

**ASSEMBLY BILL**

**No. 448**

---

**Introduced by Assembly Member Ammiano**

February 15, 2011

---

An act relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 448, as introduced, Ammiano. Property taxation: change in ownership.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, “full cash value” is defined as the assessor’s valuation of real property as shown on the 1975–76 tax bill under “full cash value” or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. Existing property tax law specifies those circumstances in which the transfer of ownership interests in a corporation, partnership, limited liability company, or other legal entity results in a change in ownership of the real property owned by that entity, and generally provides that a change in ownership as so described occurs when a legal entity or other person obtains a controlling or majority ownership interest in the legal entity. Existing law requires a person or entity that obtains a controlling or majority ownership interest in a legal entity, or an entity that makes specified transfers of ownership interests in the legal entity, to file a change in ownership statement, as provided, and imposes a specified penalty if an assessee fails to file a change in ownership statement, as provided.

This bill would, pursuant to legislative findings and declarations, state the intent of the Legislature to provide greater clarity with regard to

those circumstances in which a change in ownership has occurred, to provide greater transparency in ownership patterns with respect to the filing of deeds and with respect to other real property and financial transactions, and to provide improved reporting and stronger enforcement and penalties for the failure to report changes in ownership.

Vote: majority. Appropriation: no. Fiscal committee: no.

State-mandated local program: no.

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

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) The system for determining a change in ownership for the  
4 purpose of assessment of commercial property is complex and  
5 difficult to administer.

6 (b) Property owners use complex legal maneuvers and methods  
7 of dividing up, or obscuring, ownership patterns, in order to avoid  
8 reassessment when changes of ownership actually occur.

9 (c) There are many circumstances where changes of ownership  
10 have legally taken place, which are often not known to the assessor  
11 because they are deliberately obscured, such as keeping the  
12 property in the name of the old property owner even when a  
13 company is purchased.

14 (d) Deeds are filed that describe ownership patterns of such  
15 complexity that it is difficult for the legal powers of the counties,  
16 and the enforcement powers of the assessor, to be exercised.

17 (e) Transactions occur that should be identified as changes of  
18 ownership, such as a 100-percent purchase of a company, which  
19 avoid reassessment because of the ability to divide ownership  
20 shares.

21 (f) Penalties for obscuring, or failing to report, transactions are  
22 insufficient to provide incentives to purchasers to self-report,  
23 making the job of identifying these transactions by the assessor  
24 and the State Board of Equalization more difficult.

25 (g) Changes in ownership may not trigger reassessment because  
26 of leasehold interests that are not transparent to the assessor.

27 (h) Therefore, it is the intent of the Legislature to enact  
28 legislation to revise Sections 64, 480.1, 480.2, and 482 of the  
29 Revenue and Taxation Code, in order to provide all of the  
30 following:

- 1     (1) Greater clarity with regard to those circumstances in which
- 2     a change in ownership has occurred.
- 3     (2) Greater transparency in ownership patterns with respect to
- 4     the filing of deeds and with respect to other real property and
- 5     financial transactions.
- 6     (3) Improved reporting and stronger enforcement and penalties
- 7     for the failure to report changes in ownership.

O