

AMENDED IN ASSEMBLY APRIL 1, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2372**

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**Introduced by Assembly Member Ammiano**

February 21, 2014

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An act to amend ~~Section 1097 of the Civil Code, relating to property Sections 64, 480.1, 480.2, and 482 of, and to add Sections 480.9, 486, 486.5, and 488 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2372, as amended, Ammiano. ~~Property transfer. 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 if a legal entity or other person obtains a controlling or majority ownership interest in the legal entity. Existing law also specifies other circumstances in which certain transfers of ownership interests in legal entities result in a change in ownership of the real property owned by those legal entities.*

*This bill would instead specify that if 100% of the ownership interests in a legal entity, as defined, are sold or transferred in a single transaction, as specified, the real property owned by that legal entity has changed ownership, whether or not any one legal entity or person that is a party to the transaction acquires more than 50% of the ownership interests. The bill would require the State Board of Equalization to notify assessors if a change in ownership as so described occurs.*

*Existing law requires, upon a change in control or change in ownership of a legal entity that owns an interest in real property in this state, or when requested by the State Board of Equalization, that the person or legal entity acquiring ownership control, or the legal entity that has undergone a change in ownership, file a change in ownership statement with the board, as specified. Existing law requires a penalty of 10% of the taxes applicable to the new base year value, as specified, or 10% of the current year's taxes on the property, as specified, to be added to the assessment made on the roll if a person or legal entity required to file a change in ownership statement fails to do so.*

*This bill would require a person or legal entity acquiring ownership interests in a legal entity, if 100% of the ownership interests in the legal entity are sold or transferred, as described above, to file a change in ownership statement signed under penalty of perjury with the State Board of Equalization. This bill would increase the penalties for failure to file a change in ownership statement, as described above, from 10% to 20%.*

*This bill would also require a person or legal entity that acquires the ownership interest of a legal entity to report the change in ownership interests to the State Board of Equalization if any change in the ownership interests in a legal entity holding an interest in real property in this state occurs, as provided. This bill would require a legal entity to report subsequent changes in the ownership interests of the legal entity to the county assessor if a specified transfer between an individual or individuals and a legal entity or between legal entities occurs, as provided.*

*This bill would also require a deed to be recorded with the county recorder by the owner of the real property, even if the owner of the real property does not change, if a change of an ownership interest in a legal entity holding an interest in real property occurs.*

*By expanding the crime of perjury and by imposing new duties upon local county officials with respect to changes in ownership, this bill would impose a state-mandated local program.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.*

*With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.*

*This bill would include a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of <sup>2</sup>/<sub>3</sub> of the membership of each house of the Legislature.*

*This bill would take effect immediately as a tax levy.*

~~Existing law prohibits a vendor or lessor of a single-family residential property from contracting for or exacting any fee in excess of \$10 for the act of signing and delivering a document in connection with the transfer, cancellation, or reconveyance of any title or instrument at the time the buyer or lessee exercises an option to buy, or completes performance of the contract for the sale of, the property.~~

~~This bill would make technical, nonsubstantive changes to these provisions:~~

Vote: ~~majority~~<sup>2</sup>/<sub>3</sub>. Appropriation: no. Fiscal committee: ~~no~~<sup>yes</sup>. State-mandated local program: ~~no~~<sup>yes</sup>.

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

- 1     SECTION 1. (a) *The Legislature finds and declares all of the*
- 2     *following:*
- 3         (1) *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         (2) *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.*

1 (3) *There are many circumstances in which changes of*  
 2 *ownership have legally taken place that are often not known to*  
 3 *the assessor because they are deliberately obscured, for example,*  
 4 *if the property is kept in the name of the old property owner even*  
 5 *when a company is purchased.*

6 (4) *Deeds are filed that describe ownership patterns of such*  
 7 *complexity that it is difficult for the legal powers of the counties,*  
 8 *and the enforcement powers of the assessor, to be exercised.*

9 (5) *Transactions occur that should be identified as changes of*  
 10 *ownership, for example, a 100-percent purchase of a company,*  
 11 *that avoid reassessment because of the ability to divide ownership*  
 12 *shares.*

13 (6) *Penalties for obscuring or failing to report transactions are*  
 14 *insufficient to provide incentives to purchasers to self-report,*  
 15 *making the job of identifying these transactions by the assessor*  
 16 *and the State Board of Equalization more difficult.*

