

SONOMA COUNTY SUPPLEMENTAL ASSESSMENT PRACTICES SURVEY

DECEMBER 2021

CALIFORNIA STATE BOARD OF EQUALIZATION

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December 30, 2021

No. 2021/062

TO COUNTY ASSESSORS:

**SONOMA COUNTY
SUPPLEMENTAL ASSESSMENT PRACTICES SURVEY**

A copy of the Sonoma 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 Deva Marie Proto, Sonoma County Clerk-Recorder-Assessor-Registrar of Voters, 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 Sonoma 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 April 2021. The report does not reflect changes implemented by the Assessor after the fieldwork was completed.

Ms. Proto and her 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

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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 Sonoma County Clerk-Recorder-Assessor-Registrar of Voters' 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 Sonoma 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 Deva Marie Proto, Sonoma County Clerk-Recorder-Assessor-Registrar of Voters, elected to file her initial response prior to the publication of our survey; it is included in this report following the Appendixes.

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 Sonoma 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 her 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 Sonoma County Assessor's Office for the 2019-2020 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 Sonoma County Assessor's Office included reviews of the Assessor's records, interviews with the Assessor and her staff, and contacts with officials in other public agencies in Sonoma 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 Sonoma County, addressing only the recommendations from the prior survey and whether the Assessor has implemented those recommendations. In the 2015 Sonoma County Assessment Practices Survey report, there were a total of nine recommendations.

In the area of the Assessor's administrative policies and procedures that affect both the real property and business property assessment programs, there were no prior recommendations identified.

In the area of real property assessment, we reviewed six prior recommendations identified in the Assessor's change in ownership, new construction, declines in value, California Land Conservation Act (CLCA) property, taxable possessory interests, and mineral property programs. The Assessor has implemented the recommendations related to the change in ownership, new construction, and declines in value programs. However, the Assessor has not implemented the recommendations that relate to the CLCA and mineral property programs, and has only partially implemented the recommendation related to the taxable possessory interests program.

In the area of personal property and fixtures, we reviewed three prior recommendations identified in the Assessor's audit, business property statement, and manufactured homes programs. The Assessor has implemented the recommendations related to the audit and manufactured homes programs. However, the Assessor has only partially implemented the recommendation that relates to the business property statement program.

OVERVIEW OF SONOMA COUNTY

Sonoma 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 1,767.95 square miles, consisting of 1,575.85 square miles of land area and 192.10 square miles of water area. Sonoma County is bordered by Mendocino County to the north, Lake and Napa Counties to the east, Marin County to the south, and the Pacific Ocean to the west.

As of 2019, Sonoma County had an estimated population of 494,336. There are nine incorporated cities in Sonoma County. Those cities include Cloverdale, Cotati, Healdsburg, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, and Windsor. The county seat is the city of Santa Rosa.

The Sonoma County local assessment roll ranks 14th 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 2019-20.

ASSESSMENT OF REAL PROPERTY: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS

Following are the recommendations included in our December 2015 Assessment Practices Survey Report that relate to the assessment of real property and the Assessor's response to the recommendations. After each recommendation, we report the current status of the Assessor's effort to implement the recommendation, as noted during our supplemental survey fieldwork.

Change in Ownership

RECOMMENDATION 1: Improve the change in ownership program by properly notifying taxpayers of any penalty added in compliance with section 482(f).

Original Findings:

Whenever a change in control or change in ownership of a legal entity occurs and a *Statement of Change in Control and Ownership of Legal Entities* is not timely filed, the assessor notifies entities of the penalties being applied. Although the notice apprises taxpayers of their right to an informal review and their right to file an appeal, they do not notify them of a remedy to request penalty abatement.

Original Assessor's Response:

We concur. The recommended changes were already implemented while this survey was being conducted.

Current Status:

We found that the Assessor has implemented this recommendation. When notifying a legal entity of a penalty due to a failure to timely file BOE-100-B, *Statement of Change in Control and Ownership of Legal Entities*, the Assessor's notice includes language informing those legal entities of their right to request an abatement of the penalty.

New Construction

RECOMMENDATION 2: Properly classify structural improvements in accordance with Rule 124.

