

## Assembly Bill No. 14

### CHAPTER 281

An act to amend Sections 2188.7 and 2823 of, and to add Section 327.5 to, the Revenue and Taxation Code, relating to property taxation.

[Approved by Governor September 22, 2005. Filed with Secretary of State September 22, 2005.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 14, Harman. Property tax: subdivisions: separate assessments and valuations.

Existing law provides for the creation of an assessor's office in each county, and requires the assessor's office to determine the new base year value for taxable real property that has been newly constructed. Existing law provides for the separate assessment of any parcel on the current tax roll and for specified classes of real property, and authorizes a payment of taxes on any parcel of real property separately from the whole assessment, if that parcel is either described in any duly executed and recorded deed or other specified document or has a separate valuation on the current roll, as provided.

The bill would prohibit an assessor from assigning parcel numbers or preparing a separate assessment or separate valuation to divide any existing residential structure into a subdivision, as defined, until a subdivision final map or parcel map, as specified, has been recorded as required by law.

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

SECTION 1. Section 327.5 is added to the Revenue and Taxation Code, to read:

327.5. Notwithstanding any other provision of law, the assessor shall not assign any parcel numbers or prepare a separate assessment or separate valuation to divide any existing residential structure into a subdivision, as defined in Section 66424 of the Government Code, until a subdivision final map or parcel map, as described in Sections 66434 and 66445, respectively, of the Government Code has been recorded as required by law. If the requirement for a parcel map is waived pursuant to subdivision (b) of Section 66428 of the Government Code, then the assessor shall not assign any parcel numbers or prepare a separate assessment or separate valuation, unless the applicant provides a copy of the finding made by the legislative body or advisory agency, as required by that subdivision.

SEC. 2. Section 2188.7 of the Revenue and Taxation Code is amended to read:

2188.7. (a) Whenever the assessor receives a written request for separate assessment of a community apartment project, a stock cooperative, or a limited equity housing cooperative as defined in Section 11003.2, 11003.4, or 11004 of the Business and Professions Code, or any other similarly organized housing cooperative, the assessor shall, on the first lien date which occurs more than 60 days following the request, and on each lien date thereafter, separately assess the individual interests described in subdivision (b) held by the owners of the project or shareholders of the corporation if the conditions specified in subdivision (c) have been met. Whenever a community apartment project or cooperative housing corporation is separately assessed, it shall continue to be separately assessed in subsequent fiscal years and once a request for separate assessment is made, it is binding on all future owners and occupants of the project or corporation.

(b) For community apartment projects, and similarly organized projects, the interest that is to be separately assessed pursuant to subdivision (a) is the value of the right of exclusive occupancy in a portion of the real property coupled with an undivided interest in the land. For cooperative housing corporations, limited equity housing cooperatives and similarly organized cooperatives, the interest that is to be separately assessed is the value of the right of exclusive occupancy which is transferable only concurrently with the transfer of the share or shares of stock in the corporation held by the person having such right of occupancy, together with an interest in appurtenant common areas.

(c) Except as provided in subdivision (a), a separate assessment of any interest described in subdivision (b) may not be made by the assessor unless:

(1) The person making the request certifies that the owners or shareholders have been notified and the request for separate assessment has been approved in the manner provided in the organizational documents of the organization involved for approval of matters affecting the affairs of the organization generally; and

(2) A diagrammatic floor plan of the improvements and a survey plot map of the land showing the location of the improvements on the land, prepared in the form required by Chapter 2 (commencing with Section 66425) of Division 2 of Title 7 of the Government Code, has been recorded with the county recorder and filed with the assessor.

(3) Notwithstanding any other provision of law, a separate valuation to divide any existing residential structure into a subdivision, as defined in Section 66424 of the Government Code, shall not be made until a subdivision final map or parcel map, as described in Sections 66434 and 66445, respectively, of the Government Code has been recorded as required by law. If the requirement for a parcel map is waived pursuant to subdivision (b) of Section 66428 of the Government Code, then the assessor shall not assign any parcel numbers or prepare a separate assessment or separate valuation, unless the applicant provides a copy of

the finding made by the legislative body or advisory agency, as required by that subdivision.

