



PETER ALDANA
Assessor-County Clerk-Recorder

COUNTY OF RIVERSIDE
ASSESSOR-COUNTY CLERK-RECORDER
P.O. BOX 751
RIVERSIDE CA 92502-0751
(951) 955-6200

DAVID MONTGOMERY
ASSISTANT
Valuation Division
TAUNA MALLIS
ASSISTANT
County Clerk-Recorder Division
BOBBI SCHUTTE
ASSISTANT
Administration

August 2, 2016

Honorable Harold W. Hopp
Presiding Judge
Superior Court of California, County of Riverside
4050 Main Street
Riverside, CA 92501

Reference: Response to 2015-2016 Grand Jury Report: Riverside County Assessor-County Clerk-Recorder – The City of Corona

Dear Judge Hopp:

Pursuant to California Penal Code Section 933 et seq., please find enclosed the response of the Riverside County Assessor-County Clerk-Recorder's Office to the above-entitled Grand Jury Report within the designated 90-day period.

Respectfully,

Peter Aldana
Riverside County Assessor-County Clerk-Recorder

Cc: Riverside Grand Jury
Riverside County Clerk of the Board
Riverside County Clerk-Recorder

**RESPONSE OF PETER ALDANA ASSESSOR- COUNTY CLERK – RECORDER
TO 2015-2016 GRAND JURY REPORT**

Riverside County Assessor- County Clerk- Recorder

The City of Corona

Following is the response of the Riverside County Office of the Assessor- County Clerk-Recorder to the above referenced Grand Jury Report. The Grand Jury has elected to reference the acts of the City of Corona in its findings; however this response has only been prepared on behalf of the Riverside County Office of the Assessor- County Clerk- Recorder.

FINDING NO. 1:

Non Profit / Tax Exempt

The CCA (Corona Cemetery Association) is not, and has never been, a cemetery district per LAFCO (Riverside County Local Agency Formation Commission). Furthermore, the CCA has lost its non-profit status with the FTB (State of California Franchise Tax Board) in 2007. The Grand Jury Investigation discovered that the Assessor erroneously assigned three parcels of land at the CCA as a cemetery district. After the Grand jury met and discussed with the assessor's office, the assessor sent a letter to the CCA board informing them they owe the current year (2015) property taxes plus the previous three years property taxes unless the CCA revives its non-profit status with the State and the County. Additionally, the assessor has no policies or procedures in place to review the tax exempt or non-profit organization's status.

Response: Respondent, County of Riverside Assessor- County Clerk- Recorder, partially agrees with this finding.

The finding confuses the cemetery exemption found in Article XIII, section 3(g), 6 and 14 of the California Constitution and Revenue and Taxation Code section 204 with government non-taxable properties and the non-profit status of a property owner, and therefore the background appears to be generally inaccurate. However, in order to completely respond, the issues have been addressed individually below.

The Assessor agrees that the CCA was erroneously identified as a part of a cemetery district, and was not subjected to property taxation because it was believed to be government owned, non-taxable, property. The Assessor disagrees with the findings related to the cemetery exemption, as the CCA was not granted a cemetery exemption.

The Assessor agrees that there was an error when the CCA was identified as a non-taxable government organization, a cemetery district, at the creation of the property interest. A letter was sent in December 2015 advising CCA of the property classification error, and explained that the error had been corrected, resulting in the property being subject to taxation beginning in 2016. Further, escape assessments would issue to collect property taxes due for prior years that could still be collected. The letter also stated that the CCA is likely to be eligible for a cemetery exemption pursuant to Revenue and Taxation Code section 204 and invited CCA to file a claim for the exemption.

The Assessor does not agree that non-profit status is relevant to questions about a non-taxable government owned property or the cemetery exemption. Burial plots that have been sold for use or are currently in use are exempt from taxation under the cemetery exemption. (California Constitution, Article XIII, Section 3(g).) It is likely that CCA will qualify for a cemetery exemption for the portion of the property that is being used as burial plots or have been sold for that purpose, without regard to the organization's profit status.

The Assessor disagrees that it does not have policies or procedures to review the status of a non-profit organization. Policies and procedures are in place that require a cemetery exemption claim to be reviewed annually as required by law. If a specific exemption, other than a cemetery exemption was at issue, and the non-profit status of the controlling organization was relevant to the determination of the exemption application, the non-profit status would be reviewed on a yearly basis. However, the error was not with regard to a cemetery exemption, therefore the exemption policy is not at issue.

The Assessor disagrees that it "has no policies or procedures in place to review the tax exempt... organization's status." Policies and procedures require a review of the deed that transfers property to an organization that may be tax-exempt. When a deed is filed with the County, the Assessor- County Clerk- Recorder reviews the document to determine who the owner is, and if that owner is subject to property taxation. Unfortunately, this procedure did not identify the CCA classification error because there have not been any documents filed, including deeds, since the original misclassification occurred.

RECOMMENDATION NO. 1:

RIVERSIDE COUNTY ASSESSOR

The Assessor establish a policy and procedure to annually review organizations within the County that are given a property tax exemption or have filed and received a non-profit status with the State. The policies and procedures will assure these organizations are still entitled to

their property tax exemption or non-profit status. The assessor establish a procedure for citizens to report or file a complaint when citizens suspect an organization is no longer entitled to its tax exemption.

Response: Respondent, Riverside County Assessor- County Clerk- Recorder has partially implemented this recommendation.

Policies and procedures to annually review the application of a property tax exemption have been in place for many years. The Assessor's Office is required to act in accordance with the Revenue and Taxation Code when classifying property as taxable or nontaxable, and for reviewing a claim for exemption. The policies and procedures of the Assessor- County Clerk- Recorder implement the statutes. The cemetery exemption is reviewed on an annual basis pursuant to Revenue and Taxation Code sections 254, 256.5, 256.6, and 256.7. The Assessor has complied with the statutory, and policy requirement to annually review cemetery exemptions and will continue to do so. However, as discussed above, the cemetery exemption and non-profit status of CCA was not at issue.

The Assessor does have policies and procedures for reviewing the taxability of property based on the property owner's tax-exempt status. When property is transferred the Assessor reviews the transaction to determine if the owner is a taxable organization or not. The Assessor will continue to follow its policy of confirming the status of the property owner to determine their taxability. The incorrect classification of CCA as a non-taxable government entity, a cemetery district, when the deed was filed was not uncovered. To address this oversight the Assessor has implemented a procedure for random audits of property located within the county to ensure the property has been correctly classified as non-taxable or taxable.

The County of Riverside and the Assessor- County Clerk- Recorder provide many options to citizens who wish to file a complaint. The Assessor provides a contact phone number and an email address in order to take complaints, general questions, or specific inquiries. Information received is directed to the appropriate division, supervisor and staff member. The contact information is posted on the Assessor- County Clerk- Recorder website, social media accounts and in its communications with the public. The email address for property tax related issues is also included on the County of Riverside e-services website. The County of Riverside webpage and the yellow pages provide a general county address and phone number, and encourage citizens to contact their supervisor for assistance. The Assessor-County Clerk- Recorder and the County of Riverside have made communication with the public a priority and provide several contacts for public comment, and for the filing of complaints.