

RIVERSIDE COUNTY ASSESSMENT PRACTICES SURVEY

NOVEMBER 2023

CALIFORNIA STATE BOARD OF EQUALIZATION

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November 14, 2023

TO COUNTY ASSESSORS:

**RIVERSIDE COUNTY
ASSESSMENT PRACTICES SURVEY**

No. 2023/042

A copy of the Riverside County Assessment Practices Survey Report is enclosed for your information. The State Board of Equalization (BOE) completed this survey in fulfillment of the provisions of sections 15640-15646 of the Government Code. These code sections provide that the BOE shall make surveys in specified counties to determine that the practices and procedures used by the County Assessor in the valuation of properties are in conformity with all provisions of law.

The Honorable Peter Aldana, Riverside County Assessor-County Clerk-Recorder, was provided a draft of this report and given an opportunity to file a written response to the findings and recommendations contained therein. The report, including the Assessor's response, constitutes the final survey report, which is distributed to the Governor, the Attorney General, and the State Legislature; and to the Riverside County Board of Supervisors, Grand Jury, and Assessment Appeals Board.

Fieldwork for this survey was performed by the BOE's County-Assessed Properties Division from November 2022 through May 2023. The report does not reflect changes implemented by the Assessor after the fieldwork was completed.

Mr. Aldana and staff gave their complete cooperation during the survey. We gratefully acknowledge their patience and courtesy during the interruption of their normal work routine.

Sincerely,

/s/ David Yeung

David Yeung, Deputy Director
Property Tax Department

DY:dcl
Enclosure

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INTRODUCTION

Although county government has the primary responsibility for local property tax assessment, the State has both a public policy interest and a financial interest in promoting fair and equitable assessments throughout California. The public policy interest arises from the impact of property taxes on taxpayers and the inherently subjective nature of the assessment process. The financial interest derives from state law that annually guarantees California schools a minimum amount of funding; to the extent that property tax revenues fall short of providing this minimum amount of funding, the State must make up the difference from the general fund.

The assessment practices survey program is one of the State's major efforts to address these interests and to promote uniformity, fairness, equity, and integrity in the property tax assessment process. Under this program, the State Board of Equalization (BOE) periodically reviews the practices and procedures (surveys) of specified County Assessors' offices. This report reflects the BOE's findings in its current survey of the Riverside County Assessor-County Clerk-Recorder's Office.¹

The Assessor is required to file with the board of supervisors a response that states the manner in which the Assessor has implemented, intends to implement, or the reasons for not implementing the recommendations contained in this report. Copies of the response are to be sent to the Governor, the Attorney General, the BOE, and the Senate and Assembly; and to the Riverside County Board of Supervisors, Grand Jury, and Assessment Appeals Board. That response is to be filed within one year of the date the report is issued and annually thereafter until all issues are resolved. The Honorable Peter Aldana, Riverside County Assessor-County Clerk-Recorder, elected to file their initial response prior to the publication of our survey; it is included in this report following the Appendices.

¹ This review covers only the assessment functions of the office.

OBJECTIVE

The survey shall "...show...the extent to which assessment practices are consistent with or differ from state law and regulations."² The primary objective of a survey is to ensure the Assessor's compliance with state law governing the administration of local property taxation. This objective serves the three-fold purpose of protecting the state's interest in the property tax dollar, promoting fair treatment of taxpayers, and maintaining the overall integrity and public confidence in the property tax system in California.

The objective of the survey program is to promote statewide uniformity and consistency in property tax assessment by reviewing each specified county's property assessment practices and procedures, and publishing an assessment practices survey report. Every Assessor is required to identify and assess all properties located within the county – unless specifically exempt – and maintain a database or "roll" of the properties and their assessed values. If the Assessor's roll meets state requirements, the county is allowed to recapture some administrative costs.

SCOPE AND METHODOLOGY

Government Code sections 15640 and 15642 define the scope of an assessment practices survey. As directed by those statutes, our survey addresses the adequacy of the procedures and practices employed by the Assessor in the valuation of property, the volume of assessing work as measured by property type, and the performance of other duties enjoined upon the Assessor.

Pursuant to Revenue and Taxation Code³ section 75.60, the BOE determines through the survey program whether a county assessment roll meets the standards for purposes of certifying the eligibility of the county to continue to recover costs associated with administering supplemental assessments. Such certification is obtained either by satisfactory statistical result from a sampling of the county's assessment roll or by a determination by the survey team – based on objective standards defined in regulation – that there are no significant assessment problems in the county.

