

AMENDED IN SENATE JULY 17, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1020**

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**Introduced by Assembly Member Sharon Runner**

February 22, 2007

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An act to amend Section 27279 of the Government Code, and to ~~amend Section 62 of~~ *add Section 62.11* to the Revenue and Taxation Code, relating to recordation of documents.

LEGISLATIVE COUNSEL'S DIGEST

AB 1020, as amended, Sharon Runner. Recordation: change of 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 results in a change in ownership of the real property, and provides that certain transfers do not result in a change of ownership.

This bill would provide that the recordation of a certificate of sale pursuant to specified provisions of law relating to property sold subject to a right of redemption, does not constitute a change of ownership, as provided. This bill would also make a clarifying change relating to the recordation of digital instruments.

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.

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

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

1 SECTION 1. Section 27279 of the Government Code is  
2 amended to read:

3 27279. (a) "Instrument," as used in this chapter, means a  
4 written paper signed by a person or persons transferring the title  
5 to, or giving a lien on real property, or giving a right to a debt or  
6 duty.

7 (b) The recorder of any county may, in lieu of a written paper,  
8 accept for recording digitized images, digital images, or both, of  
9 a recordable instrument, paper, or notice if both of the following  
10 conditions are met:

11 (1) The image conforms to all other applicable statutes that  
12 prescribe recordability, except the requirement of original  
13 signatures in subdivision (b) of Section 27201.

14 (2) The requester and addressee for delivery of the recorded  
15 images are the same and can be readily identified as a local or state  
16 government entity, or an agency, branch, or instrumentality of the  
17 federal government.

18 ~~SEC. 2. Section 62 of the Revenue and Taxation Code is~~  
19 ~~amended to read:~~

20 ~~62. Change in ownership shall not include:~~

21 ~~(a) (1) Any transfer between coowners that results in a change~~  
22 ~~in the method of holding title to the real property transferred~~  
23 ~~without changing the proportional interests of the coowners in that~~  
24 ~~real property, such as a partition of a tenancy in common.~~

25 ~~(2) Any transfer between an individual or individuals and a legal~~  
26 ~~entity or between legal entities, such as a cotenancy to a~~  
27 ~~partnership, a partnership to a corporation, or a trust to a cotenancy,~~  
28 ~~that results solely in a change in the method of holding title to the~~  
29 ~~real property and in which proportional ownership interests of the~~

1 ~~transferees and transferees, whether represented by stock,~~  
2 ~~partnership interest, or otherwise, in each and every piece of real~~  
3 ~~property transferred, remain the same after the transfer. The~~  
4 ~~provisions of this paragraph shall not apply to transfers also~~  
5 ~~excluded from change in ownership under the provisions of~~  
6 ~~subdivision (b) of Section 64.~~

7 ~~(b) Any transfer for the purpose of perfecting title to the~~  
8 ~~property:~~

9 ~~(e) (1) The creation, assignment, termination, or reconveyance~~  
10 ~~of a security interest; or (2) the substitution of a trustee under a~~  
11 ~~security instrument.~~

12 ~~(d) Any transfer by the trustor, or by the trustor's spouse, or by~~  
13 ~~both, into a trust for so long as (1) the transferor is the present~~  
14 ~~beneficiary of the trust, or (2) the trust is revocable; or any transfer~~  
15 ~~by a trustee of such a trust described in either clause (1) or (2) back~~  
16 ~~to the trustor; or, any creation or termination of a trust in which~~  
17 ~~the trustor retains the reversion and in which the interest of others~~  
18 ~~does not exceed 12 years duration.~~

19 ~~(e) Any transfer by an instrument whose terms reserve to the~~  
20 ~~transferor an estate for years or an estate for life. However, the~~  
21 ~~termination of such an estate for years or estate for life shall~~  
22 ~~constitute a change in ownership, except as provided in subdivision~~  
23 ~~(d) and in Section 63.~~

