

Introduced by Senator Alpert

February 28, 1997

An act to amend Section 51 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1234, as introduced, Alpert. Property taxation: taxable value: inflation factor.

Existing property tax law provides, for assessment years commencing after January 1985, for an inflation factor to be applied to the base year value of real property, and requires that inflation factor to be determined with reference to the change in the California Consumer Price Index from December of the prior fiscal year to December of the current fiscal year.

This bill would instead require, with respect to assessment years commencing on or after January 1, 1998, that the inflation factor be determined with reference to the change in the California Consumer Price Index from October of the prior fiscal year to October of the current fiscal year.

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. Section 51 of the Revenue and Taxation
- 2 Code is amended to read:
- 3 51. (a) For purposes of subdivision (b) of Section 2 of
- 4 Article XIII A of the California Constitution, for each lien

1 date after the lien date in which the base year value is
2 determined pursuant to Section 110.1, the taxable value
3 of real property shall, except as otherwise provided in
4 subdivision (b) or (c), be the lesser of:

5 (1) Its base year value, compounded annually since
6 the base year by an inflation factor, which shall be
7 determined as follows:

8 (A) For any assessment year commencing prior to
9 January 1, 1985, the inflation factor shall be the
10 percentage change in the cost of living, as defined in
11 Section 2212.

12 (B) For any assessment year commencing after
13 January 1, 1985, *and prior to January 1, 1998*, the inflation
14 factor shall be the percentage change, rounded to the
15 nearest one-thousandth of 1 percent, from December of
16 the prior fiscal year to December of the current fiscal year
17 in the California Consumer Price Index for all items, as
18 determined by the California Department of Industrial
19 Relations. ~~It~~

20 (C) *For any assessment year commencing on or after*
21 *January 1, 1998, the inflation factor shall be the*
22 *percentage change, rounded to the nearest*
23 *one-thousandth of 1 percent, from October of the prior*
24 *fiscal year to October of the current fiscal year in the*
25 *California Consumer Price Index for all items, as*
26 *determined by the California Department of Industrial*
27 *Relations.*

28 (D) *In* no event shall the percentage increase for any
29 assessment year determined pursuant to subparagraph
30 (A)—~~or~~ (B), *or* (C) exceed 2 percent of the prior year's
31 value.

32 (2) Its full cash value, as defined in Section 110, as of
33 the lien date, taking into account reductions in value due
34 to damage, destruction, depreciation, obsolescence,
35 removal of property, or other factors causing a decline in
36 value.

37 (b) If the real property was damaged or destroyed by
38 disaster, misfortune, or calamity and the board of
39 supervisors of the county in which the real property is
40 located has not adopted an ordinance pursuant to Section



1 170, or any portion of the real property has been removed
2 by voluntary action by the taxpayer, the taxable value of
3 the property shall be the sum of the following:

4 (1) The lesser of its base year value of land determined
5 under paragraph (1) of subdivision (a) or full cash value
6 of land determined pursuant to paragraph (2) of
7 subdivision (a).

8 (2) The lesser of its base year value of improvements
9 determined pursuant to paragraph (1) of subdivision (a)
10 or the full cash value of improvements determined
11 pursuant to paragraph (2) of subdivision (a).

12 The sum determined under this subdivision shall then
13 become the base year value of the real property until that
14 property is restored, repaired, or reconstructed or other
15 provisions of law require establishment of a new base year
16 value.

17 (c) If the real property was damaged or destroyed by
18 disaster, misfortune or calamity and the board of
19 supervisors in the county in which the real property is
20 located has adopted an ordinance pursuant to Section 170,
21 the taxable value of the real property shall be its assessed
22 value as computed pursuant to Section 170.

23 (d) For purposes of this section, “real property” means
24 that appraisal unit that persons in the marketplace
25 commonly buy and sell as a unit, or that is normally valued
26 separately.

27 (e) Nothing in this section shall be construed to
28 require the assessor to make an annual reappraisal of all
29 assessable property. However, for each lien date after the
30 first lien date for which the taxable value of property is
31 reduced pursuant to paragraph (2) of subdivision (a), the
32 value of that property shall be annually reappraised at its
33 full cash value as defined in Section 110 until that value
34 exceeds the value determined pursuant to paragraph (1)
35 of subdivision (a). In no event shall the assessor condition
36 the implementation of the preceding sentence in any
37 year upon the filing of an assessment appeal.

O

