

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 23, 2008

POSITION: Neutral

BILL NUMBER: SB 1777

AUTHOR: Senate Revenue and Taxation

SPONSOR: State Board of Equalization

BILL SUMMARY: Taxation

Existing law imposes various duties on the state Board of Equalization (BOE) related to property tax law and administration.

This BOE sponsored bill would make numerous technical changes to property tax law and other BOE administrative procedures.

FISCAL SUMMARY

Finance estimates this bill would have no state General Fund impact. We concur with BOE estimates that the bill is revenue neutral.

COMMENTS

Finance notes the following with regard to this bill:

- This bill could improve the administration of property tax laws to assist both taxpayers and tax administration agencies.

Analyst/Principal (0762) C. Hill	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

Senate Revenue and Taxation

April 23, 2008

SB 1777

ANALYSIS

A. Programmatic Analysis

Current law provides that persons who own property substantially damaged or destroyed in a Governor-declared disaster may transfer the base year value of that property to a property acquired or constructed as a replacement if it is acquired within five years after the disaster. "Substantially damaged" means physical damage amounting to more than 50 percent of its current market value immediately prior to the disaster.

This bill would treat land and improvements as separate units in meeting the "substantially damaged or destroyed" threshold of 50 percent for purposes of qualifying for disaster relief via a base year value transfer.

Existing law provides that property owned by nonprofit organizations and churches and leased to public schools, including colleges, are exempt from property tax under the welfare exemption provided the rents charged do not exceed the ordinary and usual expenses in maintaining and operating the property.

This bill would clarify the filing procedures for obtaining a property tax exemption on property owned by a church or a nonprofit organization that is leased to a public school or college.

Existing law provides a "disabled veterans' exemption" to reduce the assessed value of the homes of qualified veterans or their surviving unmarried spouses.

This bill would delete obsolete references to prior exemption amounts that have since been increased.

Under current law, each person owning a boat with an initial cost of \$100,000 or more is subject to an annual reporting requirement. Other boat owners are required to file a report only upon the request of the county assessor.

This bill would eliminate the requirement that owners of noncommercial boats with an initial cost of more than \$100,000 file a property statement every year.

Under existing law, real property is reassessed to its current fair market value when there is a change in ownership. Current law requires that subsequent to any change in ownership of real property, the acquiring property owner must file a "Change in Ownership Statement" (COS). In actual practice, many taxpayers file a nearly identical "Preliminary Change in Ownership Report" (PCOR) rather than a COS.

This bill would amend statute to remove those provisions that specify the design of the PCOR form, and instead authorize the BOE to prescribe the form after consultation with the California Assessors' Association.

Under current law any person performing the duties of an appraiser for property tax purposes as an employee of the state, any county, or any city and county must hold a valid appraiser's certificate. Appraisers are required to complete courses of continuing education.

This bill would permit BOE to deliver online continuing education training to certificated property tax appraisers through established web based systems maintained by community colleges that charge fees for online courses.

Existing law requires BOE to hold regular board meetings in Sacramento each month and special meetings at such places and times as the chairperson directs.

This bill would require the board to meet monthly in the state but not exclusively in Sacramento so long as at least one regular meeting is held in Sacramento each quarter.

B. Fiscal Analysis

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)
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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	
0001/Major Rev	SO	No		-----	No/Minor	Fiscal Impact	-----		0001