This survey included an assessment sample of the 2021-22 assessment roll to determine the average level (ratio) of assessment for all properties and the disparity among assessments within the sample. The ideal assessment ratio is 100 percent, and the minimum acceptable ratio is 95 percent. Disparity among assessments is measured by the sum of absolute differences found in the sample; the ideal sum of absolute differences is 0 percent and the maximum acceptable number is 7.5 percent. If the assessment roll meets the minimum standards for ratio and disparity, the county is eligible to continue to recover the administrative cost of processing supplemental assessments.⁴

² Government Code section 15642.

³ Unless otherwise stated, all statutory references are to the California Revenue and Taxation Code and all rule references are to sections of California Code of Regulations, Title 18, Public Revenues.

⁴ The scope of our review of the assessment sampling program is provided on the BOE website at <https://boe.ca.gov/Assessors/pdf/assessmentsamplingprogram.pdf>.

Our survey methodology of the Riverside County Assessor's Office included reviews of the Assessor's records, interviews with the Assessor and their staff, and contacts with officials in other public agencies in Riverside County who provided information relevant to the property tax assessment program.

For a detailed description of the scope of our review of county assessment practices, please refer to the document entitled *Scope of Assessment Practices Surveys*, which is available on the BOE's website at <http://www.boe.ca.gov/Assessors/pdf/Scopemaster.pdf>. Additionally, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found at <http://www.boe.ca.gov/proptaxes/apscont.htm>.

EXECUTIVE SUMMARY

This report offers recommendations to help the Assessor correct assessment problems identified by the survey team. The survey team makes recommendations when assessment practices in a given area are not in accordance with property tax law or generally accepted appraisal practices. An assessment practices survey is not a comprehensive audit of the Assessor's entire operation. The survey team does not examine internal fiscal controls or the internal management of an Assessor's office outside those areas related to assessment. In terms of current auditing practices, an assessment practices survey resembles a compliance audit – the survey team's primary objective is to determine whether assessments are being made in accordance with property tax law.

We examined the assessment practices of the Riverside County Assessor's Office for the 2021-22 assessment roll.

During our survey, we conducted reviews of the following areas:

- Administration

We reviewed the Assessor's administrative policies and procedures that affect both the real property and business property assessment programs. Specific areas reviewed include budget and staffing, workload, assessment appeals, and exemptions. In the area of administration, the Assessor is effectively managing the workload, assessment appeals, and exemptions programs.

- Assessment of Real Property

We reviewed the Assessor's program for assessing real property. Specific areas reviewed include properties having experienced a change in ownership, new construction assessments, declines in value, and certain properties subject to special assessment procedures, such as mineral property. In the area of real property assessment, the Assessor has an effective program for declines in value. However, we made recommendations for improvement in the change in ownership, new construction, and mineral property programs.

- Assessment of Personal Property and Fixtures

We reviewed the Assessor's program for assessing personal property and fixtures. Specific areas reviewed include conducting audits, processing business property statements, and business equipment valuation. In the area of personal property and fixtures assessment, the Assessor has an effective program for business equipment valuation. However, we made recommendations for improvement in the audit and business property statements programs.

Despite the recommendations noted in this report, we found most properties and property types are assessed correctly, and the overall quality of the assessment roll meets state standards.

The Riverside County assessment roll meets the requirements for assessment quality as established by section 75.60. Our sample of the 2021-22 assessment roll indicated an average assessment ratio of 100.19 percent, and the sum of the absolute differences from the required assessment level was 0.35 percent. Accordingly, the BOE certifies that Riverside County is eligible to receive reimbursement of costs associated with administering supplemental assessments.

OVERVIEW OF RIVERSIDE COUNTY

Riverside County is located in southern California. The county encompasses a total area of 7,303.41 square miles, consisting of 7,206.47 square miles of land area and 96.94 square miles of water area. Riverside County is bordered by San Bernardino County to the north, the state of Arizona to the east, San Diego and Imperial Counties to the south, and Orange County to the west.

As of 2021, Riverside County had an estimated population of 2,458,395. There are 28 incorporated cities in Riverside County. The county seat is Riverside.

The Riverside County local assessment roll ranks 6th in value of the 58 county assessment rolls in California.⁵



⁵ Statistics provided by the BOE Open Data Portal dataset - [County Assessed Property Values, by Property Class and County \(Table 7\)](#), for year 2021-22.

FINDINGS AND RECOMMENDATIONS

As noted previously, our review concluded that the Riverside County assessment roll meets the requirements for assessment quality established by section 75.60. This report does not provide a detailed description of all areas reviewed; it addresses only the deficiencies discovered.

