



California State Board *of* Equalization



2023-24

ANNUAL REPORT

Anza-Borrego Desert State Park



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LETTER *from the* EXECUTIVE DIRECTOR

The Honorable Gavin Newsom
Governor of California
April 2025

Dear Governor Newsom:

On behalf of the Board, the Executive Management Team, and our dedicated employees, I am pleased to present the *Annual Report* of the California State Board of Equalization (BOE) for the fiscal year (FY) that ended June 30, 2024.

The BOE is committed to fulfilling its constitutional and statutory duties and is focused on our mission: to serve the public through fair, effective, and efficient tax administration in support of state and local governments.

The BOE oversees the assessment practices for the 58 County Assessors, who are charged with valuing over 13 million assessments each year. In FY 2023-24, the net statewide assessed value was \$8.6 trillion, resulting in \$95.3 billion of property tax levies. Those property tax levies contributed \$51.1 billion to schools and \$44.2 billion to local government.

In 2024, the BOE set the values of state-assessed properties, primarily privately-owned public utilities and railroads, at \$152.2 billion for the 2024-25 roll. This was a \$9 billion increase from 2023-24 values. State-assessed properties produced \$2.6 billion in local property tax revenues for the state's 58 counties in 2024-25.

The BOE is also responsible for administering the Alcoholic Beverage Tax Program, which produced \$418 million, and co-administering the Tax on Insurers Program, which added \$3.2 billion to the state.

We are proud to serve this great State of California and will continue to do our part to provide essential revenues for the state and local governments.

Sincerely,



Yvette M. Stowers
Executive Director



THE BOARD



Created in 1879 by a constitutional amendment, the [California State Board of Equalization \(BOE\)](#) was initially responsible for ensuring that county property tax assessment practices are equal and uniform throughout California.

The BOE administers three tax programs that produce revenue essential to our state. The Board hears appeals from public utility assessments and serves a significant role in the assessment and administration of property taxes by issuing rules and regulations, establishing the tax values of railroads and certain privately-held public utilities, and overseeing the assessment practices of the state's 58 County Assessors.

Public Board meetings offer taxpayers and other interested parties the opportunity to participate in the formulation of rules and regulations adopted by the Board and to interact with the Members as they carry out their official duties. The Board meets monthly.

The Board consists of five Members who serve concurrent four-year terms. One Member is elected from each of California's four equalization districts. The State Controller, elected at large, serves as the Board's fifth Member. Each of the four elected Board Members represents approximately 9.5 million constituents in their respective districts.

The BOE's Executive Director, appointed by the Board, is responsible for the employees and carrying out the BOE's mission, goals, and directives.

This *Annual Report* represents the BOE's services and accomplishments for FY 2023-24. The elected Board is comprised of Board Members Ted Gaines, First District; Sally J. Lieber, Second District; Antonio Vazquez, Third District; Mike Schaefer, Fourth District; and Malia M. Cohen, State Controller. The Board is committed to fulfilling its constitutional duties and contributing to California's success.

MISSION, VISION, *and* CORE ORGANIZATIONAL VALUES

MISSION

Our mission is to serve Californians through fair, effective, and efficient tax administration in support of state and local governments.

VISION

To rebuild, revitalize, and modernize the BOE, to enrich its employees, and strengthen its organizational capabilities to deliver gold-standard services.

CORE ORGANIZATIONAL VALUES

- Perform public service with integrity
- Put people first
- Commit to excellence
- Keep getting better



Downtown Los Angeles



PROFILE *of the* BOE

BOE PROGRAMS

Property Tax Programs

Introduction to Property Taxes

Property taxes are one of the primary sources of revenue for California's counties, cities, schools, and special districts. While the state does not rely on property taxes as a source of revenue, there are revenue implications for the state if there are any incorrect assessments of real property. State law annually guarantees California schools a minimum amount of funding, and the state is responsible for backfilling shortfalls in education funding under Proposition 98.

General Property Taxes

Proposition 13, passed by California voters in 1978, imposed a property tax rate of one percent of the property's full cash value, with limited exceptions. In addition, it allows reappraisal of real property at current fair market value only when there is a change in ownership or upon completion of new construction.

When a reappraisal occurs because of a change in ownership or the completion of new construction, the County Assessor sets a new "base year value" for the property that underwent the change in ownership or that was newly constructed. Thereafter, Proposition 13 generally limits annual increases in the base year value to a maximum of two percent, depending on the most recent year's percentage change in the California Consumer Price Index. The application of the increase to the base year value each year is referred to as the adjusted base year value or factored base year value.

However, where a property's current market value has declined below its base year value adjusted for inflation, the current market value becomes the property's temporary assessed value until the adjusted base year value exceeds its current market value. The temporary assessed value is commonly referred to as a "Proposition 8" value, so named for the November 1978 constitutional amendment that allowed for such temporary reductions in assessed value.

When a property has received a Proposition 8 value, increases in assessed value year-over-year are no longer limited to two percent but instead may be made in whatever amount is needed to either: (a) establish a new, higher Proposition 8 value, or (b) restore the adjusted base year value. In all cases, the assessed value must be the lower of the current market value or the adjusted base year value.

