DRAFT

STATE BOARD OF EQUALIZATION
STAFF LEGISLATIVE BILL ANALYSIS

Date:	**02/21/14**	Bill No:	**Assembly Bill 2234**
Tax Program:	**Property**	Author:	**Ting**
Sponsor:	**Author**	Code Sections:	**GC 51640, 15643, and 15645**
Related Bills:		Effective Date:	**01/01/15**

BILL SUMMARY

Among other things, this bill reduces the time the State Board of Equalization (BOE) has to issue a county assessment practices survey report from 2 years to 9 months and expands the time between surveys from at least once every 5 years to once every 7 years.

ANALYSIS

CURRENT LAW

The law requires the BOE to perform specific duties related to state oversight of local property tax administration. Specifically, the law requires the BOE to make surveys in each county and city and county to determine the adequacy of the procedures and practices employed by the assessor in the valuation of property.[1]

Survey Cycle. The law requires the BOE to survey the assessment procedures and practices of each county as rapidly as feasible and repeat or supplement each survey at least once in 5 years.[2]

Written Reports. The law requires the BOE, upon completion of the survey of the procedures and practices of a county assessor, to prepare a written survey report setting forth its findings and recommendations. Before preparing its written survey report, the BOE must meet with the assessor to discuss and confer on those matters which may be included in the written survey report. Existing law requires the BOE to issue the final survey report within 2 years after the date the BOE begins the survey.[3]

Appraisal Appeal Rights. Current law requires the BOE to provide a right to each county assessor to appeal BOE appraisals (i.e., sample appraisals[4]) made within his or her county where differences have not been resolved before completion of a field review.[5]

PROPOSED LAW

Survey Cycle. This bill eliminates the requirement to proceed with the surveys as rapidly as feasible and instead, requires the BOE to complete each survey within 3 months after the date the BOE began the survey. This measure further requires the BOE to repeat or supplement the survey at least once every 7 years.

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[1] Chapter 2, "Surveys of Local Assessment Practices" commencing with Government Code (GC) §15640
[2] GC §15643
[3] GC §15645
[4] In some cases, surveys include a statistical sample of the property assessments. BOE appraisers independently value the selected properties to compare the BOE estimate of value to the county's value.
[5] GC §15640(f)

Written Report. This bill shortens the period of time permitted for BOE to issue the final survey report from 2 years to 9 months after the date the BOE began the survey. The bill also requires the BOE:

- To include in the written survey report the best practices the county assessor may adopt.
- To meet with the former assessor whose administration is being reviewed prior to publishing its written survey report when appropriate.

Appraisal Appeal Rights. This bill requires the BOE, when appropriate, to provide a right to each former county assessor whose administration is being reviewed to appeal the BOE appraisals made within his or her county.

BACKGROUND

Once every five years, BOE staff examines all 58 county assessor's offices, which is known as a "survey." BOE appraisers and auditor-appraisers conduct on site field checks of each county to review the procedures and practices the assessor uses to value property and administer the property tax.

Surveys. In the survey, the BOE audits each assessor's compliance with the laws. The written report details staff's findings and recommends areas of improvement. In some cases, the law requires the BOE's survey to include a "sampling" of assessments in the county.

Sampling. BOE selects a statistically representative sample of property types and BOE appraisers independently value the selected properties. The BOE's results are then compared to the assessor's results.

COMMENTS

1. **Sponsor and Purpose.** The author, formerly the Assessor-Recorder of the City and County of San Francisco, is sponsoring this bill to accelerate the release of a survey report and allow former assessors whose administration is being reviewed an opportunity to provide input.

2. **San Francisco's Assessment Practices Survey Report.** The BOE issued the survey report, after the assessor took office in the Assembly. The former assessor expressed concern regarding his lack of ability to provide input on the survey report before its publication.

3. **Completing surveys within nine months presents a challenge**. While the bill lengthens the cycle for conducting county surveys from once every five years to every seven years, it shortens the time to complete the written survey report from two years to nine months. Furthermore, it establishes a three month period from start to finish in which the BOE must complete the onsite field survey work at the assessor's office – no such limitation presently exists. While three months is typically sufficient for staff to complete the onsite survey work, the proposed limitation could preclude BOE staff from returning to the assessor's office should the need arise for further investigation.

4. **Discussion of rights conferred on former county assessors.** The bill gives the former county assessor the right to appeal BOE appraisals of sample assessments. For at least 20 years, no assessor has appealed a sample assessment. When a county is otherwise within acceptable statistical tolerances, there is no compelling need to appeal samples. It is unclear if this bill gives the former county assessor the

right to meet with the BOE to discuss what will be included in the report. As written, the bill could be read to allow BOE exclusive discretion in determining whether a meeting is appropriate to discuss the survey report with the former county assessor. In addition, the bill does not give a former county assessor whose administration is being reviewed the right to prepare a written response that is included in the report.

COST ESTIMATE

Enactment of this bill in its current form could affect the BOE's administrative costs. A cost estimate is pending.

REVENUE ESTIMATE

This bill does not impact property tax revenues.

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This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the BOE's formal position