

Name: _____

County: _____

Date: _____

STATE ASSESSMENT MANUAL SELF-STUDY TRAINING SESSION

REVIEW QUESTIONS

1. Section 19 of article XIII of the California Constitution requires the Board to annually assess certain described types of property.
 True
 False
2. If an oil company owns a pipeline lying within two or more counties, the Board is required to assess the pipeline and **all** other property owned by the oil company.
 True
 False
3. Section 721 provides the definition and details regarding the type of property to be assessed beyond that listed in section 19 of article XIII.
 True
 False
4. Which historical reasons led to central assessment by the Board? [Mark all that apply]
 Doubts regarding the ability of local assessors to render equitable assessments given the political power of the early railroads.
 Concern that the true value of railroad property, as part of an operating unit, was not being reflected in the separate assessments of the local assessors.
 The counties lacked the expertise and knowledge to assess the first pipelines.
 The continuous property of railroads was assessed markedly differently among counties.
 All of the above.
5. According to the interpretations of section 19 of article XIII, the Board may have assessment jurisdiction over **unregulated**: [Mark all that apply]
 Railway companies
 Telegraph companies
 Telephone companies
 Car companies operating on railways in the state
 Companies transmitting or selling gas or electricity
 All of the above

6. The majority of companies whose property the Board has historically assessed have been regulated in the sense that they hold Certificates of Public Convenience and Necessity from the California Public Utilities Commission, or in the sense that many telephone companies are regulated by the Common Carrier Bureau of the Federal Communications Commission.
- True
- False
7. The Board's determination of jurisdiction rests on whether or not the Board concludes that section 19 article XIII provides the Board with jurisdiction to assess.
- True
- False
8. All railways:
- Hold a Certificate of Public Convenience and Necessity from the California Public Utilities Commission.
- Are regulated by the Federal Communications Commission.
- Are considered regulated because they are subject to the United States Department of Transportation's safety and common carrier regulations.
- All of the above.
9. The Board has jurisdiction of only telephone companies regulated as public utilities by the CPUC or by a comparable federal commission or board.
- True
- False
10. The _____ is the only regulatory agency that issues permits for the operation of those telephone companies and resellers that use satellite transmission that replaces existing wire, fiber, and cellular systems.
- CPUC
- FCC
- US Department of Transportation
- NASA
11. If an electric generation facility has a generating capacity of _____ megawatts or more and is owned or used by a company that is an electrical corporation as defined in section 218 of the Public Utilities Code, then the electric generation facility shall be state-assessed property.

12. Natural gas pipeline companies that sell and deliver natural gas in interstate commerce are considered public utilities in that they deliver their product to various locations in California under the exclusive authority and rate regulation of the Federal Energy Regulatory Commission. These companies are assessed as:
- Pipeline companies and only the pipelines are assessed.
 - Pipeline companies and all property owned or used for gas transmission including land is assessed.
 - Gas transmission companies and only the pipelines are assessed.
 - Gas transmission companies and all property owned or used for gas transmission, including land, is assessed by the Board.
13. Nonunitary property is property used in the primary function of an assessee.
- True
 - False
14. The standard of value, or value concept, by which all state-assessed property is assessed is "Book Value."
- True
 - False
15. Section 110 describes the concept of market value. The elements of the definition of market value include:
- Potential buyers are aware that the property is for sale and have sufficient time and opportunity to present their offers.
 - Buyer and seller are aware of the highest and best use of the property.
 - The sale price of the subject property or sales prices of comparable properties used as evidence of market value should be stated in terms of cash.
 - Neither buyer nor seller is influenced by special motivations or particular circumstances.
 - All of the above.
16. An important consideration regarding market value is that it is something that exists:
- between January 1 and January 31 of the given lien year.
 - as of any defined range in time.
 - as of a given point in time.

17. In *ITT World Communications, Inc. v. City and County of San Francisco*, the California Supreme Court ruled that article XIII A's assessment rollback, its two percent limit on annual assessment growth, and its limit on current market value assessment only upon a change in ownership or new construction applies to state-assessed property.

- True
- False

18. To comply with the _____, the Board must ensure that all railroad property and private railroad cars are assessed at the same percentage of (or ratio to) current market value as other commercial and industrial property.