17 (7) *Changes in ownership may not trigger reassessment because*  
 18 *of leasehold interests that are not transparent to the assessor.*

19 (b) *Therefore, it is the intent of the Legislature to provide all*  
 20 *of the following:*

21 (1) *Greater clarity with regard to those circumstances in which*  
 22 *a change in ownership has occurred.*

23 (2) *Greater transparency in ownership patterns with respect to*  
 24 *the filing of deeds and with respect to other real property and*  
 25 *financial transactions.*

26 (3) *Improved reporting and stronger enforcement.*

27 (c) *It is further the intent of the Legislature that changes in*  
 28 *ownership in which 100 percent of the ownership of a business,*  
 29 *whether through mergers, private equity buyouts, transfer of*  
 30 *ownership from one financial institution to another, transfers of*  
 31 *shares of limited liability companies or trusts, transfers of*  
 32 *partnership shares, or other changes by which 100 percent is*  
 33 *transferred shall constitute a change of ownership subject to*  
 34 *reassessment.*

35 *SEC. 2. Section 64 of the Revenue and Taxation Code is*  
 36 *amended to read:*

37 64. (a) Except as provided in subdivision (i) of Section 61 and  
 38 subdivisions (c) and (d) of this section, the purchase or transfer of  
 39 ownership interests in legal entities, such as corporate stock or  
 40 partnership or limited liability company interests, ~~shall not be~~

1 ~~deemed to~~ *does not* constitute a transfer of the real property of the  
2 legal entity. This subdivision ~~is applicable~~ *applies* to the purchase  
3 or transfer of ownership interests in a partnership without regard  
4 to whether it is a continuing or a dissolved partnership.

5 (b) Any corporate reorganization, where all of the corporations  
6 involved are members of an affiliated group, and that qualifies as  
7 a reorganization under Section 368 of the United States Internal  
8 Revenue Code and that is accepted as a nontaxable event by similar  
9 California statutes, or any transfer of real property among members  
10 of an affiliated group, or any reorganization of farm credit  
11 institutions pursuant to the federal Farm Credit Act of 1971 (Public  
12 Law 92-181), as amended, shall not be a change of ownership.  
13 The taxpayer shall furnish proof, under penalty of perjury, to the  
14 assessor that the transfer meets the requirements of this subdivision.

15 For purposes of this subdivision, “affiliated group” means one  
16 or more chains of corporations connected through stock ownership  
17 with a common parent corporation if both of the following  
18 conditions are met:

19 (1) One hundred percent of the voting stock, exclusive of any  
20 share owned by directors, of each of the corporations, except the  
21 parent corporation, is owned by one or more of the other  
22 corporations.

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

26 (c) (1) (A) When a corporation, partnership, limited liability  
27 company, other legal entity, or any other person obtains control  
28 through direct or indirect ownership or control of more than 50  
29 percent of the voting stock of any corporation, or obtains a majority  
30 ownership interest in any partnership, limited liability company,  
31 or other legal entity through the purchase or transfer of corporate  
32 stock, partnership, or limited liability company interest, or  
33 ownership interests in other legal entities, including any purchase  
34 or transfer of 50 percent or less of the ownership interest through  
35 which control or a majority ownership interest is obtained, the  
36 purchase or transfer of that stock or other interest shall be a change  
37 of ownership of the real property owned by the corporation,  
38 partnership, limited liability company, or other legal entity in which  
39 the controlling interest is obtained.

1     (B) (i) *When 100 percent of the ownership interests in a legal*  
2 *entity are sold or transferred in a single transaction to a legal*  
3 *entity or person, whether by merger, acquisition, private equity*  
4 *buyout, transfer of partnership shares, or any other means by*  
5 *which a legal entity or person acquires the ownership interests of*  
6 *another legal entity, including the subsidiaries or affiliates of the*  
7 *legal entity and the property owned by those subsidiaries or*  
8 *affiliates, the purchase or transfer of the ownership interests is a*  
9 *change of ownership of the real property owned by the legal entity,*  
10 *whether or not any one legal entity or person that is a party to the*  
11 *transaction acquires more than 50 percent of the ownership*  
12 *interests.*

