

AMENDED IN ASSEMBLY AUGUST 23, 2004  
AMENDED IN ASSEMBLY AUGUST 12, 2004  
AMENDED IN ASSEMBLY JUNE 26, 2003  
AMENDED IN SENATE MAY 22, 2003  
AMENDED IN SENATE MAY 14, 2003  
AMENDED IN SENATE MAY 6, 2003  
AMENDED IN SENATE APRIL 21, 2003

**SENATE BILL**

**No. 17**

---

---

**Introduced by Senator Escutia**

**(Coauthors: Senators Kuehl, Perata, Romero, and Soto)**

(Coauthors: Assembly Members Chan, Hancock, Koretz, Levine,  
Lieber, Longville, and Pavley)

December 2, 2002

---

---

An act to amend Sections 64, 480.1, 480.2, and 482 of, and to add ~~Sections 471 and~~ *Section* 486 to, the Revenue and Taxation Code, relating to property taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 17, as amended, Escutia. Property taxation: change in ownership.

(1) 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 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.

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 specified, with the State Board of Equalization within 45 days of specified transactions, or whenever requested by that board. Existing law imposes a penalty of 10% of the taxes owed to the county on a parcel of real property if an assessee fails to file a change in ownership statement with the board within 45 days of a board request.

~~This bill would state legislative findings and declarations regarding the bill's purpose. This bill would also~~ require 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 specified, with the board within 60 days of specified transactions and would impose specified penalties if the statement is not timely filed or contains *willful* misrepresentations. This bill would specify that these provisions do not apply to property that is assessed by the State Board of Equalization, as provided. This bill would also make conforming changes to related provisions.

(2) Existing law requires the Franchise Tax Board to include a question on the income tax returns of specified entities regarding changes in ownership of the entity's real property. Existing law requires the Franchise Tax Board to notify the State Board of Equalization if an entity answers "yes" to this question.

This bill would additionally require the Franchise Tax Board to notify the State Board of Equalization if an entity does not respond to this question.



(3) Existing law requires a taxpayer to file with local tax assessors a property statement that describes, among other things, specified personal property.

This bill would authorize the board and local assessors to request information from ~~persons~~ corporations, partnerships, limited liability companies, or legal entities regarding ownership interests in these entities, as specified, ~~and provide for penalties if the requested information is not provided.~~ This bill would also authorize the board to subpoena witnesses and documents to assist in determining changes in ownership and real estate ownership information.

Vote: majority. Appropriation: no. Fiscal committee: yes. 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) For ad valorem property taxation purposes, the California~~  
4 ~~Constitution generally limits annual increases in the assessed~~  
5 ~~taxable value of real property to 2 percent of the property's~~  
6 ~~adjusted base year value, but requires that real property be~~  
7 ~~reassessed at its full cash value when that real property undergoes~~  
8 ~~a change in ownership.~~

9 ~~(b) These rules provide a necessary protection for real property~~  
10 ~~owners when land values rise more rapidly than income.~~

11 ~~(c) Because of difficulties in identifying changes in ownership~~  
12 ~~of certain commercial and industrial properties owned by legal~~  
13 ~~entities and the failure of some legal entities to report these~~  
14 ~~changes in ownership, under existing law, these properties often~~  
15 ~~escape reassessment to full market value upon a change in~~  
16 ~~ownership.~~

17 ~~(d) As a result of these assessment anomalies, despite rapid~~  
18 ~~economic growth during the 1990s which increased the value of~~  
19 ~~commercial and industrial properties, the share of real property~~  
20 ~~taxes paid by commercial and industrial property owners~~  
21 ~~decreased, while the share of real property taxes paid by residential~~  
22 ~~property owners (e.g. homeowners) increased.~~

23 ~~(e) Failure to capture the rising land values of commercial and~~  
24 ~~industrial properties that have undergone a change in ownership~~



1 ~~has a range of negative consequences, including, but not limited~~  
2 ~~to:~~

