



## STATE BOARD OF EQUALIZATION

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No. 79/40

February 27, 1979

TO COUNTY ASSESSORS:

TAXABLE MUNICIPALLY OWNED PROPERTY

The amendments made to Article XIII A by Proposition 8, which was approved by the electorate in November, have altered somewhat the procedures for valuing taxable municipally owned property. This letter will review the proper procedures incorporating the modification necessitated by Proposition 8.

Land - Inyo and Mono Counties

It is our opinion that Article XIII A has no effect on the specific provisions of Article XIII, Section 11, which provide that taxable publicly owned land located in Inyo and Mono Counties shall be valued by a factor applied to the 1966 or 1967 assessed value. These two counties should continue to apply this factor for each current lien date. Article XIII A set up a base year for determining market value and provided a different definition of market value, but it had no effect upon a factor having no relation to market value.

Land - Counties Other Than Inyo and Mono

For counties other than Inyo and Mono, the assessor should compare two figures for the 1978 lien date:

- (1) 1975 market value modified by the inflation factor, and
- (2) The factor value using the 1978 factor as supplied by the Controller.

The lower of the two figures should have been enrolled.

It will be necessary to compare three figures for the 1979 and subsequent lien dates.

- (1) The 1967 value times the Controller's current factor (see letter to assessors number 79/22 for the 1979 factor),
- (2) The March 1, 1975 market value (or market value when acquired if after March 1975) as adjusted for inflation, and
- (3) The 1979 (current) full market value.

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The lowest of the three figures will be used as the roll value. If the 1979 full market value is the lowest of the three figures, a new base year will be established for future calculations in step (2).

Improvements - All Counties

New improvements built on land after acquisition by a municipal government will continue to be exempt. However, improvements which were taxable when acquired will be valued at their full cash value as defined by Article XIII A and expanded upon by Property Tax Rule 461. An exception to this category is an improvement which, after March 1, 1954, replaces a previously taxable improvement. Such replacement improvements shall have as an upper limit of value the highest value ever used for taxation of the improvements which were replaced. To be taxable, replacement improvements constructed subsequent to March 1, 1975 would have to meet the additional requirement of qualifying as new construction under Board Rule 463.

Sincerely,



Verne Walton, Chief  
Assessment Standards Division

VW:sk