24 ~~(f) The creation or transfer of a joint tenancy interest if the~~  
25 ~~transferor, after the creation or transfer, is one of the joint tenants~~  
26 ~~as provided in subdivision (b) of Section 65.~~

27 ~~(g) Any transfer of a lessor's interest in taxable real property~~  
28 ~~subject to a lease with a remaining term (including renewal options)~~  
29 ~~of 35 years or more. For the purpose of this subdivision, for~~  
30 ~~1979-80 and each year thereafter, it shall be conclusively presumed~~  
31 ~~that all homes eligible for the homeowners' exemption, other than~~  
32 ~~manufactured homes located on rented or leased land and subject~~  
33 ~~to taxation pursuant to Part 13 (commencing with Section 5800)~~  
34 ~~and floating homes subject to taxation pursuant to Section 229,~~  
35 ~~that are on leased land have a renewal option of at least 35 years~~  
36 ~~on the lease of that land, whether or not in fact that renewal option~~  
37 ~~exists in any contract or agreement.~~

38 ~~(h) Any purchase, redemption, or other transfer of the shares or~~  
39 ~~units of participation of a group trust, pooled fund, common trust~~

1 fund, or other collective investment fund established by a financial  
2 institution.

3 (i) ~~Any transfer of stock or membership certificate in a housing  
4 cooperative that was financed under one mortgage, provided that  
5 mortgage was insured under Section 213, 221(d)(3), 221(d)(4), or  
6 236 of the National Housing Act, as amended, or that housing  
7 cooperative was financed or assisted pursuant to Section 514, 515,  
8 or 516 of the Housing Act of 1949 or Section 202 of the Housing  
9 Act of 1959, or the housing cooperative was financed by a direct  
10 loan from the California Housing Finance Agency, and provided  
11 that the regulatory and occupancy agreements were approved by  
12 the governmental lender or insurer, and provided that the transfer  
13 is to the housing cooperative or to a person or family qualifying  
14 for purchase by reason of limited income. Any subsequent transfer  
15 from the housing cooperative to a person or family not eligible for  
16 state or federal assistance in reduction of monthly carrying charges  
17 or interest reduction assistance by reason of the income level of  
18 that person or family shall constitute a change of ownership.~~

19 (j) ~~Any transfer during the period March 1, 1975, to March 1,  
20 1981, between coowners in any property that was held by them as  
21 coowners for all or part of that period, and which was eligible for  
22 a homeowner's exemption during the period of the coownership,  
23 notwithstanding any other provision of this chapter. Any transferee  
24 whose interest was revalued in contravention of the provisions of  
25 this subdivision shall obtain a reversal of that revaluation with  
26 respect to the 1980-81 assessment year and thereafter, upon  
27 application to the county assessor of the county in which the  
28 property is located filed on or before March 26, 1982. No refunds  
29 shall be made under this subdivision for any assessment year prior  
30 to the 1980-81 fiscal year.~~

31 (k) ~~Any transfer of property or an interest therein between a  
32 corporation sole, a religious corporation, a public benefit  
33 corporation, and a holding corporation as defined in Section 23701h  
34 holding title for the benefit of any of these corporations, or any  
35 combination thereof (including any transfer from one entity to the  
36 same type of entity), provided that both the transferee and transferor  
37 are regulated by laws, rules, regulations, or canons of the same  
38 religious denomination.~~

39 (l) ~~Any transfer, that would otherwise be a transfer subject to  
40 reappraisal under this chapter, between or among the same parties~~

1 for the purpose of correcting or reforming a deed to express the  
2 true intentions of the parties, provided that the original relationship  
3 between the grantor and grantee is not changed.

