

7-16-1979

California's New Property Tax Assessment System

Assembly Revenue and Taxation Committee

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REVENUE AND TAXATION COMMITTEE

STATE CAPITOL, ROOM 2013
(916) 322-3730

WILLIE L. BROWN JR.
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CALIFORNIA'S NEW PROPERTY TAX ASSESSMENT SYSTEM

LEGISLATIVE HISTORY, SUMMARY OF PROVISIONS, AND TEXT

Assembly Bill 1488
Chapter 242 – Statutes of 1979
Senate Bill 17
Chapter 49 – Statutes of 1979

July 16, 1979

KFC
881.5
034

Prepared by Staff of the
Assembly Revenue and Taxation Committee

ASSEMBLY REVENUE AND TAXATION COMMITTEE
ASSEMBLYMAN WILLIE L. BROWN, JR., CHAIRMAN

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LEGISLATIVE HISTORY OF AB 1488

The comprehensive changes in property tax administration law embodied in AB 1488 had its beginnings in the work of a special statewide task force, and the progress of an earlier bill, AB 156.

At the close of the 1978 legislative session, Assemblyman Willie L. Brown, Jr., Chairman of the Committee on Revenue and Taxation, directed that a task force be formed to study existing property tax statutes in light of Proposition 13, and to make recommendations to the Committee in January 1979, as to appropriate law changes. Special attention was to be given to the issues of 1975 base values, changes in ownership, new construction, and declines in value under Proposition 8 of November 1978.

Under the direction of the Revenue and Taxation Committee staff, a group of knowledgeable individuals from a wide variety of interests and organizations was assembled to carry out this charge. The Task Force met every 10 to 14 days for 4 months to assemble the findings and recommendations which culminated in a final report (a) which was presented to the Committee on January 22, 1979. This report contained rationale and suggested legislative language for each recommendation.

The Revenue and Taxation Committee considered the task force report at four different hearings, on January 22 and 29, and February 5 and 12. They concluded their deliberations by adopting the bulk of the task force-recommended language, with various changes, primarily in the areas of trust and joint tenancy transfers, declines in values, and new construction valuations. Of the three options presented regarding clarification of 1975 base year values, the Committee adopted a variation of "Option 3". (b)

The agreed-upon language was inserted into AB 156, which was sponsored as a committee bill with the unanimous support of all members.

(a) Report of the Task Force on Property Tax Administration; Assembly Revenue and Taxation Committee; January 22, 1979; Assembly Publication #723 (Available for \$7.30 from Assembly Publications Office, Box 90, State Capitol, Sacramento, CA 95814 or phone 916-445-4874)

(b) See page 19 of the Task Force report; "Option 3" defined full cash value as the value on the 1975-76 tax bill, if that property was appraised for 1975, and if not reappraised for that year, full cash value would be determined by the treatment of comparable properties which were reappraised for 1975.

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As drafted, AB 156 was a comprehensive measure addressing all aspects of assessment practice under the new Article XIII A of the California Constitution, although the principal thrust of the bill was to re-define the critical definition of "change in ownership" introduced by Proposition 13.

(In June of 1978, the Legislature had a scant three weeks to enact legislation to define this term as a guide to assessors in re-doing their 1978-79 assessment roll under Proposition 13. It was simply not possible in so short a period of time to anticipate the myriad of problems that inevitably arose. The SB 154 Conference Committee purposely limited the present definition to one year, and vowed to undertake a comprehensive revision to operate from 1979-80 and thereafter.)

In addition to the change in ownership revision, AB 156 contained a definition of "newly constructed" property, provided implementing provisions for the disaster assessment and decline in value features of Proposition 8 of the November 1978 ballot, provided a taxpayer reporting system to flag changes in ownership, and set forth an assessment appeals system for the 1975 and subsequent base year values of property. The bill also clarified the valuation procedures to be followed with respect to property, such as Williamson Act agricultural lands, which have conflicting assessment provisions in both Articles XIII and XIII A of the Constitution.

In mid-March, AB 156 passed the Revenue and Taxation Committee by a 13-0 vote, and the full Assembly by 78-0.

In the Senate, numerous author's amendments were made, including changes to make AB 156 interact with SB 17 (Holmdahl), a bill which addressed only the 1975 base year value issue, also based on a variation of the "Option 3" approach in the Task Force report. SB 17 (Chapter 49-Statutes 1979) was made retroactive to 1978-79, thus allowing credits or refunds if the bill reduced a property owner's taxes. AB 156 was also amended in the Senate Revenue and Taxation Committee to delete language relative to assessment of enforceably-restricted timberland, before being approved 7-0.

The full Senate eventually approved AB 156 on May 18 by a 32-0 vote, but not before a controversial amendment was added which ultimately led to the "downfall" of AB 156 as the legislative vehicle for this package of assessment law changes. This amendment, which made the change in ownership provisions of the bill retroactive to the 1978-79 fiscal year in the same manner as did SB 17 with respect to the 1975 base year values only, culminated several months of discussions on this particular issue.

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Back in February, during the Assembly Revenue and Taxation Committee's AB 156 hearings, and again in April on AB 1481 (Naylor), the Committee grappled with the issue of retroactivity relating to all assessment provisions, not just with respect to changes in ownership. The Task Force had been split on this issue, and had recommended that the bill be made "retrospective" in application as opposed to retroactive, i.e., past reassessments would be recognized, but any reductions in value would be made in 1979-80, leaving the 1978-79 value as is. At the urging of county assessors, AB 156 was amended to make the lease provisions only retroactive to 1978-79. Efforts to make the rest of the bill retroactive failed on tie votes.

In the Senate Revenue and Taxation Committee, Senator Marz Garcia moved to make the change in ownership provisions retroactive, which failed on a 1-5 vote. Subsequently, Senator Garcia succeeded in having this amendment adopted on the Senate floor by a vote of 19-13. A move to rescind this amendment two weeks later, after an intense lobbying effort by the counties, failed by 12-18.

The Assembly went on to concur in the Senate amendments by a vote of 66-8, with the principal dissention centered on the fact that various businesses, including a major oil company, would also receive a retroactive credit for taxes paid, as would perhaps thousands of homeowners.

Local governments and some assessors urged that AB 156 be vetoed by the Governor due to the projected revenue loss in 1979-80 attributable to granting credits for "excess" taxes paid in the prior year by taxpayers whose assessments were lowered by the provisions of AB 156. This revenue loss was represented as \$75 million.

The Department of Finance also raised the following four policy objections: (1) the 35-year provision on leases is excessive; the 10-year standard under current law should be maintained, (2) transfers into an irrevocable trust should trigger a reassessment of property, (3) all corporate transfers of property should result in a reassessment, (4) the provisions regarding assessment of timberland should be reinserted, to provide consistent treatment for all special properties covered by other constitutional provisions.

The Governor did veto AB 156, and his veto message read as follows:

"I am concerned with the substantial fiscal impact AB 156 will have on State and local government. The Legislature should reconsider this measure to insure that necessary amendments to implement Article XIII A are made without the fiscal consequences presently contained in this bill."

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Rather than attempt to override the veto of AB 156, it was determined that an effort should be made to enact a substitute bill, with appropriate changes made to secure a Governor's signature the second time around.

This second legislative vehicle was AB 1488 by Assemblyman Hannigan, which originally made various administrative and technical changes relating to property assessment and property tax collection. As amended, AB 1488 retained those provisions, and incorporated the enrolled bill version of AB 156 with four changes: (1) retroactivity of the change in ownership definition was deleted, (2) the timberland valuation provisions were reinstated, (3) a provision which precluded the Board of Equalization from adopting rules and regulations relative to the bill was deleted, and (4) a provision was added to allow the Board to grant an additional 30-day delay in various local assessment deadlines.

AB 1488 was already in the Senate Revenue and Taxation Committee when it took on its new identity. An additional amendment was voted by the Committee, 4-3, in favor of deleting another provision affecting special property covered by another portion of the Constitution--government-owned property located outside the boundaries of that jurisdiction. Sponsored by the East Bay Municipal Utilities District, the purpose of the amendment was to obtain a lower value for EBMUD property (reservoirs, dams, etc.) located in rural, mountain counties. Led by the Senate Rural Caucus, this amendment was taken back out by a vote of 19-5 on the Senate floor, and the bill itself was approved by 29-0.

Concurrence on the Assembly side was held up for a week due to concerns about the bill not granting retroactive relief on ownership changes to at least homeowners, if not all property owners. Members in both houses have stated their intent to pursue this course in separate legislation. The concurrence vote was 73-3, and the Governor signed AB 1488 on Tuesday, July 10, 1979, with the bill becoming Chapter 242 of the Statutes of 1979.

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LEGISLATIVE HISTORY OF SB 17

As previously noted, the second legislative measure directly bearing on property tax assessment practice under Proposition 13 is SB 17 (Holmdahl).

SB 17 was spawned from a September 27, 1978, interim hearing held by the Senate Revenue and Taxation Committee on the subject of the 1975 "base values" applied by assessors to the 1978-79 assessment rolls.

Concern centered on the treatment by some assessors of properties which had been reappraised for the March 1, 1975, lien date but the values of which, in retrospect, were felt by these assessors to be below what "full cash value" should have been for that year.

Much of the confusion into the proper determination of the 1975 base year values stemmed from the construction of Article XIII A itself, as added by Proposition 13. In Section 2(a) thereof are three ambiguities in particular. The first was the use of the phrase "as shown on the 1975-76 tax bill under 'full cash value'". The second was the reference to property "not already assessed up to the 1975-76 full cash value" (formerly "1975-76 'tax levels'", before the original Proposition 13 language was modified by Proposition 8 on the November 1978 ballot). The third was the use of "appraisal" and "reassessment" interchangeably.

With respect to the first phrase, Section 2611.5 (R&T Code) specifies that the term "full value," rather than "full cash value," be placed on the tax bill, although the actual practice appears to vary among counties. Thus, in some counties the phrase "full cash value" may not have even appeared on 1975-76 tax bills. The second phrase appears to contradict the first, that is, the assessor apparently does not use the value which actually appeared on the 1975-76 tax bill, if that value is less than the 1975-76 full cash value. The terms "appraisal" and "reassessment" are used interchangeably, even though each has a separate meaning: all properties are assessed every year (Sec. 401.3 R&TC), but not all property receives an updated value based on an appraisal (Sec. 405.5 R&TC).

