

AMENDED IN ASSEMBLY JANUARY 4, 2012
AMENDED IN ASSEMBLY SEPTEMBER 8, 2011
AMENDED IN ASSEMBLY MARCH 31, 2011
CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 448

Introduced by Assembly Member Ammiano

February 15, 2011

An act to amend Sections 64, 480.1, 480.2, and 482 of, and to add Sections 480.9, 486, 486.5, and 488 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 448, as amended, Ammiano. Property taxation: change in 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 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.

This bill would instead specify that when 100% of the ownership interests in a legal entity, as defined, are sold or transferred in a single transaction, as specified, the real property owned by that legal entity has changed ownership, whether or not any one legal entity or person that is a party to the transaction acquires more than 50% of the ownership interests. The bill would require the State Board of Equalization to notify assessors when a change in ownership as so described occurs.

Existing law requires a person or legal 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 signed under penalty of perjury with the State Board of Equalization, as specified. Existing law requires a penalty of 10% of the taxes applicable to the new base year value, as specified, or 10% of the current year's taxes on the property, as specified, to be added to the assessment made on the roll if a person or legal entity required to file a change in ownership statement fails to do so.

This bill would require a person or legal entity acquiring ownership interests in a legal entity, when 100% of the ownership interests in the legal entity are sold or transferred, as described above, to file a change in ownership statement signed under penalty of perjury with the State Board of Equalization. This bill would increase the penalties for failure to file a change in ownership statement, as described above, from 10% to 20%.

This bill would also require, whenever there occurs any change in the ownership interests in a legal entity holding an interest in real property in this state, the person or legal entity acquiring the ownership interest of the legal entity to report the change in ownership interests to the State Board of Equalization, as provided. This bill would require, whenever there occurs a specified transfer between an individual or individuals and a legal entity or between legal entities, the legal entity to report subsequent changes in the ownership interests of the legal entity to the county assessor, as provided. ~~This bill would state the intent of the Legislature to enact legislation to impose a penalty for failure to report these changes in ownership interests.~~

This bill would also require, whenever there occurs a change of an ownership interest in a legal entity holding an interest in real property,

a deed to be recorded with the county recorder by the owner of the real property, even if the owner of the real property does not change.

By expanding the crime of perjury and by imposing new duties upon local county officials with respect to changes in ownership, this bill would impose a state-mandated local program.

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.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

This bill would include a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

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) The system for determining a change in ownership for the
- 4 purpose of assessment of commercial property is complex and
- 5 difficult to administer.
- 6 (b) Property owners use complex legal maneuvers and methods
- 7 of dividing up, or obscuring, ownership patterns, in order to avoid
- 8 reassessment when changes of ownership actually occur.
- 9 (c) There are many circumstances where changes of ownership
- 10 have legally taken place, which are often not known to the assessor
- 11 because they are deliberately obscured, such as keeping the
- 12 property in the name of the old property owner even when a
- 13 company is purchased.
- 14 (d) Deeds are filed that describe ownership patterns of such
- 15 complexity that it is difficult for the legal powers of the counties,
- 16 and the enforcement powers of the assessor, to be exercised.

1 (e) Transactions occur that should be identified as changes of
2 ownership, such as a 100-percent purchase of a company, which
3 avoid reassessment because of the ability to divide ownership
4 shares.

5 (f) Penalties for obscuring, or failing to report, transactions are
6 insufficient to provide incentives to purchasers to self-report,
7 making the job of identifying these transactions by the assessor
8 and the State Board of Equalization more difficult.

9 (g) Changes in ownership may not trigger reassessment because
10 of leasehold interests that are not transparent to the assessor.

11 (h) Therefore, it is the intent of the Legislature to provide all of
12 the following:

13 (1) Greater clarity with regard to those circumstances in which
14 a change in ownership has occurred.

15 (2) Greater transparency in ownership patterns with respect to
16 the filing of deeds and with respect to other real property and
17 financial transactions.

18 (3) Improved reporting and stronger enforcement ~~and penalties~~
19 ~~for the failure to report changes in ownership.~~

20 (i) It is further the intent of the Legislature that changes in
21 ownership in which 100 percent of the ownership of a business,
22 whether through mergers, private equity buyouts, transfer of
23 ownership from one financial institution to another, transfers of
24 shares of limited liability companies or trusts, transfers of
25 partnership shares, ~~and or~~ other changes by which 100 percent is
26 transferred shall constitute a change of ownership subject to
27 reassessment.

