

Repeal Revenue and Taxation Code (RTC) Section 53.5 to delete the administratively impractical requirement to consider leach pads, tailing facilities, and settling ponds as separate appraisal units since no independent market value exists. (Housekeeping)

Source: Property Tax Department

Existing Law. Current law¹ requires the assessor to annually set the taxable value of real property at the lower of its factored base year value or current market value. The law² provides that the appraisal unit to value is that which persons in the marketplace commonly buy and sell as a unit. In 1999, an exception to this general law³ was created to require assessors to separately appraise leach pads, tailing facilities, and settling ponds on mining or mineral property despite the fact that these components are not sold separately. BOE staff has repeatedly found in its assessment practice surveys that counties are unable to administer this provision of law as a practical matter.

In reality, leach pads, settling ponds, tailing facilities do not sell separately from the rest of the mining appraisal unit. Thus, determining an independent market value for these pads, facilities, or ponds is impossible.

To help assessors comply with the law, the BOE recently recommended⁴ that each year the assessor estimate the cost to build a new leach pad, settling pond, or tailings dump and then reduce that cost by its remaining capacity to dispose of waste material. However, separating this portion of the property to measure the decline in value on two distinct parts of the appraisal unit consumes already scarce staff resources with no real indication that it aids valuation. Counties cannot find an effective way to value these components separate from the rest of the mining operation, since they are too closely integrated into the operation to be treated separately.

This Proposal. This proposal repeals RTC Section 53.5 so that leach pads, settling ponds, and tailing facilities are assessed along with the rest of the mining appraisal unit (that which is normally bought and sold in the marketplace). Repealing this provision would eliminate the need for BOE to make ongoing assessment practice survey recommendations on this issue and acknowledge the inability to implement this law practically.

Revenue Impact. The repeal of this section has an unknown but negligible revenue impact since most counties have not implemented this section. Any value of leach pads, settling ponds, and tailing facilities will be included in the overall value of the mining property.

Section 53.5 of the Revenue and Taxation Code is repealed:

~~53.5. With respect to property that is subject to valuation as mining or mineral property, the initial base year value of a leach pad, tailing facility, or settling pond on that property shall be the full cash value of that leach pad, tailing facility, or settling pond as of the first lien date upon which that pad, facility, or pond is subject to assessment. Each leach pad, tailing facility, or settling pond shall be considered a separate appraisal unit for purposes of determining its taxable value on each lien date subsequent to the lien date upon which the initial base year value was determined for that pad, facility, or pond.~~

¹ Revenue and Taxation Code Section 51

² RTC 51(d)

³ RTC 53 added by AB 1246 (Stats. 1998, Ch. 226)

⁴ LTA [2014/043](#)