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PROPERTY AND SPECIAL TAXES DEPARTMENT
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December 9, 2005

No. 2005/074

TO COUNTY ASSESSORS:

SUMMARY OF 2005 PROPERTY TAXES LEGISLATION

This is a summary of 2005 legislation affecting property taxes. All bills will become effective January 1, 2006, unless otherwise specified.

AB 12 (DeVore), Chapter 422

Noncodified.

Nonprobate Transfers. Requires the California Law Revision Commission to study the effect of nonprobate transfer provisions and the statutes of other states that use beneficiary deeds as a means of conveying real property. One aspect that the study is to address is the tax implications of a beneficiary deed for the transferor and the transferee, including whether the property would be reassessed. The commission is to report its findings to the Legislature on or before January 1, 2007.

AB 14 (Harman), Chapter 281

Amends sections 2188.7 and 2823 of, and adds section 327.5 to, the Revenue and Taxation Code.

Subdivisions. Prohibits the assessor from (1) assigning a parcel number or (2) preparing a separate assessment or separate valuation to divide any existing residential structure into a subdivision until a subdivision final map or parcel map has been recorded.

AB 18 (La Malfa), Chapter 624, Effective October 6, 2005

Amends sections 218, 17207, and 24347.5 of, and adds sections 195.95, 195.96, and 195.97 to, the Revenue and Taxation Code.

Homeowners' Exemption—Disaster Relief. Provides that a home damaged or destroyed by the Shasta County wildfires in August 2004 should not be denied the homeowners' exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner. Similarly, double-joining language added by AB 164 and SB 457 provides that homes damaged or destroyed by the severe rainstorms, floods, and related mudslides in Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura Counties in December 2004, January 2005, February 2005, March 2005, or June 2005 should not be denied the exemption.

AB 164 (Nava), Chapter 623, Effective October 6, 2005

Amends section 8686 of the Government Code and sections 218, 17207, and 24347.5 of, and adds sections 195.92, 195.93, and 195.94 to, the Revenue and Taxation Code.

Homeowners' Exemption—Disaster Relief. Provides that a home damaged or destroyed by severe rainstorms, floods, mudslides, or accumulation of debris in Kern, Los Angeles, Santa Barbara, and Ventura Counties in December 2004 through March 2005 should not be denied the homeowners' exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner. See AB 18 for double-joining language.

AB 365 (Salinas), Chapter 605

Amends sections 23 and 24 of, and adds sections 23.6 and 33 to, the Food and Agriculture Code, and amends section 51201 of the Government Code.

Williamson Act. Revises the definition of "agricultural use" to include greenhouses, defined as structures covered with transparent or translucent materials for the purpose of admitting natural light and controlling the atmosphere for growing plants, including floricultural, ornamental, or other nursery and agricultural products.

AB 459 (Oropeza), Chapter 392

Amends section 11010 of the Business and Professions Code, and adds section 1102.6c to the Civil Code.

Disclosure of Supplemental Assessment. Requires a seller of residential property or the seller's agent to provide a prospective purchaser a disclosure notice that states (1) assessors are required to reassess property upon a change in ownership, (2) the buyer may receive one or two supplemental tax bills depending on when the loan closes, (3) supplemental tax bills are not mailed to or paid by a lender through an impound account, (4) it is the buyer's responsibility to pay the supplemental assessment directly to the county tax collector.

AB 818 (Leslie), Chapter 189

Amends section 99 of the Revenue and Taxation Code.

Annexation. Extends the sunset date to January 1, 2010, for property tax sharing agreements for a city to annex unincorporated land. Section 99 requires assessors to notify county auditors of jurisdictional changes.

AB 964 (J. Horton), Chapter 699, Effective October 7, 2005

Adds section 401.17 to, amends section 441 of, and repeals section 1153.5 of, the Revenue and Taxation Code.

Commercial Aircraft. For 2005-06 through 2010-11 fiscal years:

- Establishes an assessment methodology for determining the market value of certificated aircraft owned by commercial air carriers. §401.17

- Establishes a centralized system for commercial air carriers to file annual property statements with a designated "lead" county for its certificated aircraft as well as other personal property and real property fixtures located at all airports. §441
- Establishes a coordinated multi-county audit team to perform mandatory audits of commercial air carriers. §1153.5

AB 1099 (Leno), Chapter 193, Effective September 6, 2005

Amends section 73 of the Revenue and Taxation Code.

Solar Energy New Construction Exclusion. Extends sunset date to January 1, 2010.

AB 1595 (Evans), Chapter 343

Amends Section 6254.21 of the Government Code.

Public Officials—Personal Information. Prohibits a person, business, or association from publicly posting or displaying on the Internet the home address or telephone number of any elected or appointed official if that official has made a written demand (effective for four years regardless of term of office) of that person, business or association not to disclose the official's home address or phone number or from soliciting, selling, or trading the home address or telephone number with the intent to cause bodily harm. Adds to the list of public officials: Administrative law judges, federal judges, federal defenders, members of US Congress, and appointees of the President.