28 SEC. 2. Section 64 of the Revenue and Taxation Code is
29 amended to read:

30 64. (a) Except as provided in subdivision (i) of Section 61 and
31 subdivisions (c) and (d), the purchase or transfer of ownership
32 interests in legal entities, such as corporate stock or partnership or
33 limited liability company interests, does not constitute a transfer
34 of the real property of the legal entity. This subdivision applies to
35 the purchase or transfer of ownership interests in a partnership
36 without regard to whether it is a continuing or a dissolved
37 partnership.

38 (b) Any corporate reorganization, where all of the corporations
39 involved are members of an affiliated group, and that qualifies as
40 a reorganization under Section 368 of the United States Internal

1 Revenue Code and that is accepted as a nontaxable event by similar
2 California statutes, or any transfer of real property among members
3 of an affiliated group, or any reorganization of farm credit
4 institutions pursuant to the federal Farm Credit Act of 1971 (Public
5 Law 92-181), as amended, shall not be a change of ownership.
6 The taxpayer shall furnish proof, under penalty of perjury, to the
7 assessor that the transfer meets the requirements of this subdivision.

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

12 (1) One hundred percent of the voting stock, exclusive of any
13 share owned by directors, of each of the corporations, except the
14 parent corporation, is owned by one or more of the other
15 corporations.

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

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

33 (B) (i) When 100 percent of the ownership interests in a legal
34 entity are sold or transferred in a single transaction to a legal entity
35 or person, whether by merger, acquisition, private equity buyout,
36 transfer of partnership shares, or any other means by which a legal
37 entity or person acquires the ownership interests of another legal
38 entity, including the subsidiaries or affiliates of the legal entity
39 and the property owned by those subsidiaries or affiliates, the
40 purchase or transfer of the ownership interests shall be a change

1 of ownership of the real property owned by the legal entity, whether
 2 or not any one legal entity or person that is a party to the transaction
 3 acquires more than 50 percent of the ownership interests.

4 (ii) For purposes of this subparagraph:

5 (I) “Legal entity” means a corporation, partnership, limited
 6 liability company, or other legal entity.

7 (II) “Ownership interests” means corporate voting stock,
 8 partnership capital and profits interests, limited liability company
 9 membership interests, and other ownership interests in legal
 10 entities.

11 (III) “Single transaction” means a transaction in which 100
 12 percent of the ownership interests are sold or transferred in either
 13 one calendar year or within a three-year period beginning on the
 14 date of the original transaction when any percentage of ownership
 15 interests are sold or transferred.

16 (2) On or after January 1, 1996, when an owner of a majority
 17 ownership interest in any partnership obtains all of the remaining
 18 ownership interests in that partnership or otherwise becomes the
 19 sole partner, the purchase or transfer of the minority interests,
 20 subject to the appropriate application of the step-transaction
 21 doctrine, shall not be a change in ownership of the real property
 22 owned by the partnership.

23 (d) If property is transferred on or after March 1, 1975, to a
 24 legal entity in a transaction excluded from change in ownership
 25 by paragraph (2) of subdivision (a) of Section 62, then the persons
 26 holding ownership interests in that legal entity immediately after
 27 the transfer shall be considered the “original coowners.” Whenever
 28 shares or other ownership interests representing cumulatively more
 29 than 50 percent of the total interests in the entity are transferred
 30 by any of the original coowners in one or more transactions, a
 31 change in ownership of that real property owned by the legal entity
 32 shall have occurred, and the property that was previously excluded
 33 from change in ownership under the provisions of paragraph (2)
 34 of subdivision (a) of Section 62 shall be reappraised.

35 The date of reappraisal shall be the date of the transfer of the
 36 ownership interest representing individually or cumulatively more
 37 than 50 percent of the interests in the entity.

38 A transfer of shares or other ownership interests that results in
 39 a change in control of a corporation, partnership, limited liability

1 company, or any other legal entity is subject to reappraisal as
2 provided in subdivision (c) rather than this subdivision.

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

8 If the corporation (or partnership or limited liability company)
9 owns real property in California, has cumulatively more than 50
10 percent of the voting stock (or more than 50 percent of total interest
11 in both partnership or limited liability company capital and
12 partnership or limited liability company profits) (1) been transferred
13 by the corporation (or partnership or limited liability company)
14 since March 1, 1975, or (2) been acquired by another legal entity
15 or person during the year? (See instructions.)

16 If the entity answers “yes” to (1) or (2) in the above question,
17 then the Franchise Tax Board shall furnish the names and addresses
18 of that entity and of the stock or partnership or limited liability
19 company ownership interest transferees to the State Board of
20 Equalization.