13     (ii) *For purposes of this subparagraph:*

14     (I) *“Legal entity” means a corporation, partnership, limited*  
15 *liability company, or other legal entity.*

16     (II) *“Ownership interests” means corporate voting stock,*  
17 *partnership capital and profits interests, limited liability company*  
18 *membership interests, and other ownership interests in legal*  
19 *entities.*

20     (III) *“Single transaction” means a transaction in which 100*  
21 *percent of the ownership interests are sold or transferred in either*  
22 *one calendar year or within a three-year period beginning on the*  
23 *date of the original transaction when any percentage of ownership*  
24 *interests are sold or transferred.*

25     (2) *On or after January 1, 1996, when an owner of a majority*  
26 *ownership interest in any partnership obtains all of the remaining*  
27 *ownership interests in that partnership or otherwise becomes the*  
28 *sole partner, the purchase or transfer of the minority interests,*  
29 *subject to the appropriate application of the step-transaction*  
30 *doctrine, shall not be a change in ownership of the real property*  
31 *owned by the partnership.*

32     (d) *If property is transferred on or after March 1, 1975, to a*  
33 *legal entity in a transaction excluded from change in ownership*  
34 *by paragraph (2) of subdivision (a) of Section 62, then the persons*  
35 *holding ownership interests in that legal entity immediately after*  
36 *the transfer shall be considered the “original coowners.” Whenever*  
37 *shares or other ownership interests representing cumulatively more*  
38 *than 50 percent of the total interests in the entity are transferred*  
39 *by any of the original coowners in one or more transactions, a*  
40 *change in ownership of that real property owned by the legal entity*

1 shall have occurred, and the property that was previously excluded  
2 from change in ownership under the provisions of paragraph (2)  
3 of subdivision (a) of Section 62 shall be reappraised.

4 The date of reappraisal shall be the date of the transfer of the  
5 ownership interest representing individually or cumulatively more  
6 than 50 percent of the interests in the entity.

7 A transfer of shares or other ownership interests that results in  
8 a change in control of a corporation, partnership, limited liability  
9 company, or any other legal entity is subject to reappraisal as  
10 provided in subdivision (c) rather than this subdivision.

11 (e) To assist in the determination of whether a change of  
12 ownership has occurred under subdivisions (c) and (d), the  
13 Franchise Tax Board shall include a question in substantially the  
14 following form on returns for partnerships, banks, and corporations  
15 (except tax-exempt organizations):

16 If the corporation (or partnership or limited liability company)  
17 owns real property in California, has cumulatively more than 50  
18 percent of the voting stock (or more than 50 percent of total interest  
19 in both partnership or limited liability company capital and  
20 partnership or limited liability company profits) (1) been transferred  
21 by the corporation (or partnership or limited liability company)  
22 since March 1, 1975, or (2) been acquired by another legal entity  
23 or person during the year? (See instructions.)

24 If the entity answers “yes” to (1) or (2) in the above question,  
25 then the Franchise Tax Board shall furnish the names and addresses  
26 of that entity and of the stock or partnership or limited liability  
27 company ownership interest transferees to the State Board of  
28 Equalization.

29 (f) *The board may prescribe regulations as may be necessary*  
30 *to carry out the purposes of the act adding this subdivision.*

31 *SEC. 3. Section 480.1 of the Revenue and Taxation Code is*  
32 *amended to read:*

33 480.1. (a) Whenever there is a change in control *or a change*  
34 *in ownership* of any corporation, partnership, limited liability  
35 company, or other legal entity, as defined in subdivision (c) of  
36 Section 64, a signed change in ownership statement as provided  
37 for in subdivision (b), shall be filed by the person or legal entity  
38 acquiring ownership ~~control~~ of the corporation, partnership, limited  
39 liability company, or other legal entity with the board at its office  
40 in Sacramento within 90 days from the date of the change in control

1 *or the change in ownership* of the corporation, partnership, limited  
2 liability company, or other legal entity. The statement shall list all  
3 counties in which the corporation, partnership, limited liability  
4 company, or legal entity owns real property.

