



STATE BOARD OF EQUALIZATION
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Executive Director

No. 2008/024

April 3, 2008

TO COUNTY ASSESSORS:

BUILDING COST INDICES DISCONTINUED

The *Building Cost Indices* produced annually by the Board (most recently released in Letter To Assessors 2008/015) will no longer be published. This decision has been reluctantly made due to budget cutbacks and the significant increase in the cost to procure the data necessary to produce the *Indices*.

In 1994, the Board ceased producing Assessors' Handbook Section 532, *Commercial Cost Manual*, and Assessors' Handbook Section 533, *Industrial Building Costs and Building Cost Indices*, due to staffing issues. However, the Board has continued to produce the *Building Cost Indices* through lien date 2008.

Section 401.5 of the Revenue and Taxation code provides:

The board shall issue to assessors data relating to costs of property, or, with respect to commercial and industrial property, shall, after a public hearing, review and approve commercially available data, and shall issue to assessors other information as in the judgment of the board will promote uniformity in appraisal practices and in assessed values throughout the state. An assessor shall adapt data received pursuant to this section to local conditions and may consider that data together with other factors as required by law in the assessment of property for tax purposes.

To comply with section 401.5, on November 20, 1997, following a public hearing, the Board approved the Marshall Valuation Service as the basic cost guide for valuing commercial and industrial properties. As stated in Letter To Assessors 97/71, the Marshall Valuation Service guide should be used for determining current costs of commercial and industrial properties. This same publication also provides comparative cost multipliers that can be used similarly to the *Building Cost Indices* developed by the Board. The multipliers are developed for eight locations within California: Eureka, Sacramento, San Francisco, Fresno, Bakersfield, Los Angeles, Riverside, and San Diego.

We recommend that county assessors use the Marshall Valuation Service as a substitute for the *Building Cost Indices*. Use the multiplier for the location that is most similar to your county location and make adjustments that are necessary to achieve fair market value assessments. Variances from the multipliers indicated by use of the recommended guide should be based on reasonable evidence and should be documented.

TO COUNTY ASSESSORS

2

April 3, 2008

If you have any questions regarding the discontinuance of the *Building Cost Indices*, please contact Mr. Ken King at 916-324-2742 or at kenneth.king@boe.ca.gov.

Sincerely,

/s/ Lynn Bartolo for

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:sk