

13 APR 11 PM 4:03

OAKLAND CITY COUNCIL

Resolution No. 84328 C.M.S.

INTRODUCED BY COUNCILMEMBER SCHAAF

RESOLUTION IN SUPPORT OF ASSEMBLY BILL 188 (PROPERTY TAXATION: CHANGE IN OWNERSHIP, AMMIANO), WHICH WOULD AMEND THE CALIFORNIA REVENUE AND TAXATION CODE TO REQUIRE TAX REASSESSMENTS OF COMMERCIAL REAL PROPERTY AT THEIR FULL MARKET VALUE AT THE TIME OF SALE WHEN 100% OF THE OWNERSHIP INTERESTS ARE CUMULATIVELY SOLD OR TRANSFERRED IN A SINGLE TRANSACTION, REGARDLESS OF WHETHER ANY BUYER ACQUIRES MORE THAN A 50% OWNERSHIP INTEREST

WHEREAS, Proposition 13, passed in 1978, limits the maximum amount of any ad valorem tax on real property to one percent (1%) of the full cash value of such property; and

WHEREAS, Proposition 13 decreased property taxes by assessing property values at their 1975 value as well as restricting the annual increases of assessed value of real property to an inflation factor, not to exceed 2% per year; and

WHEREAS, Proposition 13 also prohibits reassessment of a new base year value except for (a) change in ownership or (b) completion of new construction; and;

WHEREAS, under current law states a "change of ownership" does not occur unless one owner acquires more than 50% of a property; and

WHEREAS, currently, when multiple buyers purchase commercial property and no buyer acquires more than a 50% interest in the property, a tax reassessment is not required by state law and, therefore, not done by the County Assessor; and

WHEREAS, Assembly Bill AB 188 (Property Taxation: Change in Ownership) sponsored by Assemblyperson Ammiano, would amend the California Revenue and Taxation Code (amending sections 64, 480.1, 480.2, and 482 and adding sections 480.9, 486, 486.5, and 488) to require that property taxes be reassessed on commercial real properties whenever 100% of the ownership interests are sold or transferred in a single transaction, regardless of whether any buyer(s) acquires a 50% of ownership interest; and

WHEREAS, AB 188 would, thus, subject commercial properties to reassessment and tax on their full market value at the time of sale whenever 100% of a property interest is cumulatively sold or transferred over a three year period; and

WHEREAS, AB 188 only applies to commercial property and would not affect residential properties; and

WHEREAS, since the passage of Proposition 13 in 1978, the percentage of property tax collected by Alameda County from commercial properties has decreased from approximately 45% to 26%, and the percentage of property tax collected by Alameda County from residential properties has increased from approximately 55% to 74%; and

WHEREAS, by redefining "change in ownership," AB 188 seeks to eliminate a loophole which currently allows commercial property owners to pay less property tax than would be paid if such properties were reassessed to their fair market value; and

WHEREAS, the passage of AB 188 will increase the property tax revenue received by the State of California, the County of Alameda and City of Oakland, all of which have critical needs that cannot be addressed in the absence of fair taxation of commercial properties; therefore be it

RESOLVED: That the City Council supports Assembly Bill AB 188 (Property Taxation: Change in Ownership, Ammiano), which would amend Sections 64, 480.1, 480.2, and 482 of, and to add Sections 480.9, 486, 486.5, and 488 to, the Revenue and Taxation Code, relating to taxation, which would require tax reassessments of commercial real property at their full market value at the time of sale when 100% of the ownership interests are sold or transferred in a single transaction, regardless of whether any buyer acquires more than a 50% ownership interest.

IN COUNCIL, OAKLAND, CALIFORNIA,

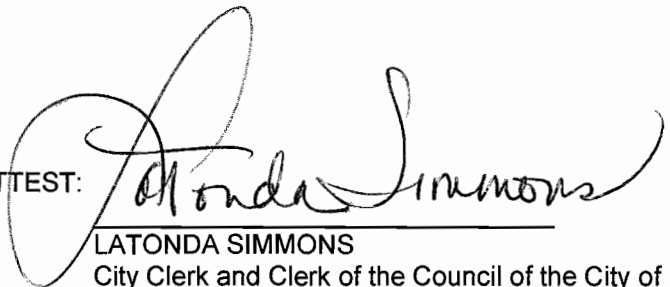
MAY 7 2013

PASSED BY THE FOLLOWING VOTE:

AYES – BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF, AND PRESIDENT KERNIGHAN - 8

NOES – 0
ABSENT – 0
ABSTENTION – 0

ATTEST:



LATONDA SIMMONS
City Clerk and Clerk of the Council of the City of
Oakland, California