3 ~~(1) Hampering the ability of local governments to build new~~  
4 ~~infrastructure and provide vital services.~~

5 ~~(2) Imposing a disproportionate property tax burden on newly~~  
6 ~~constructed properties when compared to existing properties.~~

7 ~~(3) Encouraging local governments to foster sales~~  
8 ~~tax-generating retail development rather than fostering~~  
9 ~~job-creating investments such as manufacturing.~~

10 ~~(f) Therefore, it is the intent of the Legislature in enacting this~~  
11 ~~act to ensure the proper reassessment of commercial and industrial~~  
12 ~~property owned by legal entities in all of the following ways:~~

13 ~~(1) Strengthening the change in ownership reporting~~  
14 ~~requirements.~~

15 ~~(2) Increasing penalties for the failure to report changes in~~  
16 ~~ownership.~~

17 ~~(3) Enhancing the tools necessary for assessment officials to~~  
18 ~~discover changes in ownership.~~

19 ~~SEC. 2.—~~

20 *SECTION 1.* Section 64 of the Revenue and Taxation Code is  
21 amended to read:

22 64. (a) Except as provided in subdivision (i) of Section 61  
23 and subdivisions (c) and (d), the purchase or transfer of ownership  
24 interests in legal entities, including, but not limited to, corporate  
25 stock or partnership or limited liability company interests, shall  
26 not be deemed to constitute a transfer of the real property of the  
27 legal entity. This subdivision applies to the purchase or transfer of  
28 ownership interests in a partnership without regard to whether it  
29 is a continuing or a dissolved partnership.

30 (b) Any corporate reorganization, where all of the corporations  
31 involved are members of an affiliated group, and that qualifies as  
32 a reorganization under Section 368 of the United States Internal  
33 Revenue Code and that is accepted as a nontaxable event by similar  
34 California statutes, or any transfer of real property among  
35 members of an affiliated group, or any reorganization of farm  
36 credit institutions pursuant to the federal Farm Credit Act of 1971  
37 (Public Law 92-181), as amended, shall not be a change of  
38 ownership. The taxpayer shall furnish proof, under penalty of  
39 perjury, to the assessor that the transfer meets the requirements of  
40 this subdivision.



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

5 (1) One hundred percent of the voting stock, exclusive of any  
6 share owned by directors, of each of the corporations, except the  
7 parent corporation, is owned by one or more of the other  
8 corporations.

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

12 (c) (1) When a corporation, partnership, limited liability  
13 company, other legal entity, or any other person obtains control  
14 through direct or indirect ownership or control of more than 50  
15 percent of the voting stock of any corporation, or obtains a  
16 majority ownership interest in any partnership, limited liability  
17 company, or other legal entity through the purchase or transfer of  
18 corporate stock, partnership, or limited liability company interest,  
19 or ownership interests in other legal entities, including any  
20 purchase or transfer of 50 percent or less of the ownership interest  
21 through which control or a majority ownership interest is obtained,  
22 the purchase or transfer of that stock or other interest shall be a  
23 change of ownership of the real property owned by the  
24 corporation, partnership, limited liability company, or other legal  
25 entity in which the controlling interest is obtained.

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

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



1 more transactions, a change in ownership of that real property  
2 owned by the legal entity shall have occurred, and the property that  
3 was previously excluded from change in ownership under the  
4 provisions of paragraph (2) of subdivision (a) of Section 62 shall  
5 be reappraised.

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

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

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

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

27  
28 If the entity answers “yes” to (1) or (2) in the above question  
29 or does not respond, then the Franchise Tax Board shall furnish the  
30 names and addresses of that entity and of the stock or partnership  
31 or limited liability company ownership interest transferees to the  
32 State Board of Equalization.