19. The principle of _____ holds, in essence, that a collection of tangible assets functioning as an operating unit should be valued as a whole, without reference to the separate values of the assets constituting the operating unit.

20. From a theoretical perspective, the principle of unit valuation holds that the unit of property appropriate for the estimation of a market value should include all property items that are:

- Functionally related
- Within common ownership or control
- Functionally related and within common ownership or control
- None of the above

21. Which of the following court cases have addressed the unit valuation of public utility property? [Mark all that apply]

- ITT World Communications, Inc. v. City and County of San Francisco*
- Southern Pacific Pipe Lines, Inc. v. State Board of Equalization*
- Southern California Telephone Company v. Los Angeles County*
- All of the above

22. Match the following classification categories of state-assessed property to the appropriate definition.

1	Unitary Property
2	Nonunitary Property
3	Operating Nonunitary Property
4	Nonunitary Rail Transportation Property

	Property that the assessee and its regulatory agency consider to be operating as a unit, but the board considers not part of the unit in the primary function of the assessee.
	Property owned by a railroad company that is used in rail transportation operations but is nonetheless valued separately and apart from unitary property.
	Property that is owned by a state assessee but not used in the assessee's primary operations.
	Property owned or leased by the state assessee and used in its primary operations as part of the state assessee's integrated system.

23. Which type of property is not classified as unitary property?

- Property leased by a state assessee, used in the assessee's primary operations, and assessed to the assessee.
- Property that is owned and used to protect and support other unitary property—due to locational or physical characteristics or other factors.
- Property owned by and assessed to a state assessee but leased to others.
- Property owned and held for future use in the primary operations of the assessee if there is a documented plan for the property's future use and the property is carried in a future use operating account.
- Special-purpose or industry-specific property that is leased by the state assessee.

24. _____ are the evidence of market value prepared by the appraiser in support of the final value conclusion.

25. According to _____, there are five indicators of market value, or value approaches, one or more of which must be considered in property tax valuation.

- Rule 6
- Rule 91
- Rule 3
- Rule 8
- None of the above

26. The allocation of unit value within a state is called _____ allocation.

27. The allocation of a unit value, which is an attempt to obtain separate market values for the component parts of an operating unit, contradicts the principle of unit valuation.

- True
- False

28. Allocated amounts, in both inter- and intrastate allocation, represent market values.

- True
- False

29. _____ are based on some type of physical activity that takes place, such as car-days, car- or locomotive-miles, ton- or passenger-miles, barrel-miles, MCF-miles (MCF = thousand cubic feet), originating- or terminating-tons, and kilowatt hours-sold or kilowatt hours-generated.

30. For the interstate allocation of an electric company's unit value, the Board follows _____ interstate allocation formula for electric utilities.

31. The value of the electric production segment is allocated using a composite allocation factor composed of the following individual allocation factor(s)?

- Historical cost, kilowatt hours delivered and sold, and revenue
- Historical cost only
- Historical cost, kilowatt capacity, and kilowatt hours generated
- Kilowatt capacity and kilowatt hours delivered
- None of the above

32. Match the following classifications of telephone companies to the appropriate statement.

1	Local Exchange
2	Interexchange
3	Wireless

	Provides mobile telecommunication services through its own facilities, facilities owned by other wireless companies, and facilities owned by local exchange and interexchange companies.
	Provides services in a defined geographic area.
	Provides telephone services from one local exchange to another local exchange.

33. For pipeline companies, the Board typically uses a slightly modified form of the WSATA recommended allocation formula that includes the following as allocation factors: [Mark all that apply]

- Historical or original cost of pipeline and other property
- Originating and terminating barrels or MCF
- Earnings estimates
- Barrel- or MCF-miles

34. The "net unit value" is the assessee's total unit value less the value of the assessee's unitary land.

- True
- False

35. With the exception of several of the largest gas and electric and telephone company state assessees, beginning with the 1996 lien date, the intrastate allocation factor for all other state assessees was modified. Allocation of these companies is now based on:

- Reproduction cost new less depreciation
- Depreciated historical costs
- Undepreciated historical costs
- The ratio between current ReprCNLD in a county to current ReprCNLD of the net unit value