5 (b) The change in ownership statement as required pursuant to  
6 subdivision (a), shall be declared to be true under penalty of perjury  
7 and shall give such information relative to the ownership-~~control~~  
8 acquisition transaction as the board shall prescribe after  
9 consultation with the California Assessors’ Association. The  
10 information shall include, but not be limited to, a description of  
11 the property owned by the corporation, partnership, limited liability  
12 company, or other legal entity, the parties to the transaction, and  
13 the date of the ownership-~~control~~ acquisition. The change in  
14 ownership statement shall not include any question which is not  
15 germane to the assessment function. The statement shall contain  
16 a notice that is printed, with the title in at least 12-point boldface  
17 type and the body in at least 8-point boldface type, in the following  
18 form:

19  
20

21 “Important Notice”

22

23 “The law requires any person or legal entity acquiring ownership  
24 ~~control~~ in any corporation, partnership, limited liability company,  
25 or other legal entity owning real property in California subject to  
26 local property taxation to complete and file a change in ownership  
27 statement with the State Board of Equalization at its office in  
28 Sacramento. The change in ownership statement must be filed  
29 within 90 days from the date of the change in control *or the change*  
30 *in ownership* of a corporation, partnership, limited liability  
31 company, or other legal entity. The law further requires that a  
32 change in ownership statement be completed and filed whenever  
33 a written request is made therefor by the State Board of  
34 Equalization, regardless of whether a change in control *or a change*  
35 *in ownership* of the legal entity has occurred. The failure to file a  
36 change in ownership statement within 90 days from the earlier of  
37 the date of the change in control *or a change in ownership* of the  
38 corporation, partnership, limited liability company, or other legal  
39 entity, or the date of a written request by the State Board of  
40 Equalization, results in a penalty of ~~10~~ 20 percent of the taxes

1 applicable to the new base year value reflecting the change in  
2 control *or the change in ownership* of the real property owned by  
3 the corporation, partnership, limited liability company, or legal  
4 entity (or ~~10~~ 20 percent of the current year's taxes on that property  
5 if no change in control *or change in ownership* occurred). This  
6 penalty will be added to the assessment roll and shall be collected  
7 like any other delinquent property taxes, and be subject to the same  
8 penalties for nonpayment.”  
9

10 (c) In the case of a corporation, the change in ownership  
11 statement shall be signed either by an officer of the corporation or  
12 an employee or agent who has been designated in writing by the  
13 board of directors to sign such statements on behalf of the  
14 corporation. In the case of a partnership, limited liability company,  
15 or other legal entity, the statement shall be signed by an officer,  
16 partner, manager, or an employee or agent who has been designated  
17 in writing by the partnership, limited liability company, or legal  
18 entity.

19 (d) No person or entity acting for or on behalf of the parties to  
20 a transfer of real property shall incur liability for the consequences  
21 of assistance rendered to the transferee in preparation of any change  
22 in ownership statement, and no action may be brought or  
23 maintained against any person or entity as a result of that  
24 assistance.

25 Nothing in this section shall create a duty, either directly or by  
26 implication, that such assistance be rendered by any person or  
27 entity acting for or on behalf of parties to a transfer of real property.

28 (e) The board or assessors may inspect any and all records and  
29 documents of a corporation, partnership, limited liability company,  
30 or legal entity to ascertain whether a change in control *or a change*  
31 *in ownership* as defined in subdivision (c) of Section 64 has  
32 occurred. The corporation, partnership, limited liability company,  
33 or legal entity shall, upon request, make those documents available  
34 to the board during normal business hours.

35 *SEC. 4. Section 480.2 of the Revenue and Taxation Code is*  
36 *amended to read:*

37 480.2. (a) Whenever there is a change in ownership of any  
38 corporation, partnership, limited liability company, or other legal  
39 entity, as defined in subdivision (d) of Section 64, a signed change  
40 in ownership statement as provided in subdivision (b) shall be filed

1 by the corporation, partnership, limited liability company, or other  
2 legal entity with the board at its office in Sacramento within 90  
3 days from the date of the change in ownership of the corporation,  
4 partnership, limited liability company, or other legal entity. The  
5 statement shall list all counties in which the corporation,  
6 partnership, limited liability company, or legal entity owns real  
7 property.