Original Findings:

We found that the assessor continues to enroll completed new construction of septic systems as a component of the land value.

Original Assessor's Response:

We concur that septic systems should be classified as improvements and not land improvements. While the property assessment impact of this difference in classification is de minimis, we will implement this recommendation as time and staffing allow.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor properly enrolls completed new construction of septic systems as a component of the improvement value.

Declines in Value

RECOMMENDATION 3: Improve the decline-in-value program by including all information required by section 619(b) on the decline in value notice when fully or partially restoring the factored base year value.

Original Findings:

Although the assessor's value notice sets forth the procedure for filing an appeal, the notice does not contain an explanation of the stipulation procedure.

Original Assessor's Response:

We concur. As requested our property tax software vendor has made this change.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor's value change notice includes language that provides an explanation of the stipulation procedure, as required by section 1607.

California Land Conservation Act Property

RECOMMENDATION 4: Improve the valuation of CLCA properties by:
(1) capitalizing compatible use income; (2) deducting a charge for a return of the well value from income attributable to the property; (3) valuing vineyard trellising as unrestricted improvements; and (4) properly accounting for deductions for expense charges from the income stream attributable to the real property.

(1) Capitalize compatible use income.**Original Findings:**

We found the assessor is not recognizing compatible use income for properties having additional income from cell tower leases. The appropriate manner to value this income, according to the guidance provided in Assessors' Handbook Section 521, *Assessment of Agricultural and Open-Space Properties* (AH 521), page II-16, is for the appraiser to estimate the duration of the lease and capitalize the rent received as a level annuity. The present worth of the restricted reversionary value is then added to the present worth of the annuity.

We also found the assessor allocates an estimated acreage for winery sites, assigns the site a base year value, and adjusts the base year value for inflation each lien date. The assessor should value permitted commercial sites allowed under open-space restrictions, such as wineries, by capitalizing an economic site rent using the open-space capitalization rate.

Original Assessor's Response:

We concur. Recommended changes will be made as time and staffing allow.

Current Status:

We found that the Assessor has not implemented this portion of the recommendation. The Assessor does not recognize compatible use income when valuing CLCA properties having additional income from cell tower leases. In addition, when determining the value for a winery site, the Assessor continues to allocate an estimated acreage for the winery site, assign the site a base year value, and adjust the base year value for inflation each lien date, which is an incorrect valuation procedure for permitted commercial sites allowed under open-space restrictions.

Property encumbered by a CLCA contract is assessed on the basis of its agricultural income producing ability, which would include any compatible use income. In defining the income to be capitalized when valuing open-space properties subject to enforceable restrictions, section 423(a)(2) provides that revenue shall be the amount of money to which the land can reasonably be expected to yield to an owner-operator. Although this income can be derived from any permitted use of the land under the terms by which it is enforceably restricted, section 428 prohibits residential uses from receiving a restricted valuation. Under these provisions, and in accordance with Government Code sections 51238, 51238.1, 51238.2 and 51238.3, the Assessor must assume any use, other than a residential use, allowed by a contract is a compatible use. Therefore, when income generated by this compatible use is attributable to the land, it must be capitalized in the manner specified for restricted properties.

By not including all compatible use income in the valuation process, the Assessor's income approach valuation will yield an incorrect value indicator for those open-space properties that have additional income from allowed compatible uses.

(2) Deduct a charge for a return of the well value from income attributable to the property.

Original Findings:

We found the assessor does not deduct a charge for the return of the well value in irrigation wells (recapture) when using the income approach to arrive at the restricted land value.

Original Assessor's Response:

We concur. Recommended changes will be made as time and staffing allow.

Current Status:

We found that the Assessor has not implemented this portion of the recommendation. The Assessor does not deduct a charge for the return of the well value in irrigation wells (recapture) when using the income approach to arrive at the restricted land value.

Wells are classified as land for property tax purposes and a return on the well value is included in the land capitalization rate. As described in Assessors' Handbook Section 521, *Assessment of Agricultural and Open-Space Properties (AH 521)*, wells are wasting assets. Therefore, a charge for a return of the well value must be subtracted from the income stream.

