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April 27, 2001

AGENDA: May 8, 2001

Board of Supervisors
County of Santa Cruz
701 Ocean St.
Santa Cruz, CA 95060

RE: **AB 1457 – Keeley**
Resident Owned Mobile Home Park Legislation

Dear Members of the Board:

Legislation was chaptered in 1985 which waived the Prop 13 change of ownership reappraisal, when tenants of mobile home parks purchased their park. Legislation passed in 1988 further amended the Revenue and Taxation Code requiring reassessment of ownership changes occurring subsequent to the original park conversion to tenant ownership.

The 1988 bill failed to provide mandatory notice to the buyer that the purchase would result in a reappraisal for property tax purposes. Existing statutes require the Assessor to enroll escaped assessments from the date of purchase to the current fiscal year. This legislation also did not require notification to the Assessor that an ownership change had occurred.

AB 1457 seeks to shield the taxpayer from escaped assessments and concurrently mandates that resident owned mobile home parks regularly submit to the Assessor a roster of park ownership, including notice within 30 days of the sale of an interest in the park.

This bill will directly affect residents in 10 resident owned mobile home parks in Santa Cruz County as it will waive the issuance of unforeseen escaped and supplemental property tax assessments that have imposed an unfair and inequitable burden on the residents of the parks, many of whom are persons of limited means, or on fixed incomes.

It is therefore RECOMMENDED that your Board take the following actions:

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1. Adopt the attached resolution in support of AB 1457
2. Direct the Clerk of the Board to transmit this resolution to our State legislators

Very truly yours,


ROBERT C. PETERSEN
ASSESSOR

CC: Assembly Speaker Pro Tern Fred Keeley
Senator Bruce McPherson
Susan Mauriello, Santa Cruz County CAO
California Assessors' Association

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO.

On the motion of Supervisor:
duly seconded by Supervisor:
the following resolution is adopted:

**RESOLUTION SUPPORTING AB 1457 REGARDING (1) THE WAIVER OF
PAST ESCAPED ASSESSMENTS IN RESIDENT OWNED MOBILE HOME PARKS
(2) MANDATORY REPORTING TO THE
COUNTY ASSESSOR OF CHANGES OF OWNERSHIP**

WHEREAS the California Revenue and Taxation Code was amended in 1985 to exempt from reappraisal for property tax purposes the purchase of a mobile home park by its tenants;

WHEREAS the California Revenue and Taxation Code was further amended in 1988 to require reassessment of changes of ownership in resident owned mobile home parks subsequent to its conversion to resident ownership:

WHEREAS no provisions were made in the 1988 legislation to notify buyers in the mobile home park that their purchase would be subject to reassessment for property tax purposes, which would result in higher pro rata property taxes than those paid by the seller;

WHEREAS the 1988 legislation failed to provide a mechanism which would furnish public notice of changes of ownership occurring in resident owned mobile home parks;

WHEREAS Assembly Speaker Pro Tern Fred Keeley, with Senator Bruce McPherson as the Principal coauthor, has introduced AB 1457 which would remedy the short comings of the 1988 legislation;

WHEREAS AB1457 would waive all escaped assessments resulting from changes of ownership occurring between January 1, 1989 and January 1, 2001;

WHEREAS AB 1457 would require resident owned mobile home parks to annually file with the County Assessor a listing of all residents as of January 1st of the calendar year;

NOW, THEREFORE, BE IT RESOLVED that the Santa Cruz County Board of Supervisors hereby supports the passage of AB 1457 which will prevent the issuance of unforeseen escaped property tax assessments in significant amounts that will impose an unfair and unreasonable burden on the residents of the parks, many of whom are persons of limited means or fixed incomes.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 8th day of May 2001, by the following vote.

AYES: SUPERVISORS

NOES: SUPERVISORS

ABSENT: SUPERVISORS

Chairperson of said Board

ATTEST: _____
Clerk of said Board

APPROVED AS TO FORM:

Kim Elizabeth L. Baskett
Assistant County Counsel

DISTRIBUTION:

Senator Bruce McPherson
Assembly Speaker Pro Tern Fred Keeley
California Assessors' Association

AMENDED IN ASSEMBLY APRIL 16, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 1457

Introduced by Assembly Member Keeley
(Principal coauthor: Senator McPherson)

February 23, 2001

~~An act relating to taxation.~~ *An act to amend Section 62.1 of the Revenue and Taxation Code, relating to taxation.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1457, as amended, Keeley. Property taxation: mobilehomes.