Following is a list of the formal recommendations contained in this report.

- RECOMMENDATION 1:** Properly apply penalties in accordance with section 482(b).9

- RECOMMENDATION 2:** Improve the new construction program by (1) enrolling construction in progress at its fair market value on each lien date, (2) enrolling all assessable new construction, (3) enrolling escape assessments for unpermitted new construction when appropriate, (4) classifying wells as land pursuant to Rule 124, and (5) obtaining required information prior to granting new construction exclusions.9

- RECOMMENDATION 3:** Properly measure declines in value for mineral properties using the entire appraisal unit, as required by Rule 469.12

- RECOMMENDATION 4:** Properly notify taxpayers of an enrollment of an escape assessment.13

- RECOMMENDATION 5:** Conduct an audit or perform a field review to update taxable value estimates every three or four years.14

ASSESSMENT OF REAL PROPERTY

Change in Ownership

Section 60 defines change in ownership as a transfer of a present interest in real property, including the beneficial use thereof, the value of which is substantially equal to the value of the fee simple interest. Sections 61 through 69.5 further clarify what is considered a change in ownership and what is excluded from the definition of a change in ownership for property tax purposes. Section 50 requires the Assessor to enter a base year value on the roll for the lien date next succeeding the date of the change in ownership; a property's base year value is its fair market value on the date of the change in ownership.⁶

Legal Entity Ownership Program (LEOP)

Section 64 provides that certain transfers of ownership interests in a legal entity constitute a change in ownership of all real property owned by the entity and any entities under its ownership control. Rule 462.180 interprets and clarifies section 64, providing examples of transactions that either do or do not constitute a change in entity control and, hence, either do or do not constitute a change in ownership of the real property owned by the entity. Discovery of these types of changes in ownership is difficult for Assessors, because ordinarily there is no recorded document evidencing a transfer of an ownership interest in a legal entity.

To assist Assessors, the BOE's LEOP section gathers and disseminates information regarding changes in control and ownership of legal entities that hold an interest in California real property on a monthly basis, LEOP transmits to each County Assessor a listing, with corresponding property schedules, of legal entities that have reported a change in control under section 64(c) or change in ownership under section 64(d). However, because the property affected is self-reported by the person or entity filing information with the BOE, LEOP advises Assessors to independently research each entity's property holdings to determine whether all affected parcels have been identified and properly reappraised.

Sections 480.1, 480.2, and 482 set forth the filing requirements and penalty provisions for reporting legal entity changes in control under section 64(c)(1) and changes in ownership under section 64(d). A change in ownership statement must be filed with the BOE within 90 days of the date of change in control or change in ownership; reporting is made on BOE-100-B, *Statement of Change in Control and Ownership of Legal Entities*. Section 482(b) requires the County Assessor to impose a penalty if a person or legal entity required to file a statement under sections 480.1 and 480.2 does not do so within 90 days from the earlier of (1) the date of change in control or ownership or (2) the date of written request by the BOE. The BOE advises County Assessors of entities that are subject to penalty, so they can impose the applicable penalty to the entity's real property.

⁶ The scope of our review for the change in ownership topic is provided on the BOE website at https://boe.ca.gov/Assessors/pdf/cio_general.pdf.

RECOMMENDATION 1: Properly apply penalties in accordance with section 482(b).

We found several instances where penalties were not applied when an entity had failed to file timely a BOE-100-B, even though the Assessor had been notified by the BOE's LEOP Section that the penalty applied.

Section 482(b) states that if a legal entity required to file a statement described in sections 480.1 or 480.2 fails to do so within 90 days from the earlier of (1) the date of the change in control or the change in ownership of the legal entity, or (2) the date of a written request by the BOE, a specific penalty will be applied.

The BOE provides the Assessor with several reports, as well as copies of BOE-100-B filings, indicating whether a penalty applies. The Assessor should utilize these reports and the BOE-100-B filings to identify legal entities with late-filings, or failures to file, and apply the penalty accordingly.

By failing to apply the required penalty, the Assessor is not in compliance with statutory requirements.

New Construction

Section 70 defines newly constructed property, or new construction, as (1) any addition to real property since the last lien date, or (2) any alteration of land or improvements since the last lien date that constitutes a major rehabilitation of the property or converts the property to a different use. Further, section 70 establishes that any rehabilitation, renovation, or modernization that converts an improvement to the substantial equivalent of a new improvement constitutes a major rehabilitation of the improvement. Section 71 requires the Assessor to determine the full cash value of newly constructed real property on each lien date while construction is in progress and on its date of completion, and provides that the full cash value of completed new construction becomes the new base year value of the newly constructed property.⁷

RECOMMENDATION 2: Improve the new construction program by (1) enrolling construction in progress at its fair market value on each lien date, (2) enrolling all assessable new construction, (3) enrolling escape assessments for unpermitted new construction when appropriate, (4) classifying wells as land pursuant to Rule 124, and (5) obtaining required information prior to granting new construction exclusions.