By not deducting a charge for the recapture of the investment in the well, the Assessor is overstating the net income of the property and, therefore, overvaluing the property.

(3) Value vineyard trellising as unrestricted improvements.

Original Findings:

The assessor values trellises as unrestricted fixed equipment during the period when the vines are exempt. When the vines become taxable, the factored base year value of the trellises and wire is deleted from the assessment roll and the trellis value is considered as part of the income attributable to the vines. The assessor does not allow for a return on and of the trellis investments in CLCA vine calculations.

Original Assessor's Response:

We concur. Recommended changes will be made as time and staffing allow.

Current Status:

We found that the Assessor has not implemented this portion of the recommendation. The Assessor values trellises as unrestricted fixed equipment during the period when the vines are exempt. When the vines become taxable, the factored base year value of the trellises and wire is deleted from the assessment roll and the trellis value is considered as part of the income attributable to the vines. The Assessor does not allow for a return on and of the trellis investments in CLCA vine calculations.

Article XIII, section 3(i) of the California Constitution exempts from property tax grape vines until three years after the season first planted. Rule 131(h) defines structural improvements as stakes, trellises, fences, and other structural orchard and vineyard improvements. These improvements are taxable both during and after the exemption period for trees and vines. Section 423(e) provides that CLCA contracts may allow nonliving improvements to be valued as restricted property; however, Sonoma County has not adopted such an ordinance. As a result, nonliving improvements, such as trellises, are not restricted and should not be valued by the restricted valuation method. Pursuant to AH 521, the Assessor should allow for a return *on* and *of* the value of improvements from the income stream before capitalizing the residual income into the value of the restricted property. This step is necessary because the income to be capitalized in open-space valuation is the net income attributable only to the land and restricted living improvements.

By improperly classifying vineyard trellises, wire, and stakes, the Assessor has incorrectly assessed the vines and their accompanying improvements on both restricted and unrestricted vineyard properties. Additionally, deleting trellises from the assessment roll when the vines become taxable results in the omission and miscalculation of supplemental assessments should the property sell.

(4) Properly account for deductions for expense charges from the income stream attributable to the real property.

Original Findings:

The assessor is not deducting an expense charge for management, insurance, or maintenance from the income stream. According to the assessor, they are accounting for these expenses by using a lower land rent than they would normally use when calculating the restricted land value.

Original Assessor's Response:

We concur. Recommended changes will be made as time and staffing allow.

Current Status:

We found that the Assessor has not implemented this portion of the recommendation. The Assessor does not deduct an expense charge for management, insurance, or maintenance from the income stream.

According to AH 521, expense charges for property management, insurance, and maintenance are legitimate deductions from the gross income attributable to the property. Since the income to be capitalized in the valuation of open-space properties is the net income attributable to the land, the expenses necessary to maintain this income and the portion of the income attributable to the improvements must be subtracted from the expected gross income prior to capitalization. Expenses that can properly be deducted from the gross income attributable to the real property are those incurred by the owner in managing their investment in the real property.

By not deducting appropriate expenses, the Assessor may be overstating the income to be capitalized, leading to an incorrect restricted land value. If this occurs, the Assessor may

incorrectly enroll the factored base year value, in accordance with section 423.3, as the lower of the three calculated values.

Taxable Possessory Interests

RECOMMENDATION 5: Improve the taxable possessory interest program by:
(1) discovering and assessing all potential taxable possessory interests and (2) issuing supplemental assessments on taxable possessory interests.

(1) Discover and assess all potential taxable possessory interests.

Original Findings:

We discovered potential taxable possessory interests at Sonoma State University that have not been recognized by the assessor.

Original Assessor's Response:

We concur. Recommend changes will be implemented as time and staffing allow.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor has a program in place to correctly discover and recognize all potential taxable possessory interests located within the county.

(2) Issue supplemental assessments on taxable possessory interests.

Original Findings:

It is the assessor's practice and unwritten policy not to issue supplemental assessments for changes in ownership of taxable possessory interests.

Original Assessor's Response:

We concur. Recommend changes will be implemented as time and staffing allow.

