



STATE BOARD OF EQUALIZATION

Assessment Standards Division
450 N Street, MIC: 64, Sacramento, California
(P.O. Box 942879, Sacramento, CA 94279-0064)

Telephone: (916) 445-4982
FAX: (916) 323-8765

October 25, 1996

JOHAN KLEHS
First District, Hayward

DEAN F. ANDAL
Second District, Stockton

ERNEST J. DRONENBURG, JR.
Third District, San Diego

BRAD SHERMAN
Fourth District, Los Angeles

KATHLEEN CONNELL
Controller, Sacramento

E. L. SORENSEN, JR.
Executive Director

No. 96/65

TO COUNTY ASSESSORS:

PROPERTY STATEMENT FILING REQUIREMENTS - \$100,000 THRESHOLD
REVISED PROPERTY STATEMENT INSTRUCTIONS

Revenue and Taxation Code Section 441 was amended by SB 1827 (Chapter 1087 of the Statutes of 1996) to provide that each person owning taxable personal property, other than a mobilehome, having an aggregate cost of \$100,000 or more shall file a property statement with the assessor. This change becomes effective January 1, 1997 for the 1997-98 and subsequent tax years. Existing law provides a \$30,000 threshold for the initial tax year or a \$100,000 threshold for subsequent years.

Enclosed are revised instructions for forms AH 571-F, Agricultural Property Statement, AH 571-L, Business Property Statement, long form, and AH 571-S, Business Property Statement, short form. The second paragraph on page 1 of the instructions for each of the forms has been revised to implement SB 1827.

Other changes contained in SB 1827 will be discussed in a future Letter To Assessors. Questions regarding the change to Section 441 should be directed to Assessment Standards Division's Technical Services, Personal Property Unit, at (916) 445-4982. Questions regarding forms approval should be directed to Bill Minor at the same number.

Sincerely,

J. E. Speed
Deputy Director
Property Taxes Department

JES: rfs

Enclosures

OFFICIAL REQUEST

California Revenue Laws prescribe a yearly ad valorem tax based on property as it exists at 12:01 a.m. on January 1 (tax lien date). This form constitutes an official request that you declare all assessable agricultural property situated in this county which you owned, claimed, possessed, controlled, or managed on the tax lien date, and that you sign (under penalty of perjury) and return the statement to the Assessor's office by the date cited on the face of the form as required by law. Failure to file it during the time provided in Section 441 of the Revenue and Taxation Code will compel the Assessor to estimate the value of your property from other information in the Assessor's possession and add a penalty of 10% of the assessed value as required by Section 463 of the Code.

If you own taxable personal property in any county whose aggregate cost is \$100,000 or more for any assessment year, you must file a property statement with the Assessor of that county whether or not you are requested to do so. The Assessor of the county will supply you with a form upon request.

Except for the "SIGNATURE" section, you may furnish attachments in lieu of entering the information on this property statement. However, such attachments must contain **all** the information requested by the statement and these instructions, the attachments must be in a format acceptable to the Assessor, and the property statement must contain appropriate references to the attachments and must be properly signed.

THIS STATEMENT IS SUBJECT TO AUDIT.	THIS STATEMENT IS NOT A PUBLIC DOCUMENT. THE INFORMATION DECLARED WILL BE HELD SECRET BY THE ASSESSOR.	IF ANY SITUATION EXISTS WHICH NECESSITATES A DEVIATION FROM TOTAL COST PER BOOKS AND RECORDS FULLY EXPLAIN ALL ADJUSTMENTS.
-------------------------------------	--	---

INSTRUCTIONS

COMPLETE THE STATEMENT AS FOLLOWS:

NAME AND MAILING ADDRESS

INDIVIDUALS enter full name, surname first. PARTNERSHIPS enter at least two full names. CORPORATIONS report full corporate name. If the business operates under a FICTITIOUS NAME, enter "DBA" and the fictitious name below the legal name. If the information has been preprinted by the Assessor, make necessary corrections.

LOCATION OF THE PROPERTY

Enter the complete street address or location. If preprinted, make necessary corrections. Enter the Assessor's Parcel Number if known. Request additional forms if you have agricultural personal property or fixtures at other locations. A listing may be attached to a single property statement for your equipment leased or rented to others, when any such properties are situated at many locations within this county.

