



STATE BOARD OF EQUALIZATION
PROPERTY TAXES DEPARTMENT
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No. 99/83

December 22, 1999

TO COUNTY ASSESSORS:

SUPPLEMENTAL ASSESSMENTS ON ELECTRIC GENERATION FACILITIES
ACQUIRED BY INVESTOR-OWNED COMPANIES

This letter addresses the application of supplemental assessments to electric generation facilities sold by regulated public utilities to investor owned companies (IOCs). Fifteen facilities were sold by regulated public utilities to other IOCs in 1998. These facilities, which were subject to state assessment for the 1998 lien date, will be subject to local assessment unless the IOCs are subject to state assessment on another basis (Property Tax Rule 905, *Assessment of Electric Generation Facilities*).

Revenue and Taxation Code section 722.5 provides that property that is state assessed on the lien date, but which becomes locally assessable thereafter, is to be assessed during the remainder of the assessment year in accordance with the provisions of Chapter 3.5 (commencing with section 75) of Part 0.5 of Division 1 of the Revenue and Taxation Code. Chapter 3.5 is the law relating to supplemental assessments.

Section 75.10¹ provides that whenever a change in ownership occurs, the assessor shall appraise the property changing ownership on the date the change in ownership occurs. This section applies to the property in question.

If the value of the property on the date of the change in ownership is greater than the existing taxable value, the tax collector will send the property owner a supplemental tax bill (section 75.51). Conversely, if the value of the property on the date of the change in ownership is less than the existing taxable value, the auditor will make a refund (section 75.43). The supplemental assessment (or refund) is prorated for the portion of the fiscal year in which the property is owned by the purchaser (section 75.41).

Section 75.9 defines taxable value for purposes of the supplemental assessment law. For properties changing from state assessment to local assessment, the taxable value is that portion of the state-assessed value determined by the Board to be properly allocable to the property which is subject to the supplemental assessment.

¹ All references are to the Revenue and Taxation Code.

To calculate the taxable value of the facilities changing ownership as provided in section 75.9, the county assessor needs to have information on the allocated value attributable to a particular facility. "Allocated values" are prepared by the Board's Valuation Division based on the property tax statements submitted to the Board. The Board is authorized to provide that information to the assessor pursuant to section 833, subject to the confidentiality requirements of that section.

For information about the allocated values, please call the Harold Hale at (916) 324-0031. For help in applying the supplemental assessment law, please call Larry Augusta at (916) 445-6493.

Sincerely,

/s/ Richard C. Johnson

Richard C. Johnson
Deputy Director
Property Taxes Department

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