8 (b) The change in ownership statement required pursuant to  
9 subdivision (a) shall be declared to be true ~~and~~ under penalty of  
10 perjury and shall give ~~such~~ *that* information relative to the  
11 ownership interest acquisition transaction as the board shall  
12 prescribe after consultation with the California Assessors'  
13 Association. The information shall include, but not be limited to,  
14 a description of the property owned by the corporation, partnership,  
15 limited liability company, or other legal entity, the parties to the  
16 transaction, the date of the ownership interest acquisition, and a  
17 listing of the "original coowners" of the corporation, partnership,  
18 limited liability company, or other legal entity prior to the  
19 transaction. The change in ownership statement shall not include  
20 any question which is not germane to the assessment function. The  
21 statement shall contain a notice that is printed, with the title in at  
22 least 12-point boldface type and the body in at least 8-point  
23 boldface type, in the following form:

24

25

"Important Notice"

26

27 "The law requires any corporation, partnership, limited liability  
28 company, or other legal entity owning real property in California  
29 subject to local property taxation and transferring shares or other  
30 ownership interest in such legal entity ~~which~~ *that* constitute a  
31 change in ownership pursuant to subdivision (d) of Section 64 of  
32 the Revenue and Taxation Code to complete and file a change in  
33 ownership statement with the State Board of Equalization at its  
34 office in Sacramento. The change in ownership statement must be  
35 filed within 90 days from the date that shares or other ownership  
36 interests representing cumulatively more than 50 percent of the  
37 total control or ownership interests in the entity are transferred by  
38 any of the original coowners in one or more transactions. The law  
39 further requires that a change in ownership statement be completed  
40 and filed whenever a written request is made therefor by the State

1 Board of Equalization, regardless of whether a change in ownership  
2 of the legal entity has occurred. The failure to file a change in  
3 ownership statement within 90 days from the earlier of the date of  
4 the change in ownership of the corporation, partnership, limited  
5 liability company, or other legal entity, or the date of a written  
6 request by the *State* Board of Equalization, results in a penalty of  
7 ~~10~~ 20 percent of the taxes applicable to the new base year value  
8 reflecting the change in ownership of the real property owned by  
9 the corporation, partnership, limited liability company, or legal  
10 entity (or ~~10~~ 20 percent of the current year's taxes on that real  
11 property if no change in ownership occurred). This penalty will  
12 be added to the assessment roll and shall be collected like any  
13 other delinquent property taxes, and be subject to the same  
14 penalties for nonpayment.”

15 (c) In the case of a corporation, the change in ownership  
16 statement shall be signed either by an officer of the corporation or  
17 an employee or agent who has been designated in writing by the  
18 board of directors to sign such statements on behalf of the  
19 corporation. In the case of a partnership, limited liability company,  
20 or other legal entity, the statement shall be signed by an officer,  
21 partner, manager, or an employee or agent who has been designated  
22 in writing by the partnership, limited liability company, or legal  
23 entity.

24 (d) No person or entity acting for or on behalf of the parties to  
25 a transfer of real property shall incur liability for the consequences  
26 of assistance rendered to the transferee in preparation of any change  
27 in ownership statement, and no action may be brought or  
28 maintained against any person or entity as a result of that  
29 assistance.

30 Nothing in this section shall create a duty, either directly or by  
31 implication, that such assistance be rendered by any person or  
32 entity acting for or on behalf of parties to a transfer of real property.

33 (e) The board or assessors may inspect any and all records and  
34 documents of a corporation, partnership, limited liability company,  
35 or legal entity to ascertain whether a change in ownership as  
36 defined in subdivision (d) of Section 64 has occurred. The  
37 corporation, partnership, limited liability company, or legal entity  
38 shall upon request, make those documents available to the board  
39 during normal business hours.

1 SEC. 5. Section 480.9 is added to the Revenue and Taxation  
 2 Code, to read:

3 480.9. The board shall notify assessors if a change in ownership  
 4 described in subparagraph (B) of paragraph (1) of subdivision (c)  
 5 of Section 64 has occurred.

