

**PROPERTY TAX POLICY REVIEW**

- **Section 1:** Board of Equalization: Inflationary Factor for 2016-2017 /Impact on Property Revaluations
- **Section 2:** Proposed Ballot Initiative: Property Tax Surcharge to Fund Poverty Reduction Programs
- **Section 3:** Property Tax/ Post Redevelopment - Legislative Recap and New Laws

Clients are encouraged to contact their respective Client Service Manager for specific questions regarding this report or Stephanie Ontiveros (MuniServices Property Tax Manager) at Stephanie.Ontiveros@MuniServices.com or 559-271-6827.

Section 1: Board of Equalization: Consumer Price Index for 2016-2017/ Impact on Property Revaluations

Source: <http://www.boe.ca.gov/proptaxes/pdf/lta15055.pdf>

On December 4, 2015 the State Board of Equalization (BOE) sent to County Assessors the 2016-17 inflationary factor for property tax. Information from the Department of Industrial Relations shows that the California Consumer Price Index (CCPI) increased from 247.481 in October 2014 to 251.255 in October 2015. Rounded to the nearest one-thousandth of 1 percent, this is an increase of 1.525 percent. **Action to Assessor's:** Please prepare your **2016** assessment roll using an inflation factor of **1.01525**.

What this means: Assessed value of property not subject to revaluations due to sales and transfers will increase by 1.525%. This is below the 2% statutory allowance for the 3rd year in a row. Prior to that, the increase has only been below the 2% statutory allowance 7 of the last 38 years. This is due to the low rate of inflation. The BOE also announced this week a 5.9 percent increase in state-wide assessed property values for 2015; this is the fifth consecutive year property values have increased, due mostly to the recovery in the state's housing market.

Section 2: Proposed Ballot Initiative: Property Tax Surcharge to Fund Poverty Reduction Programs

Source: [https://ballotpedia.org/California_Lifting_Children_and_Families_Out_of_Poverty_Act_Initiative_\(2016\)](https://ballotpedia.org/California_Lifting_Children_and_Families_Out_of_Poverty_Act_Initiative_(2016))

The initiative has been cleared to seek signatures to qualify for the November 2016 ballot. The deadline for the proponents to submit no less than 585,880 signatures is on March 21, 2016.

Major Components (from the Attorney General's title and summary)

- Imposes additional surcharge on real property with an assessed value of over \$3 million. The surcharge is based on a sliding scale ranging from three-tenths of one percent for real property assessed at \$3 million to eight-tenths of one percent for real property assessed at \$10 million or more.
- Allocates revenue to numerous programs for the purpose of reducing poverty, including: prenatal services, expanded childcare, early childhood education, after-school and summer programs, job training grants, tax credits, and monetary aid.
- The surcharge expires in 20 years.

Fiscal Impact (by the LAO and DOF)

- Increased state revenues annually through 2036-37.
- Estimated between \$6 billion and \$7 billion in 2017-18, from a new surcharge on high-value properties, with the revenues dedicated to various programs intended to reduce poverty.



Section 3: Property Tax/ Post Redevelopment Legislative Recap / New Laws

- **Private Transfer Fees:** Must be disclosed to transferors of real property on related documents. **(AB 807/ Stone)**
- **Change of Ownership Statements:** Imposes penalties for failure to file a specific property statement or change in ownership within a specified time. The bill's intent is to align penalty forgiveness provisions in property tax law. **(AB 571/ Brown)**
- **Welfare Exemptions:** Requires county assessor to consider a recorded contract when welfare exemptions are granted including a restriction on the use of land for 30 years to owner occupied housing. **(AB 668/ Gomez)**
- **Assessment Practices Survey Program:** Modifies the county assessment practices survey cycle, reduces the time within which the BOE must issue a survey report from two years to one year, and allows former assessors to provide feedback on the survey of their former office. **(AB 681/ Ting)**
- **Property Tax Postponement for Senior Citizens and Disabled Citizens:** Technical changes including eliminating outdated references, specifying the timing of payments, clarifying interest on existing loans, and revising the definition of claimant. **(SB 801/ Committee on Governance and Finance)**
- **Assessment Analyst Certification:** Allows local boards of supervisors to impose certification and annual training requirements on county assessor employees responsible for property tax change in ownership and exemption decisions. **(AB 1534/ Committee on Revenue and Taxation)**
- **Greenways:** Promotes economic development by allowing governments to create easements for developing greenways along urban waterways. **(AB 1251/ Gomez)**
- **Property Tax Omnibus Bill:** Replace a valuation methodology related to possessory interests in state retirement system-owned property which was ruled unconstitutional. (Government Code Section 7510); Expressly provide that the parent-child change in ownership exclusion applies to a transfer of a pro rata ownership interest in a resident-owned manufactured home park or a floating home marina owned by a legal entity. (Revenue and Taxation Code (RTC) Section 63.1); Allow displaced persons to receive an eminent domain base year value transfer retroactively for the last four fiscal years on late-filed claims. (RTC Section 68); Extend for five years the assessment valuation methodology for intercounty pipeline rights-of-way, which are otherwise scheduled to sunset. (RTC Section 401.10) Correct the subdivision references to Government Code Section 16142, related to Williamson Act assessments. (RTC Section 423.2); Also includes a California Assessors' Association proposal to expressly require change in ownership reporting for floating homes. (RTC 480 and 482)
- **Local Financial Reports:** Extends to 7 months after a local fiscal year the deadline to submit to the Controller an annual report of the agency's financial transactions. **(AB 341/ Achadjian)**
- **Revisions to Post-Redevelopment Dissolution:** Includes issues related to the use of 2011 bond proceeds for affordable housing (former AB 974/ Bloom), the transfer of real property, the interest rate reduction on loans from cities to successor agencies, and other provisions. **(SB 107/ Committee on Budget)**
- **Allows Locals to Form Community Revitalization and Investment Authorities:** Post redevelopment economic development tool that allows the use of tax increment revenue to improve infrastructure, assist businesses and support affordable housing in disadvantage communities. **(AB 2/ Alejo)**
- **Enhanced Infrastructure Financing Districts:** Clarifying implementation for locals when used. **(AB 313/ Atkins)**