Enroll construction in progress at its fair market value on each lien date.

We found some examples where the Assessor automatically applied the annual inflation factor to the construction in progress value from the prior roll year and other examples where the Assessor

⁷ The scope of our review for the new construction topic is provided on the BOE website at https://boe.ca.gov/Assessors/pdf/newconstruction_general.pdf.

did not enroll any value for construction in progress as of the lien date, even though there was evidence from the permit issuing agency that the structure was partially complete as of the lien date.

Section 71 requires the Assessor to enroll construction in progress at its fair market value. The Assessor must determine the completion status of new construction at each lien date and attribute a value based upon the percent complete. On subsequent lien dates, if the new construction is still incomplete, the Assessor must enroll the construction in progress at its fair market value. This process continues until the new construction is complete, at which time the new construction is assessed at its fair market value and a base year value is assigned. Section 71 further provides that new construction in progress does not acquire a base year value on each lien date. Thus, only after the new construction is complete and a base year value assigned is it subject to the annual inflation factor.

The Assessor's failure to assess construction in progress at fair market value on the lien date is contrary to statutory provisions and may allow construction in progress to escape assessment, causing a loss in revenue and inaccurate assessments. In addition, improperly applying the annual inflation factor to construction in progress is contrary to statutory provisions and may cause overassessments.

Enroll all assessable new construction.

We found examples where the Assessor determined that the new construction being added was of an insignificant value and, therefore, did not add any value for the new construction, even though the new construction was considered to be assessable.

While the Riverside County Board of Supervisors has adopted a low-value ordinance that exempts all possessory interest for temporary and transitory uses in a publicly owned fairground, convention facility or cultural facility with a full cash value of \$50,000 or less, and all mobilehome accessories on licensed mobilehomes on rented or leased land, all possessory interest, and all personal property and trade fixtures on the unsecured assessment roll having a full value of \$5,000 or less, section 155.20(e) provides that a county board of supervisors does not have the authority to exempt new construction from property taxation, unless the new total base year value of the property, including the new construction, is \$10,000 or less. Therefore, when part of a larger structure, low-value new construction must be valued and enrolled.

The Assessor's practice of not enrolling all assessable new construction may result in escaped assessments of certain low-value projects and cause unequal treatment of taxpayers.

Enroll escape assessments for unpermitted new construction when appropriate.

We found instances where the Assessor does not use the actual date of completion or the date of discovery when enrolling unpermitted new construction. Instead, the Assessor is enrolling the final permit date as the date of completion.

Section 531 states that if any property belonging on the local roll has escaped assessment, the Assessor shall assess the property on discovery at its value on the lien date for the year for which

it escaped assessment. Section 532 provides that an assessment shall be made within four years after July 1 of the assessment year in which the property escaped taxation or was underassessed.

In addition, section 50 provides that values determined for new construction shall be entered on the roll for the lien date next succeeding the date of completion of the new construction. Section 71 provides that new construction in progress on the lien date shall be appraised at its full value on said lien date and each lien date thereafter until the date of completion, at which time the entire newly constructed portion of the property shall be reappraised at its full value.

When unpermitted new construction is discovered, the Assessor should make every effort to determine the actual completion date of that new construction, and issue the appropriate supplemental assessment and escape assessments as allowed by statute. The date of discovery should be used as the event date as a last resort when all other efforts to obtain the actual completion date has been exhausted. The Assessor's current practice allows those taxpayers with unpermitted new construction to escape assessment for all prior years, even though the new construction was assessable had the Assessor been aware of its existence. In addition, this practice causes unequal treatment of taxpayers.

Classify wells as land pursuant to Rule 124.

We found instances where the Assessor classified wells as structural improvements.

Rule 124 requires that oil and water wells be classified as land. By not attributing value to the land for value added by the new construction of water wells, the Assessor is underassessing the land and overassessing the improvements, which may result in incorrect special assessments.

Obtain required information prior to granting new construction exclusions.

We found several examples where the Assessor granted an exclusion from new construction assessment for seismic retrofitting components without obtaining the necessary claim form or documentation, as required under section 74.5.

