:64

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Date: June 29, 1995

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Division of Assessment Standard
SACRAMENTO

From : Ken McManigal

Subject: Revenue and Taxation Code Section 155.20
Low Valued Property Exemption
June 13, 1989, Memorandum to Verne Walton

This is in response to your June 6, 1995, memorandum concerning the above and a request to review the conclusion in the 1989 memorandum that "all real property", as used in Section 155.20, means all such property rather than some such property and not other.

Per your memorandum:


Many counties have adopted low-valued exemption resolutions that specifically target certain kinds of property, e.g., all personal property, all business property, small possessory interests, and boats. We have been recommending in our assessment practices surveys that such resolutions should be broadened to include all real and personal property below \$2,000 in value. We have made this recommendation largely on the strength of the 1989 memorandum.

Some ASD staff argue that because the cost of collecting taxes varies with class of property (for instance, low-valued business property must still be processed on an annual statement, whereas small possessory interests are simply indexed for inflation), the assessor can selectively establish the exemption. Others say that the original construction (based strictly on statutory language) should stand.

Review of the 1989 memorandum and subsequent events discloses nothing that would cause us to change the conclusion in the memorandum that "all real property", as used in Section 155.20, means all such property. The second paragraph of Section 155.20 was amended in 1991 by Stats. 1991, Ch. 441, in effect

January 1, 1992, to permit mobilehome accessories having a value of more than \$2,000 to also be exempted under certain circumstances, but the all-inclusive language in the first paragraph was not affected. And Article XIII, Section 7 of the Constitution, which authorizes the Legislature to permit county boards of supervisors to exempt real property having low full value has remained unchanged, as have *Stewart Title Co. v. Herbert* (1970) 6 Cal.App.3d 957, which held that "all" is all-inclusive, and *City of Ukiah v. Board of Trustees* (1961) 195 Cal.App.2d 344, which held that "all" means "the whole of."

The idea that the assessor should be able to selectively establish the exemption appears to be result-oriented, not based upon the language of Section 155.20. It would seem that Section 155.20 would have to be amended to obtain that result, but proposed amendments to the section in this regard and an amended Section 155.20 that would permit selective establishment of the exemption could well be subject to challenge as being discriminatory.


JKM:jd

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