County-Assessed Properties

The [BOE](#) oversees the assessment practices of the state's 58 County Assessors, who are charged with establishing values for over 13 million assessments each year. Each of the BOE's constitutional and statutory duties is critical to promoting a consistent and uniform property tax system throughout the state. The BOE's duties include:

- Conducting assessment practices surveys or compliance audits of County Assessors' practices and procedures to determine whether they comply with all statutory and regulatory provisions by utilizing proper appraisal practices. In FY 2023-24, the BOE issued 10 survey reports for the counties of Marin, Placer, Riverside, San Luis Obispo, Santa Clara, Sutter, Siskiyou, Trinity, Tuolumne, and Ventura. In 2023, the BOE reestablished the Assessment Practices Survey Division within the Property Tax Department to provide a more independent and transparent compliance audit program. This core program is one of the state's major efforts to promote fairness, equity, and integrity in property tax assessments.
- Providing guidance to County Assessors to promote uniformity and consistency in assessment practices throughout the state in the form of Property Tax Rules, Letters to Assessors, County Assessors Only Letters, and Assessors' Handbooks. In FY 2023-24, the BOE promulgated one rule, issued 57 advisory letters to County Assessors, and updated three Assessors' Handbooks.
- Prescribing property tax forms that are used by all County Assessors statewide. The BOE has 125 prescribed forms. In FY 2023-24, the BOE amended 24 of these prescribed forms.
- Providing training and certifying individuals performing the duties of an appraiser or an assessment analyst for property tax purposes, including newly elected County Assessors. In FY 2023-24, the BOE trained a total of approximately 2,252 students through 35 BOE-hosted courses, available web-based self-study courses, and additional courses at local colleges and universities. The BOE also issued 330 Permanent and Advanced Appraiser Certifications and eight Permanent and Advanced Assessment Analyst Certifications.
- Acting as a clearinghouse for various claims for property tax relief under Propositions 3, 19, 58, 60, 110, and 193. Exclusions within these propositions have statutory restrictions, such as dollar limitations or once-in-a-lifetime eligibility.



- Monitoring duplicate claims granted under the Homeowners' and Disabled Veterans' Exemptions.
- Acting as an advisory agency on property tax assessment. In FY 2023-24, the BOE answered approximately 11,014 calls and 11,258 inquiries by letter, fax, and email.
- Co-administering the Welfare Exemption with County Assessors. In FY 2023-24, the BOE issued 822 Organizational Clearance Certificates and 346 Supplemental Clearance Certificates. The BOE also reviewed 1,894 verification filings of organizations holding Organizational Clearance Certificates to ensure continued eligibility for the Welfare Exemption.
- Administering certain property tax programs, such as the Legal Entity Ownership Program, which aims to discover any changes in control and ownership of legal entities (such as corporations or LLCs) that hold California real property and inform County Assessors of the need to reappraise real property held by these entities. In FY 2023-24, the BOE identified 986 changes in control and ownership of legal entities, resulting in the reassessment of 11,173 reported parcels of such entities.
- Meeting regularly with County Assessors to discuss issues on the administration of assessment and taxation laws, and ways to promote statewide uniformity.
- Publishing educational materials and information for taxpayers and stakeholders to assist with understanding property tax laws and increase awareness of property tax savings that may be available.

On November 3, 2020, California voters approved Proposition 19, *The Home Protection for Seniors, Severely Disabled, Families and Victims of Wildfire or Natural Disasters Act*, which brought significant changes to how certain property tax assessments are treated. Since then, the BOE has continued its statewide role in the implementation process. To assist taxpayers, stakeholders, and County Assessors, the BOE established a Proposition 19 webpage, www.boe.ca.gov/prop19, to serve as a one-stop shop for information. In FY 2023-24, the County-Assessed Properties Division also answered approximately 4,585 calls and 569 email inquiries related to Proposition 19. The implementation process of Proposition 19 is ongoing.

State-Assessed Properties

In accordance with Article XIII, section 19, of the California Constitution, the BOE assesses certain public utilities and other specified properties and allocates the assessed values among the counties where the properties are physically located.

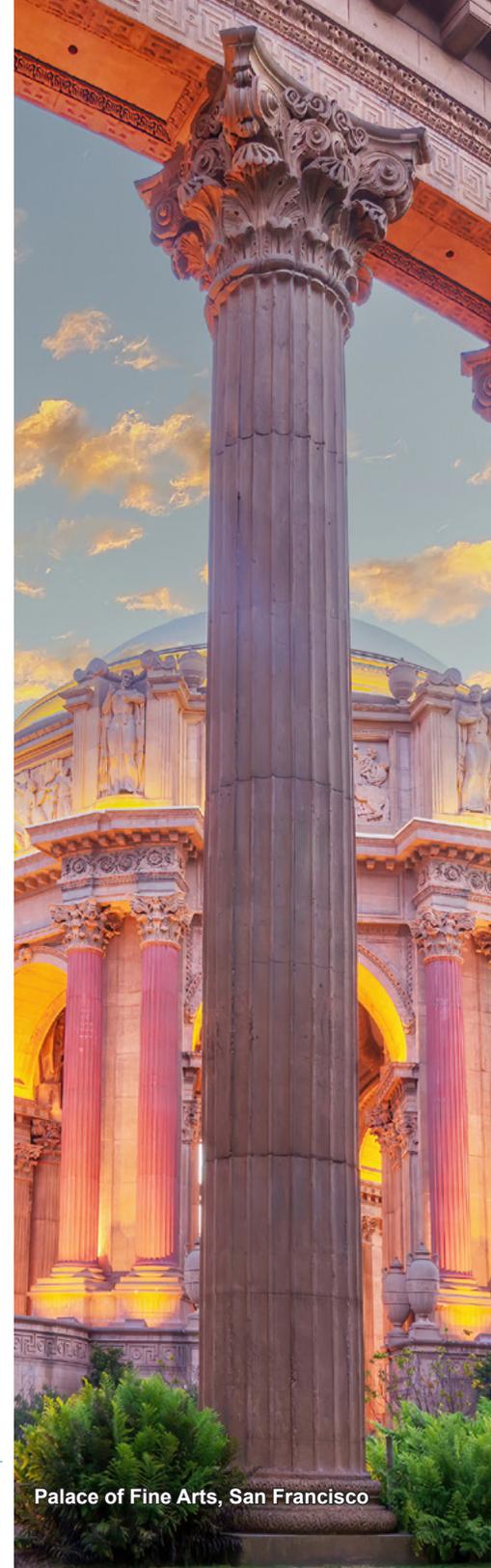
State-assessed properties include:

- Pipelines, flumes, canals, ditches, and aqueducts lying within two or more counties.
- Property (except franchises) owned or used by regulated railway, telegraph, or telephone companies, railroad car companies operating on railways in the state, and companies transmitting or selling gas or electricity.

