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TO COUNTY ASSESSORS
COUNTY COUNSELS
COUNTY CLERKS OF THE BOARD
REPRESENTATIVES OF INDUSTRY AND ORGANIZATIONS

COMMUNICATION WITH THE BOARD ON PROPERTY TAX MATTERS

Overview

The State Board of Equalization, created by constitutional amendment in 1879, is charged with the responsibility for ensuring statewide equality and uniformity in county property tax assessment practices. The Board performs this function, as mandated by the provisions of Government Code section 15606 and following sections, by prescribing rules and forms to implement uniformity in assessment practices and assessment appeals proceedings; conducting surveys of county assessment procedures; training county assessors' personnel and assessment appeals board members and clerks; and issuing instructions and guidelines on property tax assessment, enrollment requirements, and assessment appeals board matters of statewide concern.

Following is a summary of some of the ways the Board interacts with counties and other interested parties in the property tax field and how those parties may communicate with the Board on property tax projects ranging from rules to special topic surveys. While most of the projects have specific timelines for participation with Board staff to ensure the timely completion of relevant documents, interested parties may contact a Board Member's office directly at any time regarding a particular project (www.boe.ca.gov). Staff of the Property and Special Taxes Department and the Legal Department assigned to the various projects encourage and welcome communication from all parties who have an interest in specific issues related to any project.

Property Tax Committee

Many of the property tax projects are conducted through the Board's *Property Tax Committee* (PTC). The PTC hears comments from interested parties and makes recommendations to be adopted at a formal meeting of the Board. PTC meetings are public hearings which are noticed and open to the public, and participation by county assessors, county counsels, local appeals boards, industry representatives, taxpayers, and other interested parties is encouraged.

When a project is scheduled for discussion by the PTC, a description of the project and a timeline for project activities are posted to the Board's Web site (www.boe.ca.gov/proptaxes/ptcwplan03.htm).

As projects progress through the PTC process, interested parties are given the opportunity to effectively participate in the project. Interested parties may interact with the Board and its staff on PTC projects in several ways:

- Providing staff with recommendations for alternative language to proposed draft documents.
- Attending interested parties meetings and providing other alternatives or additional language.
- Communicating directly with Board Members or Board staff involved in the project.
- Making an oral presentation at the PTC meeting.

All documents—draft language, meeting notices, issue papers—regarding a project are posted to the Board's Web site as soon as they become available. Interested parties should periodically check the site to keep abreast of new projects and to stay informed about continuing projects. The *Property Tax Committee Procedures Manual* was adopted in February 2001 to provide general guidelines for staff and interested parties for projects assigned to the PTC. The procedures manual is also posted on the Board's Web site (www.boe.ca.gov/proptaxes/pdf/PTCmanual2-01.pdf).

Property Tax Rules

When a project involves the adoption or amendment of a *Property Tax Rule*, the Board generally follows an "informal" process to solicit input and resolve any differences of interested parties prior to commencement of the formal statutory rulemaking process. This informal process is conducted through the PTC or by the Board itself to encourage participation by counties and other interested parties in the drafting process. Regardless of whether such informal rulemaking activities occur, however, the Administrative Procedures Act requires that the Board publish a formal notice of pending regulatory action and conduct a public hearing on the matter. Adoption or revision of a Property Tax Rule may be undertaken, for example, to conform it to statutory amendments, judicial decisions, or technological changes. In general, any persons, organizations, or government officials may petition the Board for regulatory action or the repeal of a regulation, pursuant to Government Code section 11340.6, by submitting a written request to the Board, and the Board must act on such petition within 30 days of receipt unless an extension is granted.

Once a rule has been adopted by the Board, it is forwarded to the Office of Administrative Law (OAL) for review and approval. Once approved by the OAL, it is then filed with the Office of the Secretary of State and becomes effective 30 days thereafter. Copies of all current Property Tax Rules as well as the rulemaking process (in *Board Meeting Reference*, January 2003) are posted to the Board's Web site (www.boe.ca.gov/proptaxes/ptrules.htm).