Some clarification of the above points was offered by the Legislative Analyst, who in the Proposition 13 ballot analysis, stated:

"Initially this measure would roll back the current assessed values of real property in the values shown on the 1975-76 assessment roll. However county assessors could adjust the values shown on the 1975-76 assessment roll if these values were lower than the estimated market value as of March 1, 1975."

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HISTORY OF SB 17

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And in the Amador Valley case which upheld the constitutionality of Proposition 13, the California Supreme Court stated in part:

"In converting from a current value method to an acquisition value system, the framers of Article XIII A chose not to "roll back" assessments any earlier than the 1975-76 fiscal year. For assessment purposes, persons who acquired property prior to 1975 are deemed to have purchased it during 1975. These persons, however, cannot complain of any unfair tax treatment in view of the substantial tax advantage they will reap from a return of their assessments from current to 1975-76 valuation levels."

The Board of Equalization, in its June 1978 rules to assessors on Proposition 13 (first adopted prior to legislative action) interpreted it to call for the reassessment of properties appraised for 1975 to true 1975 fair market value, if the assessor felt the 1975-76 roll values for those properties were too low.

Legislation enacted in June 1978 preceded the Amador Valley case, but the ballot analysis and emergency board rules were available to the Legislature when SB 154 and SB 2212 were enacted. As amended by SB 2212, Section 110.1(b) of the Revenue and Taxation Code reads in part: "If property has not been appraised pursuant to Section 405.5 to its appropriate base year value, "full cash value" means the reappraised value of such property as of the base year lien date." (emphasis added). Some assessors and the Board of Equalization felt this language supported the earlier Board rule, while others felt it limited the ability of assessors to re-value properties previously reappraised for 1975. It was evident further clarification of the law was required.

In Fall of 1978, the Assembly Revenue and Taxation Committee requested a study by the Auditor-General* into assessment practices, and the Task Force on Property Tax Administration considered this issue and produced three options for Committee consideration:

1. All property would be re-assessed to 1975 full cash value.
2. All property not re-assessed in 1975 would be re-assessed to 1975 full cash value.
3. All property not re-assessed in 1975 would be re-assessed to the percentage of full cash value as property of the same class which were re-assessed in 1975.

After hearing testimony on this subject, the Assembly Revenue and Taxation Committee directed that Option 3 be placed in the Committee bill (AB 156).

* County Property Tax Assessment Practices: An Analysis of the Post-Proposition 13 Assessment Roll and Base Value Options; by the Legislative Auditor General; April 1979; Joint Legislative Audit Committee Report #P-86I.1 and P-86I.2 (Available from the office of the Auditor General)

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HISTORY OF SB 17

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Meanwhile, as SB 17 left the Senate 29-0, it provided for a modification of the Option 3 approach:

(1) For property "appraised or reviewed" for the 1975-76 fiscal year, the base year value would be the one on the tax bill. If there was any change in value from 1974-75 to 1975-76 that meant a property had been "appraised or reviewed" for 1975, and thus that became the 1975 base year value.

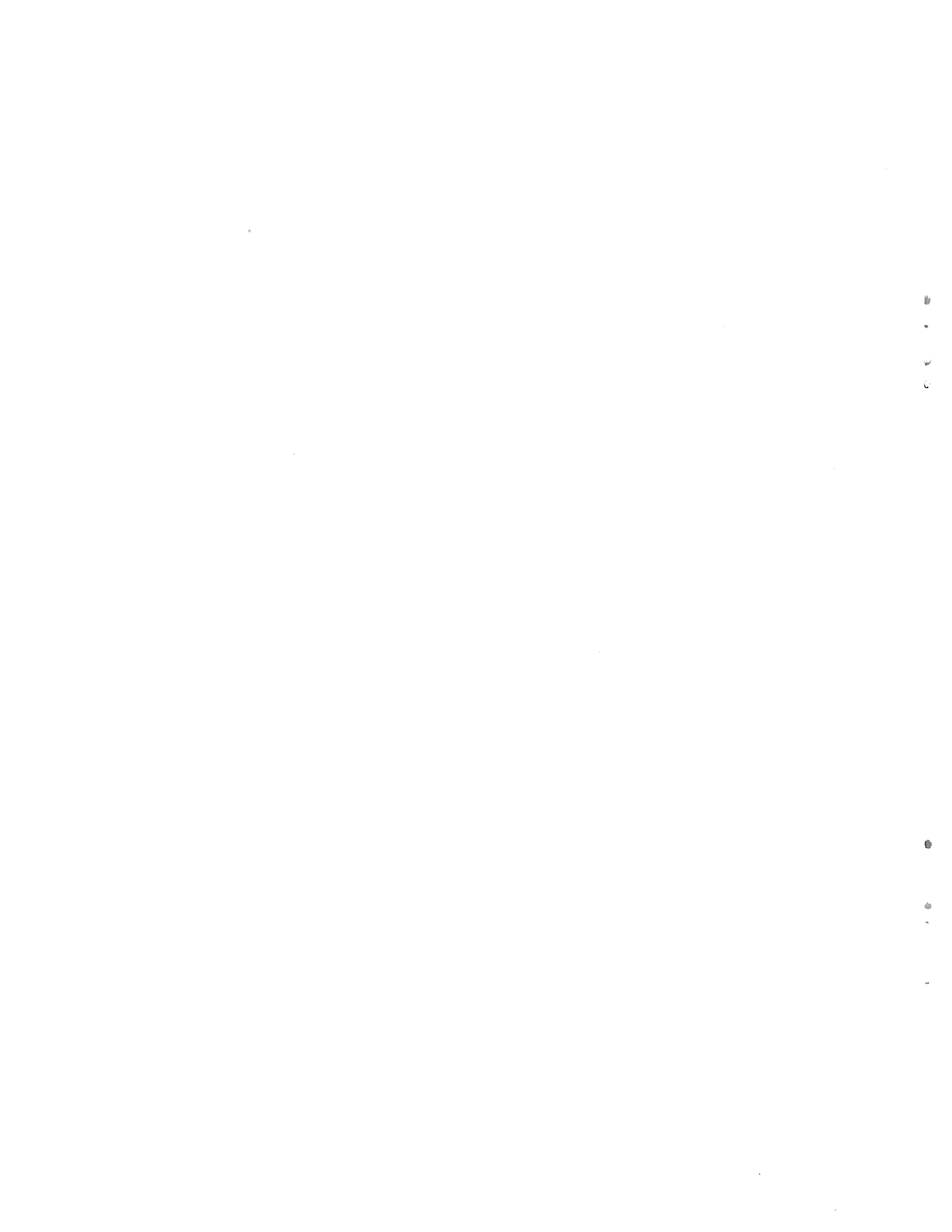
(2) For all other property, a new 1975 base value would be established by using factors actually used in establishing assessed values in 1975 for comparable properties and the assessor was directed to consider the value of comparable properties actually reappraised in 1975. The bill also required a reduction of 1978 value on any property, to the extent it exceeded the proposed base year value, to be reflected as a reduction in subsequent tax installments or as a refund.

In the Assembly Revenue and Taxation Committee SB 17 was approved 13-0 after two basic amendments were made: (1) the retroactivity was deleted, and (2) the definition of "appraised or reviewed" was revised. Local governments urged both amendments, the first because of an estimated \$75 million revenue loss, and the second because the former definition would have frozen in many values which were too low, and which had been changed in minor fashion and did not reflect the current (1975) value of the entire property.

Subsequently, however, the Committee reheard SB 17 and reversed its earlier position, and by a 11-0 vote reinserted the retroactivity and included an appropriation for \$75 million to cover local revenue losses. The Ways and Means Committee then struck the appropriation, and SB 17 went on to the Assembly floor with the retroactivity provision but no local government reimbursement.

By this time, the Auditor-General's report on assessment practice was released. It confirmed the wide disparity in treatment by assessors of 1975 base values and the preparation of the 1978-79 assessment rolls generally; out of 47 counties surveyed, 20 revalued all parcels except those reappraised for the 1975-76 tax roll; 15 revalued all properties to full market value as of March 1, 1975, even if they had been previously reappraised for 1975-76 roll; and 12 counties adopted the actual values on the 1975-76 roll as the base year value for developing their 1978-79 tax rolls, with no change at all. Based on data from individual counties, it appeared that the earlier estimated \$75 million revenue loss due to SB 17's retroactivity was at least 3 times too high.

The full Assembly approved the bill by a 72-1 vote, and Senate concurrence followed by 30-0. On May 1, 1979, SB 17 was signed by the Governor and became Chapter 49 - Statutes of 1979.



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PROVISIONS OF ASSEMBLY BILL 1488*
AND SENATE BILL 17

I. Base Year Values

- A. AB 1488 addresses the issue of defining 1975 base year values indirectly, by reference to Section 110.1 (R&TC), as amended by Chapter 49 - Statutes of 1979 (SB 17 - Holmdahl). (See Sec. 50 (R&TC) in AB 1488.)

