SAN BERNARDINO COUNTY
ASSESSMENT PRACTICES SURVEY

APRIL 2019

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BRENDA FLEMING, EXECUTIVE DIRECTOR
April 26, 2019

TO COUNTY ASSESSORS:

SAN BERNARDINO COUNTY
ASSESSMENT PRACTICES SURVEY

A copy of the San Bernardino County Assessment Practices Survey Report is enclosed for your information. The 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 Bob Dutton, San Bernardino County Assessor/Recorder/Clerk, 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 San Bernardino County Board of Supervisors, Grand Jury, and Assessment Appeals Board.

Mr. Dutton and his 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, Chief
County-Assessed Properties Division
Property Tax Department

DY:DECL
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 San Bernardino County Assessor'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 San Bernardino 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 Bob Dutton, San Bernardino County Assessor/Recorder/Clerk, elected to file his initial response prior to the publication of our survey; it is included in this report following the Appendixes.

¹ This report covers only the assessment functions of this 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 2017-18 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 For a detailed description of the scope of this program, please refer to the document entitled Assessment Sampling Program, available on the BOE's website at http://www.boe.ca.gov/Assessors/pdf/assessmentsamplingprogram.pdf.
Our survey methodology of the San Bernardino County Assessor's Office included reviews of the assessor's records, interviews with the assessor and his staff, and contacts with officials in other public agencies in San Bernardino County who provided information relevant to the property tax assessment program.


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 the assessor's budget and staffing, workload, staff property and activities, assessment appeals, and exemptions.

- **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, properties experiencing a decline in value, and certain properties subject to special assessment procedures, such as mineral property.

- **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 assessments.

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](http://www.boe.ca.gov/proptaxes/apscont.htm).
EXECUTIVE SUMMARY

We examined the assessment practices of the San Bernardino County Assessor's Office for the 2017-18 assessment roll. 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.

In the area of administration, the assessor is effectively managing staffing and workload, staff property and activities, and assessment appeals. However, we made a recommendation for improvement in the exemptions programs.

In the area of real property assessment, the assessor has effective programs for declines in value and minerals assessment. However, we made recommendations for improvement in the change in ownership and new construction programs.

In the area of personal property and fixtures assessment we made recommendations for improvement in the audit, business property statement, and business equipment valuation programs.

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

The San Bernardino County assessment roll meets the requirements for assessment quality as established by section 75.60. Our sample of the 2017-18 assessment roll indicated an average assessment ratio of 100.48 percent, and the sum of the absolute differences from the required assessment level was 0.96 percent. Accordingly, the BOE certifies that San Bernardino County is eligible to receive reimbursement of costs associated with administering supplemental assessments.
OVERVIEW OF SAN BERNARDINO COUNTY

San Bernardino County is located in southern California, and encompasses 20,056.92 square miles of land area and 47.89 square miles of water area. Created in 1853, San Bernardino County is bordered on the north by Inyo County, on the west by Kern and Los Angeles counties, on the southwest by Orange County, on the south by Riverside County, and on the east by the state of Nevada.

As of 2016, the total San Bernardino County population was estimated at 2,140,096. There are 24 incorporated cities in San Bernardino County. Those cities include Adelanto, Apple Valley, Barstow, Big Bear Lake, Chino, Chino Hills, Colton, Fontana, Grand Terrace, Hesperia, Highland, Loma Linda, Montclair, Needles, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Twentynine Palms, Upland, Victorville, Yucaipa, and Yucca Valley. The county seat is San Bernardino.

The San Bernardino County local assessment roll ranks 9th of the 58 county assessment rolls in California. The total assessed roll value has increased by an annual average of 4.9 percent over the last five years.5

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5 Statistics provided by Table 7 – Assessed Value of County-Assessed Property Subject to General Property Taxes, 2017-18.
FINDINGS AND RECOMMENDATIONS

As noted previously, our review concluded that the San Bernardino 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: Obtain original signatures on claim forms until a policy to accept electronic signatures is in place. .........................8

RECOMMENDATION 2: Correctly implement the penalty process in accordance with section 482(d). .................................................................9

RECOMMENDATION 3: Exclude as new construction all fire sprinklers, other fire suppression systems, and fire detection systems when installed in an existing building. .......................................10

RECOMMENDATION 4: Improve the audit program by: (1) performing the minimum number of audits of professions, trades and businesses pursuant to section 469, and (2) enrolling all escape assessments and overassessments discovered during the course of an audit. ........................................12

RECOMMENDATION 5: Improve BPS processing by: (1) not accepting vessel property statements filed prior to the lien date; and (2) applying a 10 percent penalty for failing to file a Vessel Property Statement. .................................................................14

RECOMMENDATION 6: Improve the business equipment valuation program by: (1) applying the mobile agricultural percent good factors prescribed in Table 6 of AH 581 as intended, and (2) properly classifying cell towers as structures. ...............15
ADMINISTRATION

Exemptions

Article XIII, section 1 of the California Constitution sets forth the general principle that all property is taxable unless otherwise provided. Section 3 of article XIII authorizes exemption of certain types of property from property taxation and section 4 authorizes the Legislature to exempt certain other types of property from property taxation.\(^6\)

Our review of the assessor's exemptions program solely included welfare exemptions.