PART I GENERAL INFORMATION

Complete items (a) through (i) as requested.

OWNERSHIP OF LAND — (c). Check (✓) either the YES or the NO box to indicate whether you own the land at the LOCATION OF THE PROPERTY shown on this statement. If YES is checked, verify the official RECORDED NAME on your DEED. If it agrees with the name shown on this statement, check (✓) the second YES box. If it does **not** agree, check (✓) the second NO box.

PROPERTY TRANSFER — (g). A property transfer includes all transfers of property through grant, gift, devise, inheritance, trust, contract of sale, addition or deletion of an owner, or any other means. A property transfer also includes the creation, sub-lease, or assignment of a leasehold interest in real property for a term of 35 years or more including options. A transfer also occurs when more than 50 percent of a corporation's voting stock, or more than 50 percent of the ownership interest of a partnership or other legal entity, is acquired, in a single transaction or cumulatively, by another person or legal entity. Not all property transfers are considered changes in ownership requiring reappraisal. The information is solicited herein for discovery purposes only.

REGISTERED OR SHOW HORSES — (h-1). If yes is checked, obtain Form No. AH 571-F-2, Registered and Show Horses Other than Racehorses, from the Assessor and file with this return.

RACEHORSES — (h-2). If yes is checked, obtain Form No. AH 571-J, Annual Racehorse Tax Return, from the Assessor and file as required.

MOBILEHOMES — (i). A mobilehome is a transportable structure designed to be occupied as a residence, and it is **either** more than 40 feet long **or** more than 8 feet wide. Report the number of mobilehomes on this property which are **currently** licensed (license is **not** delinquent or expired) and the number of mobilehomes which are not licensed or for which the license is delinquent or expired. Do not report "travel trailers" which are not more than 40 feet long or more than 8 feet wide.

SCHEDULE D — MOVABLE FARM EQUIPMENT

Include items such as tractors, harvesters, plows, tools, hive boxes, bunkhouse furnishings (owned by the farmer), portable wind machines, temporary pipes and sprinklers that are above ground, (not permanent) heaters, smudge pots, pallets, bins, shakers, saddles, bridles, tools, tractors, harvesters, plows, etc.

List each item of machinery and equipment that you own. Equipment out on lease should not be included here; report such equipment, per instructions, on Line 6. Include equipment acquired through a lease-purchase agreement at the selling price effective at the inception of the lease and report the year of the lease as the year of acquisition (if final payment has **not** been made, report such equipment in PART IV). If you own machinery and equipment at another location in this county and you did not receive a form for reporting equipment at that location, or if your equipment is temporarily outside the county, attach a schedule to this statement showing the location of the equipment and provide the information requested in this schedule. Report all machinery and equipment, whether fully depreciated or not, including implements of husbandry, special mobile equipment (SE Plates), and other vehicles exempt from licensing and registration under Division 16 of the Vehicle Code. Do not include licensed vehicles designed primarily for the transportation of persons or property on a highway.

The reported cost should include excise taxes, sales or use taxes, freight charges, and installation costs. If a trade-in was deducted, the amount to be entered is the invoice price (adding back the trade-in). Deductions for investment credits allowable for federal income tax purposes may not be taken and must be added back if deducted when the cost was entered on your books and records. Include expenses incurred immediately after purchase to bring a machine up to operable condition. As mentioned in Schedule C, the value of self-construction must be included.

SCHEDULE E — OFFICE FURNITURE AND EQUIPMENT

Enter the total original installed cost by calendar year of acquisition. Include freight-in, excise taxes, sales or use taxes, and installation costs. Include fully depreciated office equipment but DO NOT include items that were traded, retired, transferred, sold, or junked and removed physically from the premises. If office equipment is located elsewhere in the county, attach a similar schedule and identify the location. ALL OFFICE EQUIPMENT MUST BE REPORTED ON THIS STATEMENT.

If necessary, attach additional schedules to this property statement.

SIGNATURE

This property statement must be signed by the assessee, a partner, a duly appointed fiduciary, or an agent. When signed by an agent or employee other than a member of the bar, a certified public accountant, a public accountant, enrolled agent, or a duly appointed fiduciary, the assessee's written authorization of the agent or employee to sign the statement on behalf of the assessee must be filed with the assessor. The assessor may at any time require a person who signs a property statement and who is required to have written authorization to provide proof of authorization.