The changes to Section 110.1 by SB 17 are as follows:

1. Full cash value for the 1978 assessment is the assessor's appraised value in 1975, if property was appraised in that year.
 2. Reappraised means a value determined by a periodic appraisal under Section 405.5 (R&TC). A presumption exists that if the 1975-76 value differs from the property's 1974-75 value, a reappraisal took place. However, the assessor may rebut this presumption by showing the change was not due to a periodic reappraisal.
 3. If property was not reappraised for 1975, its 1975 base year value is determined based on "those factors and indicia of fair market value actually utilized in appraisals made pursuant to Section 405.5 for the 1975 lien date."
 4. Any reductions in 1975 base year value resulting from SB 17 will be made retroactive to the current fiscal year (1978-79) by requiring credits on the 1979-80 tax bill in the amount of the previous year's overpayment.
 5. Base year values will continue to be increased by 2% annually by the cost of living, not to exceed 2%.
 6. Assessors shall have only until June 30, 1980, to revise any 1975 base year values.
- B. Neither escape assessments nor refunds will be permitted for any years prior to 1979-80 for any increase or decrease in value made in 1978-79 or 1979-80 based on the provisions of SB 154 and SB 2212 of 1978 or this act (except as provided by SB 17). (Sec. 43 of the bill)

*only those parts of the bill concerning property tax assessment

II. Assessment Procedures

- A. The value of real property shall be the lesser of:
- (i) its factored base year value (Sec.51(a) R&TC),
 - (ii) its full cash value, taking into account reductions due to damage, depreciation, or other factors causing declines in value (Sec.51(b) R&TC), or
 - (iii) where property was damaged by disaster or misfortune, or removed voluntarily by the taxpayer, a reduced value in those cases where its full cash value of land and improvement was less than the base year value of that unit of property. The bill provides for the remaining full cash value of the damaged improvement to be added to the base value of the land, and if this sum is less than the base year value of both land and improvement together, then such will become the new base year value of the property. (Sec.51(c) R&TC)
- B. Increases or declines in real property shall be measured by the appraisal unit which is commonly bought or sold in the market place, or which is normally valued separately. (Sec. 51(c), 2d paragraph, R&TC)
- C. Clarifies that assessors need not annually reappraise all parcels. (Sec. 51(c), 3d paragraph, R&TC)
- D. If an undivided interest of 5% or more in or a portion of real property is transferred, then only the portion/interest transferred shall be reappraised. The undivided interests of less than 5% will not be reappraised, but transfers to affiliated transferees during the year will be cumulated for purposes of this test. (Sec. 65(b) R&TC)
- E. If a unit or lot in cooperative housing, condominiums, shopping centers, etc., changes ownership, then only that unit and any share in common areas reserved to that unit will be reappraised. (Sec. 65(c) R&TC)
- F. Assessors have until August 1, 1979 to adopt the 1979-80 assessment roll. (Sec. 155.2 R&TC)
- G. Extends provision of SB 1571 (1978) to 1979-80 relative to assessor's ability to make roll corrections and grant refunds without prior approval of Board Supervisors. (Sec. 4844 R&TC)
- H. Allows refunds from 1978-79 roll corrections to be made in 1979-80 by the assessor without prior board approval. (Sec. 4843 R&TC)
- I. The Board of Equalization may grant an additional 30 day extension for the performance of any act by the assessor, tax collector, auditor, or county board, beyond that allowed by existing law. (Sec. 155.2 R&TC)

III. Special Properties

- A. Valuation of non-profit golf courses, enforceably-restricted open space and agricultural lands, historical properties, enforceably-restricted timberland (zoned as timberland preserve), and government-owned property outside agency boundaries, shall continue to be assessed under the specific provisions of Article XIII, rather than the general provisions of Article XIII A. (Sec. 52 R&TC)

For timberland, this provision allows the valuation to be made under the same procedures originally established in Chapter 176 of 1976 (AB 1258, the Forest Taxation Reform Act). (Sec. 434.5 R&TC)

- B. The base year for trees and vines will be the first year in which they are taxable pursuant to Article XIII, rather than the year in which they are planted. (Sec. 53 R&TC)

IV. Change in Ownership

- A. A "change in ownership" (Sec. 60 R&TC) is a present transfer of an interest in real property, including the beneficial use thereof, the value of which is substantially equal to the value of fee interest, and includes the following:

1. Mineral leases (Sec. 61(a) R&TC)
2. taxable possessory interests (Sec. 61(b) R&TC)
3. creation of leases for 35 years or more (including renewal options), the termination of a lease which had an original term of 35 years or more, the transfer of any lease with a remaining term of 35 years or more, or any transfer of a lessor's interest in property subject to a lease with a remaining term of less than 35 years. (Sec. 61(c) R&TC) These provisions shall apply also to the 1978-79 fiscal year, rather than the 10 year provisions of SB 154 and SB 2212. (Sec. 42 of bill)
4. termination of the original transferor's interest in a joint tenancy (entire property is reappraised). (Sec. 61(d) and 65(a) R&TC)
5. creation or termination of any tenancy-in-common interest (Sec. 61(e) R&TC)
6. vesting of right to possession of a remainder or reversionary interest upon termination of a life estate (Sec. 61(f) R&TC)
7. vesting of interest in person other than the trustor (or his spouse) when a revocable trust becomes irrevocable (Sec. 61(g) R&TC)

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8. transfer of stock in a cooperative housing cooperative (Sec. 61(h) R&TC). For exception see Sec. 62(i).
 9. transfer of real property interest between a corporation, partnership or other legal entity, and a shareholder, partner or other person. (Sec. 61(i) R&TC)
 10. obtaining by one corporation of more than 50% of the voting stock in another corporation, with respect to property owned by the corporation in which the controlling interest is obtained, (Sec. 64(c) R&TC)
- B. Specific exclusions from the definition of change of ownership are provided. If there is any conflict, a specific exclusion will prevail over a more general inclusion provision. The exclusions are:
1. transfers between coowners which results in the method of holding title, but not in the proportional interest of the coowners (e.g. partition of a tenancy-in-common) (Sec. 62(a) R&TC)
 2. transfer for purpose of perfecting title to property (Sec. 62(b) R&TC)
 3. transfer of a security interest or substitution of a trustee under a security instrument (Sec. 62(c) R&TC)
 4. transfer into a trust for so long as transferor is the present beneficiary or trust is revocable (Sec. 62(d)(1) R&TC)
 5. creation or termination of a trust in which trustor retains reversion and interest of others does not exceed 12 years ("Clifford Trusts") (Sec. 62(d)(2) R&TC)
 6. creation of a life estate (Sec. 62(e) R&TC)
 7. creation or transfer of a joint tenancy interest if the transferor remains a joint tenant (Sec. 62(f) R&TC)
 8. termination of an interest other than the original transferor's interest in any joint tenancy interest (Sec. 61(d) and 65(a) R&TC)
 9. transfer of a lessor's interest in property subject to a lease with a remaining term (with renewal options) of 35 years or more (Sec. 61(g) R&TC)
 10. purchase, redemption or transfer of shares of a group trust, pooled fund, common trust fund, or other collective investment fund established by a financial institution. (Sec. 61(h) R&TC)

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11. transfer of stock in certain housing cooperatives insured by provision of the federal National Housing Act or financed by the California Housing Finance Agency. (Sec. 62(i) R&TC)
 12. any interspousal transfer, including transfers to trust for beneficial use of a spouse, transfers upon death of a spouse, transfers in connection with property settlements or dissolution decrees, or transfers of coowner's interest solely between spouses (Sec. 63 R&TC)
 13. transfer of ownership interests in legal entities, such as corporate stock or partnership interests (Sec. 64(a) R&TC). For exception see Sec. 64(c).
 14. any corporate reorganization, by merger or consolidation, where all of the corporations involved are members of an affiliated group, and which qualifies as a reorganization under Section 368 of the United States Internal Revenue Code and which is accepted as a non-taxable event by similar California statutes or any transfer of real property among members of an affiliated group. (Sec. 64(b) R&TC)
 15. creation, vesting, transfer, distribution or termination of a participant's or beneficiary's interest in an employee benefit plan, and any contribution of real property to an employee benefit plan. (Sec. 66 R&TC)
- C. "Purchase" is a change in ownership for consideration (Sec. 67 R&TC)

V. Newly Constructed Property

- A. "Newly constructed" means an addition to real property or the alteration of the land or an improvement which converts the property to a different use or which is a major rehabilitation. (Sec. 70(a) R&TC) Major rehabilitation is defined as the renovation which converts an improvement to the equivalent to a new improvement. (Sec. 70(b) R&TC)
- B. The value of completed new construction will be appraised at the date of completion. New construction in progress on the lien date will be appraised at its full value on such date and each lien date thereafter until the date of completion, at which time the entire portion of property which is newly constructed will be reappraised at its full value. Only that portion of the property which is newly constructed will be reappraised. (Sec. 71 R&TC)

VI. Disaster Relief

- A. "New construction" does not include timely reconstruction of property damaged or destroyed by a disaster to a level equivalent to the damaged or destroyed property. Only that portion of a new property which exceeds the substantially equivalent rebuilt structure will be reappraised. (Sec. 70(c) R&TC)
- B. Existing statutes governing reduction of assessment in the year of damage/disaster are consolidated. (Sec. 170 R&TC)
- C. Reductions in value prior to reconstruction are permitted when the full cash value of the damaged improvement plus the portion of the base value attributable to the land is less than the base value of the entire improvement. For example, the remaining value of a home totally destroyed by fire would be simply that portion of the base value attributable to the land on which the house was situated. (Sec. 51(c) R&TC)

VII. Assessment Appeals

- A. Taxpayers will have the opportunity to appeal their 1975 base year value until the appeals deadline for the 1980 lien date. If the appeal is successful, the change in the base year value will be prospective. (Sec. 80 R&TC)
- B. The present law and procedures for assessment appeals will continue for change in ownership and new construction base year values. Each year's assessment continues to be treated as a new assessment. For the current year, therefore, the taxpayer may challenge such a base year valuation within the normal assessment appeal period, even if the value base had been established in a prior year. (Sec. 81 R&TC)
- C. A four year statute of limitations is placed on appeals for the year in which new base values are established. For example, if a taxpayer wishes to appeal as too high a base value established in 1980, the last year in which to make such an appeal would be 1984. If successful, the change would be effective for 1984-85 and thereafter. (Sec. 80(a)(3) R&TC)
- D. If valuations are based on full cash value, then any value established by assessment appeal for 1975 shall be the 1975 base year value.

NOTE: The deadline for assessment appeals for fiscal year 1978-79 is extended from September 15, 1978 to May 1, 1979 under Chapter 24 - Statutes of 1979 (AB 160 - Mello).

VIII. Taxpayer Reporting

All persons recording a transfer must file a change in ownership statement with the assessor within 45 days or a penalty of \$100 or 10% of current year taxes, whichever is higher, will apply to the taxpayer. (Statement may be filed in escrow.) All transferees in an unrecorded transfer must file a statement with assessor. Failure to do so within 45 days of request by assessor results in same penalty. Penalty may be waived by Board of Supervisors. (Sec. 90, Art. 2.5 (Sec. 480 et seq), Sec. 2516, R&TC, Sec. 27280, 27321, Gov't Code)

IX. Effective Date

The provisions of AB 1488 are "retrospective" in effect, meaning that if the value of any property is reduced by provision of this bill, then such reduction shall be reflected in the 1979-80 fiscal year taxes; any reassessment made for 1978-79 based on SB 154 et seq and the applicable Board of Equalization rulings would remain in effect only for that year. There is no provision for refund of the higher level of taxes paid for the 1978-79 year only. (Sec. 41 of the bill)

The bill is an urgency statute and takes immediate effect.