4 ~~(m) Any intrafamily transfer of an eligible dwelling unit from  
5 a parent or parents or legal guardian or guardians to a minor child  
6 or children or between or among minor siblings as a result of a  
7 court order or judicial decree due to the death of the parent or  
8 parents. As used in this subdivision, "eligible dwelling unit" means  
9 the dwelling unit that was the principal place of residence of the  
10 minor child or children prior to the transfer and remains the  
11 principal place of residence of the minor child or children after  
12 the transfer.~~

13 ~~(n) Any transfer of an eligible dwelling unit, whether by will,  
14 devise, or inheritance, from a parent or parents to a child or  
15 children, or from a guardian or guardians to a ward or wards, if  
16 the child, children, ward, or wards have been disabled, as provided  
17 in subdivision (e) of Section 12304 of the Welfare and Institutions  
18 Code, for at least five years preceding the transfer and if the child,  
19 children, ward, or wards have adjusted gross income that, when  
20 combined with the adjusted gross income of a spouse or spouses,  
21 parent or parents, and child or children, does not exceed twenty  
22 thousand dollars (\$20,000) in the year in which the transfer occurs.  
23 As used in this subdivision, "child" or "ward" includes a minor or  
24 an adult. As used in this subdivision, "eligible dwelling unit" means  
25 the dwelling unit that was the principal place of residence of the  
26 child or children, or ward or wards for at least five years preceding  
27 the transfer and remains the principal place of residence of the  
28 child or children, or ward or wards after the transfer. Any transferee  
29 whose property was reassessed in contravention of the provisions  
30 of this subdivision for the 1984-85 assessment year shall obtain  
31 a reversal of that reassessment upon application to the county  
32 assessor of the county in which the property is located. Application  
33 by the transferee shall be made to the assessor no later than 30  
34 days after the later of either the transferee's receipt of notice of  
35 reassessment pursuant to Section 75.31 or the end of the 1984-85  
36 fiscal year.~~

37 ~~(o) Any transfer of a possessory interest in tax-exempt real  
38 property subject to a sublease with a remaining term, including  
39 renewal options, that exceeds half the length of the remaining term  
40 of the leasehold, including renewal options.~~

1 ~~(p) Commencing with the lien date for the 2006-07 fiscal year,~~  
2 ~~any transfer between registered domestic partners, as defined in~~  
3 ~~Section 297 of the Family Code, including, but not limited to:~~

4 ~~(1) Transfers to a trustee for the beneficial use of a registered~~  
5 ~~domestic partner, or the surviving registered domestic partner of~~  
6 ~~a deceased transferor, or by a trustee of such a trust to the registered~~  
7 ~~domestic partner of the trustor.~~

8 ~~(2) Transfers that take effect upon the death of a registered~~  
9 ~~domestic partner.~~

10 ~~(3) Transfers to a registered domestic partner or former~~  
11 ~~registered domestic partner in connection with a property settlement~~  
12 ~~agreement or decree of dissolution of a registered domestic~~  
13 ~~partnership or legal separation.~~

14 ~~(4) The creation, transfer, or termination, solely between~~  
15 ~~registered domestic partners, of any coowner's interest.~~

16 ~~(5) The distribution of a legal entity's property to a registered~~  
17 ~~domestic partner or former registered domestic partner in exchange~~  
18 ~~for the interest of the registered domestic partner in the legal entity~~  
19 ~~in connection with a property settlement agreement or a decree of~~  
20 ~~dissolution of a registered domestic partnership or legal separation.~~

21 ~~(q) The recordation of a certificate of sale pursuant to~~  
22 ~~subdivision (a) of Section 729.040 of the Code of Civil Procedure,~~  
23 ~~relating to property sold subject to the right of redemption for the~~  
24 ~~period in which the right of redemption exists.~~

25 *SEC. 2. Section 62.11 is added to the Revenue and Taxation*  
26 *Code, to read:*

27 *62.11. Change in ownership does not include the recordation*  
28 *of a certificate of sale pursuant to subdivision (a) of Section*  
29 *729.040 of the Code of Civil Procedure, relating to property sold*  
30 *subject to the right of redemption, for the period in which the right*  
31 *of redemption exists.*

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