



STATE BOARD OF EQUALIZATION

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TO COUNTY ASSESSORS:

No. 88/42

NEW LEGISLATION AFFECTING ENFORCEABLY RESTRICTED
OPEN-SPACE LAND

Recent legislation has modified some existing property tax laws governing certain procedures for assessing enforceably restricted open-space land. Following is a summary of these legislative changes.

Assembly Bill 509 - Chapter 144 of the Statutes of 1987

Previously, Revenue and Taxation Code Section 423 provided for a two-part value comparison and the enrollment of the lesser of either: (1) the restricted value or (2) the factored base-year value. This bill provides for a three-part value comparison and requires that the assessor enroll the lesser of: (1) the restricted value, (2) the factored base-year value, or (3) the current market value (as determined annually by the assessor).

This amendment of Section 423 of the Revenue and Taxation Code affects enforceably restricted open-space lands being valued for the 1988 lien date (March 1, 1988). It also affects Section 423.3 of the Revenue and Taxation Code which states in pertinent part:

"(a) Land specified in subdivision (a) or (b) of Section 16142 of the Government Code shall be assessed at the value determined as provided in Section 423, but not to exceed a uniformly applied percentage of its base year value pursuant to Section 110.1, adjusted to reflect the percentage change in the cost of living not to exceed 2 percent per year. In no event shall that percentage be less than 70 percent."
(Emphasis added.)

It also affects the language in Assessors' Handbook Section 521A which will have to be revised.

Senate Bill 642 - Chapter 1308 of the Statutes of 1987

Chapter 1308 was chaptered after and prevails over or "chapters out" Chapter 1305 (Senate Bill 338).

Previous law provided that for the purposes of calculating the cancellation fee for land under a Williamson Act contract the taxable value to be used

for this procedure was the property's full cash value as though free of the contractual restriction. Chapter 1308 provides that the cancellation value of land that is under a Williamson Act contract is the property's current fair market value as though it were free of contractual restrictions (at the time of cancellation) and that the assessor use this value when calculating the cancellation fee.

Chapter 1308 amends Section 51283 of the Government Code and is effective January 1, 1988. In addition, the definition of "taxable value" as found in the third paragraph on page 80, in Chapter IX, Cancellation Procedures, of Assessors' Handbook Section 521A will have to be revised to read "current fair market value."

Senate Bill 1506 - Chapter 607 of the Statutes of 1986

Chapter 607 repeals Section 51283.1 of the Government Code and deletes the requirement for the payment of additional deferred taxes as discussed on pages 81 and 82 of Assessors' Handbook Section 521A. This change also deletes the requirement that the assessor make the appropriate calculations for such a tax as discussed on pages 83 through 86 of the handbook. Now, only the cancellation fee must be calculated (see letter to assessors 87/56, question number 5).

Again, a revision of Assessors' Handbook Section 521A is necessary and will be made as soon as possible.

Assembly Bill 714 - Chapter 232 of the Statutes of 1987

Chapter 232 amends Section 51230.1 of the Government Code by imposing additional restrictions on the transfer between immediate family members of land that is subject to an open-space contract. It appears that this bill has no property tax implications.

Enclosed is a copy of these legislative bills for your information. Please call our Real Property Technical Services Unit at (916) 445-4982 if you have any questions regarding these items.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

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Enclosures