

NAPA COUNTY SUPPLEMENTAL ASSESSMENT PRACTICES SURVEY

OCTOBER 2022

CALIFORNIA STATE BOARD OF EQUALIZATION

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October 11, 2022

TO COUNTY ASSESSORS:

No. 2022/048

**NAPA COUNTY
ASSESSMENT PRACTICES SURVEY**

A copy of the Napa County Supplemental Assessment Practices Survey Report is enclosed for your information. The State Board of Equalization (BOE) completed this survey in fulfillment of the provisions of sections 15640-15646 of the Government Code. These code sections provide that the BOE shall make surveys in specified counties to determine that the practices and procedures used by the County Assessor in the valuation of properties are in conformity with all provisions of law.

The Honorable John Tuteur, Napa County Assessor-Recorder-County Clerk, was provided a draft of this report and given an opportunity to file a written response to the findings and recommendations contained therein. The report, including the Assessor's response, constitutes the final survey report, which is distributed to the Governor, the Attorney General, and the State Legislature; and to the Napa County Board of Supervisors, Grand Jury, and Assessment Appeals Board.

Fieldwork for this supplemental survey was performed by the BOE's County-Assessed Properties Division during February and March 2022. The report does not reflect changes implemented by the Assessor after the fieldwork was completed.

Mr. Tuteur and his staff gave their complete cooperation during the survey. We gratefully acknowledge their patience and courtesy during the interruption of their normal work routine.

Sincerely,

/s/ David Yeung

David Yeung
Deputy Director
Property Tax Department

DY:dcl
Enclosure

TABLE OF CONTENTS

INTRODUCTION..... 1

OBJECTIVE 2

SCOPE AND METHODOLOGY 2

EXECUTIVE SUMMARY 4

OVERVIEW OF NAPA COUNTY..... 5

ADMINISTRATION: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS..... 6

STAFF PROPERTY AND ACTIVITIES..... 6

ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS 8

AUDIT PROGRAM 8

APPENDIX A: STATISTICAL DATA 10

APPENDIX B: COUNTY-ASSESSED PROPERTIES DIVISION SURVEY GROUP 15

ASSESSOR'S RESPONSE TO BOE'S FINDINGS 16

INTRODUCTION

Although county government has the primary responsibility for local property tax assessment, the State has both a public policy interest and a financial interest in promoting fair and equitable assessments throughout California. The public policy interest arises from the impact of property taxes on taxpayers and the inherently subjective nature of the assessment process. The financial interest derives from state law that annually guarantees California schools a minimum amount of funding; to the extent that property tax revenues fall short of providing this minimum amount of funding, the State must make up the difference from the general fund.

The assessment practices survey program is one of the State's major efforts to address these interests and to promote uniformity, fairness, equity, and integrity in the property tax assessment process. Under this program, the State Board of Equalization (BOE) periodically reviews the practices and procedures (surveys) of specified County Assessors' offices. This report reflects the BOE's findings in its current survey of the Napa County Assessor-Recorder-County Clerk's Office.¹

The Assessor is required to file with the board of supervisors a response that states the manner in which the Assessor has implemented, intends to implement, or the reasons for not implementing the recommendations contained in this report. Copies of the response are to be sent to the Governor, the Attorney General, the BOE, and the Senate and Assembly; and to the Napa County Board of Supervisors, Grand Jury, and Assessment Appeals Board. That response is to be filed within one year of the date the report is issued and annually thereafter until all issues are resolved. The Honorable John Tuteur, Napa County Assessor-Recorder-County Clerk, elected to file his initial response prior to the publication of our survey; it is included in this report following the Appendices.

¹ This review covers only the assessment functions of the office.

OBJECTIVE

The survey shall "...show the extent to which assessment practices are consistent with or differ from state law and regulations."² The primary objective of a survey is to ensure the Assessor's compliance with state law governing the administration of local property taxation. This objective serves the three-fold purpose of protecting the state's interest in the property tax dollar, promoting fair treatment of taxpayers, and maintaining the overall integrity and public confidence in the property tax system in California.

The objective of the survey program is to promote statewide uniformity and consistency in property tax assessment by reviewing each specified county's property assessment practices and procedures, and publishing an assessment practices survey report. Every Assessor is required to identify and assess all properties located within the county – unless specifically exempt – and maintain a database or "roll" of the properties and their assessed values. If the Assessor's roll meets state requirements, the county is allowed to recapture some administrative costs.

