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December 19, 2011

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FOR IMMEDIATE RELEASE: Substantial Increase in Penalties Related to Failure to File Required Documents with Assessor or Board of Equalization

With the passage of Senate Bill 507, effective January 1, 2012, property owners that have failed to file the required Change in Ownership Statement or Change in Ownership - Death of Real Property Owner Statement with the Assessor in a timely manner will be subject to a penalty. Revenue and Taxation Code Section 480(a) requires that a property owner file a signed change in ownership statement whenever there is a change in ownership of real property or of a manufactured home. Revenue and Taxation Code Section 480(b) requires that a change in ownership statement be filed within the specified time periods when a property owner dies. Revenue and Taxation Code Section 480.1 and 480.2 requires legal entities to notify the State Board of Equalization when that entity undergoes and change in ownership or change in control or when the Board of Equalization requests that they file a notice. Failure to file the necessary change in ownership statements within the timeframe provided by law will result in a penalty pursuant to Revenue and Taxation Code Section 482.

For example, the Assessor mailed a Change in Ownership Statement to a property owner on March 1, 2012 for a purchase after January 1, 2012 or the State Board of Equalization mailed their BOE-100-B to the entity after January 1, 2012. If the statement was not completed and returned within 90 days a penalty would be applicable. If the new base year value for that purchase/acquisition is \$90,000 the penalty would be \$100. If the new base year value is \$500,000 the penalty would be \$500; if \$4,000,000 the penalty would be \$4,000. This would be a one-time penalty for this particular change in ownership.

Revenue and Taxation Code Section 482 states,

(a) (1) If a person or legal entity required to file a statement described in Section 480 fails to do so within 90 days from the date a written request is mailed by the assessor, a penalty of either: (A) one hundred dollars (\$100), or (B) 10 percent of the taxes applicable to the new base year value reflecting the change in ownership of the real property or manufactured home, whichever is greater, but not to exceed five thousand dollars (\$5,000) if the property is eligible for the homeowners' exemption or twenty thousand dollars (\$20,000) if the property is not eligible for the homeowners' exemption if the failure to file was not willful, shall, except as otherwise provided in this section, be added to the assessment made on the roll. The penalty shall apply for failure to file a complete change in ownership statement notwithstanding the fact that the assessor determines that no change in ownership has occurred as defined in Chapter 2 (commencing with Section 60) of Part 0.5. The penalty may also be applied if after a

request the transferee files an incomplete statement and does not supply the missing information upon a second request.

(2) The assessor shall mail the written request specified in paragraph (1) to the mailing address of the transferee as provided by subdivision (f).

(b) If a person or legal entity required to file a statement described in Section 480.1 or 480.2 fails to do so within 90 days from the earlier of (1) the date of the change in control or the change in ownership of the corporation, partnership, limited liability company, or other legal entity, or (2) the date of a written request by the State Board of Equalization, a penalty of 10 percent of the taxes applicable to the new base year value reflecting the change in control or change in ownership of the real property owned by the corporation, partnership, or legal entity, or 10 percent of the current year's taxes on that property if no change in control or change in ownership occurred, shall be added by the county assessor to the assessment made on the roll. The penalty shall apply for failure to file a complete statement with the board notwithstanding the fact that the board determines that no change in control or change in ownership has occurred as defined in subdivision (c) or (d) of Section 64. The penalty may also be applied if after a request the person or legal entity files an incomplete statement and does not supply the missing information upon that second request to complete the statement. That penalty shall be in lieu of the penalty provisions of subdivision (a).

(c) The penalty for failure to file a timely statement pursuant to Sections 480, 480.1, and 480.2 for any one transfer may be imposed only one time, even though the assessor may initiate a request as often as he or she deems necessary.

(d) The penalty shall be added to the roll in the same manner as a special assessment and treated, collected, and subject to the same penalties for the delinquency as all other taxes on the roll in which it is entered.

(1) When the transfer to be reported under this section is of a portion of a property or parcel appearing on the roll during the fiscal year in which the 90-day period expires, the current year's taxes shall be prorated so the penalty will be computed on the proportion of property which has transferred.

(2) Any penalty added to the roll pursuant to this section between January 1 and June 30 may be entered either on the unsecured roll or the roll being prepared. After January 1, the penalty may be added to the current roll only with the approval of the tax collector.

(3) If the property is transferred or conveyed to a bona fide purchaser for value or becomes subject to a lien of a bona fide encumbrancer for value after the transfer of ownership resulting in the imposition of the penalty and before the enrollment of the penalty, the penalty shall be entered on the unsecured roll in the name of the transferee whose failure to file the change in ownership statement resulted in the imposition of the penalty.

(e) When a penalty imposed pursuant to this section is entered on the unsecured roll, the tax collector may immediately file a certificate authorized by Section 2191.3.

(f) Notice of any penalty added to either the secured or unsecured roll pursuant to this section, which shall identify the parcel or parcels for which the penalty is assessed, and the written request to file a statement specified in subdivision (a), which shall identify the real property or manufactured home for which the statement is required to be filed, shall be mailed by the assessor to the transferee at his or her address contained in any recorded instrument or document evidencing a transfer of an interest in real property or manufactured home or the address specified for mailing tax information contained in the preliminary change in ownership report. If the transferee has subsequently notified the assessor of a change in address for mailing tax information, the assessor shall mail the notice of any penalty, or the written request to file a statement specified in subdivision (a), to this address. If there is no address specified for mailing tax information on either the recorded instrument, the document evidencing a transfer of an interest in real property or manufactured home, or on the filed preliminary change in ownership report, and the transferee has not provided an address for purposes of mailing tax information, the assessor shall mail the notice of any penalty, or the written request to file a statement specified in subdivision (a), to the transferee at any address reasonably known to the assessor.

Property owners and legal representatives or agents who have questions regarding these changes are encouraged to contact the Assessor's Office at (209) 525-6461 or in person at 1010 10th Street, Suite 2400, Modesto between the hours of 8:30 a.m. and 4:30 p.m., Monday through Friday.