Existing property tax law requires the reassessment at fair market value of real property upon a change in ownership, and specifies those transfers of real property that constitute a change in ownership. Existing law excludes from classification as a change in ownership, subject to certain conditions, any transfer made, on or after January 1, 1985, of a mobilehome park to a nonprofit corporation, stock cooperative corporation, limited equity stock cooperative, or other entity formed by the tenants of the park for the purpose of purchasing the park. Existing law classifies as a change in ownership any subsequent transfer of any portion of that same mobilehome park, on and after January 1, 1989, that is not for the purpose of converting ownership of the park in a specified manner.

~~This bill would state the intent of the Legislature to enact legislation regarding taxation in resident-owned mobilehome parks.~~

This bill would prohibit any escape or supplemental assessment from being levied for a pro rata change in ownership in a mobilehome park occurring between January 1, 1989, and January 1, 2002, if the

assessor failed to timely discover a subsequent pro rata change in ownership after the initial exclusion, but would, commencing with the January 1, 2002, lien date, require the assessor to correct the base year value **of** the subject portion **of** the park to properly reflect the **changes** in ownership. The bill would also require certain mobilehome park owners to report to the county assessor each year certain information regarding ownership interests in that park. By requiring local tax officials to perform additional duties with respect to these reports, this bill would impose a state-mandate local program.

Section 2229 **of** the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually **for** certain property tax revenues lost as a result **of** any exemption or classification **of** property **for** purposes **of** ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 **of** the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

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, including the creation of a State Mandates Claims Fund to pay the costs **of** mandates that do not exceed \$1,000,000 statewide and **other** procedures **for** claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~ yes.

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

1 ~~SECTION 1. It is the intent of the Legislature to enact~~
2 ~~legislation regarding taxation in resident-owned mobilehome~~
3 ~~parks.~~

4 SECTION 1. In 1988, the Legislature changed, **for** purposes
5 **of** property taxation, the method **for** determining changes in
6 ownership **of** resident-owned mobilehome parks, but failed to
7 specify a notice process **for** those changes in ownership. The

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1 Legislature finds and declares, as a result, that there exists a
 2 situation in which the failure to timely assess changes in ownership
 3 in resident-owned mobilehome parks will result in the issuance of
 4 escape and supplemental assessments in an unfair and inequitable
 5 manner Residents of those parks will be faced with unforeseen tax
 6 bills in significant amounts that will impose an unfair and
 7 unreasonable burden on the residents of the parks, many of whom
 8 are persons of limited means or fixed incomes. The Legislature
 9 further finds and declares that it is in the public interest to avoid
 10 the unfair and unreasonable burden on the park residents that will
 11 result from escape and supplement assessments in this situation. It
 12 is the intent of the Legislature, in adding paragraph (4) to
 13 subdivision (c) of Section 62.1 of the Revenue and Taxation Code
 14 to avoid the unfair and unreasonable burden on the park residents
 15 of escape and supplemental assessments, and to permit the
 16 changes in ownership to be applied prospectively only,
 17 commencing with the lien date in 2002. It is the intent of the
 18 Legislature, in adding paragraphs (5) and (6) to subdivision (c) of
 19 Section 62.1 of the Revenue and Taxation Code, to ensure adequate
 20 notice of ownership changes and prevent future unanticipated
 21 assessments.

22 SEC. 2. Section 62.1 of the Revenue and Taxation Code is
 23 amended to read:

24 62.1. Change in ownership shall not include either of the
 25 following:

26 (a) Any transfer, on or after January 1, 1985, of a mobilehome
 27 park to a nonprofit corporation, stock cooperative corporation,
 28 limited equity stock cooperative, or other entity formed by the
 29 tenants of a mobilehome park, for the purpose of purchasing the
 30 mobilehome park, provided that, with respect to any transfer of a
 31 mobilehome park on or after January 1, 1989, subject to this
 32 subdivision, the individual tenants who were renting at least 51
 33 percent of the spaces in the mobilehome park prior to the transfer
 34 participate in the transaction through the ownership of an
 35 aggregate of at least 51 percent of the voting stock of, or other
 36 ownership or membership interests in, the entity which acquires
 37 the park. If, on or after January 1, 1998, a park is acquired by an
 38 entity that did not attain an initial tenant participation level of at
 39 least 5 1 percent on the date of the transfer, the entity shah have up
 40 to one year after the date of the transfer to attain a tenant

1 participation level of at least 51 percent. If an individual tenant
 2 notifies the county assessor of the intention to comply with the
 3 conditions set forth in the preceding sentence, the mobilehome
 4 park may not be reappraised by the assessor during that period.
 5 However, if a tenant participation level of at least 51 percent is not
 6 attained within the one-year period, the county assessor shall
 7 thereafter levy escape assessments for the mobilehome park
 8 transfer.