Welfare Exemption

Article XIII, section 4(b) of the California Constitution authorizes the Legislature to exempt property owned and used exclusively for religious, hospital, or charitable purposes by organizations formed and operated exclusively for those purposes. When the Legislature enacted section 214 to implement this constitutional provision, a fourth purpose (scientific) was added. Both the organizational and property use requirements must be met for the exemption to be granted.

The welfare exemption is co-administered by the BOE and county assessors. The BOE is responsible for determining whether an organization itself is eligible for the welfare exemption and for issuing either an Organizational Clearance Certificate (OCC) to qualified organizations or a Supplemental Clearance Certificate (SCC) to limited partnerships, which have a qualified organization as the managing general partner, that own and operate low-income housing. The assessor is responsible for determining whether the use of a qualifying organization's property is eligible for exemption and for approving or denying exemption claims.

The assessor may not grant a welfare exemption on an organization's property unless the organization holds a valid OCC issued by the BOE or a valid SCC issued by the BOE if the property is a low-income housing property owned and operated by a limited partnership, which has a qualified organization (OCC holder) as the managing general partner. The assessor may, however, deny an exemption claim based on non-qualifying use of the property, notwithstanding that the BOE has issued an OCC or SCC to the claimant.

The welfare exemptions program in San Bernardino County is administered by the supervising office specialist, who reviews claims and determines if the property, or portion thereof, is eligible for exemption.

We found that the welfare exemption program is well administered and that appropriate timely filing procedures are observed and that documents and information necessary to administer

\(^6\) For a detailed description of the scope of our review of this topic, please refer to the document entitled Exemptions, available on the BOE's website at http://www.boe.ca.gov/Assessors/pdf/exemptions_general.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.
exemptions are well-maintained and readily available; however, we found an area in need of improvement.

**RECOMMENDATION 1:** Obtain original signatures on claim forms until a policy to accept electronic signatures is in place.

We found that the assessor has been accepting claim forms that are electronically signed without requiring claimants to submit follow-up claim forms with original signatures. The assessor does not have a policy in place for accepting electronic signatures on exemption claims.

The claimant's responsibility is to provide accurate and complete information on the claim form. The claim form shall be declared to be true under the penalty of perjury. An original signature of an officer of the organization or an authorized representative certifies that the information provided is true, correct, and complete. Government Code Section 16.5 authorizes the use of and prescribes guidelines for the use of digital signatures by public agencies.\(^7\)

A claim form that is not properly signed does not constitute a valid filing. As a result of the assessor's practice, no one attests to the authenticity of the facts reported on the statement or acknowledges any associated penalty for failure to comply with the filing requirements.

\(^7\) See CAA/BOE Forms Development and Approval Procedures November 2015 (page 12) at: https://www.boe.ca.gov/Assessors/pdf/Forms_Process_Master.pdf.
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.\(^8\)

Penalties

When a recorded document is received without a BOE-502-A, Preliminary Change of Ownership Report (PCOR) or the PCOR is incomplete, a title transfer technician sends a BOE-502-AH, Change in Ownership Statement (COS) to the property owner. The property owner is given 90 days to respond to this request. If the COS has not been returned within 90 days, a Notice of Penalty Assessment letter is sent, advising the property owner a penalty has been applied and providing information about the penalty abatement process. The San Bernardino County Board of Supervisors adopted Resolution No. 83-386 pursuant to section 483(b), allowing the assessor to automatically abate a section 482 penalty if the property owner files the COS with the assessor no later than 60 days from the date of the penalty notice.

We reviewed the assessor's application of the penalty process and found one area in need of improvement.

RECOMMENDATION 2: Correctly implement the penalty process in accordance with section 482(d).

We found that in cases where there are multi-parcel transfers in which a penalty applies, the assessor applies penalties to only one parcel, rather than dividing the penalty between all parcels.

Section 482(d) provides that the penalty shall be added to the roll in the same manner as a special assessment and treated, collected, and subject to the same penalties for the delinquency as all other taxes on the roll in which it is entered.

Since special assessments are applied separately to each parcel, penalties should be applied in the same manner. By not applying penalties to each individual parcel involved in a multi-parcel transfer, the assessor is not in compliance with the statute.

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\(^8\) For a detailed description of the scope of our review of this topic, please refer to the document entitled Change in Ownership, available on the BOE's website at [http://www.boe.ca.gov/Assessors/pdf/cio_general.pdf](http://www.boe.ca.gov/Assessors/pdf/cio_general.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](http://www.boe.ca.gov/proptaxes/apscont.htm).
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.9

The assessor has written procedures, policies, forms, and questionnaires for new construction. Most new construction activity is discovered from building permits. In San Bernardino County, permits are received from 25 permit-issuing agencies. All of these agencies forward copies of building permits and building plans to the appropriate district office on a monthly basis. Other discovery methods include field inspections, canvassing activities, newspaper articles and business property statements.

Overall, we found the assessor's program for the assessment of new construction to be well administered; however, there was one area in need of improvement.

RECOMMENDATION 3: Exclude as new construction all fire sprinklers, other fire suppression systems, and fire detection systems when installed in an existing building.

