



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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No. 85/26

February 26, 1985

TO COUNTY ASSESSORS:

ITT WORLD COMMUNICATIONS, INC. v.
CALIFORNIA STATE BOARD OF EQUALIZATION

The California Supreme Court ruled in the above entitled action that unitary assessment of state-assessed public utility property does not fall under the valuation rollback provision of Article XIII A.

The written decision contains several important conclusions concerning unitary assessment of public utility property in California. The opinion specifies that "...we conclude that unit taxation is properly characterized not as the taxation of real property or personal property or even a combination of both, but rather as the taxation of property as a going concern." The court added that "Unit taxation prevents real but intangible value from escaping assessment and taxation by treating public utility property as a whole, undifferentiated into separate assets (land, buildings, vehicles, etc.) or even separate kinds of assets (realty or personalty)."

The justices concluded that if Article XIII A were applied to public utility properties, the utility would have to be "...separated into real property assets (which would be within the scope of the provision) and personal property assets (which would not be)...In other words, each real and personal property asset of a public utility would be treated and valued separately--a practice antithetical to the very concept of unit valuation." The court then concluded by stating that public utility property must be valued under the unitary concept.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

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