X. State Mandated Costs

The bill waives reimbursement of property tax revenue losses and administrative costs resulting from mandates imposed by this act, because the duties in this bill were expressly approved by the voters at a statewide election, i.e., the passage of Proposition 13. (Under existing law, such ballot measure mandates are not subject to Board of Control claims procedures.) (Sec. 44 of the bill)

XI. Severability

If any provision of this act is held invalid, such invalidity will not affect other provisions of the act which may operate independently. (Sec. 45 of the bill)



Senate Bill No. 17

CHAPTER 49

An act to amend Section 110.1 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor May 1, 1979. Filed with Secretary of State May 2, 1979.]

LEGISLATIVE COUNSEL'S DIGEST

SB 17, Holmdahl. Property taxation: assessments. The Jarvis-Gann Initiative was an initiative constitutional amendment, which appeared as Proposition 13 on the ballot for the Direct Primary Election held on Tuesday, June 6, 1978, and added a new Article XIII A to the California Constitution to provide new methods of assessing and taxing real property, using 1975 as a base year. The Legislature later implemented the new method of valuing property in Section 110.1 of the Revenue and Taxation Code (Sec. 5, Ch. 576, Stats. 1978).

This bill would provide that the full cash value of property which was appraised for the 1975-76 fiscal year, as of the 1975 lien date, shall be the value of such property at the tax levels for the 1975-76 fiscal year as indicated on the tax bill for such fiscal year.

This bill would also authorize the determination of a new base year value of property which has not been appraised for assessment purposes, for the 1975-76 fiscal year, would prohibit certain escape assessments for such 1975-76 fiscal year resulting from such determination, and would specify what factors and indicia of fair market value that may be used in such determinations, and would specify when property was appraised or reviewed for the 1975-76 fiscal year.

This bill would establish a rebuttable presumption that property was appraised for the 1975-76 fiscal year if the assessor's determination of the value of the property for such fiscal year differed from the value used for purposes of computing the 1974-75 fiscal year tax liability for the property.

Under existing law, Sections 2231 and 2234 of the Revenue and Taxation Code require the state to reimburse local agencies and school districts for certain costs mandated by the state. Other provisions require the Department of Finance to review statutes disclaiming these costs and provide, in certain cases, for making claims to the State Board of Control for reimbursement.

This bill provides that no appropriation is made by this act, nor is any obligation created thereby, pursuant to Section 2231 or 2234, and provides that the other remedies and procedures for providing reimbursement shall have no application to the bill.

This bill would take effect immediately as an urgency statute, and would be applied to the 1978-79 fiscal year and thereafter.

The people of the State of California do enact as follows:

SECTION 1. Section 110.1 of the Revenue and Taxation Code is amended to read:

110.1. (a) For purposes of subdivision (a) of Section 2 of Article XIII A of the California Constitution, "full cash value" of real property, including possessory interests in real property, means the fair market value as determined pursuant to Section 110 for either:

(1) The 1975 lien date; or,
(2) For property which is purchased, is newly constructed, or changes ownership after the 1975 lien date:

(A) The date on which a purchase or change in ownership occurs; or
(B) The date on which new construction is completed, and if uncompleted, on the lien date.

(b) The value determined under subdivision (a) shall be known as the base year value for the property. Notwithstanding any provisions of Section 405.5 or 405.6, for property which was not purchased or newly constructed or has not changed ownership after the 1975 lien date, if the value as shown on the 1975-76 roll is not its 1975 lien date base year value and if the value of that property had not been determined pursuant to a periodic reappraisal under Section 405.5 for the 1975-76 assessment roll, a new 1975 lien date base year value shall be determined at any time until June 30, 1980, and placed on the roll being prepared for the current year. In determining the new base year value for any such property, the assessor shall use only those factors and indicia of fair market value actually utilized in appraisals made pursuant to Section 405.5 for the 1975 lien date. Such new base year values shall be consistent with the values established by reappraisal for the 1975 lien date of comparable properties which were reappraised pursuant to Section 405.5 for the fiscal year. In the event such a determination is made, no escape assessment may be levied and the newly determined "full cash value" shall be placed on the roll for the current year only; provided, however, the preceding shall not prohibit a determination which is made prior to June 30 of a fiscal year from being reflected on the assessment roll for the current fiscal year.

If the value of any real property as shown on the 1975-76 roll was determined pursuant to a periodic appraisal under Section 405.5, such value shall be the 1975 lien date base year value of the property.

As used in this subdivision, a parcel of property shall be presumed to have been appraised for the 1975-76 fiscal year if the assessor's determination of the value of the property for the 1975-76 fiscal year differed from the value used for purposes of computing the 1974-75 fiscal year tax liability for the property, but the assessor may rebut

such presumption by evidence that, notwithstanding such difference in value, such parcel was not appraised pursuant to Section 405.5 for the 1975-76 fiscal year.

(c) For each lien date after the lien date in which the full cash value is determined pursuant to subdivisions (a) and (b), the full cash value of real property, including possessory interests in real property, shall reflect the percentage change in cost of living, as defined in Section 2212; provided, that such value shall not reflect an increase in excess of 2 percent of the full cash value of the preceding lien date.

SEC. 2. (a) Section 1 of this act shall be applied to the 1978-79 fiscal year and fiscal years thereafter.

(b) Except as otherwise provided in this subdivision, if the value of any property is reduced pursuant to Section 110.1 of the Revenue and Taxation Code, the reduced taxes resulting therefrom shall be reflected in a corresponding reduction in the next succeeding tax installment or installments for such property in the 1979-80 fiscal year, unless there was a change in the assessee or assesses of record between July 1, 1978, and June 30, 1979, in which case a refund of such reduced taxes shall be prorated between such assesses of record in the same proportion as they participated in the payment of such taxes. In the event that the current address of a former assessee of record of such property entitled to share in any such refund is not known to the county, that portion of such refund shall be withheld by the county and the assessee may claim a refund from the county treasurer at any time prior to July 1, 1980. No reduction or refund shall be given pursuant to this subdivision of any amount previously collected to pay the interest and redemption charges on any indebtedness approved by the voters prior to July 1, 1978.

SEC. 3. It is the intent of the Legislature to correct an improper assessment practice which has resulted from the misinterpretation of Article XIII A of the California Constitution, as added to the California Constitution pursuant to the approval by the voters, of Proposition 13 on the ballot for the Direct Primary Election held June 6, 1978, and Section 110.1 of the Revenue and Taxation Code, as added by Chapter 292 of the Statutes of 1978, amended by Chapter 332 of the Statutes of 1978, and further amended by Chapter 576 of the Statutes of 1978.

It is further the intent of the Legislature that this act be construed as an act necessary for the implementation of Proposition 13, and, as such, is not a cost mandated by the state.

No appropriation is made by this act, nor is any obligation created thereby, pursuant to Section 2231 or 2234 of the Revenue and Taxation Code. Moreover, no claim shall be considered with respect to this act by the State Board of Control pursuant to Section 905.2 of the Government Code or Section 2250 of the Revenue and Taxation Code, and the Department of Finance shall not review or report on this act pursuant to Section 2246 of the Revenue and Taxation Code.

SEC. 4. This act clarifies the intent of Article XIII A of the California Constitution and Chapters 292 and 332 of the Statutes of 1978, to correct the administrative interpretation of such provisions which has resulted in the incorrect assessment of certain properties, and does not make a substantive change. It is the intent of the Legislature that counties which have established base year values in conformity with the intent of Section 110.1 of the Revenue and Taxation Code, as clarified by this act, shall not be required to redetermine such base year values.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting such necessity are:

Proposition No. 13 on the ballot for the Direct Primary Election held on Tuesday, June 6, 1978, added a new Article XIII A to the California Constitution to limit ad valorem taxes on real property to 1 percent of full cash value and specified that such value would be the full cash value of such property for the 1975-76 fiscal year, or thereafter when such property was purchased, newly constructed or a change of ownership has occurred, as adjusted to reflect specified growth in the cost of living. Uncertainty exists in the determination of full cash value for the 1975-76 fiscal year, resulting in the reappraisal of property with regard to the 1975-76 fiscal year although such property had been timely appraised for the 1975-76 fiscal year and which therefore was correctly assessed for the 1975-76 fiscal year, within the meaning of Proposition 13. Therefore, in order to correct the 1978-79 property tax rolls to prevent undue financial hardship resulting from the erroneous tax levies for the 1978-79 fiscal year and to correct the collection of such taxes with a minimum of administrative difficulty, this act must go into effect immediately.

CHAPTER 242 - Statutes of 1979

An act to amend Sections 27280, 27321, and 61765.5 of the Government Code, to amend Sections 155.2, 402.2, 407, 434.5, 531.6, 1603, 2188.6, 2607, 2636, 2703, 2708, 2772, 2927.6, 3515, 3621, 4336, 4337, 4377, 4377.1, 4843, and 4985.2 of, to add Part 0.5 (commencing with Section 50) to Division 1 of, to add Chapter 2.5 (commencing with Section 170) to Part 1 of Division 1 of, to add Article 2.5 (commencing with Section 480) to Chapter 3 of Part 2 of Division 1 of, to add Sections 135, 405.1, 531.7, 568, 1367, 2516, 3708.1, 3804.2, and 4844 to, and to repeal Sections 155.1, 155.13, and 155.14 of, the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1488, W. Brown. Property taxation: assessment and collection.

Article XIII A of the California Constitution, as revised by Proposition 8, as approved by the voters at the general election held on November 7, 1978, revised various concepts relating to the assessment of real property. Moreover, Senate Bill No. 154 and Senate Bill No. 2212 were enacted as Chapters 292 and 332 of the Statutes of 1978 to implement Article XIII A as added by Proposition 13 at the primary election held on June 6, 1978.

This bill would further implement Article XIII A of the California Constitution.

Under existing law, no amount of overpayment of property taxes may be refunded except on a claim verified by the person who paid the tax, his guardian, executor or administrator, which is filed within a specified period, except that assessors are authorized to make corrections to the 1978-79 roll during such fiscal year without a prior hearing or approval by the board of supervisors and the refund of overpayments of taxes resulting from corrections to the 1978-79 fiscal year roll are authorized whether or not a claim has been filed for such refund.

This bill would authorize assessors to make such corrections to the 1978-79 roll during the 1979-80 fiscal year, for the purpose of making refunds.

Under existing law, Sections 2229, 2231, and 2234 of the Revenue and Taxation Code provide that the state shall reimburse local agencies and school districts for loss of property tax revenues and for certain costs mandated by the state. Other provisions require the Department of Finance to review statutes disclaiming these costs and provide, in certain cases, for making claims to the State Board of Control for reimbursement.

