



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](http://www.boe.ca.gov)

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No. 2019/030

September 12, 2019

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

**INTERESTED PARTIES PROCESS:  
CHANGE IN OWNERSHIP – RESCISSION PROJECT**

As announced in Letter To Assessors No. 2018/023, Board of Equalization (BOE) staff initiated a project to issue a Letter To Assessors (LTA) that summarizes the various written opinions by the BOE's Legal Department addressing (1) a property owner's ability to rescind a recorded deed that triggered a reassessable change in ownership and (2) the property tax effect of such a rescission. A copy of the draft LTA was attached for review; the deadline to submit comments and suggestions was July 31, 2018.

In response to comments received on the initial draft LTA, staff held an interested parties meeting on December 18, 2018. Staff took the discussion of the interested parties into consideration and determined that the BOE's initial guidance, as provided in Property Tax Annotations 220.0595 through 220.0601, has not changed.

Therefore, a copy of a new draft Letter To Assessors concluding this project is enclosed. Please submit any comments, in the form of alternative text, to Glenna Schultz at [glenna.schultz@boe.ca.gov](mailto:glenna.schultz@boe.ca.gov) by October 23, 2019.

After all comments received are reviewed, BOE staff will hold an interested parties meeting if there are any outstanding issues. If no comments are received, the attached newly drafted LTA will be issued. All documents and comments regarding this project are posted to the BOE's website at [www.boe.ca.gov/proptaxes/change-in-ownership-recissions.htm](http://www.boe.ca.gov/proptaxes/change-in-ownership-recissions.htm).

If you have questions regarding this project, you may contact Glenna Schultz at 1-916-274-3362 or [glenna.schultz@boe.ca.gov](mailto:glenna.schultz@boe.ca.gov).

Sincerely,

/s/ David Yeung

David Yeung  
Deputy Director  
Property Tax Department

DY:gs  
Enclosure

1 **CHANGE IN OWNERSHIP – RESCISSION**

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3 summarizes the various written opinions by the BOE's Legal Department addressing (1) a property  
4 owner's ability to rescind a recorded deed that triggered a reassessable change in ownership and  
5 (2) the property tax effect of such a rescission.

6 The first draft was issued in Letter To Assessors No. 2018/023. In response to comments received,  
7 staff scheduled an interested parties meeting on December 18, 2018. Staff took the discussion of  
8 the interested parties into consideration and determined that the BOE's initial guidance, as provided  
9 in Property Tax Annotations 220.0595 through 220.0601, has not changed.

10 In summary, an assessor has discretion to determine whether a transfer is, in fact, a valid mutual  
11 rescission. A mutual rescission should be recognized if:

- 12 • All parties to the transaction consent.
- 13 • The rescission is made promptly and within a reasonable time (to be determined on a  
14 case-by-case basis by the assessor).
- 15 • All parties are restored to the positions they were in prior to the transfer.

16 For a mutual rescission, all parties to the contract must consent to the rescission. If one of the  
17 parties is deceased, that person cannot consent, and the rescission is not mutual.

18 Once a transfer of real property is rescinded, the value of the real property reverts to its adjusted  
19 base year value prior to the transfer *prospectively*, beginning with the lien date following the  
20 recording date of the rescission. A rescission will not result in a refund of taxes paid while the  
21 contract was in effect.

22 The restoration of a base year value as a result of a rescission is not subject to supplemental  
23 assessment. An assessor may make a supplemental assessment of real property only when a change  
24 in ownership occurs or new construction is completed. The restoration of a base year value is not  
25 a reappraisable event that would trigger a supplemental assessment.

26 All documents and comments regarding this project are posted to the BOE's website at  
27 [www.boe.ca.gov/proptaxes/change-in-ownership-recissions.htm](http://www.boe.ca.gov/proptaxes/change-in-ownership-recissions.htm). In addition, Property Tax  
28 Annotations 220.0595 through 220.0601 may be viewed from the BOE's website at  
29 [www.boe.ca.gov/lawguides/property/current/ptlg/annt/220-0000-all.html](http://www.boe.ca.gov/lawguides/property/current/ptlg/annt/220-0000-all.html). If you have questions  
30 regarding this project, you may contact the County-Assessed Properties Division at  
31 1-916-274-3350.