Section 74.5 provides for a new construction exclusion for the addition of any seismic retrofitting components to existing buildings and structures. In order to receive this new construction exclusion, the property owner must notify the County Assessor prior to, or within 30 days of, completion of the project. Additionally, all documents needed to support the claim must be filed no later than six months after completion of the project. It is the responsibility of the property owner, contractor, engineer, or architect to certify to the building department which portions of the project are for seismic retrofitting components. Upon completion of the project, the building department is to report to the County Assessor the costs of those portions of the project designated for seismic retrofitting components. Section 74.5(d) requires that the BOE prescribe the manner and form for claiming the exclusion. The property owner must file BOE-64, *Claim For Seismic Safety Construction Exclusion From Assessment*, along with any necessary supporting documentation, in order to qualify for the exclusion.

The Assessor's practice of excluding seismic retrofitting components without obtaining the required claim forms and supporting documentation is not in compliance with statute and may

result in the Assessor excluding new construction assessments that would otherwise be assessable.

Mineral Property

By statute and case law, mineral properties are taxable as real property. They are subject to the same laws and appraisal methodology as all real property in the state. However, there are three mineral-specific property tax rules that apply to the assessment of mineral properties. They are Rule 468, *Oil and Gas Producing Properties*, Rule 469, *Mining Properties*, and Rule 473, *Geothermal Properties*. These rules are interpretations of existing statutes and case law with respect to the assessment of mineral properties.⁸

Geothermal Properties

Geothermal property mineral rights refer to the rights to explore for, develop, and produce useful geothermal energy, and the real property associated with these rights. Pursuant to Rule 473, the rights to enter in or upon the land for the purpose of exploration, development, or production of proved reserves are taxable real property interests to the extent that they individually or collectively have ascertainable value. "Proved reserves" means that quantity of geothermal energy, capable of supporting the economic life of the geothermal project(s), which geological and engineering information indicate with reasonable certainty to be recoverable in the future, taking into account reasonably projected physical and economic operating conditions.

RECOMMENDATION 3: Properly measure declines in value for mineral properties using the entire appraisal unit, as required by Rule 469.

We found that the Assessor does not combine the value of the land (other than reserves), improvements including fixtures, and reserves into a total value reflecting the total appraisal unit when determining whether to enroll the adjusted base year value or the current market value.

In accordance with article XIII A of the California Constitution, all real property receives a base year value and, on each lien date, the taxable value of the real property unit is the lesser of its adjusted base year value or current market value. Section 105 defines fixtures as a type of improvement and, hence, as real property.

For most properties, fixtures are treated as a separate appraisal unit for determining a decline in value. Mineral properties, however, are treated differently. Rule 469(e)(2)(c) specifically defines the appraisal unit of a mineral property to include land, improvements including fixtures, and reserves. The Assessor should use this unit for measuring possible declines in value.

Failure to properly determine the decline in value of a mineral property using the entire mineral property appraisal unit may lead to inaccurate assessments.

⁸ The scope of our review for the mineral property topic is provided on the BOE website at https://boe.ca.gov/Assessors/pdf/mineralprop_general.pdf.

ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES

Audit Program

Prior to January 1, 2019, County Assessors were required to annually conduct a significant number of audits as specified in section 469. The significant number of audits required was at least 75 percent of the fiscal year average of the total number of mandatory audits the Assessor was required to have conducted during the 2002-03 fiscal year to the 2005-06 fiscal year, with 50 percent of those to be selected from a pool of those taxpayers with the largest assessments.⁹ However, effective January 1, 2019, Senate Bill 1498 (Stats. 2018, Ch. 467) amended section 469 to provide County Assessors flexibility in meeting this annual audit requirement. Thus, beginning with the 2019-20 fiscal year, Assessors may also meet the requirements of section 469 by completing the four-year total of required annual audits within that four-year period. The first four-year period began with the 2019-20 fiscal year and ends with the 2022-23 fiscal year.

RECOMMENDATION 4: Properly notify taxpayers of an enrollment of an escape assessment.

We found that the Assessor does not send a notification of enrollment of an escape assessment as required by section 534. The only notice taxpayers receive from the Assessor related to escape assessments is the *Notice of Proposed Escape Assessment*. Riverside County's Board of Supervisors has not adopted an ordinance in accordance with section 1605(c) that allows a tax bill to fulfill the notification requirements of section 534.

Before an escape assessment can be enrolled, taxpayers must first receive a *Notice of Proposed Escape Assessment*. According to section 531.8, no escape assessment shall be enrolled before ten days after the Assessor has mailed or otherwise delivered to the affected taxpayer a *Notice of Proposed Escape Assessment*. Once the minimum ten-day delay period prior to enrollment of the escape assessment has passed, the Assessor may enroll the escape assessment. However, section 534 states that no assessment shall be effective until the assessee has been notified of the escape assessment personally or by mail.