21 (f) The board may prescribe regulations as may be necessary
22 to carry out the purposes of the act adding this subdivision.

23 ~~SEC. 3. Section 480.1 of the Revenue and Taxation Code is~~
24 ~~amended to read:~~

25 ~~480.1. (a) Whenever there is a change in control or a change~~
26 ~~in ownership of any corporation, partnership, limited liability~~
27 ~~company, or other legal entity, as defined in subdivision (c) of~~
28 ~~Section 64, a signed change in ownership statement as provided~~
29 ~~for in subdivision (b), shall be filed by the person or legal entity~~
30 ~~acquiring ownership of the corporation, partnership, limited~~
31 ~~liability company, or other legal entity with the board at its office~~
32 ~~in Sacramento within 45 days from the date of the change in control~~
33 ~~or the change in ownership of the corporation, partnership, limited~~
34 ~~liability company, or other legal entity. The statement shall list all~~
35 ~~counties in which the corporation, partnership, limited liability~~
36 ~~company, or legal entity owns real property.~~

37 ~~(b) The change in ownership statement as required pursuant to~~
38 ~~subdivision (a), shall be declared to be true under penalty of perjury~~
39 ~~and shall give such information relative to the ownership~~
40 ~~acquisition transaction as the board shall prescribe after~~

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

10
11 **“Important Notice”**

12
13 **“The law requires any person or legal entity acquiring ownership**
14 **in any corporation, partnership, limited liability company, or other**
15 **legal entity owning real property in California subject to local**
16 **property taxation to complete and file a change in ownership**
17 **statement with the State Board of Equalization at its office in**
18 **Sacramento. The change in ownership statement must be filed**
19 **within 45 days from the date of the change in control or the change**
20 **in ownership of a corporation, partnership, limited liability**
21 **company, or other legal entity. The law further requires that a**
22 **change in ownership statement be completed and filed whenever**
23 **a written request is made therefor by the State Board of**
24 **Equalization, regardless of whether a change in control or a change**
25 **in ownership of the legal entity has occurred. The failure to file a**
26 **change in ownership statement within 45 days from the earlier of**
27 **the date of the change in control or a change in ownership of the**
28 **corporation, partnership, limited liability company, or other legal**
29 **entity, or the date of a written request by the State Board of**
30 **Equalization, results in a penalty of 20 percent of the taxes**
31 **applicable to the new base year value reflecting the change in**
32 **control or the change in ownership of the real property owned by**
33 **the corporation, partnership, limited liability company, or legal**
34 **entity (or 20 percent of the current year's taxes on that property if**
35 **no change in control or change in ownership occurred). This**
36 **penalty will be added to the assessment roll and shall be collected**
37 **like any other delinquent property taxes, and be subject to the same**
38 **penalties for nonpayment.”**

39 (e) In the case of a corporation, the change in ownership
40 statement shall be signed either by an officer of the corporation or

1 an employee or agent who has been designated in writing by the
2 board of directors to sign such statements on behalf of the
3 corporation. In the case of a partnership, limited liability company,
4 or other legal entity, the statement shall be signed by an officer,
5 partner, manager, or an employee or agent who has been designated
6 in writing by the partnership, limited liability company, or legal
7 entity.

8 ~~(d) No person or entity acting for or on behalf of the parties to~~
9 ~~a transfer of real property shall incur liability for the consequences~~
10 ~~of assistance rendered to the transferee in preparation of any change~~
11 ~~in ownership statement, and no action may be brought or~~
12 ~~maintained against any person or entity as a result of that~~
13 ~~assistance.~~

14 Nothing in this section shall create a duty, either directly or by
15 implication, that such assistance be rendered by any person or
16 entity acting for or on behalf of parties to a transfer of real property.

17 ~~(e) The board or assessors may inspect any and all records and~~
18 ~~documents of a corporation, partnership, limited liability company,~~
19 ~~or legal entity to ascertain whether a change in control or a change~~
20 ~~in ownership, as defined in subdivision (c) of Section 64, has~~
21 ~~occurred. The corporation, partnership, limited liability company,~~
22 ~~or legal entity shall upon request, make those documents available~~
23 ~~to the board during normal business hours.~~

24 ~~SEC. 4. Section 480.2 of the Revenue and Taxation Code is~~
25 ~~amended to read:~~

