



## STATE BOARD OF EQUALIZATION

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Executive Secretary

No. 83/14

February 8, 1983

TO COUNTY ASSESSORS:

CHANGES IN OPINIONS OF VALUE

Recently we have had several questions relating to the assessor's prerogative to correct errors on the assessment roll involving questions of value judgment. Specifically, there is some confusion as to the changing of base year values when the reason for the change is the correction of a judgmental error. The purpose of this letter is to present our position on the assessor's right to correct the assessment roll whenever an error is discovered.

Until the current local assessment roll is completed and delivered to the auditor, it is not in effect, and the assessor may make changes. Once the roll is delivered to the auditor, however, the assessor may only make corrections to it as provided in Revenue and Taxation Code Sections 4831 through 4845. Section 4831(a)(1) prohibits the assessor from invoking the roll correction procedure to correct errors involving the exercise of value judgments. Only clerical errors resulting in incorrect entries on the roll may be changed under this section, whether the change results in an increase or a decrease in value.

After the roll has been delivered to the auditor, the assessor may utilize the escape assessment procedure contained in Sections 531 through 538 of the Revenue and Taxation Code. These sections allow the assessor to increase an underassessment whether due to a clerical error, an error in judgment, or otherwise. It is our opinion that the escape statutes enable the assessor to change any post-1975 base year value except those set by the local equalization board as specified in Section 80(a)(3), whenever an error is discovered. These statutes also impose a four-year limit on back taxes that may be levied as the result of escape assessments. Under recently enacted Section 532.5, effective January 1, 1982, escapes caused through no fault of the assessee shall not include in the amount due any interest or penalties; further, such an escape may be paid over an eight-year period at the assessee's option.

If, after the roll has already been delivered to the auditor, the assessor concludes that a base year value is too high, and that this overvaluation is attributable to an error in judgment, the assessor may lower this erroneous value only if the assessee files a timely application for reduction in value pursuant to Section 1603 of the Revenue and Taxation Code. However, when an audit reveals that there was an overassessment, for any reason, of trade fixtures or taxable tangible personalty, the assessor must, pursuant to Section 469, notify the taxpayer of the amount of overassessment and of his right to claim a refund or cancellation under Section 4986 and 5096. At the equalization hearing, the assessor may stipulate to a reduction in value negotiated with the assessee prior to the hearing, but the evidence must be heard before the local board can order any reduction. If the assessee fails to utilize the appeal procedure within the specified time period, he/she waives the right to any reduction in the assessment on the current roll, notwithstanding that the assessor may readily concede that the property valuation is excessive due to a judgmental error.

Once the period for filing an application for reduction of value on the current roll has passed, the assessee may only appeal the base year value in the ensuing three years. According to Section 80(a)(3), unless an application for equalization is filed during the assessment year in which the assessment is placed on the roll or any of the three succeeding years, the base year value for property that changed ownership or was newly constructed after March 1, 1975, shall be conclusively presumed to be the value established by the assessor. This limits the taxpayer's right of appeal. This section also provides that if such application is filed, and the local board orders a reduction, this new board-ordered value shall be conclusively presumed to be the value of the property. This section is the only statutory limitation on the assessor's right to change a post-1975 base year value.

In an earlier letter to assessors (80/113, dated July 22, 1980), we asserted that the 1975 base year value was inviolate owing to the very specific language of Section 110.1(a) and Section 532.3, and that post-1975 base year values could be changed, but only within four years of the time the base value was first placed on the roll. Subsequently, in our letter to county assessors 82/124, dated October 29, 1982, we modified this position to state that post-1975 base year values can be changed whenever the assessor discovers an error, but that escape assessments may be levied for no more than four years. However, if the real property escaped assessment because of an unrecorded change in ownership, escape assessments may be levied for eight years; and if the escape occurred because of fraud or collusion, the limitation on escape assessments is six years. We still feel that this is correct procedure. In this letter we are merely emphasizing that changes in post-1975 base year values may be made to correct any error, regardless of whether it was judgmental or clerical, limited only by the exceptions noted above.

TO COUNTY ASSESSORS

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February 8, 1983

Please call our Technical Services Section at (916) 445-4982 if you have any questions concerning base year values, escapes, or corrections.

Sincerely,

*Verne Walton*

Verne Walton, Chief  
Assessment Standards Division

VW:bjb  
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