The notice of enrollment must include the following information: (1) the date of mailing, (2) information regarding the assessee's right to an informal review and the right to appeal the assessment, and (3) that the assessment appeal must be filed within 60 days of the date of mailing printed on the notice or the postmark date, whichever is later. Section 534(d)(2) expressly provides that the *Notice of Proposed Escape Assessment* required by section 531.8 does not satisfy the notice requirements of section 534.

The Assessor's practice of not sending a *Notice of Enrollment of Escape Assessment* as required by section 534 does not properly inform taxpayers of the right to an informal review of the escape assessment.

⁹ The scope of our review for the audit program topic is provided on the BOE website at https://boe.ca.gov/Assessors/pdf/auditprogram_general.pdf.

Business Property Statement Program

Each person owning taxable personal property (other than a manufactured home) having an aggregate cost of \$100,000 or more annually file a business property statement (BPS) with the Assessor, other persons must file a BPS if requested by the Assessor. Property statements form the backbone of the business property assessment program.¹⁰

RECOMMENDATION 5: Conduct an audit or perform a field review to update taxable value estimates every three or four years.

We found that the Assessor sets no formal limits on the number of consecutive years a business property owner may fail to file a BPS before visiting the location of the taxable property and conducting an audit.

Section 501 requires the Assessor, after sending written request to taxpayer, to estimate the value of business property belonging to anyone who does not comply with the reporting requirements. If a BPS was received during the previous year, it is reasonable to use the reported cost data from the previous year as a basis for estimating the current year's value. However, when allowing estimated assessments to continue for several years without any new information, the values become increasingly susceptible to error.

This practice can lead to inaccurate assessments and the permanent loss of tax revenue due to the expiration of the statute of limitations provided for in section 532. Therefore, estimated assessments based on prior years' reporting should be limited to three consecutive roll years.

¹⁰ The scope of our review for the business property statement program topic is provided on the BOE website at https://boe.ca.gov/Assessors/pdf/businesspropstatement_general.pdf.

APPENDIX A: STATISTICAL DATA

Table 1: Assessment Roll

The following table displays pertinent information from the 2021-22 assessment roll.¹¹

	PROPERTY TYPE	ENROLLED VALUE
Secured Roll	Land	\$93,973,168,524
	Improvements	\$232,093,647,142
	Fixtures	\$705,927,126
	Personal Property	\$963,140,870
	Total Secured	\$327,735,883,662
Unsecured Roll	Land	\$1,654,028
	Improvements	\$63,823,975
	Fixtures	\$5,054,418,046
	Personal Property	\$5,431,644,256
	Total Unsecured	\$10,551,540,305
Exemptions¹²		(\$8,039,859,474)
	Total Assessment Roll	\$330,247,564,493

Table 2: Change in Assessed Values

The following table summarizes the change in assessed values over recent years:¹³

ROLL YEAR	TOTAL ROLL VALUE	CHANGE	STATEWIDE CHANGE
2021-22	\$330,247,564,000	5.6%	4.1%
2020-21	\$312,629,850,000	5.7%	5.7%
2019-20	\$295,671,454,000	6.0%	6.1%
2018-19	\$278,991,111,000	6.2%	6.5%
2017-18	\$262,693,581,000	5.4%	6.3%

¹¹ Statistics provided by BOE-822, *Report of Assessed Values By City*, County 33 Riverside for year 2021.

¹² The value of the Homeowners' Exemption is excluded from the exemptions total.

¹³ Statistics provided by the BOE Open Data Portal dataset - [County Assessed Property Values, by Property Class and County \(Table 7\)](#).

Table 3: Gross Budget and Staffing

The Assessor's budget has decreased from \$28,184,599 in fiscal year 2016-17 to \$27,106,871 in fiscal year 2020-21.

For fiscal year 2020-21, the Assessor had 187 budgeted permanent positions. This included the Assessor, Assistant Assessor, 7 managers, 79 appraisers, 16 auditor-appraisers, 9 drafting/mapping technicians, 4 computer analysts, and 70 support staff.¹⁴

The following table identifies the Assessor's budget and staffing over recent fiscal years:¹⁵

FISCAL YEAR	GROSS BUDGET	PERCENT CHANGE	PERMANENT STAFF
2020-21	\$27,106,871	2.3%	187
2019-20	\$26,508,029	8.3%	190
2018-19	\$24,476,450	-7.5%	187
2017-18	\$26,457,844	-6.1%	172
2016-17	\$28,184,599	4.2%	183

Table 4: Assessment Appeals

The following table shows the number of assessment appeals filed in recent fiscal years:¹⁶

FISCAL YEAR	ASSESSMENT APPEALS FILED
2020-21	3,292
2019-20	3,085
2018-19	3,441
2017-18	3,526
2016-17	4,274

¹⁴ Statistics provided by the BOE Open Data Portal dataset – [Budgeted Permanent Positions](#).