In 2024, the Board adopted \$152.2 billion in assessed property values of 321 companies within California, of which schools and local communities statewide are expected to receive approximately \$2.6 billion in property tax revenue.

In FY 2023-24, the BOE completed 19 property tax audits and physically inspected and valued 8,884 state-assessed land parcels. In addition, 597 Statement of Land Changes were processed, and the corresponding assessment jurisdiction changes were transmitted to the 58 County Assessors.

The BOE's Tax Area Services Section (TASS) also continued to maintain maps of more than 9,700 revenue district boundaries that encompass 61,773 tax rate areas, helping to ensure the proper allocation of local tax revenue to counties, cities, and special tax districts. For FY 2023-24, TASS processed over 365 jurisdictional boundary changes, resulting in \$425,985 in revenue for the state's General Fund.



Private Railroad Car Tax

Private railcar owners pay the Private Railroad Car Tax on railcars operated in California. The Private Railroad Car Tax is an in-lieu property tax on railroad cars owned by non-railroad companies and operated upon California railroads. Railroad company-owned cars are included in the unitary value of railroads adopted by the Board each May. The tax paid is based on values established by the Board and the number of days the cars were physically in the state. This is the only property tax administered and collected by the state. For FY 2023-24, the BOE collected \$10.2 million for the state's General Fund.

Special Taxes Programs

The [BOE](#) is constitutionally responsible for the Alcoholic Beverage Tax and the Tax on Insurers.

Alcoholic Beverage Tax

The Alcoholic Beverage Tax is a per-gallon excise tax collected on the sale, distribution, or importation of alcoholic beverages in California. Revenues from the tax are deposited into the Alcohol Beverage Control Fund and are withdrawn for use by the state's General Fund or used to pay refunds under this program.

As part of an interagency agreement, the California Department of Tax and Fee Administration (CDTFA) collects the tax and administers some of the program's functions on behalf of the BOE. The BOE¹ hears all appeals for claims for refund and petitions for redetermination. For FY 2023-24, the Alcoholic Beverage Tax generated \$418 million for the state's General Fund.

Tax on Insurers

The Tax on Insurers Program is jointly administered by the BOE, the California Department of Insurance (CDI), and the [State Controller's Office \(SCO\)](#).

Insurance companies that have received authority from the CDI to transact insurance business in California are called "admitted insurers" and may be subject to as many as three insurance taxes in California.

All insurance companies are subject to a tax on gross premiums. In addition, one of the schedules in the gross premiums tax return is used for the computation of retaliatory tax, which is the second tax that an insurance company may owe. A retaliatory tax is owed when an out-of-state insurance company's domicile state (home state) imposes higher taxes on a California-domiciled insurer for the same business. The third insurance tax on insurance companies is the ocean marine tax. Surplus Line Brokers, who are licensed brokers that sell policies for non-admitted (nonlicensed) insurance companies, also pay a tax.

As part of an interagency agreement with the BOE, CDTFA issues deficiency assessments, refunds, and receives appeals on behalf of the BOE. The BOE hears all appeals for claims for refund and petitions for redetermination. For FY 2023-24, the Tax on Insurers generated \$3.2 billion for the state's General Fund.

¹ The BOE does not, directly or indirectly, use the total amount of revenue collected or assessed from the Alcoholic Beverage Tax to evaluate individual officers or employees, or to impose or suggest quotas or goals other than quotas or goals related to accounts receivables.

Responsibilities

The primary responsibilities of the BOE are to:

- Administer agency programs.
- Act as an appellate body for the review of certain property tax determinations.
- Adopt rules and regulations clarifying the laws it administers.
- Determine the assessed value of railroads and specified privately-held public utilities, including gas, electric, and telephone companies.
- Oversee the property tax assessment practices of County Assessors.
- Assess and collect the Private Railroad Car Tax.
- Hear all appeals for claims for refund and petitions for redetermination for the Alcoholic Beverage Tax and the Tax on Insurers.

In carrying out these responsibilities, the BOE:

- Prescribes Property Tax Rules and issues advice to guide property owners, County Assessors, and County Assessment Appeals Boards.
- Considers appeals from taxpayers on state-assessed property values and denials or revocations of Welfare Exemption Organizational and Supplemental Clearance Certificates.
- Hears appeals from local governments of assessments made by County Assessors on lands, water rights, and certain improvements on properties owned by the local governments but located outside their boundaries.
- Develops and publishes capitalization rates to be used in valuing state-assessed utilities.
- Classifies unitary and nonunitary properties of public utilities and determines the property values of each assessee for local property taxation.

Meetings

Monthly public Board meetings offer taxpayers and other interested parties the opportunity to participate in the formulation of rules and regulations adopted by the Board and to interact with the Members as they carry out their official duties.

Each year, the Board also holds a Taxpayers' Bill of Rights hearing that allows taxpayers to make comments on matters identified in the [Taxpayers' Rights Advocate's Annual Report](#) or BOE-administered laws and programs.

Additionally, the Board is required by law to hold a meeting with County Assessors at least once a year to discuss issues related to the administration of assessment and taxation laws, and ways to promote statewide uniformity.



