

Senate Bill No. 2106

CHAPTER 801

An act to amend Sections 401.8 and 5151 of, and to add Section 401.10 to, the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 22, 1996. Filed
with Secretary of State September 24, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

SB 2106, Russell. Property taxation: intercounty pipeline rights-of-way: assessment appeals.

Existing property tax law requires each county assessor, commencing with the 1995-96 fiscal year, to determine the assessed value in the county that is attributable to intercounty pipeline rights-of-way on the basis of a single, countywide parcel per taxpayer by combining the assessed values of each separate intercounty pipeline right-of-way interest or segment thereof, but still requires each assessor to maintain a separate property tax base year value for each separate intercounty pipeline right-of-way interest, or segment thereof.

This bill would, as provided, require any assessment appeal with respect to an intercounty pipeline right-of-way, as described, that is authorized to be filed under certain property tax statutes added by Chapter 76 of the Statutes of 1996, to be filed with respect to one or more specified interests in any intercounty pipeline right-of-way, and in no event with respect to an entire, undivided intercounty pipeline right-of-way.

This bill would declare the intent of the Legislature in enacting this requirement.

This bill would also add a provision relating to the assessment of intercounty pipeline rights-of-way, which is identical to a provision added by Chapter 76 of the Statutes of 1996, except for a single technical, clarifying change. This bill would declare the intent of the Legislature to supersede the corresponding provision added by Chapter 76 of the Statutes of 1996.

Existing property tax law requires, as provided, that interest be paid at the greater of 3% per annum or the "county pool apportioned rate" on any amount that is refunded to a property taxpayer.

This bill would modify these provisions by prohibiting any interest from being paid on any refund of property taxes resulting from the granting of property tax relief pursuant to any of certain statutes, provided that the payment of the refund is made within 120 days after

the county assessor has sent authorization for the reduction to the county auditor.

This bill would declare that it is to take effect immediately as an urgency statute.

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

SECTION 1. The Legislature finds and declares that there are possible conflicts between the existing Section 401.8 of the Revenue and Taxation Code and Sections 401.10 to 401.12, inclusive, of the Revenue and Taxation Code, as proposed to be added by Assembly Bill 1286. Therefore, it is the intent of the Legislature in enacting Section 2 of this act to amend Section 401.8 of the Revenue and Taxation Code to eliminate any possible conflict between that section and Sections 401.10 to 401.12, inclusive, of the Revenue and Taxation Code, as added by Chapter 76 of the Statutes of 1996.

SEC. 2. Section 401.8 of the Revenue and Taxation Code is amended to read:

401.8. (a) Notwithstanding any other provision of law, commencing with the 1995–96 fiscal year, the county assessor shall determine the property tax assessed value in the county attributable to assessable intercounty pipeline rights-of-way on the basis of a single, countywide parcel per taxpayer by combining the assessed values of each separate right-of-way interest, or segment thereof, of the taxpayer in the county. However, the assessor shall maintain a separate base year value as determined pursuant to Section 110.1 for each separate right-of-way interest, or segment thereof.

(b) Any assessment appeal that is authorized to be filed in Sections 401.10 to 401.12, inclusive, with respect to an intercounty pipeline right-of-way interest, or segment thereof, for which the assessor did not assign a value in the manner specified in subdivision (a) of Section 401.10, shall be filed by the taxpayer upon one or more specified intercounty pipeline right-of-way interests, or segments thereof, as described in subdivision (a), and in no event shall be filed with respect to a taxpayer's entire, undivided intercounty pipeline right-of-way. The assessor shall maintain for five calendar years those records for each assessment year that identify each intercounty pipeline right-of-way interest, or segment thereof, located within his or her county, and shall provide the information in those records with respect to a given intercounty pipeline right-of-way interest, or segment thereof, to the taxpayer upon request.

SEC. 3. Section 410.10 is added to the Revenue and Taxation Code, to read:

410.10. (a) Notwithstanding any other provision of law relating to the determination of the values upon which property taxes are based, values for each tax year from the 1984–85 tax year to the 2000–01 tax year, inclusive, for intercounty pipeline rights-of-way on



publicly or privately owned property, including those rights-of-way that are the subject of a change in ownership, new construction, or any other reappraisable event during the period March 1, 1975, to June 30, 2001, inclusive, shall be rebuttably presumed to be at full cash value for that year, if all of the following conditions are met:

(1) (A) The full cash value is determined to equal a 1975–76 base year value, annually adjusted for inflation in accordance with subdivision (b) of Section 2 of Article XIII A of the California Constitution, and the 1975–76 base year value was determined in accordance with the following schedule:

(i) Twenty thousand dollars (\$20,000) per mile for a high density property.