This bill provides that there shall be no appropriation pursuant to Section 2229, 2231 or 2234 for specified reasons.

This bill would provide that if any provision of this act is held invalid, such invalidity shall not affect other provisions of the act which can be given effect without the invalid provision.

Existing law provides for the assessment of property and for the collection of property taxes due.

This bill would make various administrative and technical changes relating to the assessment of property and the collection of property taxes.

This bill would take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 27280 of the Government Code is amended to read:

27280. (a) Any instrument or judgment affecting the title to or possession of real property may be recorded pursuant to this chapter.

(b) Any instrument or document submitted for recordation which effectuates a change in ownership may be accompanied by a change in ownership statement as provided for in Section 480 of the Revenue and Taxation Code. Upon receipt of such change in ownership statement, the recorder shall transmit, as soon as possible, the original statement or true copy thereof to the county assessor along with the recorded document as

required by Section 255.7 of the Revenue and Taxation Code. The change in ownership statement shall not be recorded nor open and available to public inspection and shall at all times remain confidential, except as provided in Section 408 of the Revenue and Taxation Code.

SEC. 2. Section 27321 of the Government Code is amended to read:

27321. The recorder shall endorse upon each instrument the book and page in which it is recorded, and shall thereafter mail, or if specified to the contrary deliver, it to the person named in the instrument for return mail, and if no such person is named, to the party leaving it for record.

Where any recorded instrument or document effectuating a change in ownership is not accompanied by a change in ownership statement, the recorder shall either include with the return of any such recorded instrument or document a change in ownership statement as provided in Section 480 of the Revenue and Taxation Code or specifically identify those recorded documents not accompanied by an ownership statement when providing the assessor with a copy of the transfer of ownership document pursuant to Section 255.7 of the Revenue and Taxation Code.

SEC. 3. Section 61765.5 of the Government Code is amended to read:

61765.5. The amount of the assessments shall constitute a lien against the lot or parcel of land against which the assessment has been imposed as of 12:01 a.m. on the first day of March immediately preceding the date of levy.

SEC. 4. Part 0.5 (commencing with Section 50) is added to Division 1 of the Revenue and Taxation Code, to read:

PART 0.5. IMPLEMENTATION OF ARTICLE XIII A OF THE CALIFORNIA CONSTITUTION

CHAPTER 1. BASE YEAR VALUES

50. For purposes of base year values as determined by

Section 110.1, values determined for property which is purchased or changes ownership after the 1975 lien date shall be entered on the roll for the lien date next succeeding the date of the purchase or change in ownership. Values determined after the 1975 lien date for property which is newly constructed shall be entered on the roll for the lien date next succeeding the date of completion of the new construction. The value of new construction in progress on the lien date shall be entered on the roll as of the lien date.

51. For purposes of subdivision (b) of Section 2 of Article XIII A of the California Constitution, for each lien date after the lien date in which the base year value is determined pursuant to Section 110.1, the taxable value of real property shall be the lesser of:

(a) Its base year value, compounded annually since the base year by an inflation factor, which shall be the percentage change in the cost of living, as defined in Section 2212; provided, that any percentage increase shall not exceed 2 percent of the prior year's value; or

(b) Its full cash value, as defined in Section 110, as of the lien date, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, or other factors causing a decline in value; or

(c) If the property was damaged or destroyed by disaster, misfortune, or calamity, or removed by voluntary action by the taxpayer, the sum of (1) the lesser of its base year value of land determined under subdivision (a) or full cash value of land determined pursuant to subdivision (b), plus (2) the lesser of its base year value of improvements determined under subdivision (a) or the full cash value of improvements determined pursuant to subdivision (b), which shall then become the base year value until such property is restored, repaired, or reconstructed or other provisions of law require establishment of a new base year.

For purposes of this section, "real property" means that appraisal unit which persons in the market place commonly buy and sell as a unit, or which are normally valued separately.

Nothing in this section shall be construed to require the

assessor to make an annual reappraisal of all assessable property.

52. (a) Notwithstanding any other provision of this division, property which is enforceably restricted pursuant to Section 8 of Article XIII of the California Constitution shall be valued for property tax purposes pursuant to Article 1.5 (commencing with Section 421) and Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2.

(b) Notwithstanding any other provision of this division, property restricted to timberland use pursuant to subdivision (j) of Section 3 of Article XIII of the California Constitution shall be valued for property tax purposes pursuant to Article 1.7 (commencing with Section 431) of Chapter 3 of Part 2.

(c) Notwithstanding any other provision of this division, property subject to valuation as a golf course pursuant to Section 10 of Article XIII of the California Constitution shall be valued for property tax purposes in accordance with such section.

(d) Notwithstanding the provisions of this division, property subject to valuation pursuant to Section 11 of Article XIII of the California Constitution shall be valued for property tax purposes in accordance with such section.

53. The initial base year value for fruit and nut trees and grapevines subject to exemption pursuant to subdivision (i) of Section 3 of Article XIII, of the California Constitution shall be the full cash value of such properties as of the lien date of their first taxable year.

CHAPTER 2. CHANGE IN OWNERSHIP AND PURCHASE

60. A "change in ownership" means a transfer of a present interest in real property, including the beneficial use thereof, the value of which is substantially equal to the value of the fee interest.

61. Except as otherwise provided in Section 62, change in ownership, as defined in Section 60, includes, but is not limited to:

(a) The creation, renewal, sublease, assignment, or

other transfer of the right to produce or extract oil, gas, or other minerals for so long as they can be produced or extracted in paying quantities. The balance of the property, other than the mineral rights, shall not be reappraised pursuant to this section.

(b) The creation, renewal, sublease, or assignment of a taxable possessory interest in tax exempt real property for any term.

(c) (1) The creation of a leasehold interest in taxable real property for a term of 35 years or more (including renewal options), the termination of a leasehold interest in taxable real property which had an original term of 35 years or more (including renewal options), and any transfer of a leasehold interest having a remaining term of 35 years or more (including renewal options); or (2) any transfer of a lessor's interest in taxable real property subject to a lease with a remaining term (including renewal options) of less than 35 years.

Only that portion of a property subject to such lease or transfer shall be considered to have undergone a change of ownership.

(d) The creation, transfer, or termination of any joint tenancy interest, except as provided in subdivision (f) of Section 62 and in Section 63.

(e) The creation, transfer, or termination of any tenancy-in-common interest, except as provided in subdivision (a) of Section 62 and in Section 63.

(f) Any vesting of the right to possession or enjoyment of a remainder or reversionary interest which occurs upon the termination of a life estate or other similar precedent property interest, except as provided in subdivision (d) of Section 62 and in Section 63.

(g) Any interests in real property which vest in persons other than the trustor (or, pursuant to Section 63, his spouse) when a revocable trust becomes irrevocable.

(h) The transfer of stock of a cooperative housing corporation, as defined in Section 17265, vested with legal title to real property which conveys to the transferee the exclusive right to occupancy and possession of such property, or a portion thereof.

(i) The transfer of any interest in real property

between a corporation, partnership, or other legal entity and a shareholder, partner, or any other person.

62. Change in ownership shall not include:

(a) Any transfer between coowners which results in a change in the method of holding title to the real property without changing the proportional interests of the coowners, such as a partition of a tenancy in common.

(b) Any transfer for the purpose of perfecting title to the property.

(c) (1) The creation, assignment, termination, or reconveyance of a security interest; or (2) the substitution of a trustee under a security instrument.

(d) Any transfer into a trust for so long as (1) the transferor is the present beneficiary of the trust, or (2) the trust is revocable; or any transfer by a trustee of such a trust described in either clause (1) or (2) back to the trustor; or, any creation or termination of a trust in which the trustor retains the reversion and in which the interest of others does not exceed 12 years duration.

(e) Any transfer by an instrument whose terms reserve to the transferor an estate for years or an estate for life; however, the termination of such an estate for years or estate for life shall constitute a change in ownership, except as provided in subdivision (d) of Section 62 and in Section 63.

(f) The creation or transfer of a joint tenancy interest if the transferor, after such creation or transfer, is one of the joint tenants.

(g) Any transfer of a lessor's interest in taxable real property subject to a lease with a remaining term (including renewal options) of 35 years or more.

(h) Any purchase, redemption or other transfer of the shares or units of participation of a group trust, pooled fund, common trust fund, or other collective investment fund established by a financial institution.

(i) Any transfer of stock or membership certificate in a housing cooperative which was financed under one mortgage provided such housing cooperative was insured under Section 202, 213, 221(d)(3), 221(d)(4), or 236 of the National Housing Act, as amended, or was financed by a direct loan from the California Housing Finance

Agency and the Regulatory and Occupancy Agreements were approved by the respective insuring agency or the lender, the California Housing Finance Agency.

63. Notwithstanding Sections 60, 61, 62, and 65, a change of ownership shall not include any interspousal transfer, including, but not limited to:

(a) Transfers to a trustee for the beneficial use of a spouse, or the surviving spouse of a deceased transferor, or by a trustee of such a trust to the spouse of the trustor,

(b) Transfers which take effect upon the death of a spouse,

(c) Transfers to a spouse or former spouse in connection with a property settlement agreement or decree of dissolution of a marriage or legal separation, or

(d) The creation, transfer, or termination, solely between spouses, of any coowner's interest.

64. (a) Except as provided in subdivision (h) of Section 61 and subdivision (c) of this section, the purchase or transfer of ownership interests in legal entities, such as corporate stock or partnership interests, shall not be deemed to constitute a transfer of the real property of the legal entity.

(b) Any corporate reorganization, by merger or consolidation, where all of the corporations involved are members of an affiliated group, and which qualifies as a reorganization under Section 368 of the United States Internal Revenue Code and which is accepted as a nontaxable event by similar California statutes or any transfer of real property among members of an affiliated group, shall not be a change of ownership. The taxpayer shall furnish proof, under penalty of perjury, to the assessor that the transfer meets the requirements of this subdivision.

For purposes of this subdivision "affiliated group" means one or more chains of corporations connected through stock ownership with a common parent corporation if:

(1) One hundred percent of the voting stock, exclusive of any share owned by directors, of each of the corporations, except the parent corporation, is owned by one or more of the other corporations; and

(2) The common parent corporation owns, directly, 100 percent of the voting stock, exclusive of any shares owned by directors, of at least one of the other corporations.