We found in instances when fire sprinklers, other fire suppression systems, and fire detection systems are installed in an existing building; they are assessed as new construction. The assessor believes the new construction exclusion of section 74 does not apply to fire sprinklers, other fire suppression systems, and fire detection systems installed in an existing building for a purpose other than to protect the existing structure. Furthermore, the assessor is of the opinion that fire suppression systems that are designed to extinguish a fire other than by discharging water upon a fire do not qualify for the section 74 exclusion.

Section 74 provides that neither "newly constructed" nor "new construction" includes the construction or installation of any fire sprinkler, other fire extinguishing system, fire detection system, or fire-related egress improvement that is constructed or installed on or after November 7, 1984. Section 74 (c)(2) specifically provides for exclusion for systems other than those that discharge water. Thus, section 74 does not limit the exclusion to only those systems associated with the protection of structures or designed to extinguish a fire by water.

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By not extending the new construction exclusion to all fire sprinkler systems, other fire extinguishing systems, and fire detection systems made to existing buildings, the assessor is incorrectly assessing as new construction that which is excluded from assessment by law.
ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES

Audit Program

County assessors are required to annually conduct a significant number of audits as specified in section 469. The significant number of audits required is 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.10

For San Bernardino County, the minimum required number of audits to be conducted each year is 283, with the additional requirement that 141 of those audits (142 in alternate years) are to be performed on taxpayers selected from a pool of those taxpayers that have the largest assessments.

During the surveyed assessment year, audit responsibility rested upon 11 auditor-appraisers and five assessment technicians who provide administrative support. The audit program is overseen by a principal appraiser (currently vacant) and a supervising auditor appraiser, with a second supervising auditor appraiser assisting in review and administrative tasks.

Overall, the assessor's audit program is well managed and audit quality is consistently good; however, we found two areas in need of improvement.

RECOMMENDATION 4: Improve the audit program by: (1) performing the minimum number of audits of professions, trades and businesses pursuant to section 469, and (2) enrolling all escape assessments and overassessments discovered during the course of an audit.

Perform the minimum number of audits of professions, trades and businesses pursuant to section 469.

For the assessment years under the scope of the survey, the assessor did not complete the minimum number of audits required under section 469. The assessor completed 188, 157, 213, 229, and 180 audits for years 2012-13, 2013-14, 2014-15, 2015-16, and 2016-17, respectively. However, the assessor is required to complete at least 283 audits per year pursuant to section 469.

An effective audit program verifies the reporting of various business property accounts, from small to large, and helps prevent errors and escape assessments. An audit program is an essential component of any equitably administered assessment program. A weak audit program can leave

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10 For a detailed description of the scope of our review of this topic, please refer to the document entitled Audit Program, available on the BOE's website at http://www.boe.ca.gov/Assessors/pdf/auditprogram_general.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.
a business property assessment program with no means of verifying the accuracy of taxpayer reporting or for correcting noncompliant reporting practices. Furthermore, experience shows the further removed the audit is from the year being audited the more difficult it is to obtain the records necessary to substantiate accurate reporting. Therefore, timeliness of the audit is an important factor in an effective audit program.

By failing to conduct a significant number of audits in a timely manner, the assessor is not in compliance with section 469 and risks the possibility of allowing taxable property to permanently escape assessment.

Enroll all escape assessments and overassessments discovered during the course of an audit.

The assessor does not enroll assessment changes that amount to differences of 1 percent or less of the original value of audited business property.

Section 531.9 allows a county board of supervisors to adopt an ordinance to prohibit the assessor from making an escape assessment of an appraisal unit where the assessment would result in an amount of taxes due which is less than the cost of assessing and collecting the tax. However, San Bernardino County does not have such an ordinance in place.

Section 531 specifically states, "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." Furthermore, section 5096(g) provides that any taxes paid before or after delinquency shall be refunded if they were paid on an assessment in excess of the value of the property as determined by the assessor pursuant to Section 469. Section 4836(a) requires the auditor to either process the refund or notify the assessee in writing of the requirements for obtaining a refund pursuant to section 5097. In order for the auditor to process the refund or notify the assessee, the assessor must deliver the corrected entry to the county auditor.

The arbitrary minimum audit enrollment policy fails to meet the assessor's obligation to assess all property subject to taxation at its value and to provide the auditor with all corrections related to overassessments or underassessments discovered from audits.

**Business Property Statement Program**

Section 441 requires that each person owning taxable personal property (other than a manufactured home) having an aggregate cost of $100,000 or more to 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.11

Overall, the assessor's BPS processing program is well administered. However, we found two areas in need of improvement.

**RECOMMENDATION 5:** Improve BPS processing by: (1) not accepting vessel property statements filed prior to the lien date; and (2) applying a 10 percent penalty for failing to file a Vessel Property Statement.

**Do not accept vessel property statements filed prior to the lien date.**

The assessor has been accepting vessel property statements received prior to the lien date; statements for the 2015 lien date were accepted in October of 2014.

Section 441(b) specifies that a property statement shall be filed with the assessor between the lien date (January 1, at 12:01 a.m.) and 5:00 p.m. on April 1. Vessel property statements include information about the make, model, purchase information, size, and condition of the vessel. The information reported by the taxpayer allows the assessor to make an informed valuation of the vessel as of the lien date.

