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January 3, 2003

No. 2003/002

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

ASSESSORS' HANDBOOK SECTION 504
ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES

Enclosed are copies of the Assessors' Handbook Section 504, *Assessment of Personal Property and Fixtures* (AH 504). The Assessors' Handbook is published by the Board as a means of promoting property tax assessment uniformity throughout the state. This Assessors' Handbook section was updated to reflect recent statutory and regulatory changes subsequent to the adoption of the June 2000 update of the AH 504.

Noteworthy changes to this handbook section have been made to reflect the following:

- Revised language to reflect recent statutory amendments to sections 75.11, 225, 241, 469, 532, and 1603 of the Revenue and Taxation Code.
- Added language to provide guidance regarding classification of wind machines, consistent with the example provided in Property Tax Rule 122.5, *Fixtures*.
- Added language to provide guidance regarding oak barrels that qualify for the business inventory exemption, consistent with Property Tax Rule 133, *Business Inventory Exemption*.
- Added language to provide guidance regarding the assessment of artificial satellites, consistent with Property Tax Rule 206, *Assessment of Artificial Satellites*.
- Added language to provide guidance regarding an appeal after an audit, consistent with the amendments to section 469 of the Revenue and Taxation Code and the addition of Property Tax Rule 305.3, *Application for Equalization Under Revenue and Taxation Code Section 469*.
- Added language to provide guidance regarding the notice for filing an assessment appeal, consistent with the amendments to sections 75.31, 534, and 1605 of the Revenue and Taxation Code and the addition of Property Tax Rule 305.3.
- Added language to provide guidance regarding the partial sales and use tax exemptions for the purchase of farm equipment and machinery, timber harvesting equipment and machinery, and race horse breeding stock, consistent with sections 6356.5, 6356.6, and 6358.5 of the Revenue and Taxation Code, respectively.

- Revised discussion on reproduction and replacement cost new to be consistent with the discussion of these subjects in Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors*.
- Revised language to clarify the situs of vessels, consistent with language in Assessors' Handbook Section 576, *Assessment of Vessels*.
- Added language to provide guidance regarding liquidated damages.

The handbook section has been posted to the Board's Web site at www.boe.ca.gov, and can be accessed by first selecting "Property Taxes" and then selecting "Assessors' Handbook." Copies are also available on disk upon request to the Assessment Policy and Standards Division at (916) 445-4982.

Board staff wishes to express their appreciation to all parties who participated in updating this handbook section. Those efforts contributed greatly to the success of this project.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

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Enclosures