SCOPE AND METHODOLOGY

Government Code sections 15640 and 15642 define the scope of an assessment practices survey. As directed by those statutes, our survey addresses the adequacy of the procedures and practices employed by the Assessor in the valuation of property, the volume of assessing work as measured by property type, and the performance of other duties enjoined upon the Assessor.

Pursuant to Revenue and Taxation Code³ section 75.60, the BOE determines through the survey program whether a county assessment roll meets the standards for purposes of certifying the eligibility of the county to continue to recover costs associated with administering supplemental assessments. Such certification is obtained either by satisfactory statistical result from a sampling of the county's assessment roll or by a determination by the survey team – based on objective standards defined in regulation – that there are no significant assessment problems in the county.

The BOE has elected to conduct a supplemental survey for Napa County. The supplemental survey includes a review of the recommendations contained in the prior survey report, the Assessor's written response to the recommendations, the Assessor's current records pertaining to those recommendations, and interviews with the Assessor and his staff. This supplemental survey is made to determine the extent to which the Assessor has implemented the recommendations contained in the prior survey report and to identify areas where problems still exist.

This supplemental survey examined the assessment practices of the Napa County Assessor's Office for the 2021-22 assessment roll. Since this survey did not include an assessment sample pursuant to Government Code section 15640(c), our review included an examination to determine whether "significant assessment problems" exist, as defined by Rule 371.

² Government Code section 15642.

³ Unless otherwise stated, all statutory references are to the California Revenue and Taxation Code and all rule references are to sections of California Code of Regulations, Title 18, Public Revenues.

Our survey methodology of the Napa County Assessor's Office included reviews of the Assessor's records, interviews with the Assessor and his staff, and contacts with officials in other public agencies in Napa County who provided information relevant to the property tax assessment program.

For a detailed description of the scope of our review of county assessment practices, please refer to the document entitled *Scope of Assessment Practices Surveys*, which is available on the BOE's website at <http://www.boe.ca.gov/Assessors/pdf/Scopemaster.pdf>. Additionally, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found at <http://www.boe.ca.gov/proptaxes/apscont.htm>.

EXECUTIVE SUMMARY

The BOE has elected to perform a supplemental survey of the Napa County Assessor's Office, addressing only the recommendations from the prior survey and whether the Assessor has implemented those recommendations. In the 2013 Napa Assessment Practices Survey report, there were a total of two recommendations.

In the area of administration, which affect both the real property and business property assessment programs, we reviewed one prior recommendation identified in the Assessor's staff property and activities program. The Assessor has implemented the recommendation related to the staff property and activities program.

In the area of personal property and fixtures, we reviewed one prior recommendation identified in the Assessor's audit program. The Assessor has not implemented the recommendation related to the audit program.

OVERVIEW OF NAPA COUNTY

Napa County is located in northwest California and is one of California's original 27 counties created in 1850. The county encompasses a total area of 788.58 square miles, consisting of 748.36 square miles of land area and 40.22 square miles of water area. Napa County is bordered by Lake County on the north, Yolo County on the north and east, Solano County on the south, and Sonoma County to the west.



As of 2020, Napa County had an estimated population of 138,019. There are five incorporated cities in Napa County, which include American Canyon, Calistoga, Napa, St. Helena, and the town of Yountville. The county seat is Napa.

The Napa County local assessment roll ranks 25th in value of the 58 county assessment rolls in California.⁴

⁴ Statistics provided by the BOE's Table 7 – *Assessed Value of County-Assessed Property Subject to General Property Taxes*, for year 2021-22.

ADMINISTRATION: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS

Following is the recommendation included in our August 2013 Assessment Practices Survey Report that relates to administrative policies and procedures, and the Assessor's response to the recommendation. After each recommendation, we report the current status of the Assessor's effort to implement the recommendation, as noted during our supplemental survey fieldwork.

Staff Property and Activities

RECOMMENDATION 1: Develop and adhere to written procedures for incompatible activities and the reporting of economic interests, and expand and adhere to written procedures for maintaining the integrity of staff-owned property assessments.

