SB-825 Tax and fee administration: local government finance. (2021-2022)

Date Published: 10/01/2021 09:00 PM

Senate Bill No. 825

CHAPTER 433

An act to amend Section 27061 of, and to repeal Sections 27062 and 27064 of, the Government Code, and to amend Sections 214.02, 401.10, 1752.2, and 2910.1 of the Revenue and Taxation Code, relating to local government finance.

[Approved by Governor September 30, 2021. Filed with Secretary of State September 30, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

SB 825, Committee on Governance and Finance. Tax and fee administration: local government finance.

(1) Existing law requires the county treasurer to receive and keep safely all money belonging to the county and all other money directed by law to be paid to the county treasurer, and to apply and pay it out, rendering the account as required by law. Existing law requires the county treasurer to settle the county treasurer's accounts relating to the collection, care, and disbursement of public revenue with the auditor on or before the 10th of each month. Existing law requires the county treasurer to make a specified statement under oath for purposes of making the settlement. Existing law imposes a $500 penalty on the treasurer for neglecting or refusing to settle or report as described above and requires the board of supervisors to institute suits for the recovery of that penalty.

This bill, instead, would require the county treasurer to settle those accounts no less frequently than monthly. The bill, additionally, would require the county treasurer, upon the request of the auditor, to provide a settlement of cash receipts and disbursements of the prior calendar month to the auditor on or before 10 business days after the treasurer receives the auditor's request. The bill would remove the requirement that the treasurer make a specified statement under oath to make the settlement. The bill would also remove the above-described penalty provisions. By revising the duties of county treasurers, this bill would impose a state-mandated local program.

(2) Existing law requires the county assessor to assess all property that is subject to taxation at its full value. Existing law establishes, for any of the 1984–85 to 2020–21 tax years, inclusive, a rebuttable presumption in favor of a full cash value assessment for an intercounty pipeline right-of-way, provided that certain specified valuation standards are met in determining that assessed value.

This bill would extend the application of this rebuttable presumption to the 2025–26 fiscal year.

(3) The California Constitution and existing property tax law generally provide for the equalization of valuations of a county assessor by a county board of equalization or an assessment appeals board. The California Constitution requires the county board of supervisors to, among other duties, adopt rules of notice and procedures for a county board of equalization or an assessment appeals board as may be required to facilitate their work and to ensure uniformity in the processing and decision of equalization petitions. The California Constitution additionally authorizes counties to establish a joint assessment appeals board, and requires the Legislature to provide a procedure for 2 or more county boards of supervisors to jointly create one or more assessment appeals boards.

Existing law authorizes the boards of supervisors of 2 or more counties to establish a multijurisdictional assessment appeals board to equalize the valuation of taxable property within each participating county, as specified. Existing law requires the multijurisdictional assessment appeals board to comply with certain statutory provisions governing equalization proceedings before an assessment appeals board and authorizes the participating counties to adopt a set of rules and regulations for the multijurisdictional assessment appeals board. If the participating counties do not adopt a set of rules or regulations, existing law requires the multijurisdictional assessment appeals board to operate pursuant to certain regulations adopted by the State Board of Equalization.

This bill, instead, would authorize the participating counties to adopt a set of rules of notice and procedures for the multijurisdictional assessment appeals board as may be required to facilitate their work and to ensure uniformity in the processing and decision of equalization petitions. The bill, additionally, would remove the specified application of the above-mentioned State Board of Equalization regulations.

(4) Existing law requires the tax collector to collect taxes on unsecured property. Existing law authorizes the tax collector to mail or electronically transmit a tax bill for every assessment on the unsecured roll on which taxes are due, as specified. Existing law requires the cancellation of specified penalties imposed for delinquent taxes if the assessee convinces the tax collector that the assessee did not receive the tax bill.

This bill would additionally require the cancellation of those penalties if the assessee demonstrates to the tax collector that delinquency is due to the tax collector’s failure to mail or electronically transmit the tax bill to the address provided on the unsecured roll or electronic address provided and authorized by the taxpayer to the tax collector. By requiring new duties on county officials relating to property tax administration, this bill would impose a state-mandated local program.

(5) Existing law provides for a welfare exemption under which property used exclusively for religious, hospital, scientific, or charitable purposes and owned and operated by specified entities meeting certain statutory requirements is exempt from taxation. Existing law, until the lien date in 2022, also provides that property used exclusively for the preservation of specified natural resources or open-space lands meeting other specified criteria is deemed to be included within the welfare exemption.

This bill would extend the operation of these provisions until the lien date in 2027.

(6) 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, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.
Vote: majority   Appropriation: no   Fiscal Committee: yes   Local Program: yes

---

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 27061 of the Government Code is amended to read:

27061. The treasurer shall settle their accounts relating to the collection, care, and disbursement of public revenue of whatsoever nature and kind with the auditor no less frequently than monthly. Upon the request of the auditor, the treasurer shall provide a settlement of cash receipts and disbursements of the prior calendar month to the auditor on or before 10 business days after the treasurer receives the auditor’s request.

SEC. 2. Section 27062 of the Government Code is repealed.

SEC. 3. Section 27064 of the Government Code is repealed.