In the case of a corporate assessee, the property statement must be signed by an officer or by an employee or agent whom the board of directors has designated in writing (other than those excepted above), by name or by title, to sign the statement on behalf of the corporation. The board of directors may appoint a person or persons to designate such employee or agent. A record of the written authorization of the appointment and designation must be retained by the assessee for a period of six years from the date of its execution.

Property statements, regardless of where executed, shall be certified or declared to be true and correct and shall be signed under penalty of perjury under the laws of the State of California.

A property statement that is not signed in accordance with the foregoing instructions does not constitute a valid filing. The penalty imposed by Section 463 of the Revenue and Taxation Code for failure to file is applicable to unsigned property statements.

OFFICIAL REQUEST

California Revenue Laws prescribe a yearly ad valorem tax based on property as it exists at 12:01 a.m. on January 1 (tax lien date). This form constitutes an official request that you declare all assessable business property situated in this county which you owned, claimed, possessed, controlled, or managed on the tax lien date, and that you sign (under penalty of perjury) and return the statement to the Assessor's office by the date cited on the face of the form as required by law. Failure to file it during the time provided in Section 441 of the Revenue and Taxation Code will compel the Assessor to estimate the value of your property from other information in the Assessor's possession and add a penalty of 10% of the assessed value as required by Section 463 of the Code.

If you own taxable personal property in any county whose aggregate cost is \$100,000 or more for any assessment year, you must file a property statement with the Assessor of that county whether or not you are requested to do so. Any person not otherwise required to file a statement shall do so upon request of the Assessor regardless of aggregate cost. The Assessor of the county will supply you with a form upon request.

Except for the "SIGNATURE" section, you may furnish attachments in lieu of entering the information on this property statement. However, such attachments must contain **all** the information requested by the statement and these instructions, the attachments must be in a format acceptable to the Assessor, and the property statement must contain appropriate references to the attachments and must be properly signed.

THIS STATEMENT IS SUBJECT TO AUDIT.	THIS STATEMENT IS NOT A PUBLIC DOCUMENT. THE INFORMATION DECLARED WILL BE HELD SECRET BY THE ASSESSOR.	IF ANY SITUATION EXISTS WHICH NECESSITATES A DEVIATION FROM TOTAL COST PER BOOKS AND RECORDS FULLY EXPLAIN ALL ADJUSTMENTS.
-------------------------------------	--	---

INSTRUCTIONS

COMPLETE THE STATEMENT AS FOLLOWS:

NAME. INDIVIDUALS enter full name, surname first. PARTNERSHIPS enter at least two full names. CORPORATIONS report full corporate name. If the business operates under a FICTITIOUS NAME, enter "DBA" and the fictitious name below the legal name.

LOCATION OF THE PROPERTY. Enter the complete street address. Forms for additional business or warehouse locations will be furnished upon request. A listing may be attached to a single property statement for your vending equipment leased or rented to others, when any such properties are situated at many locations within this county.

Part I GENERAL INFORMATION

Complete items (a) through (g) as requested.

OWNERSHIP OF LAND — (c). Check (✓) either the YES or the NO box to indicate whether you own the land at the LOCATION OF THE PROPERTY shown on this statement. If YES is checked, verify the official RECORDED NAME on your DEED. If it agrees with the name shown on this statement, check (✓) the second YES box. If it does **not** agree, check (✓) the second NO box.

LOCATION OF RECORDS — (e and f). If general ledger, journals and other related accounting records are not located as indicated under item e, you may be required to bring said records to your principal place of business in California. Multiple locations of records should be indicated.

PROPERTY TRANSFER — (g). A property transfer includes all transfers of property through grant, gift, devise, inheritance, trust, contract of sale, addition or deletion of an owner, or any other means. A property transfer also includes the creation, sublease, or assignment of a leasehold interest in real property for a term of 35 years or more including options. A transfer also occurs when more than 50 percent of a corporation's voting stock, or more than 50 percent of the ownership interest of a partnership or other legal entity, is acquired, in a single transaction or cumulatively, by another person or legal entity. Not all property transfers are considered changes in ownership requiring reappraisal. The information is solicited herein for discovery purposes only.

