

February 10, 1983

Based on the information presented to us, it is not "necessary" to remove daffodil bulbs from the ground annually. However, the consistent practice of the California agricultural industry as a whole should be examined in your particular case. If the consistent practice is to treat daffodil bulbs as an annual because of their nature or because the environment requires an annual planting, sowing, or harvesting, then that will be evidence, though not necessarily determinative, the daffodil bulbs could be considered a growing crop and be exempt from tax. Again, I do not believe that daffodils, a perennial, can be considered a growing crop.

The first question to be answered is what is the status of the bulbs on the lien date? If they are planted, they are part of the land. If they are not in the land on the lien date, then they can be considered personal property and can be revalued at their full cash value, assuming they are not held for resale and, therefore, are not entitled to the business inventory exemption.

Under Revenue and Taxation Code Section 70 and Board Rules 463 and 466, the planting of bulbs in the land is new construction of the land and the value of new bulbs may be added to the land. This is also the advice found in Assessors Handbook Section 567, Assessment of Nursery Stock. However, as Mr. McKay advised you, it is our view that relocation of bulbs from one site to another under the same ownership is not new construction permitting the reappraisal of bulbs. Nor do we believe removal and replanting in the same field is new construction permitting reappraisal. This is consistent with our advice given in Assessors' Letter 80/26, dated February 22, 1980, Valuation of Relocated Improvements. While the bulbs are not improvements (see County of Monterey v. Madalora 171 Cal.App. 2d 840 (1959)), we believe the same principles expressed in Assessors' Letter 80/26 would apply to this situation.

It is my understanding that the bulbs are removed from the ground, sorted, and replanted. In the process, some bulbs are discarded and new bulbs are added to the lot. The value of these new bulbs would be added to the land at their current market value and would take on a base year value as of the year of planting. (See attached copy of Assessors' Letter 78/138).

Very truly yours,

Lawrence A. Augusta
Assistant Chief Counsel

LAA:jlh
Enclosure