(ii) Twelve thousand dollars (\$12,000) per mile for a transitional density property.

(iii) Nine thousand dollars (\$9,000) per mile for a low density property.

(B) For purposes of this section, the density classifications described in subparagraph (A) are defined as follows:

(i) “High density” means Category 1 (densely urban) as established by the State Board of Equalization.

(ii) “Transitional density” means Category 2 (urban) as established by the State Board of Equalization.

(iii) “Low density” means Category 3 (valley-agricultural), Category 4 (grazing), and Category 5 (mountain and desert) as established by the State Board of Equalization.

(2) The full cash value is determined utilizing the same property density classifications that were assigned to the property by the State Board of Equalization for the 1984–85 tax year or, if density classifications were not so assigned to the property for the 1984–85 tax year, the density classifications that were first assigned to the property by the board for a subsequent tax year.

(3) (A) If a taxpayer owns multiple pipelines in the same right-of-way, an additional 50 percent of the value attributed to the right-of-way for the presence of the first pipeline, as determined under paragraphs (1) and (2), shall be added for the presence of each additional pipeline up to a maximum of two additional pipelines. For any particular taxpayer, the total valuation for a multiple pipeline right-of-way shall not exceed 200 percent of the value determined for the right-of-way of the first pipeline in the right-of-way in accordance with paragraphs (1) and (2).

(B) If the State Board of Equalization has determined that an intercounty pipeline, located within a multiple pipeline right-of-way previously valued in accordance with subparagraph (A), has been abandoned as a result of physical removal or blockage, the assessed value of the right-of-way attributable to the last pipeline enrolled in accordance with subparagraph (A) shall be reduced by not less than



75 percent of that increase in assessed value that resulted from the application of subparagraph (A).

(4) If all pipelines of a taxpayer located within the same pipeline right-of-way, previously valued in accordance with this section, are determined by the State Board of Equalization to have been abandoned as the result of physical removal or blockage, the assessed value of that right-of-way to that taxpayer shall be determined to be no more than 25 percent of the assessed value otherwise determined for the right-of-way for a single pipeline of that taxpayer pursuant to paragraphs (1) and (2).

(b) If the assessor assigns values for any tax year from the 1984–85 tax year to the 2000–01 tax year, inclusive, in accordance with the methodology specified in subdivision (a), the taxpayer’s right to assert any challenge to the right to assess that property, whether in an administrative or judicial proceeding, shall be deemed to have been raised and resolved for that tax year and the values determined in accordance with that methodology shall be rebuttably presumed to be correct. If the assessor assigns values for any tax year from the 1984–85 tax year to the 2000–01 tax year, inclusive, in accordance with the methodology specified in subdivision (a), any pending taxpayer lawsuit that challenges the right to assess the property shall be dismissed by the taxpayer with prejudice as it applies to intercounty pipeline rights-of-way.

(c) Notwithstanding any change in ownership, new construction or decline in value occurring after March 1, 1975, if the assessor assigns values for rights-of-way for any tax year from the 1984–85 tax year to the 2000–01 tax year, inclusive, in accordance with the methodology specified in subdivision (a), the taxpayer may not challenge the right to assess that property and the values determined in accordance with that methodology shall be rebuttably presumed to be correct for that property for that tax year.

(d) Notwithstanding any change in ownership, new construction, or decline in value occurring after March 1, 1975, if the assessor does not assign values for rights-of-way for any tax year from the 1984–85 tax year to the 2000–01 tax year, inclusive, at the 1975–76 base year values specified in subdivision (a), any assessed value that is determined on the basis of valuation standards that differ, in whole or in part, from those valuation standards set forth in subdivision (a) shall not benefit from any presumption of correctness, and the taxpayer may challenge the right to assess that property or the values for that property for that tax year. As used herein, a challenge to the right to assess shall include any assessment appeal, claim for refund, or lawsuit asserting any right, remedy, or cause of action relating to or arising from, but not limited to, the following or similar contentions:

(1) That the value of the right-of-way is included in the value of the underlying fee or railroad right-of-way.



(2) That assessment of the value of the right-of-way to the owner of the pipeline would result in double assessment.

(3) That the value of the right-of-way may not be assessed to the owner of the pipeline separately from the assessment of the value of the underlying fee.

(e) Notwithstanding any other provision of law, during a four-year period commencing on the effective date of this section, the assessor may issue an escape assessment in accordance with the specific valuation standards set forth in subdivision (a) for the following taxpayers and tax years:

(1) Any intercounty pipeline right-of-way taxpayer who was a plaintiff in *Southern Pacific Pipe Lines, Inc. v. State Board of Equalization* (1993) 14 Cal. App. 4th 42, for the tax years 1984–85 to 1996–97, inclusive.