Part II DECLARATION OF PROPERTY BELONGING TO YOU.

Report book cost (100 percent of actual cost). Include excise, sales, and use taxes, freight-in, installation charges, and all other relevant costs. Report any additional information which will assist the Assessor in arriving at a fair market value. Include finance charges, for buildings and improvements that are constructed or otherwise produced for an enterprise's own use (including assets constructed or produced by others) for which deposits or progress payments have been made. Do not include finance charges for purchased equipment.

LINE 1. SUPPLIES. Report supplies on hand, such as stationery and office supplies, chemicals used to produce a chemical or physical reaction, janitorial and lavatory supplies, fuel, sandpaper, etc., at their current replacement costs. Include medical, legal, or accounting supplies held by a person in connection with a profession that is primarily a service activity. **Do Not** include supplies which will become a component part of the product you manufacture or sell.

LINE 2. EQUIPMENT. Enter total from Schedule A, Line 35. (See Instructions for Schedule A)

LINE 3. EQUIPMENT OUT ON LEASE OR RENT TO OTHERS. Report cost on Line 3 and attach schedules showing the following (Equipment actually out on lease or rent and equipment held for lease or rent which you have used or intend to use must be reported. Equipment held for lease or rent and not otherwise used by you is exempt and should not be reported.):

Equipment out on lease or rent. (1) Name and address of party in possession, (2) location of the property, (3) quantity and description, (4) date of acquisition, (5) your cost, selling price, and annual rent, (6) lease or identification number, (7) date and duration of lease, (8) how acquired (purchased, manufactured, or other — explain). If the property is used by a free public library or a free museum or is **used exclusively** by a public school, community college, state college, state university, church, or a nonprofit college it may be exempt from property taxes, provided the lessors' exemption claim is filed by March 15, or, where used by a church, by March 31. Obtain Form AH 263, Lessors' Exemption Claim, from the Assessor. **Also include equipment on your premises held for lease or rent which you have used or intend to use.** Report your cost and your selling price by year of acquisition.

LINE 4. BUILDINGS, BUILDING IMPROVEMENTS, AND/OR LEASEHOLD IMPROVEMENTS, LAND IMPROVEMENTS, LAND AND LAND DEVELOPMENT. Enter total from Schedule B, Line 71. (See Instructions for Schedule B)

LINE 5. CONSTRUCTION IN PROGRESS. If you have unallocated costs of construction in progress for improvements to land, machinery, equipment, furniture, buildings or other improvements, or leasehold improvements, attach an itemized listing. Include all tangible property, even though not entered on your books and records. Enter the total on Line 5, PART II.

LINE 6. ALTERNATE OR IN-LIEU SCHEDULE. If the Assessor enclosed an AH 571-L ALTERNATE SCHEDULE A with this property statement, complete the alternate schedule as directed and report the total cost on Line 6.

LINES 7-8. OTHER. Describe and report the cost of tangible property not reported elsewhere on this form.

Part III DECLARATION OF PROPERTY BELONGING TO OTHERS.

If property belonging to others, or their business entities, is located on your premises, report the owner's name and mailing address. If it is leased equipment, read your agreement carefully and enter A (Lessor) or B (Lessee), and whether lessor or lessee has the tax obligation. For assessment purposes, the Assessor will consider, but is not bound to, the contractual agreement.

1. **LEASED EQUIPMENT.** Report the year of acquisition, the year of manufacture, description of the leased property, the lease contract number or other identification number, the total installed cost to purchase (including sales tax), and the annual rent; do not include in Schedule A or B. (See No. 3, below)
2. **LEASE-PURCHASE OPTION EQUIPMENT.** Report here all equipment acquired on lease-purchase option on which the **final payment remains to be made.** Enter the year of acquisition, the year of manufacture, description of the leased property, the lease contract number or other identification number, the total installed cost to purchase (including sales tax), and the annual rent. **If final payment has been made,** report full cost in Schedule A or B. (See No. 3, below)
3. **CAPITALIZED LEASED EQUIPMENT.** Report here all leased equipment that has been capitalized at the present value of the minimum lease payments on which a final payment remains to be made. Enter the year of acquisition, the year of manufacture, description of the leased property, the lease contract number or other identification number, and the total installed cost to purchase (including sales tax). Do not include in Schedule A or B unless final payment has been made.
4. **VENDING EQUIPMENT.** Report the model and description of the equipment; do not include in Schedule A.
5. **OTHER BUSINESSES.** Report other businesses on your premises.
6. **GOVERNMENT-OWNED PROPERTY.** If you possess or use government-owned land, improvements, or fixed equipment, or government-owned property is located on your premises, report the name and address of the agency which owns the property, and a description of the property.