2024 Annual Meeting with County Assessors

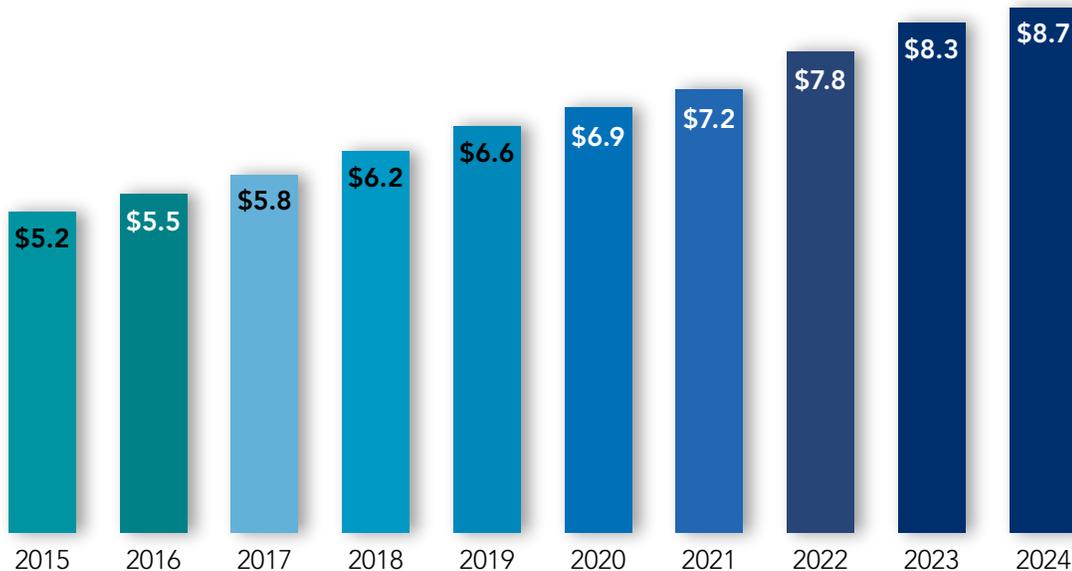


McArthur-Burney Falls Memorial State Park

STATE- *and* COUNTY-ASSESSED VALUES

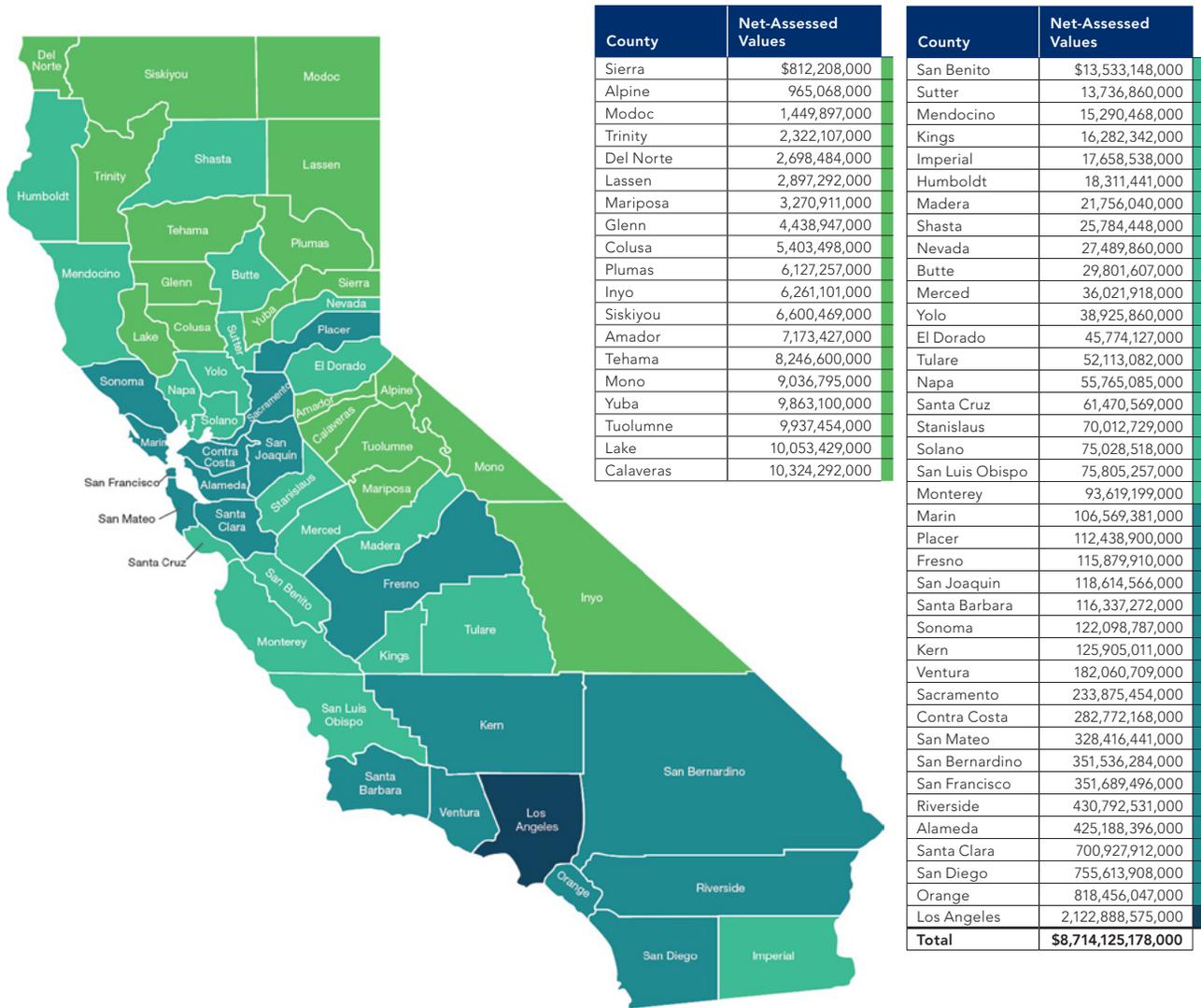
The BOE oversees the assessment practices of the state's 58 County Assessors, who are charged with establishing values for over 13 million assessments each year. Assessed value, net of all exemptions, for the 2024-25 roll year was \$8.7 trillion, which includes \$8.6 trillion in county-assessed properties and \$152.2 billion in state-assessed properties.