(2) Any intercounty pipeline right-of-way taxpayer who was not a plaintiff in *Southern Pacific Pipe Lines, Inc. v. State Board of Equalization* (1993) 14 Cal. App. 4th 42, for the tax years 1989–90 to 1996–97, inclusive.

(f) Any escape assessment levied under subdivision (e) shall not be subject to penalties or interest under the provisions of Section 532. If payment of any taxes due under this section is made within 45 days of demand by the tax collector for payment, the county shall not impose any late payment penalty or interest. Taxes not paid within 45 days of demand by the tax collector shall become delinquent at that time, and the delinquent penalty, redemption penalty, or other collection provisions of this code shall thereafter apply.

(g) For purposes of this section, “intercounty pipeline right-of-way” means, except as otherwise provided in this subdivision, any interest in publicly or privately owned real property through which or over which an intercounty pipeline is placed. However, “intercounty pipeline right-of-way” does not include any parcel or facility that the State Board of Equalization originally separately assessed using a valuation method other than the multiplication of pipeline length within a subject property by a unit value determined in accordance with the density category of that subject property.

(h) (1) It is the intent of the Legislature in enacting this section that this section supersede and be operative in place of Section 401.10 of the Revenue and Taxation Code, as added by Chapter 76 of the Statutes of 1996.

(2) This section shall remain in effect only until January 1, 2001, and, as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2001, deletes or extends that date.

SEC. 4. Section 5151 of the Revenue and Taxation Code, as amended by Section 9 of Chapter 171 of the Statutes of 1996, is amended to read:



5151. (a) Interest at the greater of 3 percent per annum or the county pool apportioned rate shall be paid, when that interest is ten dollars (\$10) or more, on any amount refunded under Section 5096.7, or refunded to a taxpayer for any reason whatsoever. However, no interest shall be paid under the provisions of this section if the taxpayer has been given the notice required by Section 2635 and has failed to apply for the refund within 30 days after the mailing of that notice. For purposes of this section, “county pool apportioned rate” means the annualized rate of interest earned on the total amount of pooled idle funds from all accounts held by the county treasurer, in excess of the county treasurer’s administrative costs with respect to that amount, as of June 30 of the preceding fiscal year for which the refund is calculated. For each fiscal year, the county treasurer shall advise the Controller of the county pool apportioned rate, and of computations made in deriving that rate, no later than 60 days after the end of that fiscal year.

(b) The interest rate provided for in subdivision (a) does not apply to interest on refunds of those amounts of tax that became due and payable before March 1, 1993. Interest on refunds of amounts of a qualified tax shall be paid at that rate provided for by this section as it read prior to January 1, 1993. As used in this section, a “qualified tax” means a tax that became due and payable before March 1, 1993, and had not been refunded as of April 6, 1995. This subdivision shall not be construed to affect the interest paid on refunds of those amounts of tax that became due and payable before March 1, 1993, and have been refunded as of April 6, 1995.

(c) (1) The interest computation period shall commence with the date of payment of the tax when any of the following apply:

(A) A timely application for reduction in an assessment was filed, without regard to whether the refund ultimately results from a judgment or order of a court, an order of a board of equalization or assessment appeals board, or an assessor’s correction to the assessment roll.

(B) The refund is pursuant to a roll correction resulting from the determination or adjustment by the assessor or a local assessment appeals board of a base year value.

(C) The refund results from a correction to the assessment roll pursuant to Section 4831 or 4876.

(2) Interest on refunds of taxes on property acquired by a public agency in eminent domain shall accrue from the date of recordation of the deed.

(3) In all other cases the interest computation period shall commence on the date of filing a claim for refund or payment of the tax, whichever is later. However, in the event of the granting of property tax relief pursuant to Section 69, 69.3, or 170, interest is not payable on any resulting refund of taxes, provided that payment of



that refund of taxes is made within 120 days after the county assessor has sent authorization for the reduction to the county auditor.

(d) The computation of interest shall terminate as of a date within 30 days of the date of mailing or personal delivery of the refund payment.

(e) The interest charged shall be apportioned to the appropriate funds, as determined by the county auditor.

(f) The amendments made to this section by the act adding this subdivision shall apply to all refunds made after January 1, 1997.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to timely and properly resolve those conflicts that may arise between existing provisions of property tax law relating to intercounty pipeline rights-of-way and those provisions of property tax law relating to intercounty pipeline rights-of-way were added by Chapter 76 of the Statutes of 1996, an urgency measure, and to timely clarify other statutory additions and amendments made by that same chapter and by Chapter 171 of the Statutes of 1996, it is necessary that this act take effect immediately.