SCHEDULE A — COST DETAIL: EQUIPMENT

Do not include property already reported in Part III.

LINES 11-46. Enter in the appropriate column the cost of your equipment segregated by calendar year of acquisition, include short-lived or expensed equipment. Total each column. Report full cost; do not deduct investment credits, trade-in allowances or depreciation. Include equipment acquired through a lease-purchase agreement at the selling price effective at the inception of the lease and report the year of the lease as the year of acquisition (if final payment has **not** been made, report such equipment in PART III). Report self-constructed equipment used by you at the proper trade level in accordance with Title 18, Section 10, of the California Code of Regulations. Exclude the cost of normal maintenance and repair that does not extend the life nor modify the use of the equipment. Exclude the cost of equipment actually removed from the site. The cost of equipment retired but not removed from the site must be reported. Segregate and report on Line 3, PART II the cost of equipment out on lease or rent.

include special mobile equipment (SE Plates). Exclude motor vehicles licensed for operation on the highways. However, you must report overweight and oversized rubber-tired vehicles, except licensed commercial vehicles and cranes, which require permits issued by the Department of Transportation to operate on the highways. If you have paid a license fee prior to January 1 on these large vehicles, contact the Assessor for an "Application for Deduction of Vehicle License Fees from Property Tax" and file it with the Tax Collector. Report overweight and oversized vehicles in Column 3.

Computers used in any application directly related to manufacturing, or used to control or monitor machinery or equipment, should be reported in Column 1. Non-production computer components and related equipment designed for general business purposes should be reported in Columns 5a, 5b, and 5c. For reporting purposes, a computer component is each asset separately stated in your books and records. Do not include application software costs in accordance with Section 995.2 of the California Revenue and Taxation Code. Report in Column 5a computer assets with a cost of \$25,000 or less. Report in Column 5b computer assets with a cost of \$25,000.01-\$500,000. Report in Column 5c computer assets costing over \$500,000 and attach a detailed schedule of such assets by year of acquisition.

If necessary, asset titles in Schedule A may be changed to better fit your property holdings; however, the titles should be of such clarity that the property is adequately defined.

LINES 18, 31, 33 and 42. For "prior" years acquisition, you must attach a separate schedule detailing the cost of such equipment by year(s) of acquisition. Enter the total cost of all such acquisitions on Lines 18, 31, 33 and 42.

LINE 35. Add totals on Lines 19, Column 4, Line 32, Column 5a, Line 34, Columns 1, 2, 3, Line 43, Column 5b, Line 46, Column 5c, and any additional schedules. Enter the same figure on Line 2, PART II, PAGE 1 that you entered in the box.

SCHEDULE B — COST DETAIL: BUILDINGS, BUILDING IMPROVEMENTS, AND/OR LEASEHOLD IMPROVEMENTS. LAND AND LAND DEVELOPMENT

LINES 47-71. Report by calendar year of acquisition the original or allocated costs (per your books and records) of buildings and building or leasehold improvements; land improvements; land and land development owned by you at this location on January 1. Include finance charges for buildings or improvements which have been constructed for an enterprise's own use. If no finance charges were incurred because funding was supplied by the owner, then indicate so in the remarks. In the appropriate column enter costs, including cost of fully depreciated items, by the calendar year of acquisition and total each column. Do not include items that are reported in Schedule A.

If you had any additions or disposals reported in Columns 1, 2, 3, or 4 during the period of March 1, 1996 through December 31, 1996, attach a schedule showing the month and year and description of each addition and disposal. Enclosed for this purpose is Form SBE-ASD AH 571-D, Supplemental Schedule for Reporting Monthly Acquisitions and Disposals of Property Reported on Schedule B of the Business Property Statement. If additional forms are needed, photocopy the enclosed Form AH 571-D.