The assessor's acceptance of property statements filed before the lien date is contrary to statute. More practically, the taxpayer cannot attest to the actual condition and location of a vessel on the lien date if the statement is filed prior to the lien date.

**Apply a 10 percent penalty for failing to file a Vessel Property Statement.**

We found that when a vessel owner fails to file form BOE-576-D *Vessel Property Statement*, the assessor does not apply the statutorily mandated 10 percent penalty on vessels having an aggregate cost of $100,000 or more for any assessment year.

Section 441(a) provides that each person owning taxable personal property, other than a manufactured home, having an aggregate cost of $100,000 or more for any assessment year shall file a signed property statement with the assessor. Additionally, section 463 specifically requires the assessor to add a 10 percent penalty to the assessed value when a taxpayer fails to file a property statement or files that statement after the statutory deadline.

The assessor's practice is contrary to statute. The application of the penalty, when prescribed, encourages a taxpayer's compliance with the obligation to file a property statement pursuant to section 441.

**Business Equipment Valuation**

Assessors value most machinery and equipment using business property valuation factors. Some valuation factors are derived by combining price index factors with percent good factors, while other valuation factors result from valuation studies. Under this methodology, value for taxation purposes is established by multiplying a property's historical cost by an appropriate valuation factor.\(^{12}\)

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\(^{12}\) For a detailed description of the scope of our review of this topic, please refer to the document entitled *Business Equipment Valuation*, available on the BOE's website at
We reviewed the assessor's valuation procedures as well as the assessor's application of percent good and trend factors to ensure that they were accurate and applied consistently. Samples were analyzed to verify that the assessor was applying the correct factors to various business and equipment types, estimating supplies when not reported, making appropriate trade level adjustments, appropriately assessing fixtures, and correctly assessing mobile construction and agricultural accounts.

Overall, the assessor's business equipment valuation program is comprehensive and well managed. However, we found two areas in need of improvement.

**RECOMMENDATION 6:** Improve the business equipment valuation program by: (1) applying the mobile agricultural percent good factors prescribed in Table 6 of AH 581 as intended, and (2) properly classifying cell towers as structures.

**Apply the mobile agricultural percent good factors prescribed in Table 6 of AH 581 as intended.**

We found the assessor applies Table 6: Agricultural Mobile Equipment Percent Good Factors from Assessors' Handbook Section 581, Equipment and Fixtures Index, Percent Good and Valuation Factors (AH 581), to all movable agricultural related personal property. The Table 6 factors are intended for use in the valuation of vehicles considered to be self-propelled machinery – used exclusively in the conduct of agricultural operations, and related implements that are exempt from DMV registration and license fees. By using these factors in the valuation of non-mobile agricultural equipment, such as bins, air compressors, irrigation pipes and risers, welders, generators, etc., the assessor is incorrectly calculating current market value estimates of non-mobile agricultural equipment. To ensure an accurate value indicator, the assessor should determine whether reported machinery and equipment is mobile in nature, and then apply the appropriate table factors indicated in AH 581.

Improper application of the percent good factors found within Table 6 leads to inaccurate value conclusions.

**Properly classify cell towers as structures.**

We found the assessor incorrectly classifies cell towers as fixtures.

Letter To Assessors No. 2001/024, Delegation of Assessment Jurisdiction of Wireless Communications Tower Sites, states that wireless communication towers should be classified as structures. Assessors' Handbook Section 502, Advanced Appraisal, provides that an improvement will be classified as a structure when its primary use or purpose is for housing or accommodation of personnel, personalty, or fixtures; or when the improvement has no direct application to the process or function of the trade, industry, or profession. Wireless communication towers are not considered to have a direct application to the process or function of the trade, industry, or profession.

of a trade, industry, or profession. The function of the tower is to house wireless communications antennas and related equipment.

Proper classification is an important factor for cell towers because supplemental assessments are levied only on improvements classified as structures. By not classifying cell towers as structures, the assessor does not supplementally assess newly constructed cell towers or cell towers that change ownership as required.
APPENDIX A: STATISTICAL DATA

Table 1: Assessment Roll

The following chart displays pertinent information from the 2017-2018 assessment roll.13

<table>
<thead>
<tr>
<th>PROPERTY TYPE</th>
<th>ENROLLED VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Secured Roll</strong></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$  61,517,022,983</td>
</tr>
<tr>
<td>Improvements</td>
<td>$140,952,349,498</td>
</tr>
<tr>
<td>Personal Property</td>
<td>$  434,101,801</td>
</tr>
<tr>
<td><strong>Total Secured</strong></td>
<td>$202,903,474,282</td>
</tr>
<tr>
<td><strong>Unsecured Roll</strong></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$</td>
</tr>
<tr>
<td>Improvements</td>
<td>$  5,275,882,607</td>
</tr>
<tr>
<td>Personal Property</td>
<td>$  6,084,775,685</td>
</tr>
<tr>
<td><strong>Total Unsecured</strong></td>
<td>$ 11,360,658,292</td>
</tr>
<tr>
<td><strong>Exemptions</strong>14</td>
<td></td>
</tr>
<tr>
<td></td>
<td>($ 7,687,328,367)</td>
</tr>
<tr>
<td><strong>Total Assessment Roll</strong></td>
<td>$206,576,804,207</td>
</tr>
</tbody>
</table>