Original Findings:

We found that the Assessor has only informal policies and no written procedures for addressing issues regarding staff's engagement in activities that are incompatible with their duties, or the requirement that staff report their economic interests. Even though there are no written procedures in place, we found that all staff had complied with the Assessor's informal policy requiring the reporting of economic or financial interests. However, we found non-compliance with the Assessor's informal policy against engaging in incompatible activities. As previously mentioned, the Assessor has a policy requiring that staff receive a memo outlining inconsistent, incompatible, and conflicting activities; staff is required to sign and date the memo, acknowledging receipt. Upon our request, we obtained copies of the acknowledgements on file for all staff; however, three were dated subsequent to our request.

In addition, we found that the Assessor's written procedures for the assessment of staff-owned property are limited and should be expanded to fully address related potential issues. Prior informal policies and the recently developed written procedures call for the review of assessments of staff-owned property. However, we found that reviews are not consistently performed, and that automated assessments and sale prices enrolled pursuant to Rule 2 are not routinely reviewed.

Original Assessor's Response:

WE CONCUR We have completed, adopted and are implementing written procedures for reporting of economic interests, incompatible activities and maintaining the integrity of the assessment of staff-owned properties.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor has developed and adheres to written procedures for incompatible activities and the reporting of economic interests, and expanded and adheres to their written procedures for maintaining the integrity of staff-owned property assessments.

ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS

Following is the recommendation included in our August 2013 Assessment Practices Survey Report that relates to the assessment of personal property and fixtures, and the Assessor's response to the recommendation. After each recommendation, we report the current status of the Assessor's effort to implement the recommendation, as noted during our supplemental survey fieldwork.

Audit Program

RECOMMENDATION 2: Perform the minimum number of audits of professions, trades, and businesses pursuant to section 469.

Original Findings:

The Assessor did not conduct the minimum number of audits required under the provisions of section 469. As previously mentioned, the Assessor completed 47 of the 54 required minimum number of audits for the 2009-10 roll year, and 41 for the 2010-11 roll year.

Original Assessor's Response:

WE CONCUR We have instituted an audit assignment and tracking system to make sure that the required number of audits are performed pursuant to section 469.

Current Status:

We found that the Assessor has not implemented this recommendation. The Assessor did not meet the minimum number of audits required by section 469 for the 2017-18 and 2018-19 fiscal years. The Assessor completed a total of 32 audits for the 2017-18 fiscal year and 27 audits for the 2018-19 fiscal year, with each fiscal year falling short of the required 54 audits. In addition, the Assessor conducted 17 audits for the 2019-20 fiscal year and 23 audits for the 2020-21 fiscal year.

For the 2016-17 through the 2018-19 fiscal years, section 469 required the Assessor to audit 54 taxpayers per year, with 27 of those audits from the pool of largest business property assessments and 27 of the audits from the pool of all other business property owners. By failing to conduct the minimum number of audits for those fiscal years, the Assessor was not in compliance with section 469 and risked the possibility of allowing taxable property to permanently escape assessment.

However, effective January 1, 2019, Senate Bill (SB) 1498 (Stats. 2018, Ch. 467) provided the Assessor with some discretion in the number of audits to be completed each year. Rather than requiring the Assessor to complete a specified number of audits each year, SB 1498 amended section 469 to allow the Assessor to complete a four-year total number of audits in each category

within a four-year period. The first year of the four-year period began with the 2019-20 fiscal year and, thus, at this time, we are unable to determine whether the Assessor will meet the minimum number of audits required for the current four-year period of audits, which will end with fiscal year 2022-23.

APPENDIX A: STATISTICAL DATA

Table 1: Assessment Roll

The following table displays pertinent information from the 2021-22 assessment roll.⁵

	PROPERTY TYPE	ENROLLED VALUE
Secured Roll	Land	\$19,745,291,090
	Improvements	\$24,329,958,005
	Fixtures	\$768,053,426
	Personal Property	\$627,902,372
	Total Secured	\$45,471,204,893
Unsecured Roll	Land	\$30,287,524
	Improvements	\$236,460,022
	Fixtures	\$517,816,043
	Personal Property	\$904,460,193
	Total Unsecured	\$1,689,023,782
Exemptions⁶		(\$1,600,171,322)
	Total Assessment Roll	\$45,560,057,353

Table 2: Change in Assessed Values

The following table summarizes the change in assessed values over recent years:⁷

ROLL YEAR	TOTAL ROLL VALUE	CHANGE	STATEWIDE CHANGE
2021-22	\$45,560,057,000	3.4%	4.1%
2020-21	\$44,082,958,000	5.3%	5.0%
2019-20	\$41,862,788,000	6.6%	6.1%
2018-19	\$39,276,555,000	4.9%	6.5%
2017-18	\$37,426,333,000	6.9%	6.3%

⁵ Statistics provided by BOE-822, *Report of Assessed Values By City, County 28 Napa*, for year 2021.