(d) Notwithstanding the provisions of Section 2605 and regardless of whether the board of supervisors has adopted a resolution in accordance with Section 2700, the tax on interests in a cooperative housing corporation or a limited-equity housing corporation separately assessed pursuant to subdivision (a) shall be entered on the secured roll and may be paid in two installments as provided in Chapter 2.1 (commencing with Section 2700) of Part 5. However, if:

(1) The tax on the separately assessed interest is unpaid when any installment of taxes on the secured roll becomes delinquent, the tax collector may use the procedures applicable to the collection of delinquent taxes on the unsecured roll; and

(2) The tax on the separately assessed interest remains unpaid at the time set for the declaration of default for delinquent taxes, the tax on the separately assessed interest, together with any penalties and costs which may have accrued thereon while on the secured roll, shall be transferred to the unsecured roll.

(e) The tax on an individual interest in a community apartment project, separately assessed pursuant to subdivision (a), shall be a lien solely on that interest and shall be entered on and be subject to all provisions of law applicable to taxes on the secured roll.

(f) The assessor shall provide to the principal office of each community apartment project and cooperative housing corporation within the taxing jurisdiction, at the time and in the manner as he or she deems appropriate, adequate notice of the provisions of this section and other pertinent information relative to the implementation thereof.

(g) The assessor may charge a fee for the initial cost of separately assessing a project or corporation which may be collected on the tax bill.

SEC. 3. Section 2823 of the Revenue and Taxation Code is amended to read:

2823. (a) The county assessor shall determine a separate valuation on the parcel, and shall determine the valuation of the remaining parcel. The sum of the valuations of the parcels shall equal their total valuation before separation.

(b) A separate valuation shall not be made of any parcel covered by a subdivision map filed for record after the lien date immediately preceding the current fiscal year. In connection with the recording of a final subdivision map a segregation may nevertheless be made so as to include all of the land within the subdivision in a single parcel.

(c) A separate valuation shall not be made dividing any piece of property separately assessed in the original assessment into more than four parcels. However, this prohibition shall not apply in any county in which the board of supervisors so provides in an ordinance adopted by a majority vote of the board.

(d) Notwithstanding any other provision of law, a separate valuation to divide any existing residential structure into a subdivision, as defined in

Section 66424 of the Government Code, shall not be made until a subdivision final map or parcel map, as described in Sections 66434 and 66445, respectively, of the Government Code has been recorded as required by law. If the requirement for a parcel map is waived pursuant to subdivision (b) of Section 66428 of the Government Code, then the assessor shall not assign any parcel numbers or prepare a separate assessment or separate valuation, unless the applicant provides a copy of the finding made by the legislative body or advisory agency, as required by that subdivision.

(e) With respect to nonresidential subdivisions, without regard to the number of parcels involved, which are covered by special assessment liens the bonds for which are owned by a county, the board of supervisors of that county may authorize the county assessor, auditor, and tax collector to prorate the amounts for past due property taxes and assessment liens, plus any interest and penalties that may have accrued thereon, among the various parcels in the subdivision. Notwithstanding any other provision of law, the tax collector may then enter into an installment payment agreement with respect to the pending subdivision map and thereupon the agreement shall be deemed the equivalent of a certificate pursuant to Section 66492 of the Government Code for purposes of permitting the filing of the final map and shall be recorded together with the final map, provided that the past due property taxes, assessment liens, and the special assessment lien shall not be discharged of record by the agreement, but shall be prorated among the parcels created by the final map.

(f) If the application requested that the tax created by the assessment of personal property, or leasehold improvements, or possessory interests be allowed to remain as a lien on the parcel sought to be separately valued, and the assessor determines that the value of the parcel is sufficient to secure the payment of the tax, the assessor shall set forth the value of such personal property, or leasehold improvements, or possessory interests opposite the assessor's determination of the value of the parcel.