



**STATE BOARD OF EQUALIZATION**

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Executive Secretary  
No. 79/211

December 11, 1979

TO COUNTY ASSESSORS:

BUSINESS INVENTORY SUBVENTIONS

Assembly Bill 66 exempted business inventories for 1980 and future years and provided that reimbursements to counties for revenue losses for 1980 and subsequent years would be calculated by doubling the 1979 lien date business inventory assessed values multiplied times a county wide four-dollar tax rate. The total sum would then be increased by a percentage equal to the state reimbursement for inventory tax factor.

Several counties have since expressed concern over whether the reimbursement base would be subject to change following possible audit adjustments to the 1979 reported inventories.

We have received correspondence from the Controller's legal staff that states, in their opinion, it was the intent of the Legislature to allow adjustments to reflect escapes, error corrections, and other circumstances that may increase or decrease the net amount of a county's reimbursement for revenue losses due to the exemption of business inventories. We interpret this to mean they will allow correction to the 1979 base.

Please contact Bud Florence or Mike Shannon of this division if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Verne Walton".

Verne Walton, Chief  
Assessment Standards Division

VW:lo