26 ~~480.2. (a) Whenever there is a change in ownership of any~~
27 ~~corporation, partnership, limited liability company, or other legal~~
28 ~~entity, as defined in subdivision (d) of Section 64, a signed change~~
29 ~~in ownership statement as provided in subdivision (b) shall be filed~~
30 ~~by the corporation, partnership, limited liability company, or other~~
31 ~~legal entity with the board at its office in Sacramento within 45~~
32 ~~days from the date of the change in ownership of the corporation,~~
33 ~~partnership, limited liability company, or other legal entity. The~~
34 ~~statement shall list all counties in which the corporation,~~
35 ~~partnership, limited liability company, or legal entity owns real~~
36 ~~property.~~

37 ~~(b) The change in ownership statement required pursuant to~~
38 ~~subdivision (a) shall be declared to be true under penalty of perjury~~
39 ~~and shall give such information relative to the ownership interest~~
40 ~~acquisition transaction as the board shall prescribe after~~

1 ~~consultation with the California Assessors' Association. The~~
2 ~~information shall include, but not be limited to, a description of~~
3 ~~the property owned by the corporation, partnership, limited liability~~
4 ~~company, or other legal entity, the parties to the transaction, the~~
5 ~~date of the ownership interest acquisition, and a listing of the~~
6 ~~“original coowners” of the corporation, partnership, limited liability~~
7 ~~company, or other legal entity prior to the transaction. The change~~
8 ~~in ownership statement shall not include any question which is not~~
9 ~~germane to the assessment function. The statement shall contain~~
10 ~~a notice that is printed, with the title in at least 12-point boldface~~
11 ~~type and the body in at least 8-point boldface type, in the following~~
12 ~~form:~~

13
14
15

“Important Notice”

16 ~~“The law requires any corporation, partnership, limited liability~~
17 ~~company, or other legal entity owning real property in California~~
18 ~~subject to local property taxation and transferring shares or other~~
19 ~~ownership interest in such legal entity which constitute a change~~
20 ~~in ownership pursuant to subdivision (d) of Section 64 of the~~
21 ~~Revenue and Taxation Code to complete and file a change in~~
22 ~~ownership statement with the State Board of Equalization at its~~
23 ~~office in Sacramento. The change in ownership statement must be~~
24 ~~filed within 45 days from the date that shares or other ownership~~
25 ~~interests representing cumulatively more than 50 percent of the~~
26 ~~total control or ownership interests in the entity are transferred by~~
27 ~~any of the original coowners in one or more transactions. The law~~
28 ~~further requires that a change in ownership statement be completed~~
29 ~~and filed whenever a written request is made therefor by the State~~
30 ~~Board of Equalization, regardless of whether a change in ownership~~
31 ~~of the legal entity has occurred. The failure to file a change in~~
32 ~~ownership statement within 45 days from the earlier of the date of~~
33 ~~the change in ownership of the corporation, partnership, limited~~
34 ~~liability company, or other legal entity, or the date of a written~~
35 ~~request by the State Board of Equalization, results in a penalty of~~
36 ~~20 percent of the taxes applicable to the new base year value~~
37 ~~reflecting the change in ownership of the real property owned by~~
38 ~~the corporation, partnership, limited liability company, or legal~~
39 ~~entity (or 20 percent of the current year’s taxes on that real property~~
40 ~~if no change in ownership occurred). This penalty will be added~~

1 to the assessment roll and shall be collected like any other
2 delinquent property taxes, and be subject to the same penalties for
3 nonpayment.”

4 (e) In the case of a corporation, the change in ownership
5 statement shall be signed either by an officer of the corporation or
6 an employee or agent who has been designated in writing by the
7 board of directors to sign such statements on behalf of the
8 corporation. In the case of a partnership, limited liability company,
9 or other legal entity, the statement shall be signed by an officer,
10 partner, manager, or an employee or agent who has been designated
11 in writing by the partnership, limited liability company, or legal
12 entity.

13 (d) No person or entity acting for or on behalf of the parties to
14 a transfer of real property shall incur liability for the consequences
15 of assistance rendered to the transferee in preparation of any change
16 in ownership statement, and no action may be brought or
17 maintained against any person or entity as a result of that
18 assistance.

19 Nothing in this section shall create a duty, either directly or by
20 implication, that such assistance be rendered by any person or
21 entity acting for or on behalf of parties to a transfer of real property.

22 (e) The board or assessors may inspect any and all records and
23 documents of a corporation, partnership, limited liability company,
24 or legal entity to ascertain whether a change in ownership as
25 defined in subdivision (d) of Section 64 has occurred. The
26 corporation, partnership, limited liability company, or legal entity
27 shall upon request, make those documents available to the board
28 during normal business hours.

