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PROPERTY AND SPECIAL TAXES DEPARTMENT  
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Executive Director

No. 2008/061

November 12, 2008

TO COUNTY ASSESSORS:

SUMMARY OF 2008 PROPERTY TAXES LEGISLATION

This is a summary of 2008 legislation affecting property taxes. All bills will become effective January 1, 2009, unless otherwise specified.

**[AB 550 \(Ma\), Chapter 297](#)**

*Amends section 469 of the Revenue and Taxation Code.*

**Mandatory Audit Program.** Restructures the mandatory audit program. Eliminates the requirement that the assessor audit every taxpayer with trade fixture and business tangible personal property holdings of \$400,000 or more at least once each four years, and instead, requires the assessor to annually audit a specified fixed number of taxpayers in the county. Only taxpayers that have the largest assessments in the county, as defined, would continue to be subject to an audit once every four years. The number of required audits would vary by county. The minimum number of required audits would be equal to 75 percent of the average number of mandatory audit accounts required under the prior law for the 2002-03 fiscal year to the 2005-06 fiscal year.

**[AB 1451 \(Leno\), Chapter 538, Effective September 28, 2008](#)**

*Amends section 73 of the Revenue and Taxation Code.*

**New Construction Exclusion – Active Solar Energy System.** Extends sunset date from the 2008-09 fiscal year to the 2015-16 fiscal year. Extends the exclusion to the initial purchaser of a new building if (1) the owner-builder did not receive this exclusion, (2) the purchaser purchased the new building prior to that building becoming subject to reassessment to the owner-builder, and (3) the purchaser files a claim with the assessor. A new Board-prescribed form will be mailed to assessors separately. The new base year value is to be reduced by the value of the active solar energy system less the total amount of any rebates provided to either the owner-builder or the initial purchaser.

**[AB 1764 \(Blakeslee\), Chapter 136](#)**

*Amends section 51201 of the Government Code.*

**Williamson Act.** Extends the definition of "agricultural commodity" to include plant products used for producing biofuels. Extends the definition of "open-space use" to include an area

enrolled in the United States Department of Agriculture's Conservation Reserve Program or Conservation Research Enhancement Program. Superseded by AB 2921 (Stats. 2008, Ch. 503).

**AB 2411 (Caballero), Chapter 329**

*Amends section 4836, 5097, and 5151 of the Revenue and Taxation Code.*

**Property Tax Refunds – Assessment Appeals.** Amends the statute of limitations for filing a claim for refund of property taxes where the taxpayer applied for a reduction in, or equalization for, an assessment and revises the method for determining the amount of interest calculated on property tax refunds resulting from a property tax roll correction.

**AB 2921 (Laird), Chapter 503**

*Amends sections 51201, 51250, 51256, 51257, 51282, 51283, and 51297 of, and adds section 51223 to, the Government Code.*

**Williamson Act.** Extends the definition of "agricultural commodity" to include plant products used for producing biofuels. Extends the definition of "open-space use" to include an area enrolled in the United States Department of Agriculture's Conservation Reserve Program or Conservation Research Enhancement Program.

Expands and clarifies the statutory procedures for the State Department of Conservation to identify and respond to material breaches of contracts. Revises the provisions for contract rescissions and open space and agricultural easements.

**AB 3035 (Huffman), Chapter 201**

*Adds section 75.24 to the Revenue and Taxation Code.*

**Supplemental Assessment—Exemptions.** Extends the period from 90 days to 180 days after a change in ownership or the completion of new construction for a qualified organization, as defined, to meet the qualifications for the property tax welfare exemption .

**SB 111 (Ashburn), Chapter 336, Operative only if voters approve SCA 4 in June 2010**

*Amends sections 70 and 74.5 of the Revenue and Taxation Code.*

**New Construction Exclusion—Seismic Retrofitting.** Combines the two exclusions under section 74.5 and eliminates the 15-year limit on the exclusion for unreinforced masonry buildings.

**SB 1064 (Hollingsworth), Chapter 386, Effective September 27, 2008**

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

**Homeowners' Exemption—Disaster Relief.** Allows homes that were damaged or destroyed by specified disasters to retain the exemption. Applies to the following disasters:

- July 2007 wildfires in Inyo County
- September-November 2007 wildfires in Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura Counties

- October 2007 strong winds in Riverside County
- May-July 2008 wildfires in Butte, Kern, Humboldt, Mariposa, Mendocino, Monterey, Plumas, Santa Clara, Santa Barbara, Santa Cruz, Shasta, and Trinity Counties
- July 2008 rainstorms in Inyo County

**[SB 1233 \(Harman\), Chapter 349](#)**

*Amends section 63.1 of the Revenue and Taxation Code.*

**Parent/Child and Grandparent/Grandchild Change in Ownership Exclusion—Processing Fee.** Allows a county board of supervisors to authorize a processing fee of up to \$175 to recover administrative costs to reverse a reassessment of a property ultimately eligible for the exclusion if the owner was previously notified twice, as specified, of the availability of the exclusion and the need to file a claim.

**[SB 1284 \(Lowenthal\), Chapter 524, Effective September 28, 2008](#)**

*Amends section 214 of, and adds section 214.16 to, the Revenue and Taxation Code.*

**Welfare Exemption.** To overcome a \$20,000 limitation when a project is not financed with government funding or if the owner is not receiving low income housing tax credits, provides the full welfare exemption to property that was previously purchased and owned by the California Department of Transportation pursuant to a consent decree requiring housing mitigation measures related to the construction of a freeway, and that is now solely owned by an organization that qualifies for the welfare exemption.

**[SB 1495 \(Kehoe\), Chapter 594](#)**

*Amends section 279 of the Revenue and Taxation Code.*

**Disabled Veterans' Exemption—Disaster Relief.** Provides that a dwelling not occupied due to damage because of a misfortune or calamity or a home totally destroyed in a governor-declared disaster will continue to receive the disabled veterans' exemption while the home is being reconstructed.

**[SB 1562 \(Hollingsworth\), Chapter 356, Effective September 26, 2008](#)**

*Amends section 211 of the Revenue and Taxation Code.*

**Trees and Grapevines Damaged by Fires or Strong Winds.** Restarts the four-year or three-year exemption period for newly planted fruit and nut trees and grapevines that are currently in their exemption phase and were damaged by the October 2007 strong winds and wildfires.

**[SCA 4 \(Ashburn\), Resolution Chapter 115, Operative upon voter approval](#)**

*Amends section 2 of article XIII A of the California Constitution.*

**New Construction Exclusion—Seismic Retrofitting.** Combines the two exclusions and eliminates the 15-year limit on the exclusion for unreinforced masonry buildings. This constitutional amendment will be on the June 8, 2010 ballot. (See SB 111 above.)

**VETOED BILLS**

AB 3080 (Committee on Revenue and Taxation) – CAA Omnibus Property Tax Bill

SB 153 (Migden) - Change in Ownership Exclusion for Cotenants

SB 1777 (Committee on Revenue and Taxation) – BOE Omnibus Property Tax Bill

If you have any questions regarding the application of these measures, please contact the County-Assessed Properties Division at 916-445-4982.

Sincerely,

/s/ Mickie Stuckey for

David J. Gau  
Deputy Director  
Property and Special Taxes Department

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