



STATE BOARD OF EQUALIZATION
PROPERTY AND SPECIAL TAXES DEPARTMENT
450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064
916 445-4982 FAX 916 323-8765
www.boe.ca.gov

CAROLE MIGDEN
First District, San Francisco

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JOHN CHIANG
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TIMOTHY W. BOYER
Interim Executive Director

No. 2003/078

December 15, 2003

TO COUNTY ASSESSORS:

SUMMARY OF 2003 PROPERTY TAXES LEGISLATION

This is a summary of 2003 legislation affecting property taxes. All bills will become effective January 1, 2004, unless otherwise specified.

AB 322 (Parra), Chapter 278 – Effective September 4, 2003

Amends sections 205.5 and 279 of the Revenue and Taxation Code.

Disabled Veterans' Exemption. Provides that a disabled veteran receiving the disabled veterans' property tax exemption will continue to receive the exemption after the veteran no longer resides in the home because he or she has been confined to a care facility or hospital, provided that the property is not rented or leased to a third party (i.e., a non-family member).

AB 1492 (Laird), Chapter 694

Amends section 51257 of, and adds section 51250 to, the Government Code.

Williamson Act Properties—Lot Line Adjustments. Extends the sunset date from January 1, 2004, to January 1, 2009, for parties to mutually agree to rescind a Williamson Act land conservation contract and simultaneously enter into a new contract in order to facilitate a lot line adjustment.

Williamson Act Properties—Material Breach of Contract. Creates a new procedure within the Williamson Act that identifies breaches of contract and provides a method for removing land from the restrictions of a contract that is an alternative remedy to canceling the contract. If a city or county terminates a Williamson Act contract because of a material breach, the monetary penalty is 25 percent of the unrestricted fair market value of the land, plus 25 percent of the value of the incompatible building and any related improvements. The fair market value is to be determined by an independent appraisal.

AB 1744 (Assembly Revenue and Taxation Committee), Chapter 316

Amends sections 75.21, 271, 441, 442, and 60501 of the Revenue and Taxation Code.

Exemption Claims—New Property Acquisitions. Provides that the exemption claim must be filed “within 90 days from the first day of the month following the month in which the property was acquired or by February 15 of the following calendar year, whichever occurs earlier.” In addition, it provides that, for new acquisitions of property in certain instances, a separate exemption claim for the supplemental roll is not required. Instead, the claim filed for the regular roll will also apply to the supplemental roll.

Property Statement—New Construction. Requires an owner-builder or owner-developer of new construction that will be sold to or used by a third party to provide the assessor with information and records within 45 days of a written request by the assessor. It specifies that information and records requested include the total consideration provided by the purchaser or on behalf of the purchaser that was paid or provided either as part of or outside of the purchase agreement, including, but not limited to, consideration paid or provided for the purchase or acquisition of upgrades, additions, or any other additional or supplemental work performed or arranged for by the owner-builder or owner-developer on behalf of the purchaser.

Property Statement—Conditional Sales Agreement. Clarifies that the lessor of property that is leased under a conditional sales agreement is required to list that leased property on the lessor’s property statement.

SB 1049 (Budget and Fiscal Review Committee), Chapter 741

Among others, adds Article 3.5 (commencing with Section 4138) to Chapter 1 of Part 2 of Division 4 of, the Public Resources Code.

Assessors’ Records. Gives the State Board of Forestry and Fire Protection access to assessor’s records for the purpose of imposing a benefit assessment for fire protection on parcels within the state responsibility areas.

SB 1059 (Revenue and Taxation Committee), Chapter 604

Amends section 6105 of the Commercial Code, and amends sections 72, 220.5, 531.8, 533, and 1610.8 of, and adds sections 256.6, 256.7, and 276.5 to, the Revenue and Taxation Code.

Bulk Sale Property Statement. Changes timeframe from between March 1 and the last Friday in May to between January 1 and May 7 when a notice of bulk sale must include a completed business property statement to conform with changes in the lien date and the business property statement filing periods.

Maps. Authorizes board of supervisors to pass an ordinance requiring a local agency that approves a set of tentative maps to provide a copy of these maps to the assessor as soon as possible after the maps are filed.

Aircraft of Historical Significance Exemption.

- Requires persons claiming the exemption to attach a certificate of attendance from the coordinator of the event at which the aircraft was displayed.
- Allows a partial exemption of 80 percent for claims filed after February 15 but on or before August 1.

Nonprofit Cemetery Exemption.

- Simplifies the process for filing for the exemption by requiring the cemetery operator to file an annual postcard to renew the exemption rather than refile the full claim each year.
- Provides that no affidavit is required and taxes be cancelled for any cemetery in the unincorporated area of county for which the assessor is unable to identify the legal cemetery authority if both of the following apply:
 - (1) the cemetery was used prior to 1900, and
 - (2) the cemetery is no longer used for current or future interments.