29 *SEC. 3. Section 480.1 of the Revenue and Taxation Code, as*
30 *amended by Section 2 of Chapter 708 of the Statutes of 2011, is*
31 *amended to read:*

32 480.1. (a) Whenever there is a change in control *or a change*
33 *in ownership* of any corporation, partnership, limited liability
34 company, or other legal entity, as defined in subdivision (c) of
35 Section 64, a signed change in ownership statement as provided
36 for in subdivision (b), shall be filed by the person or legal entity
37 acquiring ownership ~~control~~ of the corporation, partnership, limited
38 liability company, or other legal entity with the board at its office
39 in Sacramento within 90 days from the date of the change in control
40 *or the change in ownership* of the corporation, partnership, limited

1 liability company, or other legal entity. The statement shall list all
2 counties in which the corporation, partnership, limited liability
3 company, or legal entity owns real property.

4 (b) The change in ownership statement as required pursuant to
5 subdivision (a), shall be declared to be true under penalty of perjury
6 and shall give such information relative to the ownership-~~control~~
7 acquisition transaction as the board shall prescribe after
8 consultation with the California Assessors’ Association. The
9 information shall include, but not be limited to, a description of
10 the property owned by the corporation, partnership, limited liability
11 company, or other legal entity, the parties to the transaction, and
12 the date of the ownership-~~control~~ acquisition. The change in
13 ownership statement shall not include any question which is not
14 germane to the assessment function. The statement shall contain
15 a notice that is printed, with the title in at least 12-point boldface
16 type and the body in at least 8-point boldface type, in the following
17 form:

18
19
20

“Important Notice”

21 “The law requires any person or legal entity acquiring ownership
22 ~~control~~ in any corporation, partnership, limited liability company,
23 or other legal entity owning real property in California subject to
24 local property taxation to complete and file a change in ownership
25 statement with the State Board of Equalization at its office in
26 Sacramento. The change in ownership statement must be filed
27 within 90 days from the date of the change in control *or the change*
28 *in ownership* of a corporation, partnership, limited liability
29 company, or other legal entity. The law further requires that a
30 change in ownership statement be completed and filed whenever
31 a written request is made therefor by the State Board of
32 Equalization, regardless of whether a change in control *or a change*
33 *in ownership* of the legal entity has occurred. The failure to file a
34 change in ownership statement within 90 days from the earlier of
35 the date of the change in control *or a change in ownership* of the
36 corporation, partnership, limited liability company, or other legal
37 entity, or the date of a written request by the State Board of
38 Equalization, results in a penalty of ~~10~~ 20 percent of the taxes
39 applicable to the new base year value reflecting the change in
40 control *or the change in ownership* of the real property owned by

1 the corporation, partnership, limited liability company, or legal
2 entity (or ~~10~~ 20 percent of the current year's taxes on that property
3 if no change in control *or change in ownership* occurred). This
4 penalty will be added to the assessment roll and shall be collected
5 like any other delinquent property taxes, and be subject to the same
6 penalties for nonpayment.”

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

16 (d) No person or entity acting for or on behalf of the parties to
17 a transfer of real property shall incur liability for the consequences
18 of assistance rendered to the transferee in preparation of any change
19 in ownership statement, and no action may be brought or
20 maintained against any person or entity as a result of that
21 assistance.

22 Nothing in this section shall create a duty, either directly or by
23 implication, that such assistance be rendered by any person or
24 entity acting for or on behalf of parties to a transfer of real property.

25 (e) The board or assessors may inspect any and all records and
26 documents of a corporation, partnership, limited liability company,
27 or legal entity to ascertain whether a change in control *or a change*
28 *in ownership* as defined in subdivision (c) of Section 64 has
29 occurred. The corporation, partnership, limited liability company,
30 or legal entity shall upon request, make those documents available
31 to the board during normal business hours.

32 *SEC. 4. Section 480.2 of the Revenue and Taxation Code, as*
33 *amended by Section 3 of Chapter 708 of the Statutes of 2011, is*
34 *amended to read:*

35 480.2. (a) Whenever there is a change in ownership of any
36 corporation, partnership, limited liability company, or other legal
37 entity, as defined in subdivision (d) of Section 64, a signed change
38 in ownership statement as provided in subdivision (b) shall be filed
39 by the corporation, partnership, limited liability company, or other
40 legal entity with the board at its office in Sacramento within 90

1 days from the date of the change in ownership of the corporation,
 2 partnership, limited liability company, or other legal entity. The
 3 statement shall list all counties in which the corporation,
 4 partnership, limited liability company, or legal entity owns real
 5 property.