Letters To Assessors

In the late 1960's, Board staff began issuing a series of letters to county assessors in order to comply with Government Code section 15606, subdivision (e), which provides that the Board

shall "prepare and issue instructions to assessors designed to promote uniformity throughout the state and its local taxing jurisdictions in the assessment of property for the purposes of taxation." These letters are commonly known as **Letters To Assessors** (LTA's). Each Board Member is given the opportunity to review an LTA prior to its publication. Many LTA's announce new projects and seek input from counties and interested parties on draft policy documents, proposed forms, proposed Property Tax Rules, and other projects and advise parties of the timeframes and manner of providing such input. LTA's from 1978 to present are posted on the Board's Web site (www.boe.ca.gov/proptaxes/ltacont.htm).

Assessors' Handbook

The **Assessors' Handbook** is a series of manuals advising county assessors concerning local property tax appraisal and assessment practices. Generally, revisions and updates to sections of the **Assessors' Handbook** are processed through the PTC. Suggestions for content and alternative language are received from interested parties according to a published project timeline. Interested parties frequently contact Board Members and their staffs during the process of developing a section of the **Assessors' Handbook**. Participation by and suggestions from interested parties is encouraged and is essential to ensure that the most accurate and useful manual is developed. All sections of the **Assessors' Handbook** are posted to the Board's Web site (www.boe.ca.gov/proptaxes/ahcont.htm).

Assessment Practices Guidelines

In compliance with Government Code sections 15640 through 15646, the Board conducts **assessment practices surveys** of county assessors' offices on a periodic basis to measure the adequacy of counties' procedures and practices in the assessment of property and compliance with duties imposed by law. The survey team reviews county documents, samples property appraisals, and conducts interviews with county assessors and their staffs. Preliminary findings are documented in a draft report that is provided to the county assessor to solicit input to ensure that the final report is accurate. The final report, including the assessor's written response, if the assessor elects to provide one, is released by the Board Member whose district encompasses that particular county. Board Members welcome communications from county assessors regarding their survey reports. Copies of the most current Assessment Practices Survey reports for all counties are posted on the Board's Web site (www.boe.ca.gov/proptaxes/apscont.htm).

Timber Yield Tax

The **Timber Yield Tax Law**, administered by the Board, requires the collection of tax when timber is harvested. The Board is charged with adopting Harvest Value Schedules, adjusting the timber yield tax rate, designating timber value areas, adopting Timber Production Zone land values, and collecting and auditing the timber yield tax. The revenue from this program is allocated to the counties where the timber was harvested. The Timber Advisory Committee was established to serve in a consultative capacity for the timber tax system. The committee is comprised of five county assessors from the rate adjustment counties, one representative from large scale timber owners, one representative from small scale timber owners, one member of the Board of Forestry, and one member from the Board of Equalization. A county assessor of any county containing timber may examine all records, pertaining to the county, that are maintained

by the Board. The Timber Harvest by County tables, California Timber Harvest Statistics, and the Harvest Value Schedules are posted to the Board's Web site (www.boe.ca.gov/proptaxes/timbertax.htm).

Tax-Rate Area

The Board's ***Tax-Rate Area System*** was created to maintain all property tax-rate area maps and special revenue district boundaries statewide. Board staff works closely with county assessors and county auditors to create and maintain the tax-rate structure. Currently, the Board is in partnership with 16 counties to produce and maintain digital Geographic Information System (GIS) maps, and, as counties' technological capacities increase, the partnership will grow. Documents and instructions for submitting to the Board a statement of boundary changes, for filing a new or amended redevelopment plan, or for requesting a change to a jurisdictional boundary for a special revenue district are posted to the Board's Web site (www.boe.ca.gov/proptaxes/sprdcont.htm).

Special Topics Surveys

The Board makes periodic statewide surveys limited in scope to specific topics, issues, or problems affecting local property taxation. These special topic surveys, authorized by sections 15640 and 15643 of the Government Code, are conducted as needed. The findings of these selective surveys are published and distributed to the Legislature, all county assessors, the Members of the Board, and Board staff who are involved with the particular survey issue. Copies of these surveys are also available to concerned individuals in the private sector.