AB 1765 (Revenue and Taxation Committee), Chapter 519, Effective October 4, 2005

Among others, repeals sections 38203.5 and 38907 of the Revenue and Taxation Code.

Timber Yield Tax. Deletes obsolete provisions relating to the adjustment of yield tax rates for 1979, 1980, and 1981.

SB 49 (Machado), Chapter 245, Effective September 22, 2005

Amends sections 51203, 51283, 51283.4, and 51283.5 of the Government Code.

Williamson Act Cancellation Procedures. With respect to an assessor's determination of a property's current fair market value for purposes of calculating a Williamson Act cancellation fee, requires an assessor to re-evaluate the initial valuation upon receiving a request from either the Department of Conservation or the property owner if the assessor determines that the additional information submitted has a material effect on the valuation of the property. At the conclusion of the review, the assessor will either revise the cancellation value or determine that the original cancellation value is correct. The assessor is to send notice and a brief narrative of the decision to the Department of Conservation, the landowner, and the board or council considering the petition to cancel the contract. If the assessor denies a formal review, the assessor must provide a brief narrative indicating the basis for denial, if requested.

SB 457 (Kehoe), Chapter 622, Effective October 6, 2005

Among others, amends section 218 of the Revenue and Taxation Code.

Homeowners' Exemption—Disaster Relief. Provides that a home damaged or destroyed by severe rainstorms in Orange, Riverside, San Bernardino, and San Diego Counties in December 2004, January 2005, February 2005, March 2005, or June 2005 should not be denied the exemption solely on the basis that the dwelling was temporarily damaged or destroyed, was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads. See AB 18 for double joining language.

SB 555 (Machado), Chapter 264

Amends sections 63.1, 69.5, 75.12, 408.2, 469, 534, 755, 756, 3693.1, 3706.1, 11316, 11336, 18633.5 and 20583 of, adds sections 75.23 and 1641.5 to, and repeals sections 24348.5 of the Revenue and Taxation Code.

Grandparent-Grandchild Exclusion. Provides, for purposes of the grandparent-grandchild exclusion, that a son-in-law or daughter-in-law of the grandparent that is a stepparent to the grandchild need not be deceased in meeting the condition that "all of the parents" of the grandchild must be deceased. §63.1

Property Tax Claim Confidentiality. Provides that the claims for the parent-child, grandparent-grandchild and over 55-disabled exclusions are not public documents and not open for public inspection. §63.1, §69.5, §408.2

Over 55/Disabled Base Year Value Transfer. Amends section 69.5(f)(1) to be consistent with subdivision (g)(9) so that only a spouse who is a record owner of the replacement dwelling (not the original property) has to provide their name and social security number on the claim form. §69.5

Supplemental Assessment – Builder's Exclusion. Allows the builder's exclusion from supplemental assessment for the completion of new construction to be automatically granted to newly completed single-family residences located in a residential subdivision. §75.12

Supplemental Assessment – Exemption. Immediately terminates a property tax exemption upon the sale of real property if the new owner is not otherwise eligible for an exemption. These provisions do not apply to the homeowners' exemption. §75.23

Mandatory Audit. Eliminates the mandatory personal property audit of exempt entities. §469

Escape Assessment. Allows a tax bill to serve as notice of the taxpayer's right to appeal the assessment, provided that the tax bill contains a notice of the taxpayer's appeal rights. §534

State-Assessed Property Roll. Adds state-assessed electrical generation facilities to the list of properties which must be assigned to a specific tax rate area rather than the countywide tax rate area when preparing the Board roll of state-assessed property. §755, §756

Assessment Appeals. Provides that when the hearing officer decision constitutes the final decision of the county assessment appeals board, the county board does not have to provide approval of that final decision. §1641.5

Private Railroad Car Tax. Deletes obsolete references to "declaration of intent to petition for reassessment" on a private railroad car assessment with the Board. *§11316, §11336*

SB 565 (Midgen), Chapter 416, Effective September 29, 2005, Operative January 1, 2006
Amends section 62 of the Revenue and Taxation Code.

Change in Ownership Exclusion—Registered Domestic Partners. Similar to the interspousal exclusion, excludes from change in ownership any transfer of real property between domestic partners registered with the California Secretary of State. This exclusion applies to transfers that occur on or after January 1, 2006.

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*. A copy of the *Legislative Bulletin* is enclosed. This publication and the Board's bill analyses are posted to the Board's Web site at www.boe.ca.gov/legdiv/legcont.htm.

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

Sincerely,

/signed/

David J. Gau
Deputy Director
Property and Special Taxes Department

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Enclosure