⁶ The value of the Homeowners' Exemption is excluded from the exemptions total.

⁷ Statistics provided by the BOE's Table 7 – *Assessed Value of County-Assessed Property Subject to General Property Taxes*, for years 2017-18 through 2021-22.

Table 3: Gross Budget and Staffing

The Assessor's budget has grown from \$3,276,482 in 2016-17 to \$3,696,979 in 2020-21.

For the fiscal year 2020-21, the Assessor had 24 budgeted permanent positions. This included the Assessor, Chief Appraiser, 3 supervisors, 8 real property appraisers, 2 business property auditor-appraisers, 1 cadastral mapper, 3 appraiser aides, and 5 support staff.⁸

The following table identifies the Assessor's budget and staffing over recent fiscal years:⁹

FISCAL YEAR	GROSS BUDGET	PERCENT CHANGE	PERMANENT STAFF
2020-21	\$3,696,979	2.1%	24
2019-20	\$3,622,298	2.6%	24
2018-19	\$3,531,529	4.5%	24
2017-18	\$3,379,024	3.1%	23
2016-17	\$3,276,482	6.0%	23

Table 4: Assessment Appeals

The following table shows the number of assessment appeals filed in recent fiscal years:¹⁰

FISCAL YEAR	ASSESSMENT APPEALS FILED
2020-21	209
2019-20	157
2018-19	243
2017-18	199
2016-17	243

⁸ Statistics provided by *A Report on Budget, Personnel, and Appeals Data* for year 2020-21 & *Roll Data* for year 2021-22.

⁹ Statistics provided by *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2020-21 & *Roll Data* for years 2017-18 through 2021-22.

¹⁰ Statistics provided by *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2020-21 & *Roll Data* for years 2017-18 through 2021-22.

Table 5: Exemptions – Welfare

The following table shows welfare exemption data for recent roll years:¹¹

ROLL YEAR	WELFARE EXEMPTIONS	EXEMPTED VALUE
2021-22	500	\$1,317,185,189
2020-21	480	\$1,266,428,898
2019-20	476	\$1,212,921,367
2018-19	434	\$1,178,416,597
2017-18	438	\$837,871,478

Table 6: Change in Ownership

The following table shows the total number of transfer documents received and the total number of reappraisable transfers due to changes in ownership processed in recent roll years:¹²

ROLL YEAR	TOTAL TRANSFER DOCUMENTS RECEIVED	REAPPRAISABLE TRANSFERS
2021-22	8,378	2,425
2020-21	7,119	2,336
2019-20	7,831	2,385
2018-19	7,828	2,483
2017-18	8,839	2,714

¹¹ Statistics provided by BOE-802, *Report on Exemptions*, for years 2017-18 through 2021-22.

¹² Statistics provided by *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2020-21 & *Roll Data* for years 2017-18 through 2021-22.

Table 7: New Construction

The following table shows the total number of building permits received and the total number of new construction assessments processed in recent roll years:¹³

ROLL YEAR	TOTAL BUILDING PERMITS RECEIVED	NEW CONSTRUCTION ASSESSMENTS
2021-22	2,068	862
2020-21	1,674	919
2019-20	2,008	883
2018-19	2,154	1,459
2017-18	1,167	835

Table 8: Declines In Value

The following table shows the total number of decline-in-value assessments in recent roll years:¹⁴

ROLL YEAR	DECLINE-IN-VALUE ASSESSMENTS
2021-22	1,942
2020-21	2,212
2019-20	2,242
2018-19	2,308
2017-18	3,763

¹³ Statistics provided by *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2020-21 & *Roll Data* for years 2017-18 through 2021-22.

¹⁴ Statistics provided by *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2020-21 & *Roll Data* for years 2017-18 through 2021-22.