33 ~~SEC. 3. Section 471 is added to the Revenue and Taxation~~  
34 ~~Code, to read:~~

35 ~~471. (a) Upon a written request by an assessor or the State~~  
36 ~~Board of Equalization, a person or legal entity shall furnish share~~  
37 ~~registers and other records that identify shareholders of~~  
38 ~~corporations, partners of partnerships, and members of limited~~  
39 ~~liability companies, and any documents that evidence any~~  
40 ~~transfers of shares or other ownership interests during the current~~



1 and any prior calendar years, and any other information, records,  
2 or documents necessary to determine if the legal entity has  
3 undergone a change in ownership or change in control. All  
4 information requested by the assessor or the board pursuant to this  
5 section shall be held in secret by the assessor and the board. The  
6 information received is not a public document and is not open to  
7 inspection, except as provided in Section 408.

8 (b) (1) If a person or legal entity requested to provide  
9 information fails to do so within 60 days from the date of a written  
10 request by the assessor or the State Board of Equalization, a  
11 penalty of 10 percent of the current year's taxes of the real property  
12 owned by the legal entity shall be added to the assessment made  
13 on the roll. This penalty applies for failure to provide information,  
14 notwithstanding the fact that the assessor or the board determines  
15 that no change in control or change in ownership has occurred.  
16 This penalty may also be applied if after a request the person or  
17 legal entity provides incomplete information and does not supply  
18 the missing information upon a second request.

19 (2) The penalty added by this subdivision shall be  
20 automatically extinguished if the person or legal entity provides  
21 the requested information no later than 45 days after the date on  
22 which the person or legal entity is notified of the penalty described  
23 in this section.

24 (e) The penalty shall be added to the roll in the same manner as  
25 a special assessment and treated, collected, and subject to the same  
26 penalties for the delinquency as all other taxes on the roll in which  
27 it is entered.

28 ~~SEC. 4.—~~

29 *SEC. 2.* Section 480.1 of the Revenue and Taxation Code is  
30 amended to read:

31 480.1. (a) Whenever there is a change in control of any  
32 corporation, partnership, limited liability company, or other legal  
33 entity, as defined in subdivision (c) of Section 64, a signed change  
34 in ownership statement as provided for in subdivision (b), shall be  
35 filed by the person or legal entity acquiring ownership control of  
36 the corporation, partnership, limited liability company, or other  
37 legal entity with the board at its office in Sacramento.

38 (b) The change in ownership statement as required pursuant to  
39 subdivision (a), shall be declared to be true under penalty of  
40 perjury and shall give any information relative to the ownership



1 control acquisition transaction as the board shall prescribe after  
2 consultation with the California Assessors' Association. The  
3 information shall include, but not be limited to, a description of the  
4 property, including the county in which it is located and the  
5 assessor's parcel number, owned by the corporation, partnership,  
6 limited liability company, or other legal entity, the parties to the  
7 transaction, and the date of the ownership control acquisition. The  
8 change in ownership statement shall not include any question  
9 which is not germane to the assessment function. The statement  
10 shall contain a notice that is printed, with the title in at least  
11 12-point boldface type and the body in at least 8-point boldface  
12 type, in the following form:

13

14

“Important Notice”

15

16 “The law requires any person or legal entity acquiring  
17 ownership control in any corporation, partnership, limited liability  
18 company, or other legal entity owning real property in California  
19 that is subject to local property taxation to complete and file a  
20 change in ownership statement with the State Board of  
21 Equalization at its office in Sacramento. The change in ownership  
22 statement must be filed within 60 days from the date of the change  
23 in control of a corporation, partnership, limited liability company,  
24 or other legal entity. The failure to file a change in ownership  
25 statement within 60 days results in a penalty on each property  
26 subject to reassessment due to the change in control of the greater  
27 of (1) \$1,000 or (2) 10 percent of the taxes applicable to the new  
28 base year value reflecting the change in control of the real property  
29 owned by the corporation, partnership, limited liability company,  
30 or legal entity. In addition, a corporation, partnership, limited  
31 liability company, or other legal entity that ~~misrepresents the~~  
32 ~~nonoccurrence of a change in ownership on a change in ownership~~  
33 ~~statement~~ *willfully misrepresents information or willfully fails to*  
34 *disclose information on the change in ownership statement to*  
35 *avoid reassessment* results in a penalty on each property subject to  
36 reassessment due to the change in control of the greater of (1)  
37 \$2,500 or (2) 25 percent of the taxes applicable to the new base  
38 year value reflecting the change in control of the real property  
39 owned by the corporation, partnership, limited liability company,  
40 ~~or legal entity. In addition, a corporation, partnership, limited~~