Current Status:

We found that the Assessor has not implemented this portion of the recommendation. The examples discovered showed that the Assessor did not issue a supplemental assessment when there was a change in ownership of a taxable possessory interest.

Taxable possessory interests, like other real property, are subject to supplemental assessment whenever there is a change in ownership or completed new construction. Section 61(b) provides that the creation, renewal, extension, or assignment of a taxable possessory interest is a change in ownership. Section 75.11 provides that there shall be a supplemental assessment following a

change in ownership. In addition, Assessors' Handbook Section 510, *Assessment of Taxable Possessory Interests*, states that the supplemental assessment amount for the newly created taxable possessory interest should be based on its fair market value without offset for a prior value on the regular assessment roll.

The Assessor's practice is contrary to statute and results in unequal treatment of taxpayers.

Mineral Property

RECOMMENDATION 6: Measure declines in value for mineral properties using the entire appraisal unit as required by Rule 469.

Original Findings:

The assessor uses the royalty method to determine the value of the mineral rights. The assessor's business property unit assesses the associated extraction-related fixtures and equipment separately from the mineral rights. The assessor reviews reserves and enrolls additions to reserves when indicated in the appraisal. However, declines in value are not measured using the entire appraisal unit as required in Rule 469(e)(2)(C).

Original Assessor's Response:

We concur. Recommend changes will be implemented as time and staffing allow.

Current Status:

We found that the Assessor has not implemented this recommendation. The Assessor does not track the adjusted base year value of fixtures and equipment for inclusion in the appraisal unit for comparison of the current market value and the adjusted base year value. In addition, we found that for some properties, the Assessor is no longer determining the current market value of the minerals and only enrolls an adjusted base year value. In those instances, the Assessor enrolls the adjusted base year value for minerals and the current market value for fixtures and equipment.

In accordance with article XIII A of the California Constitution, all real property receives a base year value and, on each lien date, the taxable value of the real property unit is the lesser of its adjusted base year value or current market value. Section 105 defines fixtures as a type of improvement and, hence, as real property.

For most properties, fixtures are treated as a separate appraisal unit for purposes of determining declines in value. Mineral properties, however, are treated differently. Rule 469(e)(2)(C) specifically defines the appraisal unit of a mineral property to include land, improvements including fixtures, and reserves. The Assessor should use this unit for measuring possible declines in value.

Failure to properly determine the decline in value using the entire mineral property appraisal unit could result in an underassessment of the fixtures and equipment or an overassessment of the mineral rights.

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

Following are the recommendations included in our December 2015 Assessment Practices Survey Report that relate to the assessment of personal property and fixtures and the Assessor's response to the recommendations. 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 7: Improve the audit program by enrolling all escaped assessments and over assessments discovered during the course of an audit.

Original Findings:

The assessor typically does not enroll escape assessments that amount to differences of 5 percent or less of the original value of audited business property, with a cap of \$250,000 in value.

Original Assessor's Response:

We concur. Recommendations have been implemented.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor enrolls all escaped assessments and overassessments discovered during the course of an audit.

Business Property Statement Program

RECOMMENDATION 8: Value taxable business property in accordance with section 501 when a property owner fails to file a business property statement.

Original Findings:

When a completed BPS is submitted late, the assessor correctly calculates the current market value of reported taxable business property owned and controlled by the property owner and applies the statutorily defined 10 percent penalty assessment. However, in cases where the BPS is not returned, the assessor does not calculate the current market value of the known taxable business property; he simply carries forward the previous year's enrolled value and adds a

10 percent penalty assessment under section 463. When applied over two or more consecutive years, this policy results in a fixed escalation of previous years enrollments.

Original Assessor's Response:

We do not fully concur with this recommendation. Our Auditor-Appraiser staff are required annually to enroll market value for business property. For non-filers the enrollment of the original assessed value is an opinion of value. This value is reviewed annually and estimated based on the best information possible. If the original value is deemed to be within a reasonable range, then only a ten percent penalty is added. In the future we will better document our non-filer procedures and supply our value range study for select business types.