**Ten-Year Summary
Net-Assessed Value of County-
and State-Assessed Property
(in trillions)**



TOTAL NET-ASSESSED VALUES FOR THE 2024-25 ROLL YEAR

The annual assessment roll is based on the value of all property as of the January 1, 2024, lien date. The statewide map of the 58 counties includes both county-assessed and state-assessed property values, net exemptions.

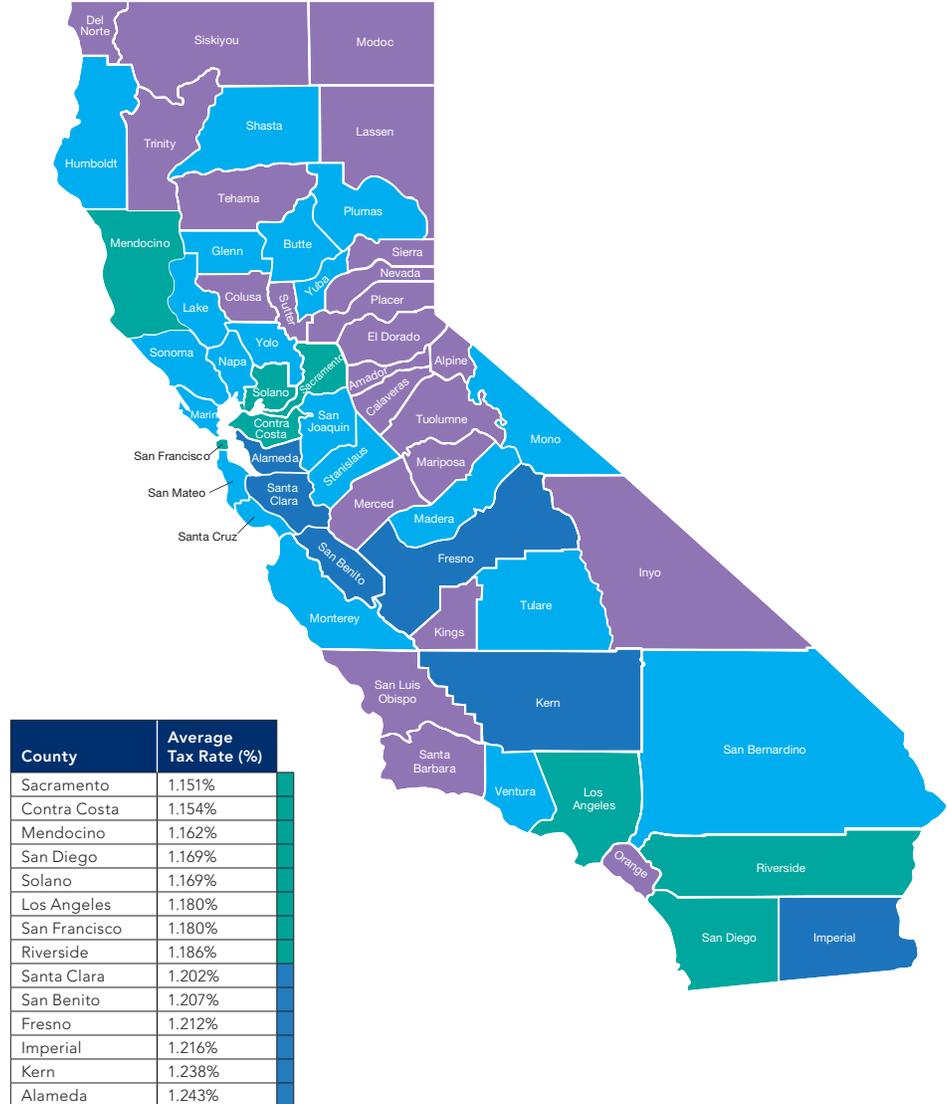


Note: Detail may not compute to total due to rounding.

2023-24 AVERAGE PROPERTY TAX RATE

Proposition 13, passed by California voters in 1978, limits the property tax rate to one percent of its assessed value plus the incremental rates necessary to fund locally voter-approved bonded indebtedness. In addition, Proposition 13 generally limits annual increases in the base year value to a maximum of two percent.

| County | Average Tax Rate (%) |
|-----------------|----------------------|
| Modoc | 1.000% |
| Sierra | 1.000% |
| Amador | 1.013% |
| Lassen | 1.023% |
| Alpine | 1.030% |
| Del Norte | 1.035% |
| Mariposa | 1.038% |
| Trinity | 1.043% |
| Siskiyou | 1.045% |
| Inyo | 1.049% |
| Plumas | 1.055% |
| Tehama | 1.057% |
| El Dorado | 1.059% |
| Nevada | 1.059% |
| Tuolumne | 1.060% |
| Orange | 1.061% |
| Kings | 1.068% |
| Santa Barbara | 1.071% |
| Calaveras | 1.077% |
| Placer | 1.078% |
| Merced | 1.080% |
| Colusa | 1.095% |
| San Luis Obispo | 1.095% |
| Sutter | 1.096% |
| Yuba | 1.096% |
| Tulare | 1.097% |
| Glenn | 1.099% |
| Humboldt | 1.100% |
| Santa Cruz | 1.100% |
| Ventura | 1.103% |
| Monterey | 1.104% |
| Napa | 1.104% |
| Shasta | 1.106% |
| Madera | 1.109% |
| Mono | 1.112% |
| San Joaquin | 1.112% |
| Stanislaus | 1.116% |
| Lake | 1.117% |
| Butte | 1.122% |
| San Mateo | 1.122% |
| San Bernardino | 1.133% |
| Marin | 1.137% |
| Yolo | 1.139% |
| Sonoma | 1.140% |