1 ~~liability company, or other legal entity that misrepresents the~~  
2 ~~occurrence of a change in ownership on a change in ownership~~  
3 ~~statement results in a penalty for each property owned by the~~  
4 ~~corporation, partnership, limited liability company, or other legal~~  
5 ~~entity in a county equal to the greater of (1) \$2,500 or (2) 25~~  
6 ~~percent of the current year's taxes on each property. These or legal~~  
7 ~~entity. These penalties will be added to the assessment roll and will~~  
8 ~~be collected like any other delinquent property taxes, and are~~  
9 ~~subject to the same penalties for nonpayment.”~~

10

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

20 (d) No person or entity acting for or on behalf of the parties to  
21 a transfer of real property shall incur liability for the consequences  
22 of assistance rendered to the transferee in preparation of any  
23 change in ownership statement, and no action may be brought or  
24 maintained against any person or entity as a result of this  
25 assistance. This section does not create a duty, either directly or by  
26 implication, that assistance be rendered by any person or entity  
27 acting for or on behalf of parties to a transfer of real property.

28 (e) The board or assessors *the assessor* may inspect any and all  
29 records and documents of a corporation, partnership, limited  
30 liability company, or legal entity to identify its real property and  
31 to ascertain whether a change in control as defined in subdivision  
32 (c) of Section 64 has occurred. The corporation, partnership,  
33 limited liability company, or legal entity shall upon request, make  
34 these records and documents available to the board *and the*  
35 *assessor* during normal business hours. *In addition, upon a written*  
36 *request by the board or the assessor, a corporation, partnership,*  
37 *limited liability company, or legal entity shall furnish to the board*  
38 *or the assessor the information, records, or documents specified in*  
39 *the request as necessary to ascertain if the corporation,*  
40 *partnership, limited liability company, or legal entity has*



1 *undergone a change in control, as defined in subdivision (c) of*  
2 *Section 64.*

3 (f) This section does not apply to changes in ownership of  
4 property that is assessed by the State Board of Equalization  
5 pursuant to Section 19 of Article XIII of the California  
6 Constitution.

7 ~~SEC. 5.—~~

8 SEC. 3. Section 480.2 of the Revenue and Taxation Code is  
9 amended to read:

10 480.2. (a) Whenever there is a change in ownership of any  
11 corporation, partnership, limited liability company, or other legal  
12 entity, as defined in subdivision (d) of Section 64, a signed change  
13 in ownership statement as provided in subdivision (b) shall be filed  
14 by the corporation, partnership, limited liability company, or other  
15 legal entity with the board at its office in Sacramento.

16 (b) The change in ownership statement required pursuant to  
17 subdivision (a) shall be declared to be true and under penalty of  
18 perjury and shall give any information relative to the ownership  
19 interest acquisition transaction as the board shall prescribe after  
20 consultation with the California Assessors’ Association. The  
21 information shall include, but not be limited to, a description of the  
22 property, including the county in which it is located and the  
23 assessor’s parcel number, owned by the corporation, partnership,  
24 limited liability company, or other legal entity, the parties to the  
25 transaction, the date of the ownership interest acquisition, and a  
26 listing of the “original coowners” of the corporation, partnership,  
27 limited liability company, or other legal entity prior to the  
28 transaction. The change in ownership statement shall not include  
29 any question which is not germane to the assessment function. The  
30 statement shall contain a notice that is printed, with the title in at  
31 least 12-point boldface type and the body in at least 8-point  
32 boldface type, in the following form:

33

34

“Important Notice”

35

36 “The law requires any corporation, partnership, limited liability  
37 company, or other legal entity owning real property in California  
38 that is subject to local property taxation and transferring shares or  
39 other ownership interest in that legal entity which constitute a  
40 change in ownership pursuant to subdivision (d) of Section 64 of



1 the Revenue and Taxation Code to complete and file a change in  
2 ownership statement with the State Board of Equalization at its  
3 office in Sacramento. The change in ownership statement must be  
4 filed within 60 days from the date that shares or other ownership  
5 interests representing cumulatively more than 50 percent of the  
6 total control or ownership interests in the entity are transferred by  
7 any of the original coowners in one or more transactions. The  
8 failure to file a change in ownership statement within 60 days of  
9 the change in ownership results in a penalty on each property  
10 subject to reassessment due to the change in ownership of the  
11 greater of (1) \$1,000 or (2) 10 percent of the taxes applicable to the  
12 new base year value reflecting the change in ownership of the real  
13 property owned by the corporation, partnership, limited liability  
14 company, or legal entity. In addition, a corporation, partnership,  
15 limited liability company, or other legal entity that *willfully*  
16 ~~misrepresents the nonoccurrence of a change in ownership on a~~  
17 ~~change in ownership statement~~ *information or willfully fails to*  
18 *disclose information on the change in ownership statement to*  
19 *avoid reassessment* results in a penalty on each property subject to  
20 reassessment due to the change in ~~control~~ *ownership* of the greater  
21 of (1) \$2,500 or (2) 25 percent of the taxes applicable to the new  
22 base year value reflecting the change in ~~control~~ *ownership* of the  
23 real property owned by the corporation, partnership, limited  
24 liability company, or legal entity. ~~In addition, a corporation,~~  
25 ~~partnership, limited liability company, or other legal entity that~~  
26 ~~misrepresents the occurrence of a change in ownership on a change~~  
27 ~~in ownership statement~~ *results in a penalty for each property*  
28 *owned by the corporation, partnership, limited liability company,*  
29 *or other legal entity in the county equal to the greater of (1) \$2,500*  
30 *or (2) 25 percent of the current year's taxes on each property. These*  
31 *or legal entity. These penalties will be added to the assessment roll*  
32 *and will be collected like any other delinquent property taxes, and*  
33 *are subject to the same penalties for nonpayment."*

34

35 (c) In the case of a corporation, the change in ownership  
36 statement shall be signed either by an officer of the corporation or  
37 an employee or agent who has been designated in writing by the  
38 board of directors to sign these statements on behalf of the  
39 corporation. In the case of a partnership, limited liability company,  
40 or other legal entity, the statement shall be signed by an officer,



1 partner, manager, or an employee or agent who has been  
2 designated in writing by the partnership, limited liability  
3 company, or legal entity.

4 (d) No person or entity acting for or on behalf of the parties to  
5 a transfer of real property shall incur liability for the consequences  
6 of assistance rendered to the transferee in preparation of any  
7 change in ownership statement, and no action may be brought or  
8 maintained against any person or entity as a result of this  
9 assistance. This section does not create a duty, either directly or by  
10 implication, that assistance be rendered by any person or entity  
11 acting for or on behalf of parties to a transfer of real property.