(c) When one corporation obtains control, as defined in Section 25105, in another corporation through the purchase or transfer of corporate stock, exclusive of any shares owned by directors, such purchase or transfer of such stock shall be a change of ownership of property owned by the corporation in which the controlling interest is obtained.

65. Whenever real property is purchased or a change in ownership of real property occurs, the assessor shall reappraise such real property at its full cash value.

(a) Upon the termination of a joint tenancy interest, only the interest or portion which is thereby transferred from one owner to another owner shall be reappraised, except that upon the termination of an original transferor's interest in any joint tenancy interest described in subdivision (f) of Section 62, the entire portion of the property held by the transferor prior to the creation of the joint tenancy shall be reappraised and upon the termination of an interest in any joint tenancy interest described in subdivision (f) of Section 62, other than an original transferor's interest, there shall be no reappraisal if the interest thereby reverts to an original transferor.

(b) Except as provided in subdivision (a), if a 5 percent or more undivided interest in or a portion of real property is purchased or changes ownership, then only the interest or portion transferred shall be reappraised. A purchase or change in ownership of an undivided interest of less than 5 percent shall not be reappraised, provided, however, that transfers to affiliated transferees during any assessment year shall be cumulated for the purpose of determining the percentage transferred.

(c) If a unit or lot within a cooperative housing corporation, community apartment project, condominium, planned unit development, shopping center, industrial park, or other residential, commercial, or industrial land subdivision complex with common

areas or facilities is purchased or changes ownership, then only the unit or lot transferred and the share in the common area reserved as an appurtenance of such unit or lot shall be reappraised.

66. Change in ownership shall not include:

(a) The creation, vesting, transfer, distribution or termination of a participant's or beneficiary's interest in an employee benefit plan; or

(b) Any contribution of real property to an employee benefit plan.

As used in this section, the terms "employee benefit plan," "participant" and "beneficiary" shall be defined as they are defined in The Employee Retirement Income Security Act of 1974.

67. "Purchased" or "purchase" means a change in ownership for consideration.

CHAPTER 3. NEW CONSTRUCTION

70. (a) "Newly constructed" and "new construction" means:

(1) Any addition to real property, whether land or improvements (including fixtures), since the last lien date; and

(2) Any alteration of land or of any improvement (including fixtures) since the last lien date which constitutes a major rehabilitation thereof or which converts the property to a different use.

(b) Any rehabilitation, renovation, or modernization which converts an improvement or fixture to the substantial equivalent of a new improvement or fixture is a major rehabilitation of such improvement or fixture.

(c) Notwithstanding the provisions of subdivisions (a) and (b), where real property has been damaged or destroyed by misfortune or calamity, "newly constructed" and "new construction" does not mean any timely reconstruction of the real property, or portion thereof, where the property after reconstruction is substantially equivalent to the property prior to damage or destruction. Any reconstruction of real property, or portion thereof, which is not substantially equivalent to

the damaged or destroyed property, shall be deemed to be new construction and only that portion which exceeds substantially equivalent reconstruction shall have a new base year value determined pursuant to Section 110.1.

71. The assessor shall determine the new base year value for the portion of any taxable real property which has been newly constructed. The base year value of the remainder of the property assessed, which did not undergo new construction, shall not be changed. New construction in progress on the lien date shall be appraised at its full value on such date and each lien date thereafter until the date of completion, at which time the entire portion of property which is newly constructed shall be reappraised at its full value.

72. A copy of any building permit issued by any city, county, or city and county, shall be transmitted by each such entity to the county assessor as soon as possible after the date of issuance.

CHAPTER 4. ASSESSMENT APPEALS

80. (a) An application for reduction in the base year value of an assessment on the current local roll may be filed during the regular filing period for that year as set forth in Section 1603 or Section 1840, subject to the following limitations:

(1) The base year value determined by a local board of equalization or by the State Board of Equalization, originally or on remand by a court, or by a court shall be conclusively presumed to be the base year value for any 1975 assessment which was appealed.

(2) The base year value determined pursuant to paragraph (1) of subdivision (a) of Section 110.1 shall be conclusively presumed to be the base year value unless an equalization application is filed no later than the regular filing period following the 1980 lien date. Once an application is filed, the base year value determined pursuant to that application shall be conclusively presumed to be the base year value for such assessment.

(3) The base year value determined pursuant to paragraph (2) of subdivision (a) of Section 110.1 shall be

conclusively presumed to be the base year value, unless an application for equalization is filed during the regular equalization period for the year in which the assessment is placed on the assessment roll or in any of the three succeeding years.

Once an application is filed, the base year value determined pursuant to that application shall be conclusively presumed to be the base year value for such assessment.

(4) Any reduction in assessment made as the result of an appeal under this section shall apply for the assessment year in which the appeal is taken and prospectively thereafter.

(b) This section does not prohibit the filing of an application for appeal where a new value was placed on the roll pursuant to Section 51.

(c) An application for equalization made pursuant to Section 620 or Section 1605 when determined, shall be conclusively presumed to be the base year value in the same manner as provided herein.

81. Where real property has been assessed using a base value other than the 1975 base value, the applicant in equalization proceedings pursuant to Chapter 1 (commencing with Section 1601) of Part 3 may establish the correct base year value applicable to the current year's assessment, subject to the limitations of Section 80.

CHAPTER 5. TAXPAYER REPORTING

90. Assesseees shall report change in ownership information to the assessor as provided in Article 2.5 (commencing with Section 480) of Chapter 3 of Part 2. SEC. 5. Section 135 is added to the Revenue and Taxation Code, to read:

135. Whenever any taxes or assessments are entered on the roll under any provision of law, such taxes or assessments shall, notwithstanding any other provision of law to the contrary, be subject to all provisions of this division.

SEC. 6. Section 155.1 of the Revenue and Taxation Code is repealed.

SEC. 7. Section 155.2 of the Revenue and Taxation Code is amended to read:
 155.2. For the 1979-80 fiscal year only, the time fixed for the performance of any act by the assessor relating to the preparation of the 1979-80 fiscal year assessment roll shall be not later than August 1, 1979.

For the 1979-80 year only, in addition to the extension of time permitted by Section 155, the board or its secretary may grant an extension of an additional 30 days for the performance of any act by the assessor, auditor, tax collector, or county board.

SEC. 8. Section 155.13 of the Revenue and Taxation Code is repealed.

SEC. 9. Section 155.14 of the Revenue and Taxation Code is repealed.

SEC. 10. Chapter 2.5 (commencing with Section 170) is added to Part 1 of Division 1 of the Revenue and Taxation Code, to read:

CHAPTER 2.5. DISASTER RELIEF

170. (a) Notwithstanding any provision of law to the contrary, the board of supervisors may, by ordinance, provide that every person who at 12:01 a.m. on March 1 was the owner of, or had in his possession, or under his control, any taxable property, or who acquired such property after such lien date and is liable for the taxes thereon for the fiscal year commencing on the immediately following July 1, which property was damaged or destroyed in excess of the amounts specified in subdivision (b) without his fault, after such lien date, by any of the following:

(1) A major misfortune or calamity, in an area or region subsequently proclaimed by the Governor to be in a state of disaster, if such property was damaged or destroyed by the major misfortune or calamity which caused the Governor to proclaim the area or region to be in a state of disaster.

(2) A misfortune or calamity.

(3) A misfortune or calamity to a possessory interest in land owned by the state or federal government and the

permit or other right to enter upon the land has been suspended without his fault, because of a misfortune or calamity, may, within the time specified in the ordinance, or, if no time is specified, within 60 days of such misfortune or calamity, apply for reassessment of such property by delivering to the assessor a written application requesting reassessment showing the condition and value, if any, of the property immediately after the damage or destruction, and the dollar amount of the damage. The application shall be executed under penalty of perjury, or if executed outside the State of California, verified by affidavit.

An ordinance may be made applicable to a major misfortune or calamity specified in paragraph (1) or to any misfortune or calamity specified in paragraph (2), or to both, as the board of supervisors determines. An ordinance may not be made applicable to a misfortune or calamity specified in paragraph (3), unless an ordinance making paragraph (2) applicable is operative in the county. The ordinance may specify a period of time within which the ordinance shall be effective, and, if no period of time is specified, it shall remain in effect until repealed.

As used in paragraph (1), "damage" includes property which was diminished in value as a result of restricted access to the property where such diminution in value was caused by the major misfortune or calamity. As used in paragraph (3), "damage" means a possessory interest in land owned by the state or federal government wherein the permit or other right to use the land has been suspended because of a misfortune or calamity such as a drought condition in California.

(b) Upon receiving a proper application, the assessor shall appraise the real property according to the full cash value of land and improvements immediately before and after the damage or destruction. The assessor shall determine a new base year value, which shall be the sum of (1) the lesser of the full cash value of the land determined pursuant to subdivision (b) of Section 51 or the base year value of the land determined pursuant to subdivision (a) of Section 51; plus (2) the lesser of full

for size and amenities shall not be factors in determining the value of land zoned as timberland preserve which is valued by a method employing the use of comparable sales.

(e) For purposes of this section, the value of each acre of timberland within each site class, within a timberland preserve zone, shall be presumed no greater than the value derived pursuant to subdivision (f).

(f) The board shall:

(1) Prepare, or cause to be prepared, timberland site capability tables which shall prescribe by site classification the potential annual yield of wood by species or mixture of species per acre.

(2) Multiply the potential annual yield by 10 percent.

(3) Multiply the result of paragraph (2) by an immediate harvest value, averaged for the previous 20 quarters, that is appropriate for the geographical area wherein such timberland values shall be applied.

(4) Divide the result of paragraph (3) by a capitalization rate of 10 percent expressed as a decimal. Pursuant to paragraph (2) of this subdivision, the Legislature declares that 10 percent is the average percent of income from potential annual yield of wood that can be attributed to timberland as a productive component contributing to such income, and the Legislature finds that it is in the public interest that values derived from analysis of sales of timberland restricted under timberland preserve zones shall not exceed this percentage.

(g) For the purposes of this section, the value of each acre of timberland within a timberland preserve zone shall be presumed to be no less than twenty dollars (\$20) per acre.

(h) For the purposes of this section, the term "value" (and its derivatives) means "full value" as defined in Section 110.5.

(i) The Legislature finds and declares that the foregoing values are consistent with the taxation of timberland used primarily for growing timber and that these values are consistent with the intent of subdivision (j) of Section 3 of Article XIII of the Constitution.

