



STATE BOARD OF EQUALIZATION
PROPERTY TAX DEPARTMENT
450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064
1-916-274-3350 • FAX 1-916-285-0134
www.boe.ca.gov

SEN. GEORGE RUNNER (RET.)
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Executive Director

No. 2017/046

November 29, 2017

TO COUNTY ASSESSORS:

SUMMARY OF 2017 PROPERTY TAX LEGISLATION

This is a summary of 2017 legislation affecting property taxes. All bills will become effective January 1, 2018, unless otherwise specified.

AB 102 (Committee on Budget), Chapter 16, effective June 27, 2017

Amends and repeals sections 15605.5, 15618.5, and 15623 of, amends, repeals, and adds sections 12803.2 and 15609.5 of, adds sections 15600 and 15601 to, and adds part 8.7 (commencing with Section 15570) and part 9.5 (commencing with section 15670) to division 3 of title 2 of, the Government Code; and amends, repeals, and adds section 20 of the Revenue and Taxation Code.

State Board of Equalization. Creates the California Department of Tax and Fee Administration and transfers to it the various duties, powers, and responsibilities relating to the administration of sales and use tax and other various special taxes and fees, excluding most property tax duties, the alcoholic beverage tax, and the tax on insurers.¹ Creates the Office of Tax Appeals and transfers to it the various duties, powers, and responsibilities of the State Board of Equalization necessary or appropriate to conduct appeals hearings beginning January 1, 2018, except for those duties, powers, and responsibilities imposed or conferred upon the Board by the California Constitution.

AB 115 (Committee on Budget), Chapter 20, effective June 27, 2017

Among others, adds section 54238.8 to the Government Code.

State Route 710 Surplus Residential Properties. Requires any surplus residential property that is sold under the State Route 710 Affordable Sales Program to low- or moderate-income buyers to be assessed at the sales price paid. Applies only to surplus residential properties originally acquired for the construction of State Route 710 in Los Angeles County.²

AB 131 (Committee on Budget), Chapter 20, effective June 27, 2017

Amends sections 15570.84, 15600, 15670, 15671, 15672, 15674, 15676, and 15677 of, adds sections 15570.66, 15618.5, 15676.5, and 15679.5 to, and adds chapter 4.5 (commencing with

¹ See Letter To Assessors 2017/027.

² See Letter To Assessors 2017/030.

section 15570.50) to part 8.7 of division 3 of title 2 of, the Government Code; and amends sections 6377.1, 17052, and 18874 of, and adds section 20.5 to, the Revenue and Taxation Code.

Board of Equalization Transition. Makes clarifying changes and technical corrections to ease the transition of duties to the Department of Tax and Fee Administration and Office of Tax Appeals (see Assembly Bill 102).

AB 465 (Ting), Chapter 313

Amends section 51042 of the Government Code.

Urban Agricultural Incentive Zones. Extends sunset date to January 1, 2029 for a local government and landowner to enter into an urban agricultural incentive zone contract. Applies existing acreage size and use requirements to contiguous parcels.

AB 494 (Bloom), Chapter 602

Amends section 65852.2 of the Government Code.

Accessory Dwelling Unit. Authorizes local agencies to allow an accessory dwelling unit to be rented separate, but cannot be sold separate from the primary residence. Provides that an accessory structure may include a studio, pool house, or other similar structure. Authorizes a local government to require owner occupancy for either the primary or accessory unit. Includes changes made to section 65852.2 by SB 229.

AB 652 (Flora), Chapter 80, effective July 21, 2017

Amends sections 50, 71, and 110.1 of, and adds section 82 to, the Revenue and Taxation Code.

Base Year Value – New Construction. Provides that a lien date assessment of construction in progress is not a "base year value." Clarifies that an appeal of a lien date assessment of construction in progress is to be filed during the regular filing period that begins July 2. Also clarifies that an appeal related to the market value of the construction on the day it is completed must be filed within four years (base year value appeal).³

AB 755 (E. Garcia), Chapter 709

Amends section 51298.5 of the Government Code.

Capital Investment Incentive Program. Extends until January 1, 2019 the program that authorizes local governments to make payments equivalent to certain property taxes paid above a specified threshold to attract new or expanding specified businesses.

AB 1130 (Bocanegra), Chapter 505

Adds section 1656.5 to the Civil Code, and adds part 13.7 (commencing with section 31201) to division 2 of the Revenue and Taxation Code.

Heavy Equipment Rentals. Adds a separate line item to heavy equipment rental contracts that the rental company is charging a fee to the rentee to cover the costs of administering the collection and payment of the property tax on heavy equipment. Does not change the assessment of heavy equipment by the county assessor.

³ See Letter To Assessors 2017/042.

AB 1157 (Mullin), Chapter 717

Among others, amends section 202 of the Revenue and Taxation Code.

Public Schools Exemption. Provides that the exemption applies to state, county, city, school district, or community college district-owned properties used to provide rental housing for employees of public school districts (K-12) or community college districts. Additionally extends the exemption to include the public school or community college employee's possessory interest in the housing.