Table 9: Audits

The following table shows the minimum number of audits required to be conducted and the total number of audits completed in recent fiscal years.¹⁵

MINIMUM NUMBER OF AUDITS REQUIRED¹⁶	2020-21	2019-20	2018-19	2017-18	2016-17
Largest Assessments			27	27	27
All Other Taxpayers			27	27	27
Total Required			54	54	54
NUMBER OF AUDITS COMPLETED					
Total Audits Completed	23	17	27	32	48
Largest Assessments	5	11	21	23	24
Over/(Under) Required			(6)	(4)	(3)
All Other Taxpayers	18	6	6	9	24
Over/(Under) Required			(21)	(18)	(3)
CCCASE AUDITS					
Prepared for other County Assessors	0	0	0	0	0

¹⁵ Statistics provided by the Assessor, except for the 2016-17 fiscal year, which was provided by *A Report on Budget, Personnel, and Appeals Data* for year 2016-17 & *Roll Data* for year 2017-18.

¹⁶ See Letter to Assessors (LTA) No. 2009/049, *Significant Number of Business Property Audits*, for the minimum number of annual audits required pursuant to the provisions of section 469 for years 2016-17 through 2018-19. Effective January 1, 2019, section 469 was amended to give Assessors more flexibility in completing the number of audits by allowing for the four-year total of required annual audits to be completed within a four-year period of time, rather than annually, beginning with the 2019-20 fiscal year. For more information on the amendments to section 469, see LTA No. 2018/067.

APPENDIX B: COUNTY-ASSESSED PROPERTIES DIVISION SURVEY GROUP

Napa County Supplemental Survey

Chief

Patricia Lumsden

Survey Program Director:

Holly Cooper

Manager, Property Tax Department

Survey Team Supervisor:

David Dodson

Supervisor, Property Tax Department

Survey Team:

Laura Ruiz

Associate Property Appraiser

Nancy Le

Associate Property Auditor Appraiser

ASSESSOR'S RESPONSE TO BOE'S FINDINGS

Section 15645 of the Government Code provides that the Assessor may file with the Board a response to the findings and recommendations in the survey report. The survey report, the Assessor's response, and the BOE's comments regarding the Assessor's response, if any, constitute the final survey report.

The Napa County Assessor's response begins on the next page. The BOE has no comments on the response.

RECEIVED

SEP 09 2022

County-Assessed Properties Division
State Board of Equalization

Assessor-Recorder-County Clerk
Assessor Division

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JOHN TUTEUR

ASSESSOR-RECORDER-COUNTY CLERK



A Tradition of Stewardship
A Commitment to Service

September 2, 2022

David Yeung, Deputy Director
COUNTY-ASSESSED PROPERTIES DIVISION
STATE BOARD OF EQUALIZATION
PO BOX 942879
SACRAMENTO CA 94279-0064

Dear Mr. Yeung:

Pursuant to California Government Code 15645 I am providing our written response to the findings and recommendations contained in the Napa County Assessment Practices Supplemental Survey of the 2021-2022 assessment roll.

Survey Team Supervisor David Dodson and team accomplished their review in an efficient manner during February and March 2022 with minimal interruption of our operations. We appreciate the stimulating conversations with SBE staff during the fieldwork and post-conference process.

I want to acknowledge the excellent working relations we have with the staffs of our Treasurer-Tax Collector, Auditor-Controller, County Counsel and Clerk of the Assessment Appeals Board. All these agencies contribute to an efficient and cost-effective property tax system for the residents of Napa County.

I especially want to recognize the dedication and professionalism of our staff and their commitment to providing fair and accurate assessments to the property owners of our county.

Please let me know if there are any questions or comments john.tuteur@countyofnapa.org or 707-253-4459.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Tuteur".

John Tuteur

Napa County Assessor-Recorder-County Clerk

RESPONSE TO NAPA COUNTY ASSESSMENT PRACTICES SURVEY RECOMMENDATIONS

RECOMMENDATION 2 [Page 8-9]: Perform the minimum number of audits of professions, trades, and businesses pursuant to section 469.

Current Status: We found that the Assessor has not implemented this recommendation. The Assessor did not meet the minimum number of audits required by section 469 for the 2017-18 and 2018-19 fiscal years. The Assessor completed a total of 32 audits for the 2017-18 fiscal year and 27 audits for the 2018-19 fiscal year, with each fiscal year falling short of the required 54 audits. In addition, the Assessor conducted 17 audits for the 2019-20 fiscal year and 23 audits for the 2020-21 fiscal year.

RESPONSE: WE CONCUR We are striving to complete sufficient audits by June 30, 2023 to meet the four-year target set forth in amended California Revenue and Taxation Code section 469.