6 (b) The change in ownership statement required pursuant to
 7 subdivision (a) shall be declared to be true ~~and~~ under penalty of
 8 perjury and shall give such information relative to the ownership
 9 interest acquisition transaction as the board shall prescribe after
 10 consultation with the California Assessors’ Association. The
 11 information shall include, but not be limited to, a description of
 12 the property owned by the corporation, partnership, limited liability
 13 company, or other legal entity, the parties to the transaction, the
 14 date of the ownership interest acquisition, and a listing of the
 15 “original coowners” of the corporation, partnership, limited liability
 16 company, or other legal entity prior to the transaction. The change
 17 in ownership statement shall not include any question which is not
 18 germane to the assessment function. The statement shall contain
 19 a notice that is printed, with the title in at least 12-point boldface
 20 type and the body in at least 8-point boldface type, in the following
 21 form:

22
 23 “Important Notice”
 24

25 “The law requires any corporation, partnership, limited liability
 26 company, or other legal entity owning real property in California
 27 subject to local property taxation and transferring shares or other
 28 ownership interest in such legal entity which constitute a change
 29 in ownership pursuant to subdivision (d) of Section 64 of the
 30 Revenue and Taxation Code to complete and file a change in
 31 ownership statement with the State Board of Equalization at its
 32 office in Sacramento. The change in ownership statement must be
 33 filed within 90 days from the date that shares or other ownership
 34 interests representing cumulatively more than 50 percent of the
 35 total control or ownership interests in the entity are transferred by
 36 any of the original coowners in one or more transactions. The law
 37 further requires that a change in ownership statement be completed
 38 and filed whenever a written request is made therefor by the State
 39 Board of Equalization, regardless of whether a change in ownership
 40 of the legal entity has occurred. The failure to file a change in

1 ownership statement within 90 days from the earlier of the date of
2 the change in ownership of the corporation, partnership, limited
3 liability company, or other legal entity, or the date of a written
4 request by the *State* Board of Equalization, results in a penalty of
5 ~~10~~ 20 percent of the taxes applicable to the new base year value
6 reflecting the change in ownership of the real property owned by
7 the corporation, partnership, limited liability company, or legal
8 entity (or ~~10~~ 20 percent of the current year's taxes on that real
9 property if no change in ownership occurred). This penalty will
10 be added to the assessment roll and shall be collected like any
11 other delinquent property taxes, and be subject to the same
12 penalties for nonpayment.”

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

22 (d) No person or entity acting for or on behalf of the parties to
23 a transfer of real property shall incur liability for the consequences
24 of assistance rendered to the transferee in preparation of any change
25 in ownership statement, and no action may be brought or
26 maintained against any person or entity as a result of that
27 assistance.

28 Nothing in this section shall create a duty, either directly or by
29 implication, that such assistance be rendered by any person or
30 entity acting for or on behalf of parties to a transfer of real property.

31 (e) The board or assessors may inspect any and all records and
32 documents of a corporation, partnership, limited liability company,
33 or legal entity to ascertain whether a change in ownership as
34 defined in subdivision (d) of Section 64 has occurred. The
35 corporation, partnership, limited liability company, or legal entity
36 shall upon request, make those documents available to the board
37 during normal business hours.

38 SEC. 5. Section 480.9 is added to the Revenue and Taxation
39 Code, to read:

1 480.9. The board shall notify assessors when a change in
2 ownership described in subparagraph (B) of paragraph (1) of
3 subdivision (c) of Section 64 has occurred.

4 ~~SEC. 6. Section 482 of the Revenue and Taxation Code is~~
5 ~~amended to read:~~

6 ~~482. (a) If a person or legal entity required to file a statement~~
7 ~~described in Section 480 fails to do so within 45 days from the~~
8 ~~date of a written request by the assessor, a penalty of either: (1)~~
9 ~~one hundred dollars (\$100), or (2) 10 percent of the taxes applicable~~
10 ~~to the new base year value reflecting the change in ownership of~~
11 ~~the real property or manufactured home, whichever is greater, but~~
12 ~~not to exceed two thousand five hundred dollars (\$2,500) if the~~
13 ~~failure to file was not willful, shall, except as otherwise provided~~
14 ~~in this section, be added to the assessment made on the roll. The~~
15 ~~penalty shall apply for failure to file a complete change in~~
16 ~~ownership statement notwithstanding the fact that the assessor~~
17 ~~determines that no change in ownership has occurred as defined~~
18 ~~in Chapter 2 (commencing with Section 60) of Part 0.5. The penalty~~
19 ~~may also be applied if after a request the transferee files an~~
20 ~~incomplete statement and does not supply the missing information~~
21 ~~upon a second request.~~