EXEMPTIONS

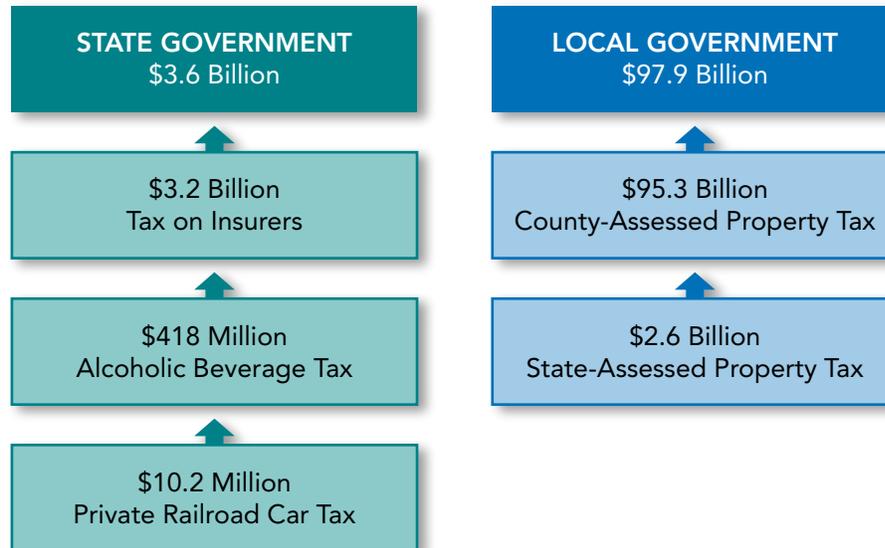
Several exemptions are available to qualifying nonprofits that own property, including various charitable organizations and private and nonprofit colleges. The Homeowners' Exemption typically provides a \$70 reduction in property taxes for owner-occupied homes.

| Qualifying Exemptions 2024-25 | |
|-------------------------------|--------------------------|
| Exemption Type | Exemption Value |
| Charitable Nonprofit | \$177,342,327,953 |
| Hospitals | \$42,474,006,506 |
| Nonprofit Colleges | \$39,017,508,292 |
| Homeowners' Exemption* | \$32,791,825,259 |
| Other Exemptions | \$31,667,050,301 |
| Religious | \$19,553,663,568 |
| Disabled Veterans | \$14,145,666,523 |
| Private Schools | \$5,511,540,497 |
| Churches | \$3,457,925,612 |
| Low-Valued Property | \$163,846,380 |
| Total | \$366,125,360,891 |

* The Homeowners' Exemption value is reimbursed by the state.
Please note: Detail may not compute to total due to rounding.

SUPPORTING OUR COMMUNITIES

**\$101.5 Billion in Fiscal Contributions to
State and Local Government**



Rural countryside

REVENUE

2023-24 General County Property Tax Revenue

| | FY 2023-24 | FY 2022-23 | Change From 2022-23 |
|---|-------------------------|-------------------------|---------------------|
|  School Purposes | \$51,088,649,000 | \$47,616,789,000 | 7.3% |
|  Counties | \$13,471,219,000 | \$12,669,310,000 | 6.3% |
|  Cities | \$11,726,745,000 | \$11,082,508,000 | 5.8% |
|  Other | \$18,987,030,000 | \$17,653,294,000 | 7.6% |
| Total | \$95,273,643,000 | \$89,021,900,000 | 7.0% |

Please note: Detail may not compute to total due to rounding.

WHERE YOUR COUNTY PROPERTY TAX DOLLARS GO

All Californians benefit from property tax revenues. Property tax is allocated among local governments, with schools getting more than half the revenues.





San Diego Convention Center

REVENUE SUMMARY

| | Current Year | Prior Year | Percent Change | General Fund |
|------------------------------|--------------------------|-------------------------|----------------|--------------|
| County-Assessed Property Tax | \$95,300,000,000 | \$89,000,000,000 | 7.1% | No |
| Tax on Insurers | \$3,200,000,000 | \$3,000,000,000 | 6.7% | Yes |
| State-Assessed Property Tax | \$2,600,000,000 | \$2,300,000,000 | 13% | No |
| Alcoholic Beverage Tax | \$418,000,000 | \$423,000,000 | -1.2% | Yes |
| Private Railroad Car Tax | \$10,200,000 | \$10,300,000 | -1.0% | Yes |
| Total | \$101,528,200,000 | \$94,733,300,000 | 7.2% | |

TAXPAYER ASSISTANCE

TAXPAYERS' RIGHTS ADVOCATE ASSISTANCE

The Taxpayers' Rights Advocate (TRA) Office completed work on 329 new cases in FY 2023-24, all relating to property taxes.