Segregate the buildings and building or leasehold improvements into the two requested categories (items which have dual function will be classified according to their primary function). Examples of some property items and their most common categorization are listed below:

STRUCTURE ITEMS, Column 1

An improvement will be classified as a structure when its primary use or purpose is for housing or accommodation of personnel, personalty, or fixtures and has no direct application to the process or function of the industry, trade, or profession.

Air conditioning (except process cooling).
Boilers (except manufacturing process).
Central heating & cooling plants.
Craneways.
Elevators.
Environmental control devices (if an integral part of the structure).
Fans & ducts (part of an air circulation system for the building).
Fire alarm systems.
Partitions (floor to ceiling).
Pipelines, pipe supports & pumps used to operate the facilities of a building.
Pits not used in the trade or process.
Railroad spurs.
Refrigeration systems (integral part of the building).
Refrigerators, walk-in (excluding operating equipment) which are an integral part of the building.
Restaurants — rough plumbing to fixtures
Safes — imbedded.
Signs which are an integral part of the building excluding sign cabinet (face & lettering).
Silos or tanks when primarily used for storage or distribution.
Sprinkler systems.
Store fronts.
Television & radio antenna towers.

FIXTURE ITEMS, Column 2

An improvement will be classified as a fixture if its use or purpose directly applies to or augments the process or function of a trade, industry, or profession.

Air conditioning (process cooling).
Boilers (manufacturing process).
Burglar alarm systems.
Conveyors (to move materials and products).
Cranes — traveling.
Environmental control devices (used in production process).
Fans & ducts (used for processing).
Floors, raised computer rooms.
Furnaces, process.
Ice dispensers, coin operated.
Machinery fdns. & pits (not part of normal flooring fdns.).
Permanent Partitions (less than floor to ceiling).
Pipelines, pipe supports, pumps used in the production process.
Pits used as clarifiers, skimmers, sumps & for greasing in the trade or manufacturing process.
Plumbing — special purpose.
Power wiring, switch gear & power panels used in mfg. process.
Refrigeration systems (not an integral part of the building).
Refrigerators, walk-in unitized; including operating equipment.
Restaurant equipment used in food & drink preparation or service (plumbing fixtures, sinks, bars, soda fountains, booths & counters, garbage disposals, dishwashers, hoods, etc.).
Scales including platform & pit.
Signs — all sign cabinets (face) & free standing signs including supports.
Silos or tanks when primarily used for processing.

Disposals — Describe in detail and show the original year acquired and the acquisition cost of each Structure Item disposal made between March 1, 1996 and December 31, 1996. Enter the month and year the property was retired. Disposals include only facilities or portions of facilities physically removed from the site. Items removed and replaced under normal maintenance and repair, such as replaced roof coverings, do not qualify as disposals unless their replacement is reported as an addition.

LINE 34B, ADD TOTALS ON LINE 33, COLUMNS 4 & 5. Enter in the box and on Line 4, Part II.

SIGNATURE

This property statement must be signed by the assessee, a partner, a duly appointed fiduciary, or an agent. When signed by an agent or employee other than a member of the bar, a certified public accountant, a public accountant, enrolled agent, or a duly appointed fiduciary, the assessee's written authorization of the agent or employee to sign the statement on behalf of the assessee must be filed with the Assessor. The Assessor may at any time require a person who signs a property statement and who is required to have written authorization to provide proof of authorization.

In the case of a corporate assessee, the property statement must be signed by an officer or by an employee or agent whom the board of directors has designated in writing (other than those excepted above), by name or by title, to sign the statement on behalf of the corporation. The board of directors may appoint a person or persons to designate such employee or agent. A record of the written authorization of the appointment and designation must be retained by the assessee for a period of six years from the date of its execution.

Property statements, regardless of where executed, shall be certified or declared to be true and correct and shall be signed under penalty of perjury under the laws of the State of California.

A property statement that is not signed in accordance with the foregoing instructions does not constitute a valid filing. The penalty imposed by Section 463 of the Revenue and Taxation Code for failure to file is applicable to unsigned property statements.