12 (e) The board or ~~assessors~~ *the assessor* may inspect any and all  
13 records and documents of a corporation, partnership, limited  
14 liability company, or legal entity to identify its real property and  
15 to ascertain whether a change in ownership as defined in  
16 subdivision (d) of Section 64 has occurred. The corporation,  
17 partnership, limited liability company, or legal entity shall upon  
18 request, make these records and documents available to the board  
19 *and the assessor* during normal business hours. *In addition, upon*  
20 *a written request by the board or the assessor, a corporation,*  
21 *partnership, limited liability company, or legal entity shall furnish*  
22 *to the board or the assessor the information, records, or documents*  
23 *specified in the request as necessary to ascertain if the*  
24 *corporation, partnership, limited liability company, or legal entity*  
25 *has undergone a change in ownership, as defined in subdivision*  
26 *(d) of Section 64.*

27 (f) This section does not apply to changes in ownership of  
28 property that is assessed by the State Board of Equalization  
29 pursuant to Section 19 of Article XIII of the California  
30 Constitution.

31 ~~SEC. 6.—~~

32 *SEC. 4.* Section 482 of the Revenue and Taxation Code is  
33 amended to read:

34 482. (a) If a person or legal entity required to file a statement  
35 described in Section 480 fails to do so within 45 days from the date  
36 of a written request by the assessor, a penalty of either: (1) one  
37 hundred dollars (\$100), or (2) 10 percent of the taxes applicable  
38 to the new base year value reflecting the change in ownership of  
39 the real property or manufactured home, whichever is greater, but  
40 not to exceed two thousand five hundred dollars (\$2,500) if the



1 failure to file was not willful, shall, except as otherwise provided  
2 in this section, be added to the assessment made on the roll. The  
3 penalty shall apply for failure to file a complete change in  
4 ownership statement notwithstanding the fact that the assessor  
5 determines that no change in ownership has occurred as defined in  
6 Chapter 2 (commencing with Section 60) of Part 0.5. The penalty  
7 may also be applied if after a request the transferee files an  
8 incomplete statement and does not supply the missing information  
9 upon a second request.

10 (b) (1) (A) If a person or legal entity that is required to file a  
11 statement described in Section 480.1 or 480.2 fails to do so within  
12 60 days of the date of the change in control or change in ownership,  
13 the person or entity shall pay a penalty equal to the greater of:

14 (i) One thousand dollars (\$1,000) on each property subject to  
15 reassessment due to the change in control or change in ownership.

16 (ii) Ten percent of the taxes applicable to each new base year  
17 value reflecting the change in control or change in ownership of  
18 the real property owned by the corporation, partnership, or legal  
19 entity.

20 (B) If a corporation, partnership, limited liability company, or  
21 other legal entity is required to file a statement described in Section  
22 480.1 or 480.2 and ~~misrepresents the nonoccurrence of a change~~  
23 ~~in control or change in ownership on that statement, the 480.1 or~~  
24 ~~480.2 and willfully misrepresents information or willfully fails to~~  
25 ~~disclose information on the change in ownership statement to~~  
26 ~~avoid reassessment, the corporation, partnership, limited liability~~  
27 ~~company, or other legal entity shall pay a penalty on each property~~  
28 ~~subject to reassessment due to the change in control or change in~~  
29 ~~ownership equal to the greater of:~~

30 (i) Two thousand five hundred dollars (\$2,500).

31 (ii) Twenty-five percent of the taxes applicable to each new  
32 base year value reflecting the *change in control or* change in  
33 ownership of the real property owned by the corporation,  
34 partnership, limited liability company, or legal entity.

35 ~~(C) If a corporation, partnership, limited liability company, or~~  
36 ~~other legal entity is required to file a statement described in Section~~  
37 ~~480.1 or 480.2 and misrepresents the occurrence of a change in~~  
38 ~~control or change in ownership on that statement, the corporation,~~  
39 ~~partnership, limited liability company, or other legal entity shall~~  
40 ~~pay a penalty on each property owned by the corporation;~~



1 ~~partnership, limited liability company, or other legal entity in the~~  
2 ~~county equal to the greater of:~~

3 ~~(i) Two thousand five hundred dollars (\$2,500).~~

4 ~~(ii) Twenty five percent of the current year's taxes on the~~  
5 ~~property.~~