Current Status:

We found that the Assessor has partially implemented this recommendation. When a taxpayer fails to file for more than one consecutive year, the Assessor correctly removes the prior year's penalty before applying the current year's penalty, so there is no longer a fixed escalation of the previous year's enrollment. However, the Assessor does not calculate the current market value of the known business property; she simply carries forward the previous year's enrolled value (minus the prior year's penalty) and applies the 10 percent penalty assessment under section 463.

Section 441(b) provides that a business property statement is considered late if it is not filed by May 7. If an assessee does not file a BPS by May 7, section 501 provides that the Assessor shall estimate a value based on available information and add a 10 percent penalty to that estimated value. If a BPS was received during the previous year, it is usually reasonable to use the reported cost data as a basis for estimating the current year's value. However, when allowing estimated assessments to continue for several years without any new information, the values become increasingly susceptible to error.

The Assessor's current enrollment methodology as applied to non-filing accounts may lead to erroneous value conclusions and may lead to improper application of the late or non-filing penalty provided for in section 463.

Manufactured Homes

RECOMMENDATION 9: Improve the manufactured home program by: (1) enrolling manufactured homes situated on fee owned land as personal property and (2) periodically reviewing manufactured homes situated on fee owned land for declines in value.

(1) Enroll manufactured homes situated on fee owned land as personal property.

Original Findings:

The BOE discovered manufactured homes situated on fee owned land that were classified as structural improvements rather than personal property. According to assessor's staff, past practice was to classify all manufactured homes situated on fee owned land as structural improvements. Currently, manufactured homes that changed ownership prior to 2005 remain classified as

structural improvements, while those that changed ownership in 2005 or after are classified as personal property.

Original Assessor's Response:

We concur with this recommendation as it pertains to manufactured homes on fee owned land. Please note that manufactured homes on fee owned land account for an extremely low number of the total assessments that we make on manufactured homes. We will review and implement this recommendation as time and staffing allow.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor properly classifies manufactured homes situated on fee owned land that are not affixed to a permanent foundation system as personal property.

(2) Periodically review manufactured homes situated on fee owned land for decline in value.

Original Findings:

The BOE discovered that assessments for manufactured homes situated on fee owned land, recently reclassified as personal property, have not been periodically reviewed for declines in value. Instead, the values have remained constant for several years.

Original Assessor's Response:

We concur with this recommendation as it pertains to manufactured homes on fee owned land. Please note that manufactured homes on fee owned land account for an extremely low number of the total assessments that we make on manufactured homes. We will review and implement this recommendation as time and staffing allow.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor has put a procedure in place to periodically review all manufactured homes on fee owned land for declines in value.

APPENDIX A: STATISTICAL DATA

Table 1: Assessment Roll

The following table displays pertinent information from the 2019-2020 assessment roll.⁵

	PROPERTY TYPE	ENROLLED VALUE
Secured Roll	Land	\$37,967,859,670
	Improvements	\$55,120,056,442
	Fixtures	\$ 655,481,992
	Personal Property	\$ 809,188,447
	Total Secured	\$94,552,586,551
Unsecured Roll	Land	\$ 45,903,385
	Improvements	\$ 142,363,581
	Fixtures	\$ 994,825,052
	Personal Property	\$ 1,986,357,107
	Total Unsecured	\$ 3,169,449,125
Exemptions⁶		(\$ 2,965,773,054)
	Total Assessment Roll	\$94,756,262,622

Table 2: Change in Assessed Values

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

YEAR	TOTAL ROLL VALUE	CHANGE	STATEWIDE CHANGE
2019-20	\$94,756,263,000	5.8%	6.1%
2018-19	\$89,543,224,000	4.0%	6.5%
2017-18	\$86,110,565,000	5.4%	6.3%
2016-17	\$81,689,190,000	5.8%	5.5%
2015-16	\$77,175,225,000	6.8%	6.0%

⁵ Statistics provided by BOE-822, *Report of Assessed Values By City, Sonoma County* for year 2019.

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 2015-16 through 2019-20.

Table 3: Gross Budget and Staffing

The Assessor's budget has grown from \$9,382,755 in 2015-16 to \$10,401,202 in 2019-20.

