STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
PROPERTY TAX DEPARTMENT
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August 19, 2019

No. 2019/023

TO COUNTY ASSESSORS:

LOW VALUE EXEMPTION CHANGES

Effective July 12, 2019, Assembly Bill 608 (Stats. 2019, ch. 92) amends Revenue and Taxation Code[1] section 155.20 regarding the low value exemption.

Section 155.20 authorizes a county board of supervisors to exempt from property tax real property with a factored base year value and personal property with a full value so low that, if not exempt, "the total taxes, special assessments, and applicable subventions on the property would amount to less than the cost of assessing and collecting them." The exemption permitted under this section of law is commonly referred to as the "low value" exemption. AB 608 makes several changes to section 155.20 regarding possessory interests and the administration of the low value exemption.

Possessory Interests

Prior law provided that the amount of the low value exemption could not exceed $10,000 except in the case of a possessory interest for a temporary and transitory use in a publicly owned fairground, fairground facility, convention facility, or cultural facility, in which case the limit was not to exceed $50,000.

AB 608 changes the $50,000 limit that a county board of supervisors may exempt from property tax as follows:

- For lien dates January 1, 2020 through January 1, 2024, the $50,000 limit applies to any possessory interest.
- Beginning with the January 1, 2025 lien date, the $50,000 level reverts back to the prior language and will be limited to possessory interests for a temporary and transitory use in a publicly owned fairground, fairground facility, convention facility, or cultural facility.

Thus, for the period beginning July 12, 2019 and ending December 31, 2024, a county board of supervisors may change its low value ordinance or resolution to apply the $50,000 limit to all possessory interests.

[1] All statutory references are to the Revenue and Taxation Code, unless otherwise provided.

Administration

Formerly, in administering the low value exemption, an assessor enrolled and then exempted property subject to the low value ordinance. If the assessor was specifically authorized by the county board of supervisors, the assessor could administer the low value exemption by not enrolling property subject to the exemption.

AB 608 removes the requirement that the county board of supervisors authorize the assessor to not enroll property that qualifies for the low value exemption. As of July 12, 2019, an assessor can choose how to administer the exemption authorized by their county by either:

- Enrolling the assessed value of the property and then applying the low value exemption, or
- Not enrolling the assessed value of the property that qualifies for the low value exemption

However, if the assessor opts to not enroll the exempt property's assessed value, the assessor is still responsible for tracking those properties to make sure they continue to meet their county's specified threshold(s) for exemption.

A copy of amended section 155.20, in strikeout and italics format, is enclosed. If you have any questions regarding these changes, please contact the County-Assessed Properties Division at 1-916-274-3350.

Sincerely,

/s/ David Yeung

David Yeung
Deputy Director
Property Tax Department

DY:gs
Enclosure

Section 155.20 of the Revenue and Taxation Code, as amended effective July 12, 2019:

(a) Subject to the limitations listed in subdivisions (b), (c), (d), and (e), a county board of supervisors may exempt from property tax all real property with a base year value (as determined pursuant to Chapter 1 (commencing with Section 50) of Part 0.5) as adjusted by an annual inflation factor pursuant to subdivision (f) of Section 110.1, and personal property with a full value so low that, if not exempt, the total taxes, special assessments, and applicable subventions on the property would amount to less than the cost of assessing and collecting them.

(b) (1) *(A)* The board of supervisors shall have no authority to exempt property with a total base year value, as adjusted by an annual inflation factor pursuant to subdivision (f) of Section 110.1, or full value of more than ten thousand dollars ($10,000), except ~~that this limitation is increased to fifty thousand dollars ($50,000) in the case of a possessory interest, for a temporary and transitory use, in a publicly owned fairground, fairground facility, convention facility, or cultural facility. For purposes of this paragraph, "publicly owned convention or cultural facility" means a publicly owned convention center, civic auditorium, theater, assembly hall, museum, or other civic building that is used primarily for staging any of the following:~~ *as otherwise provided in subparagraph (B).*

(B) The limitation specified in subparagraph (A) on the amount of the exemption authorized by this section shall be increased as follows:

(i) For lien dates occurring on or after January 1, 2020, and before January 1, 2025, the limitation is increased to fifty thousand dollars ($50,000) in the case of a possessory interest.

(ii) For lien dates occurring on or after January 1, 2025, the limitation is increased to fifty thousand dollars ($50,000) in the case of a possessory interest, for a temporary and transitory use, in a publicly owned fairground, fairground facility, convention facility, or cultural facility. For purposes of this paragraph, "publicly owned convention or cultural facility" means a publicly owned convention center, civic auditorium, theater, assembly hall, museum, or other civic building that is used primarily for staging any of the following:

~~(A)~~ *(I)* Conventions, trade and consumer shows, or civic and community events.

~~(B)~~ *(II)* Live theater, dance, or musical productions.

~~(C)~~ *(III)* Artistic, historic, technological, or educational exhibits.

(2) In determining the level of the exemption, the board of supervisors shall determine at what level of exemption the costs of assessing the property and collecting taxes, assessments, and subventions on the property exceeds the proceeds to be collected. The board of supervisors shall establish the exemption level uniformly for different classes of property. In making this determination, the board of supervisors may consider the total taxes, special assessments, and applicable subventions for the year of assessment only or for the year of assessment and succeeding years where cumulative revenues will not exceed the cost of assessments and collections.

(3) In administering the exemption authorized by this section, the assessor may opt either to not enroll the property on the assessment roll or to enroll the property and apply the exemption.

(c) This section does not apply to those real or personal properties enumerated in Section 52.

(d) The exemption authorized by this section shall be adopted by the board of supervisors on or before the lien date for the fiscal year to which the exemption is to apply and may, at the option of the board of supervisors, continue in effect for succeeding fiscal years. Any revision or rescission of the exemption shall be adopted by the board of supervisors on or before the lien date for the fiscal year to which that revision or rescission is to apply.

(e) Nothing in this section shall authorize~~ either of the following:~~ *a county board of supervisors to exempt new construction, unless the new total base year value, as adjusted by an annual inflation factor pursuant to subdivision (f) of Section 110.1, of the property, including this new construction, is ten thousand dollars ($10,000) or less.*

~~(1)A county board of supervisors to exempt new construction, unless the new total base year value, as adjusted by an annual inflation factor pursuant to subdivision (f) of Section 110.1, of the property, including this new construction, is ten thousand dollars ($10,000) or less.~~

~~(2)An assessor to exempt or not to enroll any property of any value, unless specifically authorized by a county board of supervisors, pursuant to this section.~~