22 ~~(b) If a person or legal entity required to file a statement~~
23 ~~described in Section 480.1 or 480.2 fails to do so within 45 days~~
24 ~~from the earlier of (1) the date of the change in control or the~~
25 ~~change in ownership of the corporation, partnership, limited~~
26 ~~liability company, or other legal entity, or (2) the date of a written~~
27 ~~request by the State Board of Equalization, a penalty of 20 percent~~
28 ~~of the taxes applicable to the new base year value reflecting the~~
29 ~~change in control or change in ownership of the real property~~
30 ~~owned by the corporation, partnership, or legal entity, or 20 percent~~
31 ~~of the current year's taxes on that property if no change in control~~
32 ~~or change in ownership occurred, shall be added to the assessment~~
33 ~~made on the roll. The penalty shall apply for failure to file a~~
34 ~~complete statement notwithstanding the fact that the board~~
35 ~~determines that no change in control or change in ownership has~~
36 ~~occurred as defined in subdivision (c) or (d) of Section 64. The~~
37 ~~penalty may also be applied if after a request the person or legal~~
38 ~~entity files an incomplete statement and does not supply the missing~~
39 ~~information upon a second request. That penalty shall be in lieu~~
40 ~~of the penalty provisions of subdivision (a).~~

1 ~~(e) The penalty for failure to file a timely statement pursuant to~~
2 ~~Sections 480, 480.1, and 480.2 for any one transfer may be imposed~~
3 ~~only one time, even though the assessor may initiate a request as~~
4 ~~often as he or she deems necessary.~~

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

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

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

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

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

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

35 *SEC. 6. Section 482 of the Revenue and Taxation Code, as*
36 *amended by Section 4 of Chapter 708 of the Statutes of 2011, is*
37 *amended to read:*

38 482. (a) (1) If a person or legal entity required to file a
39 statement described in Section 480 fails to do so within 90 days
40 from the date a written request is mailed by the assessor, a penalty

1 of either: (A) one hundred dollars (\$100), or (B) 10 percent of the
2 taxes applicable to the new base year value reflecting the change
3 in ownership of the real property or manufactured home, whichever
4 is greater, but not to exceed five thousand dollars (\$5,000) if the
5 property is eligible for the homeowners' exemption or twenty
6 thousand dollars (\$20,000) if the property is not eligible for the
7 homeowners' exemption if the failure to file was not willful, shall,
8 except as otherwise provided in this section, be added to the
9 assessment made on the roll. The penalty shall apply for failure to
10 file a complete change in ownership statement notwithstanding
11 the fact that the assessor determines that no change in ownership
12 has occurred as defined in Chapter 2 (commencing with Section
13 60) of Part 0.5. The penalty may also be applied if after a request
14 the transferee files an incomplete statement and does not supply
15 the missing information upon a second request.

16 (2) The assessor shall mail the written request specified in
17 paragraph (1) to the mailing address of the transferee as provided
18 by subdivision (f).

19 (b) If a person or legal entity required to file a statement
20 described in Section 480.1 or 480.2 fails to do so within 90 days
21 from the earlier of (1) the date of the change in control or the
22 change in ownership of the corporation, partnership, limited
23 liability company, or other legal entity, or (2) the date of a written
24 request by the State Board of Equalization, a penalty of ~~10~~ 20
25 percent of the taxes applicable to the new base year value reflecting
26 the change in control or change in ownership of the real property
27 owned by the corporation, partnership, or legal entity, or ~~10~~ 20
28 percent of the current year's taxes on that property if no change
29 in control or change in ownership occurred, shall be added by the
30 county assessor to the assessment made on the roll. The penalty
31 shall apply for failure to file a complete statement with the board
32 notwithstanding the fact that the board determines that no change
33 in control or change in ownership has occurred as defined in
34 subdivision (c) or (d) of Section 64. The penalty may also be
35 applied if after a request the person or legal entity files an
36 incomplete statement and does not supply the missing information
37 upon that second request to complete the statement. That penalty
38 shall be in lieu of the penalty provisions of subdivision (a).

