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January 12, 2000

No. 2000/004

TO COUNTY ASSESSORS:

SUMMARY OF 1999 PROPERTY TAXES LEGISLATION

This is a summary of 1999 legislation affecting property taxes. All bills will become effective January 1, 2000, unless other specified.

For additional information, enclosed is a copy of staff's Legislative Bulletin on 1999 Property Tax Legislation. Bills may be viewed from the Legislative Counsel's Web site at <http://www.leginfo.ca.gov> or copies of bills may be obtained from the Senate Bill Room, telephone (916) 445-2323.

AB 704 (Honda), Chapter 334

Amends sections 441 and 463 of the Revenue and Taxation Code.

Property Statement Filing Deadlines. Provides that the business property statement shall be filed between January 1 and April 1. The last day to file the statement without a penalty will be May 7. The due date and final date to file without a penalty will be uniform for all counties. In addition, a property owner who filed a statement before May 7 has until May 31 to amend the statement for errors or omissions that were not the result of willful intent to erroneously report.

AB 1291 (Corbett), Chapter 504

Amends section 74.5 of the Revenue and Taxation Code.

New Construction Exclusion—Seismic Improvements. Makes the new construction exclusion for seismic improvements, scheduled to sunset on July 1, 2000, available indefinitely. In addition, provides that "seismic retrofitting" includes items referenced in Appendix Chapters 5 and 6 of the Uniform Code for Building Conservation of the International Conference of Building Officials. *See Letter to Assessors No. 99/60.*

AB 1428 (Kaloogian), Chapter 75

Amends section 11925 of the Revenue and Taxation Code.

Documentary Transfer Tax. Applies partnership exemption to entities treated as partnerships for federal income tax purposes. Also precludes imposition of tax to transfers between an individual(s) and a legal entity or between entities that results solely in a change in the method of holding title and in which proportional ownership interests remain the same immediately after the transfer.

AB 1505 (Ducheny), Chapter 967

Amends sections 51238, 51238.5, 65580, 65583 and 65950 of, and adds section 51230.2 to the Government Code.

Williamson Act—Compatible Uses. Specifies that agricultural laborer housing is a compatible use within an agricultural preserve.

AB 1559 (Wiggins), Chapter 927

Amends sections 214, 254.5 of, and adds section 214.15 to the Revenue and Taxation Code.

Welfare Exemption—Low-Income Housing. Deletes the provision that allows rental housing to qualify on the sole basis that 20% or more of the occupants are lower-income households. Thus, rental housing must either (1) be financed with tax-exempt bonds or government-provided loans or grants, or (2) the owner must receive low-income housing income tax credits. In addition, requires that to receive the exemption for low-income housing, there must be a recorded deed restriction or an enforceable agreement with a public agency that restricts the project's use.

Welfare Exemption—Annual Refiling. Permits property owned by a non-profit corporation (e.g., Habitat for Humanity) that builds or rehabilitates homes for sale at cost with a zero interest loan to return a post card rather than file an annual application to continue the exemption.

Welfare Exemption—Vacant Land. Extends the exemption to vacant land owned by Habitat for Humanity and similar organizations by providing that land for future construction of low-income housing is a charitable use of the property. *See Letter to Assessors No. 99/58.*

Effective October 10, 1999

AB 1694 (Committee on Revenue and Taxation), Chapter 200

Amends section 74 of the Revenue and Taxation Code

New Construction Exclusion—Fire Detection Systems. Clarifies, for purposes of a new construction exclusion, that a fire detection system is not to be classified as personal property. *See Letter to Assessors No. 99/45.*

Effective July 28, 1999

SB 42 (Johnson), Chapter 603

Amends section 62.2 of the Revenue and Taxation Code

Change in Ownership Exclusion—Mobilehome Parks. With respect to the exclusion from change in ownership for transfers to tenant ownership groups, extends the existing 36-month limit to escrows opened within that period and closing within 6 months following the end of that period.

Effective October 10, 1999

SB 649 (Costa), Chapter 1019

Amends section 51296 of the Government Code

Farmland Security Zones. Provides for cancellation, nullification, or rescission of agricultural preserve contracts to place the land under a farmland security zone contract. Also imposes additional requirements for the cancellation of farmland security zone contracts.

SB 933 (Poochigian), Chapter 352

Amends section 70 of the Revenue and Taxation Code

New Construction Exclusion—Underground Storage Tanks. Provides a new construction exclusion for underground storage tanks that are improved, upgraded, or replaced to comply with federal, state, and local regulations. In addition, provides that structures required to be reconstructed as a result of tank work are to be categorized as “normal maintenance or repair.” *See Letter to Assessors No. 99/62.*

Effective September 7, 1999.