9 (b) Any transfer or transfers on or after January 1, 1985, of
 10 rental spaces in a mobilehome park to the individual tenants of the
 11 rental spaces, provided that (1) at least 51 percent of the rental
 12 spaces are purchased by individual tenants renting their spaces
 13 prior to purchase, and (2) the individual tenants of these spaces
 14 form, within one year after the first purchase of a rental space by
 15 an individual tenant, a resident organization as described in
 16 subdivision (k) of Section 50781 of the Health and Safety Code,
 17 to operate and maintain the park. If, on or after January 1, 1985,
 18 an individual tenant or tenants notify the county assessor of the
 19 intention to comply with the conditions set forth in the preceding
 20 sentence, any mobilehome park rental space which is purchased by
 21 an individual tenant in that mobilehome park during that period
 22 shall not be reappraised by the assessor. However, if all of the
 23 conditions set forth in the first sentence of this subdivision are not
 24 satisfied, the county assessor shall thereafter levy escape
 25 assessments for the spaces so transferred. This subdivision shall
 26 apply only to those rental mobilehome parks which have been in
 27 operation for five years or more.

28 (c) (1) If the transfer of a mobilehome park has been excluded
 29 from a change in ownership pursuant to subdivision (a) and the
 30 park has not been converted to condominium, stock cooperative
 31 ownership, or limited equity cooperative ownership, any transfer
 32 on or after January 1, 1989, of shares of the voting stock of, or other
 33 ownership or membership interests in, the ~~entity~~ ~~which~~ *that*
 34 acquired the park in accordance with subdivision (a) shall be a
 35 change in ownership of a pro rata portion of the real property of
 36 the park unless the transfer is for the purpose of converting the park
 37 to condominium, stock cooperative ownership, or limited equity
 38 cooperative ownership or is excluded from change in ownership
 39 by Section 62, 63, or 63.1.

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1 (2) For the purposes of this subdivision, “pro rata portion of the
 2 real property” means the total real property of the mobilehome
 3 park multiplied by a fraction consisting of the number of shares of
 4 voting stock, or other ownership or membership interests,
 5 transferred divided by the total number of outstanding issued or
 6 unissued shares of voting stock of, or other ownership or
 7 membership interests in, the entity which acquired the park in
 8 accordance with subdivision (a).

9 (3) Any pro rata portion or portions of real property which
 10 changed ownership pursuant to this subdivision may be separately
 11 assessed as provided in Section 2188.10.

12 (4) *Notwithstanding any other provision of law, no escape or*
 13 *supplemental assessment may be levied for a pro rata change in*
 14 *ownership as described in paragraph (1), that occurred between*
 15 *January 1, 1989, and January 1, 2002, if the assessor failed to*
 16 *timely discover that pro rata change in ownership after the initial*
 17 *exclusion. However, commencing with the January 1, 2002, lien*
 18 *date, the assessor shall correct the base year value of the real*
 19 *property of the park to properly reflect these changes in ownership.*

20 (5) *The resident-owners of a mobilehome park that do not*
 21 *utilize recorded deeds to transfer ownership interest in the spaces*
 22 *or lots shall file, by February 1 of each year and within 30 days of*
 23 *a subsequent change in ownership described in either Section 480*
 24 *or 480.2, a report with the county assessor’s office containing all*
 25 *of the following information:*

26 (A) *The full name and mailing address of each owner,*
 27 *stockholder, or holder of an ownership interest in the mobilehome*
 28 *park.*

29 (B) *The situs address, including space number, of each unit.*

30 (C) *The date that the ownership interest was acquired.*

31 (D) *If the unit is a manufactured home, whether the*
 32 *manufactured home is subject to the vehicle license fee or the local*
 33 *property tax.*

34 (6) *Failure to comply with the reporting requirement described*
 35 *in paragraph (5) shall result in a penalty pursuant to Section 482.*

36 (d) It is the intent of the Legislature that, in order to facilitate
 37 affordable conversions of mobilehome parks to tenant ownership,
 38 subdivision (a) apply to all bona fide transfers of rental
 39 mobilehome parks to tenant ownership, including, but not limited

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1 to, those parks converted to tenant ownership as a nonprofit
2 corporation made on or after January 1, 1985.

3 *SEC. 3. Notwithstanding Section 2229 of the Revenue and*
4 *Taxation Code, no appropriation is made by this act and the state*
5 *shall not reimburse any local agency for any property tax revenues*
6 *lost by it pursuant to this act.*

7 *SEC. 4. Notwithstanding Section 17610 of the Government*
8 *Code, if the Commission on State Mandates determines that this*
9 *act contains costs mandated by the state, reimbursement to local*
10 *agencies and school districts for those costs shall be made*
11 *pursuant to Part 7 (commencing with Section 17500) of Division*
12 *4 of Title 2 of the Government Code. If the statewide cost of the*
13 *claim for reimbursement does not exceed one million dollars*
14 *(\$1,000,000), reimbursement shall be made from the State*
15 *Mandates Claims Fund.*