¹⁵ Statistics provided by the BOE Open Data Portal datasets – [Gross and Net Budget](#) and [Budgeted Permanent Positions](#).

¹⁶ Statistics provided by the BOE Open Data Portal dataset – [Distribution of Assessment Appeals by Property Types](#).

Table 5: Exemptions – Welfare

The following table shows welfare exemption data for recent roll years:¹⁷

ROLL YEAR	WELFARE EXEMPTIONS	EXEMPTED VALUE
2021-22	2,543	\$4,912,737,085
2020-21	2,653	\$4,854,219,701
2019-20	1,030	\$4,736,875,932
2018-19	1,032	\$4,516,544,169
2017-18	994	\$4,245,267,776

Table 6: Change in Ownership

The following table shows the total number of transfer documents received and the total number of reappraisable transfers due to changes in ownership processed in recent roll years:¹⁸

ROLL YEAR	TOTAL TRANSFER DOCUMENTS RECEIVED	REAPPRAISABLE TRANSFERS
2021-22	137,910	76,959
2020-21	134,283	64,773
2019-20	131,584	75,183
2018-19	141,628	78,247
2017-18	140,976	78,447

¹⁷ Statistics provided by BOE-802, *Report on Exemptions*.

¹⁸ Statistics provided by the BOE Open Data Portal dataset – [Real Property Workload Data, Transfers](#).

Table 7: New Construction

The following table shows the total number of building permits received and the total number of new construction assessments processed in recent roll years:¹⁹

ROLL YEAR	TOTAL BUILDING PERMITS RECEIVED	NEW CONSTRUCTION ASSESSMENTS
2021-22	35,021	10,372
2020-21	36,923	9,713
2019-20	37,753	8,914
2018-19	33,903	8,273
2017-18	33,728	8,560

Table 8: Declines In Value

The following table shows the total number of decline-in-value assessments in recent roll years:²⁰

ROLL YEAR	DECLINE-IN-VALUE ASSESSMENTS
2021-22	139,216
2020-21	149,538
2019-20	162,303
2018-19	159,593
2017-18	200,868

¹⁹ Statistics provided by the BOE Open Data Portal dataset – [Real Property Workload Data, New Construction](#).

²⁰ Statistics provided by the BOE Open Data Portal dataset – [Real Property Workload Data, Proposition 8](#).

Table 9: Audits

The following table shows the minimum number of audits required to be conducted and the total number of audits completed in recent fiscal years.²¹

MINIMUM NUMBER OF AUDITS REQUIRED²²	2020-21	2019-20	2018-19	2017-18	2016-17
Largest Assessments			141	142	141
All Other Taxpayers			142	141	142
Total Required			283	283	283
NUMBER OF AUDITS COMPLETED					
Total Audits Completed	310	299	323	309	318
Largest Assessments	137	142	141	142	142
Over/(Under) Required			0	0	1
All Other Taxpayers	173	157	182	167	176
Over/(Under) Required			26	26	34
CCCASE AUDITS					
Prepared for other county Assessors	8	37	19	21	44

²¹ Statistics provided by the BOE Open Data Portal dataset – [Business Property Workload Data, Audits](#).

²² See Letter To Assessors (LTA) No. 2009/049, *Significant Number of Business Property Audits*, for the minimum number of annual audits required pursuant to the provisions of section 469 for fiscal years 2017-18 through 2018-19. Effective January 1, 2019, section 469 was amended to give Assessors more flexibility in completing the required number of annual audits by allowing for the four-year total of required annual audits to be completed within a four-year period of time, rather than annually, beginning with the 2019-20 fiscal year. For more information on the amendments to section 469, see LTA No. 2018/067.

