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SB-734 Property tax: possessory interests. (2023-2024)

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Senate Bill No. 734

CHAPTER 785

An act to add Section 107.10 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor October 11, 2023. Filed with Secretary of State October 11, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

SB 734, Rubio. Property tax: possessory interests.

Existing law requires that all property subject to tax be assessed at its full value, and includes certain possessory interests among those property interests subject to tax. Existing law defines a taxable possessory interest to be a possession of, claim to, or right to the possession of land or improvements that is independent, durable, and exclusive of rights held by others in the property, except as provided. Existing law authorizes the state or any local public entity of government, when entering into a written contract with a private party whereby a possessory interest subject to property taxation may be created, to include, or cause to be included, in that contract, a statement that the property interest may be subject to property taxation if created, and that the party in whom the possessory interest is vested may be subject to the payment of property taxes levied on the interest.

This bill would provide that, for the purpose of defining "possessory interest," a tenancy in a residential unit of a publicly owned housing project by a low-income household leased at affordable rents does not create independent possession or use of land or improvements by the tenant. By expanding the duties of local tax officials, this bill would establish 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, 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.

This bill would take effect immediately as a tax levy.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

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

SECTION 1. Section 107.10 is added to the Revenue and Taxation Code, immediately following Section 107.9, to read:

107.10. For purposes of paragraph (1) of subdivision (a) of Section 107, there is no independent possession or use of land or improvements if that possession or use is a tenancy in a residential unit of a publicly owned housing project by a low-income

household, as defined by Section 50079.5 of the Health and Safety Code, rented at affordable rents as described in Section 50053 of the Health and Safety Code.

SEC. 2. 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.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.