SEC. 15. Article 2.5 (commencing with Section 480) is added to Chapter 3 of Part 2 of Division 1 of the Revenue and Taxation Code, to read:

Article 2.5. Change in Ownership Reporting

480. Whenever any change in ownership of real property occurs, the transferee shall file a signed change in ownership statement in the county where the real property is located, as provided for in subdivision (b).

(a) The change in ownership statement shall be declared to be true under penalty of perjury and shall give such information relative to the real property acquisition transaction as the assessor shall prescribe. Such information shall include, but not be limited to, a description of the property, the parties to the transaction, the date of acquisition, the amount, if any, of the consideration paid for the property, whether paid in money or otherwise, and the terms of the transaction. The change in ownership statement shall not include any question which is not germane to the assessment function. The statement shall contain a notice that is printed in at least 14-point boldface type in the following form:

"Important Notice"

"The law requires any person acquiring an interest in real property to file a change in ownership statement with the county recorder or assessor. The change in ownership statement must be filed within 45 days of the date of recording or, if the transfer is not recorded, within 45 days of the date of the change in ownership. The failure to file a change in ownership statement within 45 days after receipt of a written request by the assessor results in a penalty of one hundred dollars (\$100) or 10 percent of the current year's taxes on the real property, whichever is greater. This penalty will be added on the current assessment roll and becomes a lien against real property in the same manner as any other property tax, unless paid by the end of the month following the month

in which it is enrolled. Thereafter, the lien will be subject to interest and penalties as any other delinquent tax on real property.”

(b) If the document evidencing a change in ownership is recorded in the county recorder's office, then the statement shall be filed either with the recorder at the time of recordation or with the assessor within 45 days from the date of recordation. If the document evidencing a change in ownership is not recorded, then the statement shall be filed with the assessor no later than 45 days from the date the change in ownership occurs.

(c) Whenever a change in ownership statement is filed with the county recorder's office, the recorder shall transmit, as soon as possible, the original statement or a true copy thereof to the assessor along with a copy of every recorded document as required by Section 255.7.

(d) The change in ownership statement may be filed with the assessor through the United States mail, properly addressed with the postage prepaid.

(e) Upon receipt of a change in ownership statement which has either been transmitted by the county recorder's office or been filed directly by the transferee, the assessor shall enter the prior assessment year value and an indication as to whether a change in ownership, as defined in Section 60, has occurred on the statement.

(f) In the case of a corporate transferee of property, the change in ownership statement shall be signed either by an officer of the corporation or an employee or agent who has been designated in writing by the board of directors to sign such statements on behalf of the corporation.

481. All information requested by the assessor pursuant to this article or furnished in the change in ownership statement shall be held secret by the assessor. The statement is not a public document and is not open to inspection, except as provided in Section 408.

482. If any person who is requested by the assessor to make a change in ownership statement fails to file such statement within 45 days from the date of request, a penalty of the greater of one hundred dollars (\$100) or 10 percent of the current year's taxes on the real property

shall be added to the assessment made on the current roll. The penalty shall be added to the current assessment roll and shall become a lien against the real property in the same manner as any other property tax, unless paid by the end of the month following the month in which it is enrolled. Thereafter, the lien shall be subject to interest and penalties as any other delinquent tax on real property.

Notice of any penalty added to the roll pursuant to this section shall be mailed by the assessor to the assessee at his address as contained in any recorded instrument or document evidencing a change in ownership or at any address reasonably known to the assessor.

483. If the assessee establishes to the satisfaction of the county board of supervisors that the failure to file the change in ownership statement within the time required by Section 480 was due to reasonable cause and not due to willful neglect, and has filed the statement with the assessor, the board of supervisors may order the penalty abated, provided the assessee has filed with the board of supervisors written application for abatement of the penalty no later than 60 days after the date on which the assessee was notified of the penalty.

If the penalty is abated it shall be canceled or refunded in the same manner as an amount of tax erroneously charged or collected.

484. With the exception of the penalty provision of Section 463, the provisions of Article 2 (commencing with Section 441) shall be available to the assessor for the purposes of securing change in ownership information required for assessment purposes.

485. If, after written request by the assessor, any person fails to comply with any provision of law for furnishing information required by Section 480, the assessor, based upon information in his possession, shall estimate the value of the property and, based upon this estimate, promptly assesses the property.

SEC. 16. Section 531.6 of the Revenue and Taxation Code is amended to read:

531.6. The taxpayer who has filed a claim for the homeowners' exemption which has not been denied by

the assessor is responsible for notifying the assessor when the property is no longer eligible for the exemption.

Upon any indication that a homeowners' exemption has been incorrectly allowed, the assessor shall make a redetermination of eligibility for the homeowners' exemption. If the assessor determines that the property is no longer eligible for the exemption, he shall immediately cancel the exemption on the property.

If a homeowners' exemption has been incorrectly allowed, an escape assessment as allowed by Section 531.1 in the amount of the exemption with interest as provided in Section 506 shall be made, except that where the exemption was allowed as the result of an assessor's error, the amount of interest shall be forgiven. If the exemption was incorrectly allowed because of erroneous or incorrect information submitted by the claimant with knowledge that such information was erroneous or incomplete or because the claimant failed to notify the assessor in a timely manner that the property was no longer eligible for the exemption, the penalty provided in Section 504 shall be added to the assessment. If the property subject to this paragraph has been transferred or conveyed to a bona fide purchaser for value during the period commencing with the lien date and ending July 1 of the fiscal year for which such exemption was incorrectly allowed, and the claimant is not the purchaser, any amount of penalty provided by Section 504 or any amount of interest provided by Section 506 imposed pursuant to the escape assessment due to such incorrect homeowners' exemption shall be forgiven.

SEC. 17. Section 531.7 is added to the Revenue and Taxation Code, to read:

531.7. If property has not been legally assessable on the local secured roll for any year because such property has been tax deeded to a taxing agency other than the state, the property shall be deemed to have escaped assessment for such year and shall be subject to the provisions of this article if:

(a) The property has not been sold to the state for delinquent taxes, and,

(b) The property has been redeemed from the tax sale

and deed to the taxing agency, or

(c) The tax deed to the taxing agency has been held to be invalid and has been canceled; provided, however, that the statute of limitations provided for in Section 532 of this code shall not apply.

SEC. 18. Section 568 is added to the Revenue and Taxation Code, to read:

568. Upon recommendation of the tax collector and approval of the board of supervisors, property tax deeded to the state or any other taxing agency shall be assessed by the assessor and entered on the secured roll in the name of the state or such other taxing agency and be extended thereon by the auditor in the same manner as if the property were subject to taxation. In no case shall the value of this property be used to represent the assessed valuation of the local roll.

SEC. 19. Section 1367 is added to the Revenue and Taxation Code, to read:

1367. Every county assessor shall ascertain the total assessed value of homes receiving the homeowners' property tax exemption described in Section 218 and shall report to the board during each fiscal year, commencing with the 1979-80 fiscal year, the total valuation of properties receiving such exemption each year.

SEC. 20. Section 1603 of the Revenue and Taxation Code, as amended by Section 4.1 of Chapter 353 of the Statutes of 1978, is amended to read:

1603. (a) A reduction in an assessment on the local roll shall not be made unless the party affected or his agent makes and files with the county board a verified, written application showing the facts claimed to require the reduction and the applicant's opinion of the full value of the property. The form for such application shall be prescribed by the State Board of Equalization.

(b) The application shall be filed within the time period beginning July 2 and continuing through and including September 15. An application that is mailed and postmarked September 15 or earlier within such period shall be deemed to have been filed within the time period beginning July 2 and continuing through and including September 15. For the 1979-80 fiscal year only,

the September 15 deadline shall be extended to October 1.

(c) In the form provided for making application pursuant to this section, there shall be a notice that written findings of facts of the local equalization hearing will be available upon written request at the requester's expense and, if not so requested, the right to such written findings is waived. The form shall provide appropriate space for the applicant to request written findings of facts as provided by Section 1611.5.

SEC. 21. Section 2188.6 of the Revenue and Taxation Code is amended to read:

2188.6. (a) Whenever real property has been divided into condominiums, as defined in Section 783 of the Civil Code, the initial seller or purchaser of an individual unit in a condominium project may request that the county assessor separately assess such unit for property tax purposes and that a separate tax bill be sent to such purchaser for the current fiscal year.

(b) The tax due on the individual unit shall constitute a lien solely on that unit.

(c) Property taxes due on other units within the condominium project shall not constitute a lien on any unit which has been separately assessed, and for which a separate tax bill has been sent to the seller or purchaser of the separate unit.

SEC. 22. Section 2516 is added to the Revenue and Taxation Code, to read:

2516. Upon the failure of a transferee to file a change in ownership statement required by Section 480, the assessor or the auditor shall immediately enter on the assessment records applicable to the real property, the fact that a penalty has been added to the assessment roll and specify the date and amount thereof.

SEC. 23. Section 2607 of the Revenue and Taxation Code is amended to read:

2607. The entire tax on real property may be paid when the first installment is due. The first installment may be paid separately when the first installment is due or at any time thereafter until the properties on the current roll are sold to the state. The second installment

may be paid separately only if the first installment has been paid. The tax collector shall accept payment of current year taxes even though prior year delinquencies on the real property may exist. The acceptance of such payment shall not affect the validity of any deed to the state or sale by the state.

SEC. 24. Section 2636 of the Revenue and Taxation Code is amended to read:

2636. Notwithstanding any other provision of law, in the case of a deficiency in the payment of taxes due and payable pursuant to this chapter, the tax collector, with the approval of the board of supervisors, may accept such partial payment from the taxpayer. Such partial payments are to be applied first to all penalties, interest and costs with the balance being applied to the taxes due. The difference between the amount paid by the taxpayer and the amount due shall be treated as a delinquent tax in the same manner as any other delinquent tax.

SEC. 25. Section 2703 of the Revenue and Taxation Code is amended to read:

2703. The entire tax on the secured roll may be paid when the first half is due. The first half may be paid separately when the first half is due or at any time thereafter until the properties on the current roll are sold to the state. The second half may be paid separately only if the first half has been paid. The tax collector shall accept payment of current year taxes even though prior year delinquencies on the real property may exist. The acceptance of such payment shall not affect the validity of any deed to the state or sale by the state.

