



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA  
(PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0082)  
TELEPHONE (916) 445-5580  
FAX (916) 323-3387

JOHAN KLEHS  
First District, Hayward

DEAN F. ANDAL  
Second District, Stockton

ERNEST J. DRONENBURG, JR.  
Third District, San Diego

KATHLEEN CONNELL  
Controller, Sacramento

JOHN CHIANG  
Acting Member  
Fourth District, Los Angeles

E. L. SORENSEN, JR.  
Executive Director

November 25, 1997

Honorable Robert C. Brownfield  
Tehama County Assessor]  
P.O. Box 428  
Red Bluff, CA 96080

Attention: Dale Stroud, Assistant Assessor

Dear Mr. Stroud:

Re: Section 11 property owned by the City of Red Bluff

This is in reply to your letter of October 24, 1997 addressed to Assistant Chief Counsel Larry Augusta, in which you request a legal opinion on the taxation of interests in land in which the City of Red Bluff holds a one-half ownership interest and which is located outside the city's boundaries. You state in your letter that the County of Tehama and the City of Red Bluff jointly own the subject parcel and operate a landfill operation thereon. Your office currently assesses the 50 percent interest owned by the City of Red Bluff in accordance with Article XIII, Section 11 of the California Constitution. The City of Red Bluff contends that its interest in the property should be exempt from taxation because the property is jointly owned with the county and the two entities together operate the landfill.

As set forth in detail below, the city's interest in the parcel located outside the boundaries of the city is taxable in the manner prescribed by Section 11, that is, if the property was taxable when acquired by the city. The use of the property and the fact that it is held jointly with another tax-exempt governmental entity are irrelevant for purposes of Section 11 assessment.

**Law and Analysis**

Property owned by a local government is exempt from property taxation under Section 3, subdivision (b) of Article XIII of the California Constitution, except as otherwise provided in Section 11(a):

- (a) Lands owned by a local government that are outside its boundaries, . . . , are taxable if . . . (2) they are located outside Inyo or Mono County and were taxable when acquired by the local government. Improvements owned by a local government that are outside its boundaries are taxable if they were taxable when

acquired or were constructed by the local government to replace improvements which were taxable when acquired.

This authority to tax local government property located outside its boundaries is an exception to the general exemption for property owned by a local government and is based on two principal considerations: 1) that the property acquired is outside the boundaries of the local government, in this case, the city, and 2) that the property purchased was taxable when acquired. In this case, it is undisputed that the land is located outside the boundaries of the city of Red Bluff. Thus, if the land was taxable when acquired by the city, it remains taxable to the city pursuant to Section 11.

The fact that the land is owned jointly by the city and the county has no effect on whether the city's interest is taxable. Although the county's 50 percent interest is exempt because the land is located entirely within the county, the city holds a separate interest which is located outside its boundaries. As indicated, Section 3, subdivision (b) of Article XIII provides that exempt property includes "property owned by a local government, except as otherwise provided in Section 11(a)." There is no constitutional or statutory authority extending an exemption applicable to an interest owned by one entity, such as the county, to an otherwise taxable interest owned by another entity, such as the city, based on the fact that the entities jointly hold title to the property.

As also indicated, ownership of the property alone confers the exemption, and the use of the property for a public purpose does not exempt the city's interest in the property from Section 11 assessment. In many cases, properties subject to Section 11 assessment are used by local governments to provide public services, such as supplying water or electricity, but are not exempt for that reason.

The views expressed in this letter are only advisory in nature; they represent the analysis of the legal staff of the Board based on present law and the facts set forth herein, and are not binding on any person or public entity.

Very truly yours,



Louis Ambrose  
Tax Counsel

LA:sao

cc: Mr. Dick Johnson, MIC: 63  
Policy, Planning, and Standards Division, MIC: 64  
Ms. Jennifer Willis, MIC: 70  
[h:/property/precednt/govprop/ambrose/1997/97-002.la](http://property/precednt/govprop/ambrose/1997/97-002.la)

RECEIVED

NOV 25 1997

PROP. TAX ADMIN.

State Board of Equalization