Table 2: Change in Assessed Values

The next table summarizes the change in assessed values over recent years:15

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL ROLL VALUE</th>
<th>CHANGE</th>
<th>STATEWIDE CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>$206,576,804,000</td>
<td>6.1%</td>
<td>6.3%</td>
</tr>
<tr>
<td>2016-17</td>
<td>$194,681,019,000</td>
<td>4.2%</td>
<td>5.5%</td>
</tr>
<tr>
<td>2015-16</td>
<td>$186,894,463,000</td>
<td>5.1%</td>
<td>6.0%</td>
</tr>
<tr>
<td>2014-15</td>
<td>$177,873,194,000</td>
<td>6.2%</td>
<td>6.2%</td>
</tr>
<tr>
<td>2013-14</td>
<td>$167,506,895,000</td>
<td>3.0%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

---

14 The value of the Homeowners' Exemption is excluded from the exemptions total.
15 State Board of Equalization Annual Report, Table 7.
Table 3: Gross Budget and Staffing

The assessor's budget has grown from $18,193,121 in 2013-14 to $19,570,171 in 2017-18.

As of the date of our survey, the assessor had 173 budgeted permanent staff. This included the assessor, assistant assessor, 6 managers, 67 real property appraisers, 13 business property auditor-appraisers, 5 cadastral draftspersons, 6 computer programmers/analysts/technicians, 37 technical/professional staff, and 37 support staff.

The following table identifies the assessor's budget and staffing over recent years:\footnote{16 Statistics provided by \textit{A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors’ Offices}.}

<table>
<thead>
<tr>
<th>BUDGET YEAR</th>
<th>GROSS BUDGET</th>
<th>PERCENT CHANGE</th>
<th>PERMANENT STAFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>$19,570,171</td>
<td>5.0%</td>
<td>173</td>
</tr>
<tr>
<td>2016-17</td>
<td>$18,633,547</td>
<td>1.1%</td>
<td>173</td>
</tr>
<tr>
<td>2015-16</td>
<td>$18,432,959</td>
<td>1.6%</td>
<td>168</td>
</tr>
<tr>
<td>2014-15</td>
<td>$18,148,576</td>
<td>-0.2%</td>
<td>170</td>
</tr>
<tr>
<td>2013-14</td>
<td>$18,193,121</td>
<td>3.2%</td>
<td>169</td>
</tr>
</tbody>
</table>

Table 4: Assessment Appeals

The following table shows the number of assessment appeals filed in recent years:\footnote{17 Statistics provided by \textit{A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors’ Offices} for years.}

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ASSESSMENT APPEALS FILED</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>2,431</td>
</tr>
<tr>
<td>2016-17</td>
<td>2,865</td>
</tr>
<tr>
<td>2015-16</td>
<td>3,145</td>
</tr>
<tr>
<td>2014-15</td>
<td>3,705</td>
</tr>
<tr>
<td>2013-14</td>
<td>4,809</td>
</tr>
</tbody>
</table>
**Table 5: Exemptions – Welfare**

The following table shows welfare exemption data for recent years:\(^{18}\)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>WELFARE EXEMPTIONS</th>
<th>EXEMPTED VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>2,806</td>
<td>$5,852,903,478</td>
</tr>
<tr>
<td>2016-17</td>
<td>2,854</td>
<td>$5,745,300,897</td>
</tr>
<tr>
<td>2015-16</td>
<td>2,687</td>
<td>$5,467,201,607</td>
</tr>
<tr>
<td>2014-15</td>
<td>2,753</td>
<td>$5,247,092,166</td>
</tr>
<tr>
<td>2013-14</td>
<td>2,730</td>
<td>$4,629,625,269</td>
</tr>
</tbody>
</table>

**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 years:\(^{19}\)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL TRANSFER DOCUMENTS RECEIVED</th>
<th>REAPPRAISABLE TRANSFERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>89,000</td>
<td>77,729</td>
</tr>
<tr>
<td>2016-17</td>
<td>97,555</td>
<td>79,752</td>
</tr>
<tr>
<td>2015-16</td>
<td>135,709</td>
<td>77,725</td>
</tr>
<tr>
<td>2014-15</td>
<td>159,378</td>
<td>73,547</td>
</tr>
<tr>
<td>2013-14</td>
<td>179,943</td>
<td>75,543</td>
</tr>
</tbody>
</table>

\(^{18}\) Statistics provided by BOE-802, *Report on Exemptions*.
\(^{19}\) Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors’ Offices*. 
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 years:\(^{20}\)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL BUILDING PERMITS RECEIVED</th>
<th>NEW CONSTRUCTION ASSESSMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>50,873</td>
<td>6,008</td>
</tr>
<tr>
<td>2016-17</td>
<td>44,653</td>
<td>6,155</td>
</tr>
<tr>
<td>2015-16</td>
<td>44,653</td>
<td>16,607</td>
</tr>
<tr>
<td>2014-15</td>
<td>34,335</td>
<td>6,986</td>
</tr>
<tr>
<td>2013-14</td>
<td>34,928</td>
<td>5,303</td>
</tr>
</tbody>
</table>

