

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

# OAKLAND CITY COUNCIL

  
City Attorney

2010 MAY 13 PM 12:00 RESOLUTION No. 82775 C.M.S.

Introduced by Councilmember Rebecca Kaplan

**RESOLUTION SUPPORTING ASSEMBLY BILL 2492, AN ACT TO AMEND SECTIONS SECTIONS 62, 64, AND 65.1 OF, AND TO ADD SECTIONS 64.1 AND 64.5 TO, THE REVENUE AND TAXATION CODE, RELATING TO TAXATION WHICH WOULD CHANGE THE REQUIREMENTS FOR REASSESSMENT OF THE VALUE OF COMMERCIAL PROPERTIES**

**WHEREAS**, the property tax is a vital source of revenue for local governments, providing a basic underpinning of local government and providing revenues which local governments can spend to meet their pressing needs, and,

**WHEREAS**, commercial properties are held in complex structures and sold through complex financial transactions which has meant that many commercial properties avoid undergoing “a change of ownership” as required by the constitution for reassessment, and

**WHEREAS**, state law which defines the term “a change of ownership” has permitted many actual changes in ownership to avoid reassessment, and made it very difficult for county assessors to fully pursue real changes in ownership because of the loophole-ridden nature of the requirements in state law, and

**WHEREAS**, the ability by commercial property to avoid reassessment under current state law has cost local governments (city/county/) many millions of dollars in loss of property tax which are vitally necessary for critical public services, and,

**WHEREAS**, the arbitrary nature of the requirements has disadvantaged some businesses in relation to others, so that similarly situated businesses may have been reassessed while others have not, now therefore be it

**RESOLVED:** The City of Oakland urges support for AB 2492 (Ammiano), which would provide that if a cumulative 50% plus 1 of a property changes ownership, that a change of ownership would be recorded and the property would be reassessed, and be it

**FURTHER RESOLVED** that our elected representatives in Sacramento be notified of the benefits of this bill to the City of Oakland.

IN COUNCIL, OAKLAND, CALIFORNIA, MAY 18 2010, 20      

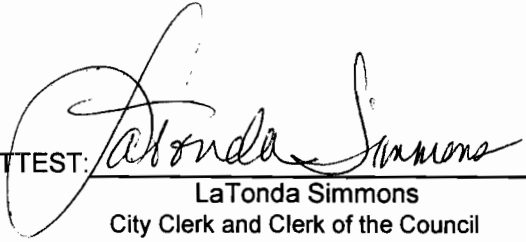
**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER - 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

ATTEST:   
\_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California

**ASSEMBLY BILL**

**No. 2492**

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**Introduced by Assembly Member Ammiano**

February 19, 2010

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An act relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2492, as introduced, Ammiano. Property taxation: change in ownership.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. Existing property tax law specifies those circumstances in which the transfer of ownership interests in a corporation, partnership, limited liability company, or other legal entity results in a change in ownership of the real property owned by that entity, and generally provides that a change in ownership as so described occurs when a legal entity or other person obtains a controlling or majority ownership interest in the legal entity.

This bill would, pursuant to legislative findings and declarations, state the intent of the Legislature to enact a program to specify those circumstances under which nonresidential commercial and industrial property undergoes a change in ownership, to ensure that all real property is assessed at fair market value when that real property undergoes a change in ownership.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) For ad valorem property taxation purposes, the California  
4 Constitution generally limits annual increases in the assessed  
5 taxable value of real property to 2 percent of the property's adjusted  
6 base year value, but requires that real property be reassessed at its  
7 full cash value when that real property undergoes a change in  
8 ownership.

9 (b) These rules provide a necessary protection for real property  
10 owners when land values rise more rapidly than income.

11 (c) Because of difficulties in identifying changes in ownership  
12 of certain nonresidential commercial and industrial properties,  
13 these properties often escape reassessment at full market value  
14 upon a change in ownership.

15 (d) As a result of these assessment anomalies, despite rapid  
16 economic growth during the 1990s which increased the value of  
17 nonresidential commercial and industrial properties, the share of  
18 real property taxes paid by nonresidential commercial and industrial  
19 property owners decreased, while the share of real property taxes  
20 paid by residential property owners (e.g. homeowners) increased.

21 (e) Failure to capture the rising land values of nonresidential  
22 commercial and industrial properties that have undergone a change  
23 in ownership has a range of negative consequences, including, but  
24 not limited to:

25 (1) Hampering the ability of local governments to build new  
26 infrastructure and provide vital services.

27 (2) Imposing a disproportionate property tax burden on newly  
28 constructed properties when compared to existing properties.

29 (3) Encouraging local governments to foster sales tax-generating  
30 retail development rather than fostering job-creating investments  
31 such as manufacturing.

32 (f) Therefore, it is the intent of the Legislature to enact a  
33 program to specify those circumstances under which nonresidential  
34 commercial and industrial property undergoes a change in  
35 ownership, to ensure that all real property is assessed at fair market  
36 value when that real property undergoes a change in ownership.

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