All of the surveys have been conducted via a questionnaire containing numerous detailed questions prepared by Board staff and completed by staff in the county assessors' offices. The success of a survey is contingent upon the assessors' willingness to participate in the survey and their completion of an accurate questionnaire. Historically, the Board has had good participation from assessors. The more recent special topic surveys are posted to the Board's Web site (www.boe.ca.gov/proptaxes/sptscont.htm).

State-Assessed Property

The ***State-Assessed Property Program*** sets the market values for public utilities and railroads as defined by the State Constitution. These values are allocated to local jurisdictions for levy and collection of local property taxes. Board staff coordinates with county assessors to ensure that taxable property is neither double-assessed nor escaping from proper assessment. The Board sets unitary values for state-assessed property annually in May. This process involves several Board meetings, and communication with interested parties is essential to the process. The Statewide Tax Liaison Committee of the County Counsels Association of California functions as a state-assessed property oversight committee. The committee is comprised of county counsels, or deputy county counsels, who have been deputized as deputy assessors by their boards of supervisors to serve in this capacity. Beginning in 2000, Board staff has met annually with the committee to discuss valuations and provide valuation data for major state assessees.

Any information, records, or appraisal data in the possession of the Board related to the appraisal or assessment of state-assessed property is available for disclosure to county assessors or their deputies. Similarly, information regarding a state-assessed taxpayer is available to that taxpayer or representative. The Board provides a copy of the Board Roll of State-Assessed Property to county assessors containing limited assessment information that is available to the public. The Board also provides a copy of the Allocations of the Assessed Value of State-Assessed Property report containing confidential assessment data that is for county assessors' use only. The calendar for the assessment of public utility companies and other documents and manuals relative to state-assessed property are posted to the Board's Web site (www.boe.ca.gov/proptaxes/sappcont.htm).

Property Tax Appeals

The Board's property tax *appellate jurisdiction* includes hearings on properties owned by local government that are located outside its boundaries, commonly known as Section 11 properties; properties owned by public utilities and railroads that are subject to the state-assessed property program; and properties owned by nonprofit organizations that have been denied the Welfare Exemption. All parties to an appeals hearing before the Board may submit written evidence and may present oral arguments at the hearing. Additionally, the public comment provisions of the Bagley-Keene Open Meetings Act require that other interested parties be afforded a reasonable opportunity to directly address the Board on matters before it, including appeals matters, either by submission of evidence or by oral presentation. All agendas for scheduled Board meetings are posted to the Board's Web site (www.boe.ca.gov/meetings/boardcomm.htm).

Board Resources

The *Board's Web site* (www.boe.ca.gov) provides timely information and a means of communication with the agency. In addition to the information described above, the following resources may be of interest to those in the property tax field:

- The *Legislative Division* provides Board staff analyses of proposed legislation (www.boe.ca.gov/legdiv/legcont.htm).
- The complete text of *Annotated Legal Opinions and Letters To Assessors*, which are summarized as "annotations" in Volume 3 of the Property Taxes Law Guide, are posted (www.boe.ca.gov/proptaxes/annocont.htm).
- Various *Property Tax Publications* and reports are available, such as Publication 29, *California Property Tax, An Overview*, Publication 30, *Residential Property Assessment Appeals*, and Publication 48, *Property Tax Exemptions for Religious Organizations* (www.boe.ca.gov/proptaxes/pubcont.htm).
- The *Practical Index to Property Tax Resources* is a comprehensive index of the Property Taxes Law Guides. It was originally compiled by staff in the Sacramento County Assessor's office, and is now updated by Board staff (www.boe.ca.gov/proptaxes/pdf/2001pipt1.pdf).

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- A compilation of *Frequently Asked Questions* (FAQ's) covering a broad range of subjects relating to local assessment procedures and filing requirements for legal entities that have undergone a change in control or ownership have been developed by Board staff (www.boe.ca.gov/proptaxes/faqs/faqspropindex.htm).

Board Members and Board staff encourage county assessors, county counsels, local appeals boards, industry representatives, taxpayers, and other interested parties to communicate with the Board on matters of concern and to use the many resources available on the Board's Web site.

Sincerely,

/s/ David J. Gau

David J. Gau
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Property and Special Taxes Department

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