APPENDIX B: COUNTY-ASSESSED PROPERTIES DIVISION SURVEY GROUP

Riverside County

Deputy Director

David Yeung

Survey Program Director:

Holly Cooper

Manager, Property Tax Department

Survey Team Supervisor:

David Dodson

Supervisor, Property Tax Department

Survey Team:

James McCarthy

Senior Petroleum and Mining Appraisal Engineer

Tina Salazar

Senior Specialist Property Appraiser

Artemis Oestreich

Senior Specialist Property Appraiser

Jennifer Prince

Senior Specialist Property Appraiser

Jeff Arthur

Senior Specialist Property Auditor Appraiser

Alexander B. Fries

Senior Specialist Property Auditor Appraiser

Nicole Grady

Associate Property Appraiser

Laura Ruiz

Associate Property Appraiser

Rick Arellano

Assistant Property Auditor Appraiser

APPENDIX C: RELEVANT STATUTES AND REGULATIONS

Reference	Description
<i>Government Code</i>	
§15640	Survey by board of county assessment procedures.
§15641	Audit of records, appraisal data not public.
§15642	Research by board employees.
§15643	When surveys to be made.
§15644	Recommendations by board.
§15645	Survey report, final survey report, Assessor's report.
§15646	Copies of final survey reports to be filed with local officials.
<i>Revenue and Taxation Code</i>	
§75.60	Allocation for administration.
<i>Title 18, California Code of Regulations</i>	
Rule 371	Significant assessment problems.

ASSESSOR'S RESPONSE TO BOE'S FINDINGS

Section 15645 of the Government Code provides that the Assessor may file with the Board a response to the findings and recommendations in the survey report. The survey report, the Assessor's response, and the BOE's comments regarding the Assessor's response, if any, constitute the final survey report.

The Riverside County Assessor's response begins on the next page. The BOE has no comments regarding the response.

Riverside County ACR

Responses to Assessment Practices Survey Post Conference Draft dated October 4, 2023

RECOMMENDATION 1: Properly apply penalties in accordance with 6 section 482(b).

We agree with the recommendation. The Riverside County Assessor Clerk Recorder (ACR) moved to a new system in late 2018. In the first few years, we experienced both system limitations and training issues that caused some penalties to be missed. In late 2021, the system vendor delivered an enhancement that allows the LEOP CIO processor to apply a penalty in a user-friendly and streamlined fashion. The ACR has also improved reporting that will help mitigate missed penalties in the future.

RECOMMENDATION 2: Improve the new construction program by (1) enrolling construction in progress at its fair market value on each lien date, (2) enrolling all assessable new construction, (3) enrolling escape assessments for unpermitted new construction when appropriate, (4) classifying wells as land pursuant to Rule 124, and (5) obtaining required information prior to granting new construction exclusions.

(1) We agree with the recommendation. The incidents cited occurred on our old IMSA mainframe system. With the deployment of our Aumentum property tax system, processing of this type was eliminated, preventing partially completed values from trending to the next lien date; appraisers are now prompted to enroll the fair market value of partially complete new construction for each subsequent lien date through automated workflows.

(2) We agree with the recommendation. We will work with our team to better identify unpermitted structures and to ensure structures of minimal value are assessed.

(3) We agree with the recommendation. Efforts will be made to determine the correct effective date that unpermitted construction was added to the property, and we will enroll corresponding escape assessments authorized under our low value ordinance regarding escape assessments.

(4) We agree with the recommendation and will implement the recommended action immediately.

(5) We agree with the recommendation. Permits pertaining to seismic will be reviewed by appraisal staff to document the value of the installation and enroll the value if no exclusion is applied. Forms such as the BOE-64 will also be collected and made available on our system of record for appraisal staff to review.

RECOMMENDATION 3: Properly measure declines in value for mineral properties using the entire appraisal unit, as required by Rule 469.

We agree with the recommendation. We will implement processes to ensure better coordination of our Business Section and Real Property Section to track FBV's of fixture values for our mineral properties, and ensure declines in value are reviewed using the entire appraisal unit.

RECOMMENDATION 4: Properly notify taxpayers of an enrollment of an escape assessment.

We do not send a notice of enrollment or escape pursuant to R&T 534 based on our understanding that a resolution was previously passed by our board of supervisors. We do agree that a resolution is required and if we are unable to locate a copy after consulting with the Clerk of the Board, we will introduce a new resolution to our Board of Supervisors.

RECOMMENDATION 5: Conduct an audit or perform a field review to update taxable value estimates every three or four years.

We agree with this recommendation. We have thousands of businesses that do not file a property statement each year. All properties were last field checked in 2016 as part of our field canvass program. Due to staffing and workload constraints, we put our field canvass program on hold in 2017. It remained on hold longer than anticipated, due to the COVID-19 pandemic. The field canvass program will begin again by the end of 2023, in which we anticipate each business assessment will be field checked and reviewed on a yearly or bi-yearly basis.