6 (2) (A) The State Board of Equalization may request that any  
7 person or a legal entity complete and file a change in ownership  
8 statement described in Section 480.1 or 480.2 upon written  
9 request. If a person or legal entity requested to file a statement fails  
10 to do so within 45 days from the date of a written request by the  
11 State Board of Equalization, a penalty of 10 percent of the taxes  
12 applicable to each new base year value reflecting the change in  
13 control or change in ownership of the real property owned by the  
14 corporation, partnership, or legal entity, or 10 percent of the  
15 current year's taxes on that property if no change in control or  
16 change in ownership occurred, shall be added to the assessment  
17 made on the roll. This penalty applies for failure to file a complete  
18 requested statement notwithstanding the fact that the board  
19 determines that no change in control or change in ownership has  
20 occurred as defined in subdivision (c) or (d) of Section 64. This  
21 penalty may also be applied if after a request the person or legal  
22 entity files an incomplete statement and does not supply the  
23 missing information upon a second request.

24 (B) The penalty described in this paragraph is in addition to the  
25 penalties described in paragraph (1). However, the penalty added  
26 by this paragraph shall be automatically extinguished in either of  
27 the following circumstances:

28 (i) The person or legal entity files a complete requested  
29 statement no later than 60 days after the date on which the person  
30 or legal entity is notified of the penalty described in this paragraph.

31 (ii) The person or legal entity had filed a change in ownership  
32 statement as required by Section 480.1 or 480.2 within 60 days of  
33 the change in control or change in ownership for which the written  
34 board request pertains.

35 (3) If real property escapes taxation or is underassessed  
36 following a change in ownership or change in control, the  
37 provisions of paragraph (3) of subdivision (b) of Section 532 may  
38 apply.

39 (c) The penalty for failure to file a timely statement pursuant to  
40 Section 480 for any one transfer may be imposed only one time,



1 even though the assessor may initiate a request as often as he or she  
2 deems necessary.

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

7 (1) When the transfer to be reported under this section is of a  
8 portion of a property or parcel appearing on the roll during the  
9 fiscal year in which, as applicable, the 45-day or 60-day period  
10 expires, the current year's taxes shall be prorated so the penalty  
11 will be computed on the proportion of property which has  
12 transferred.

13 (2) Any penalty added to the roll pursuant to this section  
14 between January 1 and June 30 may be entered either on the  
15 unsecured roll or the roll being prepared. After January 1, the  
16 penalty may be added to the current roll only with the approval of  
17 the tax collector.

18 (3) If the property is transferred or conveyed to a bona fide  
19 purchaser for value or becomes subject to a lien of a bona fide  
20 encumbrancer for value after the transfer of ownership resulting  
21 in the imposition of the penalty and before the enrollment of the  
22 penalty, the penalty shall be entered on the unsecured roll in the  
23 name of the transferee whose failure to file the change in  
24 ownership statement resulted in the imposition of the penalty.

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

28 (f) Notice of any penalty added to either the secured or  
29 unsecured roll pursuant to this section shall be mailed by the  
30 assessor to the transferee at his or her address contained in any  
31 recorded instrument or document evidencing a transfer of an  
32 interest in real property or manufactured home or at any address  
33 reasonably known to the assessor.

34 ~~SEC. 7.—~~

35 *SEC. 5.* Section 486 is added to the Revenue and Taxation  
36 Code, to read:

37 486. In addition to any other remedies described in this article,  
38 if any person fails to furnish any information or records that are  
39 required by this article to be furnished upon a request of the State  
40 Board of Equalization or the assessor for the purpose of securing



1 change in ownership information required for assessment  
2 purposes ~~or securing real property ownership information~~  
3 ~~pursuant to Section 471~~, the State Board of Equalization may issue  
4 subpoenas for the attendance of witnesses or the production of  
5 information or records in accordance with Section 15613 of the  
6 Government Code and the assessor may apply for a subpoena  
7 pursuant to Section 468.

