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TO COUNTY ASSESSORS:

EFFECTIVE ADMINISTRATIVE PRACTICES –  
PROCEDURES FOR MAINTAINING THE INTEGRITY OF  
ASSESSMENTS OF EMPLOYEE-OWNED PROPERTIES

Recently, we announced that staff of the Property and Special Taxes Department, County-Assessed Properties Division, would begin conducting Property Tax Topic Studies. Each study will document good assessment practices with an aim toward promoting administrative efficiencies throughout the assessment community. Occasionally, we will disseminate "mini-topics" regarding assessment procedures or practices on a topic that does not warrant a complete study. This letter publishes the first of the mini-topics—*Procedures for Maintaining the Integrity of Assessments of Employee-Owned Properties*.

One of the fundamental duties of a county assessor is to establish the fair market value of property, and enroll that value so that the county can collect the appropriate property tax. An intricate part of that duty involves processing assessments for property owned by county staff and ensuring that the integrity of the process is maintained. While conducting research on another project, Board staff became aware of procedures adopted by one California county assessor to ensure that employee-owned properties are properly tracked and, when appropriate, assessed. We believe that these procedures are noteworthy and provide them for consideration by other county assessors; these procedures would be appropriate for any size county.

The issue of preventing conflicts of interests in assessors' offices has been statutorily addressed several times. Initially, as a result of the property tax assessment upheavals in the 1960's, AB 80 added Revenue and Taxation Code section 672 to require that certified employees reveal their financial interests held in corporations. Additionally, AB 80 added section 1365 to prohibit the county assessor and his/her employees from engaging in remunerative employment that would involve a conflict of interest with their official activities. In 1974, all county assessors' offices became subject to the provisions of the Political Reform Act of 1974 whereby designated employees must annually file a Statement of Economic Interests (Form 700) to report various holdings of the employee.

While the Form 700 will make county assessors aware of some holding of their employees, the Form 700 should not be solely relied on as a procedure to ensure that assessment transactions involving employee-owned properties are properly tracked/documentated. There are two reasons for this:

1. The Form 700 is not filed by all employees in a county assessor's office.
2. The Form 700 does not require reporting of all property owned by an employee that is subject to property taxation within a county (for example, boats or airplanes).

The procedures for tracking/documenting employee-owned properties need not be lengthy nor complicated, but they should be scrupulously adhered to at all times. The procedures adopted by a county should:

- Clearly define the county's policies and procedures
- Establish employees' responsibilities
- Create a file or listing of all employee-owned properties within the county
- Contain well-defined review procedures
- Accurately track and document all events with potential assessment implications

In the procedures outlined below, we use a typical division name and employee titles for illustration purposes that are recognizable in most county assessors' offices.

#### ***Procedures for Maintaining the Integrity of Assessments of Employee-Owned Properties***

- Develop a form for county employees to document their ownership of personal and real property within the county that is subject to property taxation. A sample form is enclosed. The form should be used:
  - Upon initial employment with the county. Include the form in your new-employee package of materials.
  - To keep current records of employee-owned properties. At a *minimum*, the form should be filed annually by all employees. Since assessment events occur throughout a year, it is recommended that the form be completed twice a year so that appropriate assessment actions can be completed timely.
- The Assessment Standards Division Manager (ASDM) is responsible for ensuring that all employees file the form timely. The ASDM provides staff with the filing form and a semiannual reminder that the form must be returned within 30 days. The employee is instructed that the form must be returned to the ASDM via the employee's supervisor.
- Supervisors are responsible for ensuring that their employees are in compliance with the filing requirements. Employees are responsible for accurately completing the form and documenting all "events" regarding the property(ies). "Events" would include a change in ownership or control, issuance of a building permit, new construction, decline in value (Proposition 8) review, etc.

The ASDM will maintain employee files in a secure cabinet in the Assessment Standards Division.

- The ASDM, or designee, is responsible for appraising all employee assessable events in a timely manner. If the appraisal is done by a designee, the ASDM reviews and signs the appraisal worksheet, validates the value methodology, and ensures proper enrollment. All transactions should be clearly documented.
- The Assistant Assessor determines who will appraise assessable property activities involving the ASDM. The Assessor or Assistant Assessor will resolve any conflicts in responsibility.
- The ASDM is responsible for the preparation and presentation of the Assessor's position in response to all assessment appeals filed by employees or their families. The Assessor *will not* stipulate a value on appeals filed by an employee or their families. All adjustments to an appealed property value must be determined through the hearing process by the Assessment Appeals Board.

The foregoing procedures and the enclosed form are offered as a guide to assist county assessors in establishing procedures relative to the assessment of employee-owned properties. We encourage counties to ensure that good procedures are in place that will preclude improprieties, or even the appearance of improprieties.

If you have questions regarding these procedures or would like an electronic copy of the sample reporting form, please contact Ms. Sherrie Kinkle at [sherrie.kinkle@boe.ca.gov](mailto:sherrie.kinkle@boe.ca.gov) or at 916-322-2921.

Sincerely,

/s/ David J. Gau

David J. Gau  
Deputy Director  
Property and Special Taxes Department

DJG:sk  
Enclosure

# EMPLOYEE PROPERTY ACTIVITY REPORT

## INSTRUCTIONS:

Complete the sections that apply to your property.  
Submit the completed form to Assessment Standards.

EMPLOYEE NAME

WORK LOCATION

Please check and complete, as applicable.

I have no property interests in this county.

Real and personal property owned. Parcel, Assessment Number, or Situs Address (enter CF number or tail number for boat or aircraft):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Recent change in ownership. Effective date: \_\_\_\_\_

Parcel, Assessment Number, or Situs Address:

(Enter CF number or tail number for boat or aircraft.)

Description of activity: \_\_\_\_\_

\_\_\_\_\_

Initial ownership interest: \_\_\_\_\_ %

Interest acquired: \_\_\_\_\_ %

Total ownership interest: \_\_\_\_\_ %

Recent new Construction or Alteration.

Parcel, Assessment Number, or Situs Address:

(Enter CF number or tail number for boat or aircraft.)

Description of activity: \_\_\_\_\_

\_\_\_\_\_

Permit issue date: \_\_\_\_\_

Construction start date: \_\_\_\_\_

Construction completion date: \_\_\_\_\_

Recent request for Proposition 8 Decline in Value review.

Assessor's Parcel Number or Situs Address: \_\_\_\_\_

\_\_\_\_\_

EMPLOYEE SIGNATURE



SUPERVISOR SIGNATURE



RECEIVED BY

DATE

DATE

DATE