36. Match the following Revenue and Taxation Code sections to the appropriate statement.

1	Section 100.9
2	Section 100.95
3	Section 100.96

	Tax revenues from certain electrical generation facilities that are not owned by a public utility are allocated only to those governmental agencies and school entities in the tax-rate area where the facility is located.
	Creates another classification of qualified electric property – that which is located in the City of Oakley in Contra Costa County.
	Requires the county auditor to allocate property tax revenue from qualified public utility owned property newly constructed after January 1, 2007 in a prescribed manner rather than distributing it in the same manner as the countywide tax-rate area.

37. Although the "net unit value" does not include nonunitary property, nonunitary property is subject to the same intracounty allocation performed by county auditors under section 100.

- True
- False

38. The Board's _____ facilitates compliance with the constitutional requirement that all taxable property be assessed according to situs.

39. Under sections 731 and following, a state assessee or its designated representative may request a review of: [Mark all that apply]

- The value of its unitary and/or nonunitary property and any related penalty assessments.
- The results of a Board audit resulting in escaped assessments.
- The results of a Board audit resulting in excessive assessments.
- The allocation of the unit value of its unitary property among counties.

40. For nonunitary property, values are established by the Board at public hearings in:

- January
- March
- May
- July
- December

41. For state-assessed properties, notices of assessment are mailed by _____ for unitary property and by the last day of _____ for nonunitary property.

42. When appealing a value established by the Board, an Appeals conference may be requested by:

- any Board Member
- petitioner
- the State-Assessed Properties Division
- the Assistant Chief Counsel of the Appeals Division
- All of the above

43. The Board shall publish, within _____ days of the date upon which the Board renders its decision, a written formal opinion, a written memorandum opinion, or a written summary decision for each decision in which the tax amount in controversy is five hundred thousand dollars (\$500,000) or more.

44. For unitary property, a petition for reassessment may be filed no later than _____. For nonunitary property, a petition for reassessment may be filed no later than _____. For escaped assessments, the date for filing a petition for reassessment shall not be less than _____ days from the date of mailing of the notice of value.

45. The petition for reassessment must be in writing and must state the assessee's opinion of the property's value.

- True
- False

46. If an Appeals conference is requested, the staff files an analysis that is the State-Assessed Properties Division's written response to the petition at least _____ days prior to the date of the Appeals conference.

- 30
- 15
- 45
- 35
- 7

47. Board Members may admit all relevant evidence, including affidavits or hearsay, if it is the sort of evidence _____ rely upon in the conduct of serious affairs.

48. The petition may also serve as a claim for refund, provided that the petition so states or the box indicating that the petition also serves as a claim for refund is checked on BOE form 529.

- True
- False

49. The assessment of private railroad cars (PRRCs) differs from that of other public utility property, including railroad property, in respect to the following: [Mark all that apply]

- The extreme costs related to repairing or replacing PRRCs.
- Due to their mobility, most PRRCs are physically situated in California for only a portion of the year, and therefore must be assessed on a basis that considers this changing tax situs.
- The regulations and restrictions placed on PRRCs by the United States Department of Transportation.
- Unlike other state-assessed property, the Board not only assesses PRRCs, but also levies and collects the corresponding property tax, with the resulting tax revenues going to the state's General Fund rather than local government.
- The limitations of the Federal Railroad Revitalization and Regulation Reform Act.

50. Railroad cars owned by the National Railroad Passenger Corporation (Amtrak) or the federal government are exempt from property taxation.

- True
- False

51. California law prescribes the _____ method of assessment for private railroad cars.

52. All revenues collected by the Board from the Private Railroad Car Tax shall be transmitted to the State Treasurer for deposit to the state treasury and credited to the state's General Fund.