Table 8: Declines In Value

The following table shows the total number of decline-in-value assessments in recent years:\(^{21}\)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>DECLINE-IN-VALUE ASSESSMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>80,739</td>
</tr>
<tr>
<td>2016-17</td>
<td>90,532</td>
</tr>
<tr>
<td>2015-16</td>
<td>101,269</td>
</tr>
<tr>
<td>2014-15</td>
<td>180,759</td>
</tr>
<tr>
<td>2013-14</td>
<td>191,188</td>
</tr>
</tbody>
</table>

---

\(^{20}\) Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors’ Offices*.  
\(^{21}\) Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors’ Offices*. 
APPENDIX B: PRIOR SURVEY RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS

Following are the recommendations included in our March 2015 Assessment Practices Survey Report and the assessor's response to each recommendation. After each recommendation, we report the current status of the assessor's effort to implement the recommendation as noted during our survey fieldwork.

Staff Property and Activities

RECOMMENDATION 1: Develop written procedures for the assessment of staff-owned property.

Original Findings:

We found the assessor has written policies and procedures in place for handling employee conflicts of interest and outside employment activities; however, the assessor has only informal policies and no written procedures to address the assessment of staff-owned property. While we did not find any problems with the assessor's handling of staff-owned properties, the assessor should have written procedures in place to fully address the assessment of real and personal property in which staff in the assessor's office holds an interest.

Original Assessor's Response:

We concur. We will develop and implement policy and procedures for the implementation of staff owned property.

Current Status:

The assessor has implemented this recommendation. The assessor has created policies for the assessment of staff-owned property. The policies include requirements that employees sign an acknowledgement of receiving and understanding the policy. Staff who own assessable property within San Bernardino County must report their ownership upon hire and update the filing annually. The assessor has put measures in place to ensure that the assessor's staff has no involvement in the assessment of property in which they have an interest. The filing officer conducts an annual audit to review the filings.
Change in Ownership

RECOMMENDATION 2: Improve the LEOP program by: (1) reassessing all properties owned by legal entities that have undergone a change in control or ownership, and (2) applying appropriate penalties as required by section 482(b).

Original Findings:

(1) Reassess all properties owned by legal entities that have undergone a change in control or ownership.

We found several properties owned by legal entities having undergone a change in control or ownership that had not been reassessed, even though the assessor had been notified of the change by the BOE's LEOP Section.

Original Assessor's Response:

We concur. We are currently addressing our backlog of properties which have undergone a change in control or ownership which have not been reassessed and will implement procedures to prevent a backlog in the future.

Current Status:

The assessor has implemented this recommendation. We reviewed a number of properties owned by legal entities that experienced a change in control under section 64(c) or change in ownership under section 64(d) and found that they were all reassessed.

Original Findings:

(2) Apply appropriate penalties as required by section 482(b).

We found several instances where penalties were not applied when an entity failed to file a BOE-100-B, Statement of Change in Control and Ownership of Legal Entities (BOE-100-B), or filed a BOE-100-B late, even though the assessor had been notified by the BOE's LEOP Section to apply the penalty.

Original Assessor's Response:

We concur. We have recently completed programming changes to our Property Information Management System (PIMS) to calculate and apply penalties pursuant to section 482(b). We will be applying and collecting penalties beginning with the 2015 assessment roll year.
Current Status:

The assessor has implemented this recommendation. We reviewed a number of properties that required the application of a penalty and found that all of the penalties had been applied.

RECOMMENDATION 3: Improve the change in ownership procedures by not requiring a claimant to pay a processing fee when filing a claim for an exclusion.

Original Findings:

We found that it is the assessor's practice to require claimants to pay a processing fee of $101 when filing for either a section 63.1 or a section 69.5 exclusion. When processing a claim for exclusion, it is the assessor's procedure to send a letter to the claimant requesting that the claimant pay the $101 fee in order for their claim form to be processed. The letter informs the claimant that the fee is nonrefundable, regardless of whether the claim is approved or denied. While San Bernardino County Board of Supervisors adopted a fee schedule, effective July 19, 2012, to allow for this charge, a charge for an overall exclusion fee is not provided for in statute. In addition, San Bernardino County does not have a board order allowing the assessor to charge up to a $175 processing fee if a transferee fails to timely return a certified claim for exclusion pursuant to section 63.1(j)(2).

Original Assessor's Response:

*We have already stopped collecting filing fees for section 63.1 and 69.5 exclusion filings.*

Current Status:

The assessor has implemented this recommendation by ceasing to collect the filing fees for section 63.1 and 69.5 exclusion filings. The county fee schedule has also been updated to remove references to these fees.

Audit Program

RECOMMENDATION 4: Perform the minimum number of audits of professions, trades, and businesses pursuant to section 469.

Original Findings:

We found that the assessor did not conduct the minimum number of audits required under the provisions of section 469 each of the past four years.

Original Assessor's Response:

*We concur and have already taken steps to correct this deficiency.*
Current Status:

The assessor has not implemented this recommendation. Refer to the Audit Program section.