The TRA Office receives contacts from taxpayers and others who are either seeking assistance with a problem or a disagreement they have in the assessment and collection of property taxes or a concern with a program administered by the BOE. Generally, the TRA Office assists taxpayers who have been unable to resolve a matter through normal channels and seek confirmation that they were treated fairly under the law. Some taxpayers have questions or concerns that need to be addressed by another state agency, such as CDTFA, the Franchise Tax Board (FTB), or a county agency. The TRA Office staff responds by directing the taxpayer to the appropriate state agency or local county agency and provides website resources.

Although primary contact is with individual taxpayers, cases also originate from contact with tax agents, attorneys, and government officials, such as the Board and the Legislature.

Most property tax cases are resolved in conjunction with local County Assessors, Tax Collectors, Auditor-Controllers, and Clerks of the Assessment Appeals Boards. Depending on the nature of the problem, multiple offices can be involved in the resolution of taxpayers' cases.

Please visit www.boe.ca.gov for more information on the TRA Office and to view the *Taxpayers' Rights Advocate Annual Report*.

APPEALS PROCESS

The Board serves as the appellate body, reviewing and deciding certain determinations of certain property taxes, Alcoholic Beverage Tax, and Tax on Insurers cases. For property taxes, the Board hears appeals from taxpayers regarding state-assessed property values, Welfare Exemption Organizational and Supplemental Clearance Certificate denials or revocations, the Private Railroad Car Tax, and taxable property owned by local governments located outside its boundaries.

While disputes may be resolved at the department level, the Board hears appeals from petitioners who disagree. The Board makes the ultimate decision on all property tax appeals.

For assessments relating to FY 2023-24, the Board acted on 24 petitions filed by state-assessed companies, and eight of those were adjudicated by the Board.

For Tax on Insurers, two petitions were filed to be heard before the Board. One petition remained pending at the end of the fiscal year, and one was resolved without adjudication.

CHANGING LEGISLATION

The following is a list of 2023 legislation that impacted programs administered by the BOE. All bills became effective January 1, 2024, unless otherwise specified.

PROPERTY TAX

AB 84 (Ward), Chapter 734, effective October 11, 2023
Amends Revenue and Taxation Code sections 214 and 259.15

This bill amends Revenue and Taxation Code (R&TC) section 214 to expand the type of financing eligible for “welfare exempt” property to include qualified 501(c) (3) bonds. The bill extends R&TC provisions governing when a unit shall be treated as occupied by a lower-income household when tenant income increases; however, unlike Low-Income Housing Tax Credit (LIHTC) or Community Land Trust (CLT) administered properties, the bill treats units in this category as no longer low-income when the occupant’s income increases to 100 percent of AMI, adjusted for family size, (not 140 percent).

The bill amends R&TC section 259.15 to require a property owner claiming a “partial exemption” for non-LIHTC/CLT properties to file an affidavit with specified information when a tenant’s income increases to specified levels, including the percentage of AMI, and provides that the affidavit is not subject to public disclosure.

AB 556 (Gallagher), Chapter 443, effective October 8, 2023
Amends Revenue and Taxation Code section 69

This bill amends R&TC section 69 to allow victims of the 2018 Camp Fire an additional three years to apply the base year value of a property that was substantially damaged or destroyed to a replacement property.

AB 1361 (Hoover), Chapter 473
Amends Revenue and Taxation Code section 205.5

This bill would allow a County Assessor to provide a written or electronic determination of preliminary eligibility for the disabled veterans’ tax exemption authorized under Revenue and Taxation Code (R&TC) section 205.5.

AB 1500 (Irwin), Chapter 583, effective October 8, 2023
Amends Revenue and Taxation Code section 70.5

This bill amends R&TC section 70.5 to allow property owners an additional three years to reconstruct improvements on the property substantially damaged or destroyed by the 2018 Woolsey Fire and the 2018 Camp Fire.

AB 1528 (Gipson), Chapter 766

Amends Health and Safety Code section 34400

This bill amends Health and Safety Code (HSC) section 34400 to extend the exemption from taxation for property owned by a housing authority to property owned by a nonprofit public benefit corporation controlled by a public housing authority (PHA).

SB 82 (Seyarto), Chapter 773

Amends Revenue and Taxation Code section 205.5

Provides that the County Assessor shall accept an electronically generated letter of service-connected disability, in lieu of an original letter of service-connected disability, at the discretion of the claimant, for purposes of verifying eligibility for an exemption.

SB 419 (Roth), Chapter 713, effective October 10, 2023

Amends Revenue and Taxation Code section 242

This bill extends the property tax exemption for personal property used in space flight for an additional five years; adds specific goals, objectives, and performance indicators to subdivision (g) of R&TC section 242; and requires the Legislative Analyst's Office (LAO) to provide a report to the Assembly Committee on Revenue and Taxation, the Senate Committee on Governance and Finance, and the public that summarizes its findings relating to the performance indicators; authorizes, in researching the report, the LAO to request and receive information from county assessors, the BOE, the Employment Development Department, taxpayers benefitting from the exemption, trade associations, and other individuals or entities.

Provides that the information received by the LAO to produce this report shall be deemed confidential and exempt from the Legislative Open Records Act (LORA).

SB 520 (Seyarto), Chapter 781, effective October 11, 2023

Amends Revenue and Taxation Code section 218

SB 520 clarifies that individuals who are confined to a hospital or a live-in care facility are still "occupying their principal residence" for the purpose of qualifying for their homeowners' property tax exemption. Clarifies that for a residence to continue to qualify for the homeowners' exemption when the homeowner is confined to a hospital or care facility that the dwelling is not rented or leased to a person not described in Section 267 (c)(4) of Title 26 of the Internal Revenue Code.

SB 734 (Rubio), Chapter 785, effective October 11, 2023

Adds Revenue and Taxation Code section 107.10

This bill clarifies that there is no independent possession or use of land or improvements if the possession or use is for a tenancy in a residential unit in a publicly owned housing project by a low-income household that is rented at affordable rents.

