

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



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 51 percent on the date of the transfer, the entity shall 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.



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



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.*