True

False

53. Match the following constitutional provisions and statutes with the appropriate excerpt.

1	Article XIII, Section 19 of the California Constitution
2	Revenue and Taxation Code section 100.9
3	Revenue and Taxation Code section 108
4	Revenue and Taxation Code section 721.5
5	Revenue and Taxation Code section 722.5
6	Revenue and Taxation Code section 741
7	Revenue and Taxation Code section 744
8	Revenue and Taxation Code section 11203

	Real property assessed by the board pursuant to section 19 of article XIII of the California Constitution on January 1, which thereafter becomes subject to local assessment, shall not be assessed locally during the remainder of the assessment year.
	"Private railroad car" includes any railroad rolling stock intended for the transportation of any persons, commodity, or material, operated on the railroads of this state, which car is owned by a person other than a railroad or the National Railroad Passenger Corporation.
	The Board shall annually assess (1) pipelines, flumes, canals, ditches, and aqueducts lying within 2 or more counties and (2) property, except franchises, owned or used by regulated railway, telegraph, or telephone companies, car companies operating on railways in the State, and companies transmitting or selling gas or electricity.
	The property tax assessed value of an electric generation facility that is assessed by the State Board of Equalization shall be allocated entirely to the county in which the facility is located, and shall be allocated to that tax rate area in the county in which the property is located.
	A petition for reassessment of unitary or nonunitary property shall be in writing and shall state the specific grounds upon which it is claimed a correction or adjustment of the assessment is founded.
	"State-assessed property" means all property required to be assessed by the Board under section 19 of article XIII of the Constitution and which is subject to local taxation.
	The Board shall notify the petitioner of its decision on a petition for reassessment by mail and shall make written findings and conclusions in requested at or prior to the commencement of the hearing. The Board shall send a periodic report of its decisions and any written findings and conclusions thereon to each county in which affected state-assessed property is situated.
	The board shall annually assess every electric generation facility with a generating capacity of 50 megawatts or more that is owned or operated by an electrical corporation.

54. Match the following court cases to the appropriate excerpt.

1	Cardinal Health v. County of Orange (2008) 167 Cal.App.4th 219
2	Cleveland, Cincinnati, Chicago & St. Louis Railway Company (The) v. Victor M. Backus (1893)154 U.S. 439
3	De Luz Homes, Inc. v. County of San Diego (1955) 45 Cal.2d 546
4	Elk Hills Power, LLC v. Board of Equalization (2013) 57 Cal.4th 593
5	Los Angeles SMSA Limited Partnership v. State Board of Equalization (1992) 11 Cal.App.4th 768
6	Sprint Telephony PCS, L.P. v. State Bd. of Equalization (2015) 238 Cal.App.4th 871
7	Southern Pacific Pipe Lines, Inc. v. State Board of Equalization (1993) 14 Cal.App.4th 42

	The court then concluded that Sprint's failure to designate its petition for reassessment as also a claim for refund, by either checking a box on the reassessment petition or otherwise indicating its intent that the petition serve as a claim, barred Sprint's property tax refund action under section 5148.
	The Supreme Court concluded that "the Board directly and improperly taxed the power company's ERCs when it added their replacement cost to the power plant's taxable value." The Supreme Court, however, clarified that "[w]here the taxpayer does not proffer evidence that the Board included the fair market value of an intangible right or asset in the unit whole, the Board would not have to make a deduction prior to assessment."
	...its value depends on the interrelation and operation of the entire utility as a unit. Unit taxation is properly characterized not as the taxation of real property or personal property or even a combination of both, but rather as the taxation of property as a going concern.
	"Rule 152, subdivision (f) clearly contemplates the possibility that a taxpayer can 'identify the nontaxable property and services and supply sale prices, costs or other information that will enable the assessor to make an informed judgment concerning the proper value to be ascribed to taxable and nontaxable components of the contract.' In other words, the sale or lease price is not <i>necessarily</i> what is taxable if the taxpayer carries that burden of identification."
	The absence of an actual market for a particular type of property does not mean that it has no value or that it may escape from the mandate of Constitution, article XIII, section 1, that all property shall be taxed in proportion to its value, but only that the assessor must then use such pertinent factors as replacement costs and analyses for determining valuation.
	Similarly, specific facilities, including a products plant, a wharf and marine terminal, engaged in multiple uses were not essential to the operations of intercounty pipeline that terminated there, and thus, were not part of the pipelines which the Board could assess.
	The true value of a line of railroad is something more than the aggregation of the values of separate parts of it, operated separately; it is the aggregate of those values plus that arising from a connected operation of the whole.