39 (c) The penalty for failure to file a timely statement pursuant to
40 Sections 480, 480.1, and 480.2 for any one transfer may be imposed

1 only one time, even though the assessor may initiate a request as
2 often as he or she 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 the 90-day period expires, the current year's
10 taxes shall be prorated so the penalty will be computed on the
11 proportion of property which has transferred.

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

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

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

27 (f) Notice of any penalty added to either the secured or
28 unsecured roll pursuant to this section, which shall identify the
29 parcel or parcels for which the penalty is assessed, and the written
30 request to file a statement specified in subdivision (a), which shall
31 identify the real property or manufactured home for which the
32 statement is required to be filed, shall be mailed by the assessor
33 to the transferee at his or her address contained in any recorded
34 instrument or document evidencing a transfer of an interest in real
35 property or manufactured home or the address specified for mailing
36 tax information contained in the preliminary change in ownership
37 report. If the transferee has subsequently notified the assessor of
38 a change in address for mailing tax information, the assessor shall
39 mail the notice of any penalty, or the written request to file a
40 statement specified in subdivision (a), to this address. If there is

1 no address specified for mailing tax information on either the
2 recorded instrument, the document evidencing a transfer of an
3 interest in real property or manufactured home, or on the filed
4 preliminary change in ownership report, and the transferee has not
5 provided an address for purposes of mailing tax information, the
6 assessor shall mail the notice of any penalty, or the written request
7 to file a statement specified in subdivision (a), to the transferee at
8 any address reasonably known to the assessor.

9 SEC. 7. Section 486 is added to the Revenue and Taxation
10 Code, to read:

11 486. (a) Whenever there occurs any change in the ownership
12 interests, including a leasehold interest, of a legal entity holding
13 an interest in real property in this state, whether by merger,
14 acquisition, private equity buyout, transfer of partnership shares,
15 large stock transfer subject to the filing requirements of the United
16 States Securities and Exchange Commission, or any other means
17 by which a legal entity or person acquires an ownership interest
18 of another legal entity, the person or legal entity acquiring the
19 ownership interests shall report to the board the change in the
20 ownership interests, in the form and manner as specified by the
21 board, within 90 days of the date of the change in the ownership
22 interests.

23 (b) For purposes of this section, “legal entity” and “ownership
24 interests” have the same meaning as defined in Section 64.

25 ~~(c) It is the intent of the Legislature to enact legislation to impose
26 a penalty for failure to report changes in ownership interests as
27 required by subdivision (a).~~

28 SEC. 8. Section 486.5 is added to the Revenue and Taxation
29 Code, to read:

30 486.5. (a) Whenever there occurs any transfer between an
31 individual or individuals and a legal entity or between legal entities
32 as described in paragraph (2) of subdivision (a) of Section 62, the
33 legal entity shall report any subsequent changes in the ownership
34 interests of the legal entity to the county assessor, in the form and
35 manner as specified by the county assessor, within 90 days of the
36 date of the change in the ownership interests.

37 (b) For purposes of this section, “legal entity” and “ownership
38 interests” have the same meanings as defined in Section 64.

1 ~~(e) It is the intent of the Legislature to enact legislation to impose~~
2 ~~a penalty for failure to report changes in ownership interests as~~
3 ~~required by subdivision (a).~~

4 SEC. 9. Section 488 is added to the Revenue and Taxation
5 Code, to read:

6 488. (a) Whenever there occurs a change of an ownership
7 interest in a legal entity holding an interest in real property in this
8 state, a deed shall be recorded with the county recorder by the
9 owner of the real property, even if the owner of the real property
10 does not change.

11 (b) For purposes of this section, “legal entity” and “ownership
12 interest” have the same meanings as defined in Section 64.

13 SEC. 10. No reimbursement is required by this act pursuant to
14 Section 6 of Article XIII B of the California Constitution for certain
15 costs that may be incurred by a local agency or school district
16 because, in that regard, this act creates a new crime or infraction,
17 eliminates a crime or infraction, or changes the penalty for a crime
18 or infraction, within the meaning of Section 17556 of the
19 Government Code, or changes the definition of a crime within the
20 meaning of Section 6 of Article XIII B of the California
21 Constitution.

22 However, if the Commission on State Mandates determines that
23 this act contains other costs mandated by the state, reimbursement
24 to local agencies and school districts for those costs shall be made
25 pursuant to Part 7 (commencing with Section 17500) of Division
26 4 of Title 2 of the Government Code.

27 SEC. 11. This act provides for a tax levy within the meaning
28 of Article IV of the Constitution and shall go into immediate effect.