Escape Assessment.

- Deletes the requirement that a specific employee's name be listed as contact person on the Notice of Proposed Escape Assessment.
- Allows roll notation to be made on either a physical document or an electronic copy.

Assessment Appeals Board. Clarifies the authority to cancel improper assessments, rather than canceling assessments of any property not subject to taxation. (See SB 1063, Chapter 199 of the Statutes of 2003, below.)

SB 1062 (Revenue and Taxation Committee), Chapter 471

Amends sections 51203 and 51283 of the Government Code, and amends sections 69.4, 75.11, 75.31, 155, 194, 213.7, 214, 214.01, 214.8, 218, 231, 254.5, 259.5, 259.7, 272, 423, 439.2, 532, 534, 1609.5, 1841, 6066.3, 6066.4, and 11006 of, adds sections 74.7 and 254.6 to, and repeals sections 75.30, 401.9, 5098, and 5098.5 of, the Revenue and Taxation Code.

Open Space Cancellation Value. Updates the cross reference to Revenue and Taxation Code section 1605 and requires assessor to notify property owners of cancellation value and their right to appeal that value within 60 days of the date of the notice or postmark date, whichever is later.

Contaminated Property New Construction Exclusion. Moves the new construction exclusion from section 69.4 in the change in ownership statutes to newly-created section 74.7 in the new construction statutes and provides administrative definitions and provisions similar to other new construction exclusions.

Notice of Pending Supplemental Assessment. Repeals the requirement that the assessor place a notice of pending supplemental assessment on the roll being prepared.

Supplemental and Escape Assessment Notices. Changes these forms to "Board-approved" rather than "Board-prescribed."

Disaster Relief Tax Deferral. Increases the minimum amount of damage to \$10,000 for property tax deferral (section 194) to be consistent with the \$10,000 level for disaster relief under section 170.

Welfare Exemption. Streamlines administration of the exemption by eliminating duplicative review functions, so the Board will determine whether an *organization* is eligible for the exemption and the county assessors will determine whether the *use of the property* is eligible for the exemption. For details and new forms, see Letter To Assessors No. 2003/070.

- **Organization.** A nonprofit organization will submit the necessary documents (articles of incorporation, tax letters, financial statements) one time with the Board rather than in duplicate in each county that the claimant has property. If the Board determines that an organization is qualified, the organization will receive an organizational clearance certificate that the claimant will file with the assessor in any of the 58 counties.
- **Property Use.** The county assessor will determine whether a qualifying organization's property is eligible for the exemption based on the property's use. Claimants will continue to file annual claims with the county assessor in order for the assessor to determine whether the property owned or operated by a qualifying organization is actually used for exempt purposes on the lien date. However, Board staff will no longer be required to review claims and forward findings to assessors. Rather than claimants filing in duplicate, the claimant will only file one copy for the assessor to review. The assessor cannot grant an exemption unless the organization holds a valid organizational clearance certificate issued by the Board.

Homeowners' Exemption. Changes cross-reference from section 61(h) to section 61(i).

Enforceably Restricted Contracts. Deletes obsolete section relating to California Land Conservation Act and Timberland Production Zone contracts recorded between January 1, 1997, and February 28, 1997, and included on January 1, 1997, property tax roll.

Open Space and Historical Property Interest Component. Changes the date from September 1 to October 1 by which the Board is required to announce these interest rate components.

1978-79 Unsecured Roll Refund. Repeals obsolete sections 5098 and 5098.5.

SB 1063 (Revenue and Taxation Committee), Chapter 199

Amends sections 1610.8, 1614, 3371, 3692, 3698.5, 3698.7, 4112, 4675, and 5104 of, adds sections 3794.3 and 4672.3 to, and repeals sections 1612 and 1613 of, the Revenue and Taxation Code.

Assessment Appeals Administration.

- Clarifies the authority to equalize by:
 - assessing any taxable property that has escaped assessment;
 - correcting the amount, number, quantity, or description of property on the local roll; and
 - canceling assessments of any property not subject to taxation (clarified as improper assessments by SB 1059, Chapter 604).
- Consolidates provisions requiring the clerk to prepare a monthly statement of changes to the roll.
- Repeals the requirement that the clerk notify interested parties of possible escape assessments and changes to the assessed value.

CONCLUSION

Bills may be viewed from the Legislative Counsel's Web site (www.leginfo.ca.gov/bilinfo.html). Additional information based on the Board's bill analyses is contained in the *Legislative Bulletin*. This publication and the Board's bill analyses are posted to the Board's Web site at <https://www.boe.ca.gov/legislative-research-and-stats/legislation.htm#Overview>. The *Legislative Bulletin* will be mailed separately to county assessors. If you do not receive a copy, please contact our Legislative Division at (916) 445-5742.

If you have any questions regarding the application of these measures, please contact the Assessment Policy and Standards Division at (916) 445-4982.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

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