

1 [Supporting California Assembly Bill 2857, to provide that where county board of
2 equalization/assessment appeals board does not timely decide taxpayer's application for one-
3 year local property tax roll reduction of assessed value, taxpayer's opinion of value will be
4 entered on roll only for the one tax year covered by application and not for a longer period.]

5 **Resolution supporting California Assembly Bill 2857 (AB 2857), which would amend**
6 **California Revenue and Taxation Code Section 1604 in view of a recent Court of Appeal**
7 **decision by providing that where a county board of equalization ("CBOE;" in some**
8 **counties, a/k/a the assessment appeals board or "AAB") does not timely decide**
9 **taxpayer's application for a one-year reduction of assessed value of real property**
10 **(based on a decline in value, usually attributed to market downturn) or personal**
11 **property on the local property tax rolls, the taxpayer's opinion of value will be entered**
12 **on the roll as the basis for calculating property taxes only for the one tax year covered**
13 **by the application and not for multiple subsequent tax years.**

14 WHEREAS, AB 2857 was introduced in response to *FlightSafety International v. Los*
15 *Angeles County Assessment Appeals Boards* (2003) 105 Cal.App.4th 620, where the Court of
16 Appeal required the county to enroll the taxpayer's opinion of value for a seven-year period.
17 There, the taxpayer's opinion of value on an application for reduction of personal property
18 assessment for tax year 1992 was zero dollars, the CBOE/AAB's initial 1994 decision (within
19 the statutory two-year period) was invalidated in 1997 due to a defective notice of the 1994
20 hearing, and the CBOE/AAB then finally decided the 1992 application in 1998. In *FlightSafety*
21 the Court of Appeal interpreted the Revenue and Taxation Code to require entry of the
22 taxpayer's opinion of zero dollars on the roll as the basis for calculation of property taxes for
23 1992 to 1998, even though the 1992 application only sought reduction for the 1992 tax year,
24 and even though the CBOE/AAB had in the interim timely decided taxpayer's separate
25 applications for tax years 1993 through 1996 and the various values decided by the

1 COBE/AAB for 1993 through 1996 had already been placed on the roll by the county as the
2 basis for calculating property taxes for those years.

3 Supporting the California Association of Clerks and Election Officials, the California
4 Assessors' Association, and the County of Los Angeles, in their co-sponsorship of AB 2857;
5 instructing the City's lobbyists in Sacramento to support AB 2857; and urging the City's state
6 legislative delegation to support AB 2857.

7 WHEREAS, Assembly Bill 2857 (AB 2857) as amended April 26, 2004 (following
8 introduction on February 20, 2004) is pending in the California State Assembly; and

9 WHEREAS, AB 2857 as amended would amend California Revenue and Taxation
10 Code Section 1604 to provide that when a taxpayer's application for reduction of the assessed
11 value of real property (due to a decline in value) or personal property for a single tax year is
12 not decided by the county board of equalization ("CBOE;" in some counties, a/k/a assessment
13 appeals board or "AAB") within the existing two-year statute of limitations, the taxpayer's
14 opinion of value on the application will be placed on the roll only for the one tax year covered
15 by the application and not for multiple subsequent tax years; and,

16 WHEREAS, a copy of AB 2857 as amended April 26, 2004 is on file with the Clerk of
17 the Board of Supervisors in File No. 040669, which is hereby declared to be a part of this
18 Resolution as if set forth fully herein; and,

19 WHEREAS, under current state law a taxpayer disputing the assessor's valuation of
20 property on the property tax roll may file an application for hearing and decision by the
21 CBOE/AAB, which is a quasi-judicial body that hears and decides disputed assessments by
22 conducting an evidentiary hearing (see, California Constitution Articles XI Section 16;
23 California Revenue and Taxation Code §§1601 *et seq.*; and, Title 18, California Code of
24 Regulations, Property Tax Rules, Rules 1 *et seq.*); and,

25

1 WHEREAS, under current state law a CBOE/AAB must ordinarily decide a taxpayer's
2 application for reduced property assessment within a two-year statute of limitations period or
3 the taxpayer's opinion of value as stated on the application will be placed on the property tax
4 roll as the basis for calculating property taxes (Revenue and Taxation Code Section 1604.);
5 and,

6 WHEREAS, under current state law certain applications to a CBOE/AAB seek a
7 reduction in the assessed value of personal property for only one particular tax year, or seek a
8 reduction in the assessed value of real property based on a decline in value (pursuant to 1978
9 Proposition 8; usually attributed to market downturn) for only one particular tax year (as
10 distinguished from applications for reduction of real property base-year assessed value,
11 where the base-year determination will govern maximum property tax assessments for the
12 same owner in future years pursuant to 1978 Proposition 13); and,

13 WHEREAS, in *FlightSafety International v. Los Angeles County Assessment Appeals*
14 *Boards* (2003) 105 Cal.App.4th 620, the Second District Court of Appeal held that whenever a
15 CBOE/AAB fails to timely decide a taxpayer's application for reduction of assessed value in
16 one particular tax year, the taxpayer's opinion of value stated in the application must be
17 enrolled for the year of the application and for successive years (a minimum of three years),
18 rather than only enrolling the taxpayer's opinion of value for the tax year that is the subject of
19 the application. In *FlightSafety* the taxpayer's opinion of value was zero dollars on an
20 application for reduction of personal property assessment in tax year 1992. The CBOE/AAB's
21 initial 1994 decision (issued within the statutory two-year period) was invalidated in 1997 due
22 to a defect in the notice of the 1994 hearing. The CBOE/AAB then finally decided the 1992
23 application in 1998. The Court of Appeal held that the Revenue and Taxation Code required
24 the taxpayer's opinion of zero dollars to be entered on the roll as the basis for calculating
25 property taxes for 1992 through 1998, even though the taxpayer's 1992 application was only

1 an application for reduction for the 1992 tax year, and even though the CBOE/AAB had in the
2 interim timely decided taxpayer's separate applications for tax years 1993 through 1996 and
3 the various values determined by the CBOE/AAB for 1993 through 1996 had already been
4 placed on the roll as the basis for calculating property taxes for those years.

5 WHEREAS, if AB 2857 is enacted and a CBOE/AAB does not timely decide a
6 taxpayer's application for reduction of real property assessment for one particular year, or
7 does not timely decide a taxpayer's application for reduction of personal property assessment
8 for one particular year, the taxpayer's opinion of property value on the application will only be
9 placed on the property tax roll for the year that is the subject of the application, and not for any
10 subsequent years; and,

11 NOW, THEREFORE, BE IT RESOLVED, That the Board of Supervisors of the City and
12 County of San Francisco supports AB 2857 as amended; and, be it

13 FURTHER RESOLVED, That this Board of Supervisors supports the California
14 Association of Clerks and Election Officials, the California Assessors' Association, and the
15 County of Los Angeles, in their co-sponsorship of AB 2857; and, be it

16 FURTHER RESOLVED, That the City's lobbyists in Sacramento are hereby instructed
17 to support AB 2857; and, be it

18 FURTHER RESOLVED, That the City's state legislative delegation is urged to support
19 AB 2857; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors directs the Clerk of the Board
21 of Supervisors to forward copies of this Resolution to the California Association of Clerks and
22 Election Officials, the California Assessors' Association, the County of Los Angeles, the City's
23 lobbyists in Sacramento, and the City's state legislative delegation, together with a request
24 that they each take all action necessary to achieve the objectives of this Resolution, and that
25 they each keep this Board through its Clerk advised of their progress in this regard.