

ASSEMBLY BILL

No. 567

Introduced by Assembly Member Gipson

February 24, 2015

An act to amend Section 481 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 567, as introduced, Gipson. Property taxation: change in ownership statement: confidentiality of information.

Existing law requires, upon a change in control or change in ownership of a legal entity that owns an interest in real property in this state, or when requested by the State Board of Equalization, that the person or legal entity acquiring ownership control, or the legal entity that has undergone a change in ownership, file a change in ownership statement with the board, as specified, listing all counties in which the legal entity owns real property. Existing law requires all information requested by the assessor or the board regarding change in ownership reporting or furnished in a change in ownership statement to be held secret, except as specifically provided.

This bill would provide that information requested or furnished in a change in ownership statement, with respect to a legal entity and its real property does not include the fact that a change in ownership statement has been filed with the board or that the board has issued a determination to the assessor relating to a change in ownership statement, and that the board and the assessor are not required to hold these facts secret. This bill would also provide that the disclosure by the board or the assessor that such a change in ownership statement has been filed, where the filing was prompted by information collected by

the Franchise Tax Board from the property tax query on the taxpayer's state income tax return, does not violate the confidentiality of taxpayer return information.

Vote: majority. Appropriation: no. Fiscal committee: no.
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) Transparency in assessed value information is critical to the
4 integrity of the property tax system. The public should have
5 sufficient information to provide assurance that property tax laws
6 are equitably applied and that the property tax burden is fairly
7 distributed. To this end, existing law requires the assessment roll,
8 which lists the assessed value for every property, to be open to
9 public inspection. Existing law further requires a quarterly list of
10 all recorded property transfers occurring in the prior two years to
11 be open to public inspection in each county.

12 (b) The right to privacy is a personal and fundamental right
13 protected by Section 1 of Article I of the California Constitution
14 and by the 14th Amendment to the United States Constitution. All
15 individuals have a right to privacy in information pertaining to
16 them. It is the Legislature's intent that detailed information
17 requested by the county assessor or the Board of Equalization and
18 furnished in the change in ownership statement shall continue to
19 be held in secret by the assessor and the Board. However, the
20 Legislature does not intend for the board or the assessor to hold
21 secret the fact that (1) an individual or legal entity has filed a
22 change in ownership statement with the board pursuant to Section
23 480.1 with respect to a change in control as defined in subdivision
24 (c) of Section 64, or pursuant to Section 480.2 with respect to a
25 change in ownership as defined in subdivision (d) of Section 64
26 or that (2) the board has issued a determination to the assessor
27 relating to the statement filed with the board that a change in
28 control or change in ownership has occurred. These facts should
29 not be considered to be confidential information furnished in the
30 change in ownership statement and should not required to be held
31 secret by the assessor and the board.

1 (c) The public interest is not served by holding secret factual
2 information concerning legal entity changes in ownership that
3 become public when assessment roll updates reflect assessed value
4 changes. Furthermore, the public interest is not served when
5 available information concerning legal entity changes in ownership
6 is not made public, similar to other transfers in property interests,
7 merely because the transaction did not require the recordation of
8 any documents.

9 (d) This act balances the taxing authority’s responsibility to
10 safeguard confidential taxpayer information with the public’s right
11 to timely information.

12 (e) That local county assessors require the state’s assistance to
13 administer current change in ownership law as it relates to the
14 transfers of ownership interests in legal entities. The law requires
15 the Franchise Tax to include a question on state income tax returns
16 to assist the State Board of Equalization and the county assessor
17 in the determination of when legal entity owned property undergoes
18 a change of ownership for property tax purposes. The Franchise
19 Tax Board collects these responses for the purpose of transmitting
20 the information to the State Board of Equalization. The use of the
21 state income tax return is a practical and cost effective method to
22 annually communicate with legal entities operating in this state.
23 In some instances, a legal entity change in ownership statement
24 filed with the State Board of Equalization will have been prompted
25 by the legal entity’s response to this question.

26 (f) That the disclosure by the State Board of Equalization or
27 assessor that a statement has been filed with the State Board of
28 Equalization in the case where the filing was prompted by a legal
29 entity’s response to the property tax query on a state income tax
30 return should not be deemed to violate the confidentiality of
31 taxpayer return information. The provisions of this act allowing
32 the disclosure of limited facts serves a public policy that overrides
33 the confidentiality of return information collected by the Franchise
34 Tax Board.

35 SEC. 2. Section 481 of the Revenue and Taxation Code is
36 amended to read:

37 481. (a) All information requested by the assessor or the board
38 pursuant to this article or furnished in the change in ownership
39 statement shall be held secret by the assessor and the board. All
40 information furnished in either the preliminary change in ownership

1 statement or the change in ownership statement shall be held secret
2 by those authorized by law to receive or have access to this
3 information. These statements are not public documents and are
4 not open to inspection, except as provided in Section 408.

5 *(b) (1) Information requested or furnished in a change in*
6 *ownership statement for a change in control or a change in*
7 *ownership as defined in subdivision (c) or (d) of Section 64 does*
8 *not include the fact that a change in ownership statement has been*
9 *filed with the board or that the board has issued a determination*
10 *to the assessor relating to a change in ownership statement filed*
11 *with the board. The board and the assessor are not required to*
12 *hold these facts secret.*

13 *(2) Notwithstanding any other law, the disclosure by the board*
14 *or assessor that a change in ownership statement has been filed*
15 *in the case where the filing was prompted by information collected*
16 *by the Franchise Tax Board from the property tax query on the*
17 *taxpayer's state income tax return as required by Section 64 shall*
18 *not be deemed to violate the confidentiality of taxpayer return*
19 *information.*