As of the date of our survey, the Assessor had 73.75 budgeted permanent positions. These positions consist of the Assessor, Chief Deputy Assessor, 6 managers, 23 real property appraisers, 7 business property auditor-appraisers, 4 drafting/mapping technicians, 2.75 computer programmers/analysts/technicians, and 29 support staff.⁸

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

BUDGET YEAR	GROSS BUDGET	PERCENT CHANGE	PERMANENT STAFF
2019-20	\$10,401,202	3.9%	73.75
2018-19	\$10,010,482	1.2%	74.75
2017-18	\$9,893,024	2.7%	74.75
2016-17	\$9,632,395	2.7%	74.75
2015-16	\$9,382,755	2.5%	74.75

Table 4: Assessment Appeals

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

YEAR	ASSESSMENT APPEALS FILED
2019-20	452
2018-19	480
2017-18	423
2016-17	630
2015-16	687

⁸ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for year 2019-20.

⁹ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2015-16 through 2019-20.

¹⁰ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2015-16 through 2019-20.

Table 5: Exemptions – Welfare

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

YEAR	WELFARE EXEMPTIONS	EXEMPTED VALUE
2019-20	1,236	\$2,671,342,491
2018-19	1,217	\$2,363,067,672
2017-18	1,239	\$2,400,716,043
2016-17	1,235	\$2,379,970,543
2015-16	1,246	\$2,347,315,481

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 years:¹²

YEAR	TOTAL TRANSFER DOCUMENTS RECEIVED	REAPPRAISABLE TRANSFERS
2019-20	26,063	8,898
2018-19	27,999	9,362
2017-18	29,757	9,166
2016-17	29,757	9,816
2015-16	27,759	9,330

¹¹ Statistics provided by BOE-802, *Report on Exemptions*, for years 2015-16 through 2019-20.

¹² Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2015-16 through 2019-20.

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 years:¹³

YEAR	TOTAL BUILDING PERMITS RECEIVED	NEW CONSTRUCTION ASSESSMENTS
2019-20	17,685	876
2018-19	14,817	875
2017-18	13,740	750
2016-17	14,005	595
2015-16	12,909	557

Table 8: Declines In Value

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

YEAR	DECLINE-IN-VALUE ASSESSMENTS
2019-20	6,645
2018-19	7,931
2017-18	11,277
2016-17	15,341
2015-16	21,601

¹³ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2015-16 through 2019-20.

¹⁴ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2015-16 through 2019-20.

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 years.¹⁵

MINIMUM NUMBER OF AUDITS REQUIRED¹⁶	2019-20	2018-19	2017-18	2016-17	2015-16
Largest Assessments	53	54	53	54	53
All Other Taxpayers	54	53	54	53	54
Total Required	107	107	107	107	107
NUMBER OF AUDITS COMPLETED					
Total Audits Completed	50	50	25	98	91
Largest Assessments	36	21	8	40	58
Over/(Under) Required	(17)	(33)	(45)	(14)	5
All Other Taxpayers	14	29	17	58	33
Over/(Under) Required	(40)	(24)	(37)	5	(21)
CCCASE AUDITS					
Prepared for other county Assessors	0	0	0	0	0

¹⁵ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2015-16 through 2019-20.

¹⁶ See Letter To Assessors No. 2009/049, *Significant Number of Business Property Audits*, for the minimum number of annual audits required pursuant to the provisions of section 469.

APPENDIX B: COUNTY-ASSESSED PROPERTIES DIVISION SURVEY GROUP

Sonoma County

Chief

Patricia Lumsden

Survey Team Supervisor:

Holly Cooper

Manager, Property Tax Department

Survey Team:

James McCarthy

Senior Petroleum and Mining Appraisal Engineer

Gary Coates

Senior Specialist Property Appraiser

Amanda Lopez

Senior Specialist Property Appraiser

Artemis Oestreich

Associate Property Appraiser

Alexander B. Fries

Associate Property Auditor-Appraiser

Dany Lunetta

Associate Governmental Program Analyst

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



SONOMA COUNTY

Deva Marie Proto
Clerk-Recorder-Assessor
<http://sonomacounty.ca.gov/cra/assessor>

Assessor Division

585 Fiscal Dr. Rm. 104
Santa Rosa, CA 95403
Tel: (707) 565-1888
Fax: (707) 565-3317

November 10, 2021

Mr. David Yeung, Deputy Director
Property Tax Department
State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0064

RE: Assessor's Response to the October 2021 Sonoma County Supplemental Assessment Practices Survey

Dear Mr. Yeung:

Pursuant to California Government Code Section 15645, I am providing a written response to the findings in the October 2021 Sonoma County Supplemental Assessment Practices Survey.

