



STATE BOARD OF EQUALIZATION

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No. 80/113

July 22, 1980

TO COUNTY ASSESSORS:

CHANGING BASE YEAR VALUES

We have recently received several inquiries concerning the assessor's prerogative to change a base year value once it has been established. Section 110.1(a) of Part 0.5 of Division 1 of the Revenue and Taxation Code sets June 30, 1980 ^{1/} as the deadline for establishing 1975 base year values for those properties eligible for such values that were not actually appraised for 1975 as part of the normal appraisal cycle (Section 405.6). After that date, 1975 base year values may not be changed unless a portion of the property is removed. Subsequent declines in value must be reflected on the assessment roll; however, this does not change the base year value.

There is no such statutory limitation regarding base year values for years other than 1975. Section 460(b)(2)(A)(2) of Title 18 of the California Administrative Code defines full cash value for properties with other than 1975 base years as:

"2. The 'full cash value' as defined in Section 110 of the Revenue and Taxation Code as of the date such real property is purchased, is newly constructed, or changes ownership after the 1975 lien date, the full cash value of which shall be enrolled on the lien date next succeeding the date when such property, or portion thereof, is purchased, is newly constructed, or changes ownership."

Rule 460(b)(2)(B) in addressing the reappraisal of property that has not been appraised to its appropriate base year value states:

"Such reappraisals may be made at any time, notwithstanding the provisions of Section 405.6 of the Revenue and Taxation Code, but 1975-76 base year values must be determined prior to July 1, 1980."

^{1/} The Los Angeles County Assessor has until June 30, 1981 to determine such values.

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Although there is no statute specifically limiting changes in previously established post-1975 base year values, Section 80(a)(3) of the Revenue and Taxation Code states that, for appeals purposes, base year values determined under Section 110.1(a)(2) (Post-1975) "...shall be conclusively presumed to be the base year value unless an application for equalization is filed during the regular equalization period for the year in which the assessment is placed upon the assessment roll or any of the three succeeding years." In addition, Section 532 of the Revenue and Taxation Code imposes a four-year limitation on the enrollment of escape assessments.

Taking these statutes and the principle applied to 1975 base year values into consideration, but placing the most weight on the escape provisions, it is our opinion that the assessor can revise a post-1975 base year value anytime within four years after the base value was first placed upon the roll. In other words, base year values first enrolled in 1978 (base years 1976, 1977, or 1978) can be changed until June 30, 1982, and base year values for years subsequent to 1978 can be changed until June 30 of the fourth year following the appropriate lien date. While it is true that this position could lead, in rare instances, to the permanent escape of some taxable value, the Board staff feels that clarifying legislation is needed before the time period could be extended.

The assessor should change a post-1975 base year value whenever, within the specified time period, he determined that his original estimate of market value is erroneous, but he must be careful to use only data that is appropriate for base date valuation. Any change in base year value would initiate a new assessment appeals period as authorized under Revenue and Taxation Code Section 80(a)(3).

If you have any questions, please contact John McCoy of our Technical Assistance Section, (916) 445-4982.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

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