ALCOHOLIC BEVERAGE TAX

SB 388 (Archuleta), Chapter 214

Adds Revenue and Taxation Code section 32457.2

Requires the BOE to release confidential taxpayer information upon request contained in the beer returns filed by Alcoholic Beverage Tax (ABT) program taxpayers on or after January 1, 2024, including the names and addresses of all taxpayers filing a return except if that taxpayer is a natural person or opts out of disclosing any information. The bill would additionally require the BOE to amend the beer manufacturer return to include a designated line or checkbox where the taxpayer may elect to prohibit disclosure and a brief description of how the beer industry has historically used information contained in beer manufacturer returns.

TAX ON INSURERS

No bills were chaptered in 2024.



COURT CASES

CALIFORNIA APPELLATE COURT DECISIONS IN FY 2023-24

Prang v. Los Angeles County Assessment Appeals Bd., 15 Cal.5th 1152 (2024)

County Assessor petitioned for writ of administrative mandate to vacate the Assessment Appeals Board decision that a change in ownership did not occur when the corporation transferred ownership to the shareholder, a trust that owned all voting stock, but whose beneficiaries did not own non-voting stock, and thus that reassessment was not required. The trustees argued that an ownership interest in a corporation should be measured by voting stock only, not all stock. The court found this argument inconsistent with the plain language of R&TC section 62(a)(2). Thus, the Supreme Court affirmed the lower courts' decision and held that a corporation's ownership interests are treated differently depending on whether the event is a transfer of real property or a transfer of an interest in the corporation. In determining whether a transfer of real property to or from a corporation is eligible for the section 62(a)(2) exclusion, an Assessor must consider ownership interests of the corporation to include all stock. In determining whether a *transfer of an interest in a corporation*, results in a change in control under section 64(c)(1), an Assessor only considers the corporation's voting stock.

Equinix LLC v. County of Los Angeles, 101 Cal.App.5th 1108 (2024)

Taxpayers challenge the County Assessor's reassessment of a property under R&TC section 61(c)(1)(D). The property purchased was subject to a lease, and at the time of purchase, the remaining term of the lease was 26 years. The court held that the purchase constituted a change in ownership under the unambiguous language R&TC section 61(c)(1)(D) because, at the time of the sale, the remaining term of the lease was under 35 years. The court clarified that this provision does not conflict with Proposition 13 or R&TC section 60, as the lessee's interest was no longer substantially equal to the fee interest once the lease term fell below 35 years. The court emphasized that sections 60, 61, and 62 must be harmonized rather than having section 60 to categorically prevail. Thus, the court found nothing illogical about treating transfers differently based on remaining lease terms as the "line drawing" is a legislative determination.

Greenspan v. County of Los Angeles, 98 Cal.App.5th 135 (2023)

Taxpayers brought action seeking review of the county's valuation of their property following construction of a new residence. The court ordered a remand for a new hearing because it held that the County Assessor incorrectly appraised value of the property by reallocating value of removed improvements to base land value, which was contrary to R&TC section 51 and 75.10. The court emphasized that R&TC section 51.5 allows for correction of any errors or omissions made in original determination of base-year value of land and does not provide basis for county to justify improper policy in this case.

Paramount Pictures Corp v. Los Angeles, 95 Cal.App.5th 1246 (2023)

Taxpayer challenged assessment appeals board decision that it failed to demonstrate additional obsolescence and found the taxpayer's income approach valuation was too unreliable to grant it any additional weight. The Superior Court determined the board committed methodological error and issued inadequate findings, remanded to the board for further proceedings, and, following separate hearing, awarded taxpayer attorney's fees in the amount of \$233,120. The county appealed both orders. The Court of Appeals held that the board was within its discretion in declining to calculate additional obsolescence adjustment based on income approach to assessing value of taxpayer's personal property; the board's reasons for rejecting income approach valuation in favor of cost approach were consistent with rules and regulations governing valuation of personal property set forth in State Board of Equalization (BOE) rules; the board's findings were adequate; and the award of attorney's fees was not warranted.

SHR St. Francis LLC v. City and County of San Francisco, 94 Cal.App.5th 622 (2023)

Taxpayers challenged the Assessment Appeals Board decision, which upheld the Assessor's valuation of hotel using an income method of valuation without making a deduction for various intangible assets. The Court of Appeals held that the city utilized a legally erroneous methodology for property valuation when it attempted to exclude the value of management agreement by only deducting management fees; the hotel's income from guest fees for cancellation, attrition, and no shows was includable in net operating income; and net income from guest laundry services and in-room movies was required to be deducted from net operating income.

Flightsafety International, Inc. v. Los Angeles County Assessment Appeals Board et al., 96 Cal.App.5th 712 (2023)

Taxpayer petitioned for writs of mandate ordering county assessment appeals board to enter taxpayer's opinion of the value of its property on tax assessment rolls based on board's alleged failure to hold timely hearings on taxpayer's applications for property tax assessment reductions. Taxpayer relied on section 1604 of the R&TC to argue that it was entitled to a decision within a two-year period, which the AAB had failed to provide. The court held that the taxpayer had agreed to give the AAB an unlimited extension and was thus not entitled to mandamus relief. In seeking mandamus relief, the exhaustion requirement speaks to whether an adequate legal remedy exists. If an administrative remedy is available and has not yet been exhausted, then extraordinary relief is not warranted. A remedy is not inadequate simply because it requires additional time and effort through the ordinary course of the law.



La Jolla Cove

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The *California State Board of Equalization Annual Report* and statistical data are available online at www.boe.ca.gov through the BOE's Open Data Portal (ODP).

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Stearns Wharf, Santa Barbara