6 SEC. 6. Section 482 of the Revenue and Taxation Code is  
 7 amended to read:

8 482. (a) (1) If a person or legal entity required to file a  
 9 statement described in Section 480 fails to do so within 90 days  
 10 from the date a written request is mailed by the assessor, a penalty  
 11 of either: (A) one hundred dollars (\$100), or (B) 10 percent of the  
 12 taxes applicable to the new base year value reflecting the change  
 13 in ownership of the real property or manufactured home, whichever  
 14 is greater, but not to exceed five thousand dollars (\$5,000) if the  
 15 property is eligible for the homeowners' exemption or twenty  
 16 thousand dollars (\$20,000) if the property is not eligible for the  
 17 homeowners' exemption if the failure to file was not willful, shall,  
 18 except as otherwise provided in this section, be added to the  
 19 assessment made on the roll. The penalty shall apply for failure to  
 20 file a complete change in ownership statement notwithstanding  
 21 the fact that the assessor determines that no change in ownership  
 22 has occurred as defined in Chapter 2 (commencing with Section  
 23 60) of Part 0.5. The penalty may also be applied if after a request  
 24 the transferee files an incomplete statement and does not supply  
 25 the missing information upon a second request.

26 (2) The assessor shall mail the written request specified in  
 27 paragraph (1) to the mailing address of the transferee as provided  
 28 by subdivision (f).

29 (b) If a person or legal entity required to file a statement  
 30 described in Section 480.1 or 480.2 fails to do so within 90 days  
 31 from the earlier of (1) the date of the change in control or the  
 32 change in ownership of the corporation, partnership, limited  
 33 liability company, or other legal entity, or (2) the date of a written  
 34 request by the State Board of Equalization, a penalty of ~~10~~ 20  
 35 percent of the taxes applicable to the new base year value reflecting  
 36 the change in control or change in ownership of the real property  
 37 owned by the corporation, partnership, or legal entity, or ~~10~~ 20  
 38 percent of the current year's taxes on that property if no change  
 39 in control or change in ownership occurred, shall be added by the  
 40 county assessor to the assessment made on the roll. The penalty

1 shall apply for failure to file a complete statement with the board  
2 notwithstanding the fact that the board determines that no change  
3 in control or change in ownership has occurred as defined in  
4 subdivision (c) or (d) of Section 64. The penalty may also be  
5 applied if after a request the person or legal entity files an  
6 incomplete statement and does not supply the missing information  
7 upon that second request to complete the statement. That penalty  
8 shall be in lieu of the penalty provisions of subdivision (a).

9 (c) The penalty for failure to file a timely statement pursuant to  
10 Sections 480, 480.1, and 480.2 for any one transfer may be imposed  
11 only one time, even though the assessor may initiate a request as  
12 often as he or she deems necessary.

13 (d) The penalty shall be added to the roll in the same manner  
14 as a special assessment and treated, collected, and subject to the  
15 same penalties for the delinquency as all other taxes on the roll in  
16 which it is entered.

17 (1) When the transfer to be reported under this section is of a  
18 portion of a property or parcel appearing on the roll during the  
19 fiscal year in which the 90-day period expires, the current year's  
20 taxes shall be prorated so the penalty will be computed on the  
21 proportion of property which has transferred.

22 (2) Any penalty added to the roll pursuant to this section  
23 between January 1 and June 30 may be entered either on the  
24 unsecured roll or the roll being prepared. After January 1, the  
25 penalty may be added to the current roll only with the approval of  
26 the tax collector.

27 (3) If the property is transferred or conveyed to a bona fide  
28 purchaser for value or becomes subject to a lien of a bona fide  
29 encumbrancer for value after the transfer of ownership resulting  
30 in the imposition of the penalty and before the enrollment of the  
31 penalty, the penalty shall be entered on the unsecured roll in the  
32 name of the transferee whose failure to file the change in ownership  
33 statement resulted in the imposition of the penalty.

34 (e) When a penalty imposed pursuant to this section is entered  
35 on the unsecured roll, the tax collector may immediately file a  
36 certificate authorized by Section 2191.3.

37 (f) Notice of any penalty added to either the secured or  
38 unsecured roll pursuant to this section, which shall identify the  
39 parcel or parcels for which the penalty is assessed, and the written  
40 request to file a statement specified in subdivision (a), which shall

1 identify the real property or manufactured home for which the  
2 statement is required to be filed, shall be mailed by the assessor  
3 to the transferee at his or her address contained in any recorded  
4 instrument or document evidencing a transfer of an interest in real  
5 property or manufactured home or the address specified for mailing  
6 tax information contained in the preliminary change in ownership  
7 report. If the transferee has subsequently notified the assessor of  
8 a change in address for mailing tax information, the assessor shall  
9 mail the notice of any penalty, or the written request to file a  
10 statement specified in subdivision (a), to this address. If there is  
11 no address specified for mailing tax information on either the  
12 recorded instrument, the document evidencing a transfer of an  
13 interest in real property or manufactured home, or on the filed  
14 preliminary change in ownership report, and the transferee has not  
15 provided an address for purposes of mailing tax information, the  
16 assessor shall mail the notice of any penalty, or the written request  
17 to file a statement specified in subdivision (a), to the transferee at  
18 any address reasonably known to the assessor.

