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October 05, 2023
**Commission on
State Mandates**

Gavin Newsom ■ Governor

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October 5, 2023

Heather Halsey
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Test Claim 22-TC-06, Disclosure Requirement and Deferral of Property Taxation

Dear Director Halsey:

The Department of Finance (Finance) has reviewed Test Claim 22-TC-06 submitted to the Commission on State Mandates (Commission) by the County of Los Angeles (Claimant). The Claimant alleges there are state-mandated, reimbursable costs associated with Chapter 712, Statutes of 2022 (SB 989), which took immediate effect as an urgency statute on its chaptering date of September 28, 2022.

The State Constitution provides that all real property is taxable and must be reassessed to its fair-market value when it changes ownership. Proposition 19 (2020) amended the State Constitution to allow persons aged 55 or older, persons with certain disabilities, and persons who lost their homes in a natural disaster, to transfer the base-year value of their former residence to a new residence in a different county.

For properties that were newly purchased, newly constructed, or that changed ownership in the preceding year, SB 989 requires counties with a population of over four million as of the 2020 United States Census (effectively only Los Angeles County) to do the following:

- Include a summary of the Proposition 19 base-year value transfer provisions on property tax bills.
- Provide a property tax deferral to persons who have filed a claim for base-year value transfer pursuant to Proposition 19. The deferral shall be valid for the time that it takes the County Assessor to complete their determination of the property's eligibility for the Proposition 19 base-year value transfer. The property owner must request the deferral from the County Assessor within one calendar year, but before January 1, 2024, of receiving their first property tax bill.

The SB 989 property tax deferral provisions sunset on January 1, 2026.

The Claimant states it has already incurred the following costs in relation to SB 989:

- \$50,857 in 2022-23 for the Los Angeles County Treasurer-Tax Collector to implement the provisions that require inclusion of a summary of the Proposition 19 requirements on the property tax bills.
- \$9,092.48 in 2022-23 for the Los Angeles County Assessor to implement the provisions that require provision of a property tax deferment to persons who have filed a claim for base-year value transfer pursuant to Proposition 19.

The Claimant also states it expects to incur the following future costs in relation to SB 989:

- \$25,000 in 2023-24 for the Los Angeles County Treasurer-Tax Collector to implement the provisions that require inclusion of a summary of the Proposition 19 requirements on the property tax bills.
- \$22,397.44 in 2023-24 for the Los Angeles County Assessor to implement the provisions that require provision of a property tax deferment to persons who have filed a claim for base-year value transfer pursuant to Proposition 19.

It is unclear to Finance why the Los Angeles County Treasurer-Tax Collector will incur costs after 2022-23 to include a summary of the Proposition 19 requirements on the property tax bills. Finance asserts that any costs to include this summary on property tax bills are one-time costs in nature and therefore should not be included in any calculation of state-mandated costs.

If you have any questions regarding this letter, please contact Chris Hill, Principal Program Budget Analyst at (916) 445-3274.

Sincerely,

Teresa Calvert

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Program Budget Manager

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DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On October 5, 2023, I served the:

- **Current Mailing List dated September 27, 2023**
- **Finance's Comments on the Test Claim filed October 5, 2023**

Disclosure Requirements and Deferral of Property Taxation, 22-TC-06
Statutes 2022, Chapter 712, Sections 1 (a)-(b) and 2 (a)-(c) (SB 989);
Revenue and Taxation Code Sections 2610.8 (a)-(b) and 2636.1 (a)-(c),
Effective September 28, 2022
County of Los Angeles, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on October 5, 2023 at Sacramento, California.

David Chavez

David Chavez
Commission on State Mandates
980 Ninth Street, Suite 300
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COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 9/27/23

**Claim
Number:** 22-TC-06

Matter: Disclosure Requirements and Deferral of Property Taxation

Claimant: County of Los Angeles

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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