**Business Equipment Valuation**

**RECOMMENDATION 5:** Improve the business equipment valuation program by ensuring that pollution control equipment financed by state bonds does not escape assessment.

**Original Findings:**

We found that during calendar years 2008 and 2010, there were three businesses located in San Bernardino County that had entered into multi-million dollar contracts with the California Pollution Control Financing Authority (CPCFA). Information regarding these contracts was provided by the BOE to the assessor in County Assessors Only (CAO) Letter Nos. 2009/004 and 2011/007. We reviewed the records of these businesses and discovered that the assessor does not follow up on the information provided in order to determine whether this equipment should be assessed. In addition, we could find no informal or written procedures concerning the distribution of the CAO Letters. As a result, the CAO Letters do not consistently get routed to the appropriate personnel.

**Original Assessor's Response:**

*We concur. We are currently establishing formal procedures to review and route CAO letters to appropriate personnel to assure pollution control equipment does not escape assessment. The three businesses listed on CAO letters (2009/004 and 2011/007) have been or are currently being addressed through the audit process. The pollution control equipment has been or will be assessed appropriately.*

**Current Status:**

The assessor has implemented this recommendation. The assessor has an informal procedure to ensure the annual CAO letter is distributed to the supervisors in the business property unit. A supervisor is tasked with searching the property tax system to ensure that companies mentioned on the CAO with investments in the county of San Bernardino are filing business property statements. All of the companies listed in CAO letters 2017/04, 2016/007, 2014/026, and 2013/004 indicating investments in San Bernardino are listed in the 2015 pool of largest taxpayers with the exception of one new company. The assessor is confident that these companies will be audited, and that any taxable property related to CPCFA will be addressed during the audit process.
APPENDIX C: COUNTY-ASSESSED PROPERTIES DIVISION SURVEY GROUP

San Bernardino County

Chief
David Yeung

Survey Program Director:
Diane Yasui Manager, Property Tax

Survey Team Supervisor:
David Dodson Supervisor, Property Tax

Survey Team Leader:
Tina Krause Senior Specialist Property Appraiser

Survey Team:
James McCarthy Senior Petroleum and Mining Appraisal Engineer
Isaac Cruz Senior Specialist Property Auditor-Appraiser
Mike Ash Associate Property Appraiser
Jennifer Prince Associate Property Appraiser
Nancy Le Associate Property Auditor-Appraiser
Dany Lunetta Associate Governmental Program Analyst
Zhanna Denisyuk Tax Technician I
### Appendix D: Relevant Statutes and Regulations

<table>
<thead>
<tr>
<th>Reference</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government Code</strong></td>
<td></td>
</tr>
<tr>
<td>§15640</td>
<td>Survey by board of county assessment procedures.</td>
</tr>
<tr>
<td>§15641</td>
<td>Audit of records; appraisal data not public.</td>
</tr>
<tr>
<td>§15642</td>
<td>Research by board employees.</td>
</tr>
<tr>
<td>§15643</td>
<td>When surveys to be made.</td>
</tr>
<tr>
<td>§15644</td>
<td>Recommendations by board.</td>
</tr>
<tr>
<td>§15645</td>
<td>Survey report; final survey report; assessor's report.</td>
</tr>
<tr>
<td>§15646</td>
<td>Copies of final survey reports to be filed with local officials.</td>
</tr>
<tr>
<td><strong>Revenue and Taxation Code</strong></td>
<td></td>
</tr>
<tr>
<td>§75.60</td>
<td>Allocation for administration.</td>
</tr>
<tr>
<td><strong>Title 18, California Code of Regulations</strong></td>
<td></td>
</tr>
<tr>
<td>Rule 371</td>
<td>Significant assessment problems.</td>
</tr>
</tbody>
</table>
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 San Bernardino County Assessor's response begins on the next page.

Section 15645 also allows the Board to include in the report comments regarding the assessor's response. Our comments follow the assessor's response.
March 6, 2019

Mr. David Yeung, Chief  
State Board of Equalization  
County-Assessed Properties Division  
Property Tax Division  
P.O. Box 942879  
Sacramento, CA 94279-0064

Re: 2017/2018 San Bernardino County Assessment Practices Survey

Dear Mr. Yeung:

Pursuant to Section 15645 of the California Government Code, enclosed is the San Bernardino County Assessor's office response to the recommendations contained in the Assessment Practices Survey of the 2017-18 assessment roll conducted by the State Board of Equalization. Please incorporate my responses into your final Assessment Practices Survey Report.

We appreciate the survey team's positive comments regarding our office's assessment procedures and practices. The survey report found the San Bernardino County Assessor's Office assessment program to be effectively managed and meeting state standards in terms of overall quality of the assessment roll.

Attached, please find our responses to the BOE recommendations. San Bernardino County agrees with most of the recommendations outlined in the BOE survey report and will work to implement those recommended changes.

I would like to thank all of the State Board of Equalization survey team members for the professional and courteous manner in which they conducted themselves throughout the survey.

I would also like to express my sincere gratitude for the employees of the Assessor's Office for their hard work, expertise, dedication, and commitment to public service.