19 *SEC. 7. Section 486 is added to the Revenue and Taxation*  
20 *Code, to read:*

21 *486. (a) Whenever there occurs a change in the ownership*  
22 *interests, including a leasehold interest, of a legal entity holding*  
23 *an interest in real property in this state, whether by merger,*  
24 *acquisition, private equity buyout, transfer of partnership shares,*  
25 *large stock transfer subject to the filing requirements of the United*  
26 *States Securities and Exchange Commission, or any other means*  
27 *by which a legal entity or person acquires an ownership interest*  
28 *of another legal entity, the person or legal entity acquiring the*  
29 *ownership interests shall report to the board the change in the*  
30 *ownership interests, in the form and manner as specified by the*  
31 *board, within 90 days of the date of the change in the ownership*  
32 *interests.*

33 *(b) For purposes of this section, “legal entity” and “ownership*  
34 *interests” have the same meaning as defined in Section 64.*

35 *SEC. 8. Section 486.5 is added to the Revenue and Taxation*  
36 *Code, to read:*

37 *486.5. (a) Whenever there occurs a transfer between an*  
38 *individual or individuals and a legal entity or between legal entities*  
39 *as described in paragraph (2) of subdivision (a) of Section 62, the*  
40 *legal entity shall report any subsequent changes in the ownership*

1 *interests of the legal entity to the county assessor, in the form and*  
2 *manner as specified by the county assessor, within 90 days of the*  
3 *date of the change in the ownership interests.*

4 *(b) For purposes of this section, “legal entity” and “ownership*  
5 *interests” have the same meanings as defined in Section 64.*

6 *SEC. 9. Section 488 is added to the Revenue and Taxation*  
7 *Code, to read:*

8 *488. (a) Whenever there occurs a change of an ownership*  
9 *interest in a legal entity holding an interest in real property in this*  
10 *state, a deed shall be recorded with the county recorder by the*  
11 *owner of the real property, even if the owner of the real property*  
12 *does not change.*

13 *(b) For purposes of this section, “legal entity” and “ownership*  
14 *interest” have the same meanings as defined in Section 64.*

15 *SEC. 10. No reimbursement is required by this act pursuant*  
16 *to Section 6 of Article XIII B of the California Constitution for*  
17 *certain costs that may be incurred by a local agency or school*  
18 *district because, in that regard, this act creates a new crime or*  
19 *infraction, eliminates a crime or infraction, or changes the penalty*  
20 *for a crime or infraction, within the meaning of Section 17556 of*  
21 *the Government Code, or changes the definition of a crime within*  
22 *the meaning of Section 6 of Article XIII B of the California*  
23 *Constitution.*

24 *However, if the Commission on State Mandates determines that*  
25 *this act contains other costs mandated by the state, reimbursement*  
26 *to local agencies and school districts for those costs shall be made*  
27 *pursuant to Part 7 (commencing with Section 17500) of Division*  
28 *4 of Title 2 of the Government Code.*

29 *SEC. 11. This act provides for a tax levy within the meaning*  
30 *of Article IV of the Constitution and shall go into immediate effect.*

31 ~~SECTION 1. Section 1097 of the Civil Code is amended to~~  
32 ~~read:~~

33 ~~1097. (a) A vendor or lessor of a single-family residential~~  
34 ~~property shall not contract for or exact any fee in excess of ten~~  
35 ~~dollars (\$10) for the act of signing and delivering a document in~~  
36 ~~connection with the transfer, cancellation, or reconveyance of any~~  
37 ~~title or instrument at the time the buyer or lessee exercises an option~~  
38 ~~to buy, or completes performance of the contract for the sale of,~~  
39 ~~the property.~~

40 ~~(b) The provisions of this section shall only apply prospectively.~~

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