AB 1193 (Gloria), Chapter 756, effective October 13, 2017

Amends section 214 of, and adds section 259.15 to, the Revenue and Taxation Code.

Welfare Exemption. Allows owners of low-income rental housing properties receiving federal low-income housing tax credits to continue to claim the property tax exemption on units occupied by tenants whose household income increases after move-in to a level above the lower-income limit up to the federal law related limit of 140 percent of Area Median Income ("over-income" tenant) provided the units remain rent-restricted. Requires the rental housing owners to provide, with their annual welfare exemption claim for rent-restricted units occupied by over-income tenants, a list of those units and non-personally identifiable information about the occupants of those units which includes: (1) the actual household income of the occupant, (2) the maximum rent that may be charged to the occupant, and (3) the actual rent charged to the occupant. Provides that the county assessor is to keep this additional information confidential.

AB 1516 (Cunningham), Chapter 561

Among others, amends section 15643 of the Government Code and section 5097 of the Revenue and Taxation Code.

County Survey Program. For purposes of the survey program, changes "or" to "and" in a reference to "city and county" in Government Code section 15643(b)(3).

Refunds. Removes a duplicate "section" in the last sentence of section 5097(b). Clarifies that the changes referenced in Revenue and Taxation Code section 5097(d) were made by chapter 656 of the Statutes of 2014.

AB 1718 (Committee on Revenue and Taxation), Chapter 592

Repeals section 53.5 of the Revenue and Taxation Code.

Separate Assessment of Leach Pads, Tailing Facilities, and Settling Ponds. Removes the requirement for separate appraisal of leach pads, tailing facilities, and settling ponds, thereby requiring these items be included in the overall value of mining or mineral property.

ACA 17 (Mullin), Resolution Chapter 190, effective upon voter approval

Proposal to amend section 10 of article II and section 4 of article XVIII of the California Constitution.

Ballot Measures Effective. Adds to the next statewide ballot a proposal to change the effective date of ballot measures from the date following the election to five days after the election.

SB 205 (Committee on Governance and Finance), Chapter 387

Among others, amends sections 16182, 16183, 16184, 16186.5, 16200, 16202, and 27282 of the Government Code; and amends sections 2505, 2514, 2515, 2781, 20503, 20505, 20585, 20586, 20621, 20627, 20630, 20640.3, 20641, 20645.5, and 20645.6 of the Revenue and Taxation Code.

State Controller's Property Tax Postponement Program. Requires the State Controller, instead of the county recorder, to send a copy of the lien to the county tax collector and the county assessor. Clarifies that only the county assessor, instead of the county tax collector or assessor, must maintain a record of the fact that taxes on a property have been postponed.

SB 229 (Wieckowski), Chapter 594

Amends section 65852.2 of the Government Code.

Accessory Dwelling Unit. Authorizes local agencies to allow accessory dwelling units in areas zoned for single-family dwellings. Clarifies that total area of unit floor space cannot exceed 50 percent of the primary dwelling living area or 1,200 square feet. Prohibits the sale of the unit separate from the primary residence. Changes are included in AB 494, which was chaptered last.

SB 447 (Nielsen), Chapter 132

Adds and repeals chapter 1.5 (commencing with section 1750) of part 3 of division 1 of the Revenue and Taxation Code.

Multijurisdictional Assessment Appeals Boards. Until January 1, 2028, authorizes boards of supervisors of two or more counties to enact an ordinance to establish a multijurisdictional assessment appeals board to equalize the value of taxable property within each participating county. Provides that each participating county may not continue to operate its own appeals board during the period the multijurisdictional assessment appeals board exists.

SB 624 (Galgiani), Chapter 164

Adds section 2191.10 to the Revenue and Taxation Code.

Property Tax Liens. Authorizes a county board of supervisors to adopt an ordinance or resolution providing that a tax on real or personal property is not a lien against either the property assessed or the assessee if the amount of tax assessed is less than a specified amount that cannot exceed \$200, excluding any interest, penalties, or other fees. Specifies that this does not authorize a county to exempt any property from taxation and does not relieve the taxpayer from the obligation to pay any tax.

SB 639 (Hertzberg), Chapter 220

Amends section 721.5 of the Revenue and Taxation Code.

Electric Generation Facilities Assessment Jurisdiction. Adds facilities producing power from sources other than conventional power sources (e.g., solar or wind) that are also exempt wholesale generators to the types of facilities excluded from state assessment and thus are to be locally assessed.

VETOED BILLS

AB 1249. Governor did not approve extending the veterans' organization exemption to real property owned by veterans' organizations that is used for fraternal, lodge, or social club purposes.

SB 246. Governor did not approve an additional exception to the one-time-only use limitation of the over 55/disabled base year value transfer.

These bills may be viewed from the California State Legislature's website at www.legislature.ca.gov/port-bilinfo.html. The Board of Equalization's bill analyses may be viewed from our website at www.boe.ca.gov/legdiv/legcont.htm.

If you have any questions regarding the application of these measures, please contact the County-Assessed Properties Division at 1-916-274-3350.

Sincerely,

/s/ Dean R. Kinnee

Dean R. Kinnee
Deputy Director
Property Tax Department

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