Sincerely,

Bob Dutton  
Assessor-Recorder-County Clerk  
San Bernardino County
March 6, 2019

Assessor Response to BOE Recommendations:

**Recommendation #1**

We respectfully do not agree - The idea of requiring claimants to provide our office with the original claim form that has an original "wet signature" is not an efficient way to handle claims, considering most business is now done via email or fax. We feel that having a wet signature does not necessarily give our office the assurance that the information on the claim form, pertaining to the usage, is correct. We strive to be consistent in our handling of all exemptions. Since our office does not require other types of exemption claimants to provide a wet signature, we will follow the same practice for the Welfare exemptions, (per guidance from the CAA/Forms Development and Approval Procedures-page 13). When a claimant first applies for the Welfare exemption, a field check is done to verify all usage to determine their eligibility. If we receive information on the claim form that there has been a change in the property or its usage, we will conduct another field check to verify changes before we proceed. We feel this procedure accomplishes the same outcome that a wet signature would accomplish and gives us the same assurance.

**Recommendation #2**

Agree – our office is currently implementing a fix to our property information management system to effect the proper allocation of the COS penalty across all parcels impacted.

**Recommendation #3**

Agree – will ensure Real Property and Business Property Sections will exclude as new construction per R&T Section 74, all fire sprinklers, other fire suppression systems and fire detection systems when installed in an existing building.

**Recommendation #4**

Agree – (1) - The Assessor has made strides in correcting this recommendation by adding three additional Auditor/Appraiser positions and adding an additional Supervising Auditor/Appraiser. This will aid in expediting audit completion and review.

Agree – (2) – The Assessor will be pursuing, per Code Section 531.9, a Board of Supervisors approved Local Ordinance to address the low value exemption related to escaped assessments, as a result of audited business property.
**Recommendation #5**

We do not entirely agree with this recommendation -

We do agree with mailing a Vessel Statement 576D to maintain compliance with section 441 (b). Although, we do not agree with the Assessee filing a statement on an annual basis, unless the cost is over $100,000. When information is received from the DMV indicating a vessel is located in San Bernardino County, we mail out a Vessel Property Statement to obtain the current information. Once the statement is received, the current market value is determined and the assessment is placed on the current assessment roll year. Each January, San Bernardino County sends out a Vessel Notice to all current vessel assessment accounts, requesting any changes to the vessel, such as if it was sold, destroyed, moved, modified/improved or a mailing address change. The Vessel Notice is only returned if there were changes to the vessel, which allows for efficient management of the Assessor's limited resources. Vessel depreciation is applied based on the BOE Vessel Valuation factors for lien date.

The vast majority of San Bernardino County's vessel assessments are of the small personal craft variety. Our office currently has roughly 7,645 vessel assessments for 2018, only 28 are over $100,000 in value and are sent a Vessel Property Statement each year in January. Therefore, our position is, only those vessels over $100,000 would be subject to the 10% penalty; and to keep in uniformity with all vessel assessments, we do not apply the 10% penalty.

**Recommendation #6**

Agree – (1) – our office will develop and utilize Agricultural mobile and non-mobile equipment percent good factor tables where warranted. However, if an asset listing does not accompany the Business Property Statement, our office will assess the equipment how the taxpayer has reported. If an asset listing does accompany the BPS, our office will properly categorize and assess agricultural mobile from non-mobile equipment.

Agree – (2) – we will consider and implement a new method of handling Cell Tower assessments. This method will concentrate on converting the cell tower assessments to a parcel type that will allow for supplemental assessments upon a change in ownership or new construction and will track the appropriate factored base year value for purposes of enrolling the lesser of the full cash value or Prop-13 factored base year value.
BOE COMMENTS TO ASSESSOR'S RESPONSE

Recommendation 5, Part 2: Improve BPS processing by: (2) applying a 10 percent penalty for failing to file a Vessel Property Statement.

Assessor's Response: We do not entirely agree with this recommendation –

We do agree with mailing a Vessel Statement 576D to maintain compliance with section 441(b). Although, we do not agree with the Assessee filing a statement on an annual basis, unless the cost is over $100,000. When information is received from the DMV indicating a vessel is located in San Bernardino County, we mail out a Vessel Property Statement to obtain the current information. Once the statement is received, the current market value is determined and the assessment is placed on the current assessment roll year. Each January, San Bernardino County sends out a Vessel Notice to all current vessel assessment accounts, requesting any changes to the vessel, such as if it was sold, destroyed, moved, modified/improved or a mailing address change. The Vessel Notice is only returned if there were changes to the vessel, which allows for efficient management of the Assessor's limited resources. Vessel depreciation is applied based on the BOE Vessel Valuation factors for lien date.

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BOE Comments to Assessor's Response on Recommendation 5, Part 2:

To clarify, the Board of Equalization's finding is centered on the statutorily mandated 10 percent penalty that must be applied in cases where the taxable personal property, having an aggregate cost of one hundred thousand dollars ($100,000) or more for any assessment year, if the property owner fails to file a property statement or files that statement after the statutory deadline. Section 463(a) specifically requires the assessor to add a 10 percent penalty to the assessed value when a taxpayer fails to file a property statement or files that statement after the statutory deadline.