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New California Property Tax Laws

By Scott Donald, Irvine

Builders and proponents of urban agriculture will benefit from new California property tax laws that took effect January 1, 2014.

SB 825 PARCEL COMBINATION

[Senate Bill 825](#) allows assessors to combine more parcels for a single assessment when the land crosses different tax jurisdictions.

Before the law's passage, when any tract of land was situated in two or more revenue districts, each tract had to be separately assessed. The parcels could only be combined under two circumstances:

1. If the track of land was used for a single-family residence of 45,000 square feet or less, the smallest parcel could be combined with the largest continuous parcel.
2. If the full value of any parcel was less than \$25,000.

SB 825 increases the threshold for combining parcels in separate tax rate areas from \$25,000 to \$50,000.

AB 551 URBAN AGRICULTURAL INCENTIVE ZONES

[Assembly Bill 551](#) authorizes cities and counties to offer lower tax assessments on vacant, blighted land parcels when they are used for small-scale agriculture.

Previously, there were no special assessment provisions related to land used for agricultural pursuits in urban areas. This property was assessed at its Proposition 13 protected value or current market value, whichever was lower.

Requirements for the Urban Agriculture Incentive Zones include:

- The entire property must be dedicated to agricultural use
- Dwellings are prohibited
- The contract must have an initial term of at least five years.

Contracts must be entered into on or before January 1, 2019.