SB 943 (Dunn), Chapter 274

Amends section 5108 of the Revenue and Taxation Code

Property Tax “Rebate” Program for Economic Revitalization Manufacturing Property. Extends, until 2003, the personal property tax rebate provisions previously scheduled to sunset January 1, 2000. In addition, requires the Legislative Analyst to prepare on or before January 1, 2002, a report evaluating the effectiveness of the program. *See Letter to Assessors No. 99/61.*

SB 1014 (Poochigian), Chapter 291

Amends section 211 of the Revenue and Taxation Code

Disaster Relief—Newly Planted Trees and Vines. Restarts the exemption period for newly planted fruit and nut trees that, during their initial exemption period, were so severely damaged by the December 1998 freeze that they required pruning to the trunk or bud union. *See Letter to Assessors No. 99/52.*

Effective September 1, 1999.

SB 1231 (Senate Revenue and Taxation Committee), Chapter 941

Amends section 25205.9 of the Health and Safety Code; amends section 42886 of, and adds section 42886.1 to the Public Resources Code; and amends sections 63.1, 66, 75.51, 402.9, 531.2, 531.8, 602, 1622.6, 1624, 1624.05, 2512, 2610.5, 2613, 2910.1, 3437, 3692, 4222.5, 4837.5, 4985, 8877, 30103.5, 30188, 30436, 38631, 43010.1, 43011.1 and 50159 of, adds sections 69.4, 168.5, 237,1612.5, 1612.7, 1624.3, 1636.2 and 1636.5, and repeals section 3440 of the Revenue and Taxation Code.

Section 515 Housing. Clarifies that interest rate subsidy payments on federal “Section 515” multifamily housing projects are not to be included in the income stream when using the income approach to value.

Parent-Child Transfers. For purposes of existing filing requirements, provides that a “transfer to a third party” does not include transfers of property to a parent or child of the transferor.

Transfer of Base Year Value—Environmental Contamination. Provides statutory language to implement Proposition 1, which provides for transfers of base year value to replacement property acquired on or after January 1, 1995, to replace real property rendered inhabitable or unusable as the result of environmental problems.

Indian Low-Income Housing. Creates an exemption for low-income housing owned and operated by a housing entity of a federally-designated Indian tribe.

Assessment Appeals Boards. Establishes various conflict of interest provisions and safeguards with respect to persons associated with assessment appeals boards. Does the following with respect to (1) employees of the office of the clerk of the county board of equalization or county assessment appeals board; (2) assessment appeals board members; (3) alternate assessment appeals board members; and (4) assessment hearing officers:

- Requires those persons to immediately notify the clerk of the assessment appeals board when they file an appeal application on their own behalf or decide to represent a spouse, parent, or child in an assessment appeal.
- Requires that the presiding judge of the superior court appoint an assessment appeals panel of three “special alternate assessment appeals board members” when those persons represent their spouse, parent, or child in an assessment appeal.
- Prohibits those persons from representing an assessment appeal applicant for compensation.
- Deletes the requirement that “special alternate assessment appeals board members” must reside in the county where the appeal is filed.

E-Mail Addresses. Provides that the assessor shall not be required to maintain electronic mail addresses.

Tax Collectors Omnibus Measure. In part,

- Authorizes tax collectors to electronically transmit property tax bills, rather than mailing.
- Allows county tax collectors to accept payments made through independent delivery services designated as acceptable to the Internal Revenue Service or approved by the tax collector.

- Restructures the section of law allowing fees and penalties to be canceled if they occurred due to an error by the assessor, auditor, or tax collector, or because any of those officers was unable to complete various procedures initiated prior to the tax delinquency date.
- Allows the tax collector to reinstate an installment plan if payment is not timely made due to circumstances not the fault of the assessee.
- Extends disaster relief for defaulted installment plans, granting tax collectors flexibility to defer payment for one year to all disasters, rather than just to the Governor-declared 1987 fire disaster.
- Provides that the interest on payments of escape assessments shall be applied to the outstanding balance on the first day of the month and the monthly interest rate of 0.75% shall be applied on a monthly basis.
- Provides that all taxes on the secured roll shall be paid at the tax collector's office unless the board of supervisors, upon recommendation of the tax collector, orders that taxes be collected in any other location within the county.

SB 1234 (Schiff), Chapter 942

Amends sections 1624, 1624.01, 1624.02 and 1624.05 of the Revenue and Taxation Code

Assessment Appeals Boards—Mandatory Training. Requires newly selected or appointed assessment appeals board members to complete an introductory training course conducted by either the State Board of Equalization or the county. The curriculum provided by the State Board of Equalization shall be developed in consultation with county boards of supervisors, administrators of assessment appeals boards, assessors, and local taxpayer representatives. The curriculum for the training conducted by a county must undergo a similar consultation process with interested parties and be approved by the Board. Failure to receive introductory training within one year after appointment is deemed a resignation of the position.

Assessment Appeals Board Member—Eligibility Requirements. Reduces the population threshold for a county, from 1,000,000 to 200,000, where persons who do not otherwise meet the minimum qualifications for assessment appeals board membership may be appointed by the recommendation of a board of supervisors member. Grandfathers in existing members who do not meet qualification requirements.

If you have questions regarding any of these items of legislation, please contact our Technical Services Unit at (916) 445-4982.

Sincerely,

/s/ Richard C. Johnson

Richard C. Johnson
Deputy Director
Property Taxes Department

RCJ/grs
Enclosure