Sonoma County greatly values the work of the State Board of Equalization, and appreciates the opportunity to have the State review our practices and offer recommendations to enhance our processes and procedures in the administration of property taxes. The ability to have assessment practices periodically reviewed helps to promote uniformity, transparency and fairness. We also appreciate the professionalism and courtesy displayed by the survey team. The entire survey team was a pleasure to work with throughout the entire process as they worked with our staff.

In our response, you will find that we agree with all the Board's Survey team status findings regarding the 2015 survey recommendations. Due to budget constraints, some recommendations will be implemented when resources and time permit.

Finally, I would like to thank the employees of the Sonoma County Assessor's Office for their professionalism, competence and constant dedication to their work, even during the multiple disasters sustained by Sonoma County over the last few years. They always endeavor to provide excellent public service and demonstrate daily their commitment to providing fair, accurate assessments to the taxpayers of Sonoma County.

Sincerely,

A handwritten signature in blue ink that reads "Deva Marie Proto".

Deva Marie Proto
Sonoma County Assessor

**Sonoma County Assessor Response to State Board of Equalizations for
Supplemental Assessment Practices Survey**

Recommendation 1: Improve the change in ownership program by properly notifying taxpayers of any penalty added in compliance with section 482(f).

Response: We appreciate the State Board of Equalization's confirmed findings that our office has successfully implemented the recommendation.

Recommendation 2: Properly classify structural improvements in accordance with Rule 124.

Response: We appreciate the State Board of Equalization's confirmed findings that our office has successfully implemented the recommendation.

Recommendation 3: Improve the decline-in-value program by including all information required by section 619(b) on the decline in value notice when fully or partially restoring the factored base year value.

Response: We appreciate the State Board of Equalization's confirmed findings that our office has successfully implemented the recommendation.

Recommendation 4: Improve the valuation of CLCA properties by: (1) capitalizing compatible use income; (2) deducting a charge for a return of the well value from income attributable to the property; (3) valuing vineyard trellising as unrestricted improvements; and (4) properly accounting for deductions for expense charges from the income stream attributable to the real property.

Response: We concur that this recommendation has not been implemented. The recommendation will begin to be implemented for future assessment years, beginning with the 2022-2023 roll year.

Recommendation 5: Improve the taxable possessory interest program by: (1) discovering and assessing all potential taxable possessory interests and (2) issuing supplemental assessments on taxable possessory interests.

Response: We appreciate the State Board of Equalization's confirmed findings that our office has successfully implemented the first portion of the recommendation. We concur on the second portion of the recommendation, and it will be implemented for future assessment years, beginning with the 2022-2023 roll year.

Recommendation 6: Measure declines in value for mineral properties using the entire appraisal unit as required by Rule 469.

Response: We concur. Recommended changes will be implemented as time and staffing allow.

Recommendation 7: Improve the audit program by enrolling all escaped assessments and over assessments discovered during the course of an audit.

Response: We appreciate the State Board of Equalization's confirmed findings that our office has successfully implemented the recommendation.

Recommendation 8: Value taxable business property in accordance with section 501 when a property owner fails to file a business property statement.

Response: We appreciate the State Board of Equalization's confirmed findings that our office has partially implemented the recommendation. We will be implementing the other portion of the recommendation for the 2022-23 roll year.

Recommendation 9: Improve the manufactured home program by: (1) enrolling manufactured homes situated on fee owned land as personal property and (2) periodically reviewing manufactured homes situated on fee owned land for declines in value.

Response: We appreciate the State Board of Equalization's confirmed findings that our office has successfully implemented the recommendation.