SEC. 26. Section 2708 of the Revenue and Taxation Code is amended to read:

2708. Notwithstanding any other provision of law, in the case of a deficiency in the payment of taxes due and payable pursuant to this chapter, the tax collector, with the approval of the board of supervisors, may accept such partial payment from the taxpayer. Such partial payments are to be applied first to all penalties, interest and costs with the balance being applied to the taxes due. The difference between the amount paid by the taxpayer and the amount due shall be treated as a delinquent tax

in the same manner as any other delinquent tax.

SEC. 27. Section 2772 of the Revenue and Taxation Code is amended to read:

2772. Notwithstanding any other provision of law, in the case of a deficiency in the payment of taxes due and payable pursuant to this chapter, the tax collector, with the approval of the board of supervisors, may accept such partial payment from the taxpayer. Such partial payments are to be applied first to all penalties, interest and costs with the balance being applied to the taxes due. The difference between the amount paid by the taxpayer and the amount due shall be treated as a delinquent tax in the same manner as any other delinquent tax.

SEC. 28. Section 2927.6 of the Revenue and Taxation Code is amended to read:

2927.6. Notwithstanding any other provision of law, in the case of a deficiency in the payment of taxes due and payable pursuant to this chapter, the tax collector, with the approval of the board of supervisors, may accept such partial payment from the taxpayer. Such partial payments are to be applied first to all penalties, interest and costs with the balance being applied to the taxes due. The difference between the amount paid by the taxpayer and the amount due shall be treated as a delinquent tax in the same manner as any other delinquent tax.

SEC. 29. Section 3515 of the Revenue and Taxation Code is amended to read:

3515. After being duly recorded, the recorded original of the deed to the state shall be forwarded by the county recorder to the Controller. In the alternative, the county recorder may return deeds to the custody of the county tax collector who shall assume the responsibility of forwarding the deeds to the Controller.

SEC. 30. Section 3621 of the Revenue and Taxation Code is amended to read:

3621. The state shall be made a party defendant in the action. Service may be made on the state by serving the State Controller or a Deputy State Controller. All other taxing agencies or revenue districts claiming any interest in or lien on the property shall be served in the manner provided by law. The Attorney General, district attorneys

and legal advisers of taxing agencies or revenue districts claiming any interest in or lien on such property are authorized to waive service and to make appearance in the action without prior service. Section 160 of this code shall not apply to actions under this chapter.

SEC. 31. Section 3708.1 is added to the Revenue and Taxation Code, to read:

3708.1. If a deed to the purchaser contains a clerical error or misstatement of fact, a corrected deed may be issued by the tax collector and recorded with the county recorder without charge. The new deed shall contain a statement of reasons for its issuance and, as far as practical, shall be the same as the original except where corrected.

SEC. 32. Section 3804.2 is added to the Revenue and Taxation Code, to read:

3804.2. If a deed to the purchaser contains a clerical error or misstatement of fact, a corrected deed may be issued by the tax collector and recorded with the county recorder without charge. The new deed shall contain a statement of reasons for its issuance and, as far as practical, shall be the same as the original except where corrected.

SEC. 33. Section 4336 of the Revenue and Taxation Code is amended to read:

4336. When property is redeemed on which delinquent taxes have been paid in installments, there shall be credited on the amount necessary to redeem the total amount of back taxes previously paid, including an allowance for interest paid pursuant to Section 4221. The credit shall be allowed after computation of the amount necessary to redeem. If the last payment made of delinquent taxes in installments was under a provision of law which requires that payments be made on or before April 10th or on or before May 10th in each fiscal year or which expressly allows quarter-annual payment of installments, no credit shall be allowed under this section after five years succeeding April 10th or May 10th of the first fiscal year when no payment was made as required.

SEC. 34. Section 4337 of the Revenue and Taxation Code is amended to read:

4337. When payment of delinquent taxes in installments on any property was started under any provision of law and payment of delinquent taxes in installments on the property is later started under another provision of law providing for such payment, or under the same provision of law after default in payment, there shall be credited on the amount payable the total amount of back taxes paid under the same or previous provision, including an allowance for interest paid pursuant to Section 4221. This credit is in addition to and not a substitute for the payment of any part of any installment payable and shall be allowed after the first installment is paid. If the last payment made of delinquent taxes in installments was under a provision of law which requires that payments be made on or before April 10th or on or before May 10th in each fiscal year or which expressly allows quarter-annual payment of installments, no credit shall be allowed under this section after five years succeeding April 10th or May 10th of the first fiscal year when no payment was made as required.

SEC. 35. Section 4377 of the Revenue and Taxation Code is amended to read:

4377. Any delinquent tax roll more than 12 years old and original secured roll on which it is based containing the information set forth in the abstract list may be destroyed by the county officer or officers in possession of the rolls; except that (a) no original secured roll for the year 1912 (fiscal year 1912-1913) shall be so destroyed, (b) such destruction shall, in all cases, first be approved by order of the board of supervisors of the county, and (c) the abstract list shall first have been certified as correct and complete by the county auditor.

The abstract list prepared under Section 4373, or any photographic record thereof, shall be retained by the tax collector for at least two years after such time as the lien has been removed.

SEC. 36. Section 4377.1 of the Revenue and Taxation Code is amended to read:

4377.1. Notwithstanding the provisions of Section 4377, upon order of the board of supervisors any delinquent tax roll more than two years old and original

secured roll on which it is based containing the information set forth in the abstract list may be destroyed by the county officer or officers in possession of the rolls; except that

(a) No original secured roll for the year 1912 (fiscal year 1912-1913) shall be so destroyed.

(b) A photographic record of the tax roll is made, one copy of which shall be permanently retained by the tax collector.

(c) The abstract list shall first have been certified as correct and complete by the county auditor.

The abstract list prepared under Section 4373, or any photographic record thereof, shall be retained by the tax collector for at least two years after such time as the lien has been removed.

SEC. 37. Section 4843 of the Revenue and Taxation Code is amended to read:

4843. For the 1978-79 fiscal year only, notwithstanding any other provisions of this division, the assessor may make corrections to the 1978-79 roll during such fiscal year, or for the purposes of making refunds, during the 1979-80 fiscal year without a prior hearing by, or the prior approval of, the board of supervisors. If the assessment change results in a reduction of taxes which have been paid, the amount of the overpayment resulting from such reduction of taxes may be refunded to the current assessee whether or not a refund claim has been filed by the person who paid the taxes.

SEC. 38. Section 4844 is added to the Revenue and Taxation Code, to read:

4844. For the 1979-80 fiscal year only, notwithstanding any other provisions of this division, the assessor may make corrections to the 1979-80 roll during such fiscal year without a prior hearing by, or the prior approval of, the board of supervisors. If the assessment change results in a reduction of taxes which have been paid, the amount of the overpayment resulting from such reduction of taxes may be refunded to the current assessee, unless there was a change in the assessee or assessee of record between July 1, 1978, and June 30, 1979, in which case a refund of such reduced taxes shall

be prorated between such assesseees of record in the same proportion as they participated in the payment of such taxes.

SEC. 39. Section 4985.2 of the Revenue and Taxation Code is amended to read:

4985.2. (a) Any uncollected penalty or costs provided for in Section 2617, 2618, 2621, 2704, 2705, 2706, or 2922 may be canceled by the tax collector or the auditor, with the approval of the board of supervisors upon a finding that (1) the failure to make a timely payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care and the absence of willful neglect, provided the principal payment for the proper amount of the tax due is made within 90 days after the first delinquency date or within 30 days after the second delinquency date, or, (2) there was an inadvertent error in the amount of payment made by the taxpayer, provided the principal payment for the proper amount of the tax due is made within 10 days after the notice of shortage is mailed by the tax collector.

(b) Any taxpayer seeking to be relieved of the penalty shall file with the board of supervisors a claim for refund conforming with the provisions of Article 1 (commencing with Section 5096) of Chapter 5 of Part 9. The claim for refund shall be accompanied by a statement under penalty of perjury setting forth the facts upon which the claim for relief is based. The statement shall be filed with the board of supervisors within 60 days after the penalty is paid.

(c) Nothing herein shall affect the powers of a tax collector pursuant to Section 2512, 2512.5 or 2513.

SEC. 40. The Legislature hereby finds and declares that the amendments made to Sections 2607 and 2703 of the Revenue and Taxation Code by Sections 23 and 25 of this act, regarding the collection of current taxes even though prior year delinquencies on the real property may exist, shall apply to collections which occurred prior to the effective date of this act as well as to collections which occur thereafter.

SEC. 41. (a) Notwithstanding the provisions of

Sections 110.1 and 110.6, as added to the Revenue and Taxation Code by Chapter 292 of the Statutes of 1978, and amended by Chapters 332 and 576 of the Statutes of 1978, the provisions of this act shall be effective for the 1979-80 assessment year and thereafter, except as provided in Section 42 of this act.

It is the intent of the Legislature that the provisions of this act shall apply to the determination of base year values for the 1979-80 assessment year and thereafter, including, but not limited to, any change in ownership occurring on or after March 1, 1975.

SEC. 42. No creation, termination, assignment or sublease of a leasehold interest on or after March 1, 1975, and no transfer of property subject to a lease on or after March 1, 1975, shall constitute a change in ownership, unless it is defined as a change in ownership under subdivision (c) of Section 61 and subdivision (g) of Section 62.

SEC. 43. Except as otherwise provided in this act, or in Chapter 49 of the Statutes of 1979, no escape assessments shall be levied and no refund shall be made for any years prior to 1979-80 for any increases (or decreases) in value made in 1978-79 as the result of the enactment of Article XIII A of the Constitution, and Chapters 292 and 332 of 1978 or this act, except that any refunds which result from appeals filed for 1978-79 in a timely manner or pursuant to Chapter 24 of the Statutes of 1979 shall be made.

SEC. 44. (a) Notwithstanding Section 2229 of the Revenue and Taxation Code, there shall be no reimbursement pursuant to that section nor shall there be an appropriation made by this act because any property tax revenue loss imposed on local government has been expressly approved by a majority of the voters of this state through the initiative process.

(b) No appropriation is made by this act, nor is any obligation created thereby under Section 2231 or 2234 of the Revenue and Taxation Code, for the reimbursement of any local agency or school district for any costs that may be incurred by it in carrying on any program or performing any service required to be carried on or

performed by it by this act, because the Legislature finds and declares that the duties imposed by this act were expressly included in a ballot measure approved by the voters in a statewide election.

SEC. 45. If any provision of this act or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

SEC. 46. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting such necessity are as follows:

In order for the provisions of this act to apply to the 1979-80 fiscal year, it is necessary that this act take effect immediately.