SEC. 4. Section 214.02 of the Revenue and Taxation Code is amended to read:

214.02. (a) Except as provided in subdivision (b) or (c), property that is used exclusively for the preservation of native plants or animals, biotic communities, geological or geographical formations of scientific or educational interest, or open-space lands used solely for recreation and for the enjoyment of scenic beauty, is open to the general public subject to reasonable restrictions concerning the needs of the land, and is owned and operated by a scientific or charitable fund, foundation, limited liability company, or corporation, the primary interest of which is to preserve those natural areas, and that meets all the requirements of Section 214, shall be deemed to be within the exemption provided for in subdivision (b) of Sections 4 and 5 of Article XIII of the Constitution of the State of California and Section 214.

(b) The exemption provided by this section shall not apply to any property of an organization that owns in the aggregate 30,000 acres or more in one county that were exempt under this section prior to March 1, 1983, or that are proposed to be exempt, unless the nonprofit organization that holds the property is fully independent of the owner of any taxable real property that is adjacent to the property otherwise qualifying for tax exemption under this section. For purposes of this section, the nonprofit organization that holds the property shall be considered fully independent if the exempt property is not used or operated by that organization or by any other person so as to benefit any officer, trustee, director, shareholder, member, employee, contributor or bondholder of the exempt organization or operator, or the owner of any adjacent property, or any other person, through the distribution of profits, payment of excessive charges or compensations, or the more advantageous pursuit of their business or profession.

(c) The exemption provided by this section shall not apply to property that is reserved for future development.

(d) (1) For the purposes of determining whether the property is used for the actual operation of the exempt activity as required by subdivision (a), consideration shall not be given to the use of the property for either of the following:

(A) Activities resulting in direct or in-kind revenues provided that the activities further the conservation objectives of the property as provided in a qualified conservation management plan for the property. These revenues include those revenues derived from grazing leases, hunting and camping permits, rents from persons performing caretaking activities who reside in dwellings on the property, and admission fees collected for purposes of public enjoyment.

(B) Any lease of the property for a purpose that furthers the conservation objectives of the property as provided in a qualified conservation management plan for the property.

(2) The activities and lease described in paragraph (1) may not generate unrelated business income.

(3) For purposes of this subdivision, a “qualified conservation management plan” means a plan that satisfies all of the following:

(A) Identifies both of the following:

(i) That the foremost purpose and use of the property is for the preservation of native plants or animals, biotic communities, geological or geographical formations of scientific or educational interest, or as open-space lands used solely for recreation and for the enjoyment of scenic beauty.

(ii) The overall conservation management goals, including, but not limited to, identification of permitted activities, and actions necessary to achieve the goals.

(B) Describes both of the following:

(i) The natural resources and recreational attributes of the property.

(ii) Potential threats to the conservation values or areas of special concern.

(C) Contains a timeline for planned management activities and for regular inspections of the property, including existing structures and improvements.

(e) This section shall be operative from the lien date in 1983 to and including the lien date in 2027, after which date this section shall become inoperative, and as of January 1, 2028, this section is repealed.

(f) The amendments made by Section 4 of Chapter 354 of the Statutes of 2004 shall apply with respect to lien dates occurring on and after January 1, 2005.

(g) The amendments made to this section by the act adding this subdivision shall apply commencing with the lien date for the 2013–14 fiscal year.

SEC. 5. Section 401.10 of the Revenue and Taxation Code is amended to read:

401.10. (a) Notwithstanding any other 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 2025–26 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 from March 1, 1975, to June 30, 2026, 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 2025–26 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 2025–26 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 2025–26 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 2025–26 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 January 1, 1996, 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. If the tax thereon remains unpaid at the time set for declaration of default for delinquent taxes, the tax together with any penalty and costs as may have accrued thereon while on the secured roll shall be transferred to the unsecured roll.

(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) This section shall remain in effect only until January 1, 2027, and, as of that date is repealed.

SEC. 6. Section 1752.2 of the Revenue and Taxation Code is amended to read:

1752.2. The participating counties may adopt a set of rules of notice and procedures for the multijurisdictional assessment appeals board, as may be required to facilitate their work and to ensure uniformity in the processing and decision of equalization petitions.

SEC. 7. Section 2910.1 of the Revenue and Taxation Code is amended to read:

2910.1. (a) The tax collector may, no later than 30 days prior to the date on which taxes are delinquent and as soon as reasonably possible after receipt of the extended assessment roll, mail or electronically transmit a tax bill for every assessment on the unsecured roll on which taxes are due, unless the total tax bill amount due is too small to justify the cost of collection.

(b) Failure to receive a tax bill shall not relieve the lien of taxes, nor shall it prevent the imposition of penalties imposed by this code. However, the penalty imposed for delinquent taxes as provided by any section in this code shall be canceled if the assessee does either of the following:

(1) Convinces the tax collector that the assessee did not receive the tax bill mailed to the address provided on the tax roll or electronic address provided and authorized by the taxpayer to the tax collector.

(2) Demonstrates to the tax collector that the delinquency is due to the tax collector’s failure to mail or electronically transmit the tax bill to the address provided on the tax roll or electronic address provided and authorized by the taxpayer to the tax collector.

SEC. 8. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.