



STATE BOARD OF EQUALIZATION
PROPERTY TAX DEPARTMENT
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No. 2019/041

December 4, 2019

TO COUNTY ASSESSORS:

SUMMARY OF 2019 PROPERTY TAX LEGISLATION

This is a summary of 2019 legislation affecting property taxes. All bills will become effective January 1, 2020, unless otherwise specified.

AB 46 (Carillo), Chapter 9

Among others, amends section 253 of the Revenue and Taxation Code.

Veterans' Exemption. Replaces mental illness terms with more culturally sensitive terms and replaces gender references with gender neutral references.

AB 587 (Friedman), Chapter 657

Adds section 65852.26 of the Government Code.

Sale of Accessory Dwelling Unit. Allows an accessory dwelling unit to be sold or conveyed separately from the primary residence to a qualified buyer if *all* of the following are met:

- The property was built or developed by a qualified nonprofit corporation receiving the welfare exemption;
- A recorded contract exists that imposes an enforceable restriction upon the sale that ensures the property will be preserved for affordable housing for 45 years for owner-occupied housing;
- The property is held pursuant to a recorded tenancy in common agreement; and
- A grant deed is recorded, and a *Preliminary Change of Ownership Report* filed with the the grant deed.

AB 608 (Petrie-Norris), Chapter 92, effective July 12, 2019

Amends section 155.20 of the Revenue and Taxation Code.

Low Value Exemption. For a five-year period beginning with the January 1, 2020 lien date, the \$50,000 limit that a county board of supervisors may exempt from property tax under a "low value" ordinance applies to any possessory interest. In addition, once a low value ordinance is enacted or amended, the assessor may choose how to administer the low value exemption, without specific authorization from the county board of supervisors.¹

¹ For more information, see Letter To Assessors No. [2019/023](#).

AB 872 (Aguiar-Curry), Chapter 685, effective October 9, 2019

Amends section 62 of the Revenue and Taxation Code.

Change in Ownership Exclusion for Transfer of Corporation Stock. Provides a change in ownership exclusion for a transfer of stock from a parent to a child in a qualified corporation that owns qualified real property, provided that the transfer is due to the death of the parent. A "qualified corporation" is a corporation that was created between March 1, 1975 and November 6, 1986, and has had parents and their children as the only stockholders. "Qualified property" is a parcel of land that contains the principal residence of the parents prior to their death and that has been the continuous place of residence of a child of those parents since the creation of the qualified corporation. The qualified property must have an adjusted base year value of \$1 million or less.

SB 196 (Beall), Chapter 669

Amends sections 75.11, 402.1, and 532 of, and adds and repeals section 214.18 of, the Revenue and Taxation Code.

Community Land Trust – Land Use Restriction. Creates a rebuttable presumption, retroactive to September 27, 2016, that the sales price of a dwelling or unit includes the leased land on which the dwelling or unit is located.

Community Land Trust – Welfare Exemption. Until January 1, 2025, extends the welfare exemption to property owned by a community land trust intended to be developed into homes to be sold to low- or moderate-income households with a 99-year land lease or rental housing available to low-income households. Recaptures the property taxes if the community land trust does not commence housing construction on the property within five years.

SB 527 (Caballero), Chapter 273

Amends sections 51201 and 51231 of the Government Code.

Williamson Act Compatible Use. Provides that an agricultural commodity includes cultivated industrial hemp. Allows a local agency's rule on the administration of agricultural preserves to provide that commercial cultivation of cannabis may constitute an agricultural or compatible use.

SB 780 (Governance and Finance Committee), Chapter 329

Among others, amends section 72 of the Revenue and Taxation Code.

Building Permits. Expands the existing requirement to send the county assessor copies of all building permits to any entity authorized to issue a building permit.

SB 791 (Governance and Finance Committee), Chapter 333, effective September 20, 2019

Amends section 441 of, amends and adds section 1152 of, adds sections 1153.5 and 1157 to, and repeals section 1153 of, the Revenue and Taxation Code.

Valuation of Certificated Aircraft. Changes the method to calculate California's share of total aircraft value owned by commercial air carriers for property tax purposes and re-establishes streamlined administrative procedures for counties and air carriers.

VETOED BILLS

AB 885 Governor did not approve adding a definition of "substantially equivalent" for new construction exclusion of property damaged or destroyed by misfortune or calamity.

SB 294 Governor did not approve an increase in welfare exemption cap for lower income households.

These bills may be viewed from the California State Legislature's website at <http://leginfo.legislature.ca.gov/#>. The Board of Equalization's bill analyses may be viewed from our website at <http://www.boe.ca.gov/app/proptax-leg-analyses.aspx?year=2019-2020>.

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/ David Yeung

David Yeung
Deputy Director
Property Tax Department

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