

Issue Paper Number **07-009**



- Board Meeting
- Business Taxes Committee
- Customer Services and Administrative Efficiency Committee
- Legislative Committee
- Property Tax Committee
- Other

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## **Amendments to Property Tax Rules 101 and 171**

### **I. Issue**

Should the State Board of Equalization (Board) authorize publication of amendments to Property Tax Rule 101, *Board-Prescribed Exemption Forms*, and Property Tax Rule 171, *Board-Prescribed Forms for Property Statements*?

### **II. Alternative 1 - Staff Recommendation**

Staff recommends that the attached proposed amendments to Property Tax Rule 101, *Board-Prescribed Exemption Forms*, and Property Tax Rule 171, *Board-Prescribed Forms for Property Statements*, be adopted and authorized for publication (see Attachment A).

### **III. Other Alternative(s) Considered**

None

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#### **IV. Background**

In response to alleged widespread fraud within county assessors' offices, the Legislature enacted California's 1966 Assessment Reform Program (AB 80). Among the many provisions of the Reform Program were mandates on the Board to (1) issue rules and regulations to govern county assessors and boards of equalization, and (2) prescribe in detail the content of property statements and other local property tax forms. In response to these mandates, the Board adopted Property Tax Rule 101, *Board-Prescribed Exemptions Forms*, in January 1967 (as an emergency regulation); and Property Tax Rule 171, *Board-Prescribed Forms for Property Statements and Oil and Dissolved Gas Production*, in October 1967. In 1969, both rules were amended to include procedural provisions for the county assessors to submit their proposed property tax forms to the Board for approval prior to use by the counties. The procedural forms approval process has remained virtually unchanged since 1969.

#### **V. Discussion**

Currently, staff of the Property and Special Taxes Department, County-Assessed Properties Division, has initiated a project to provide to county assessors all property tax forms (approximately 150 forms) in two electronic formats: Adobe InDesign and pdf fillable formats. The Adobe InDesign format will facilitate those counties that want to "rearrange" the forms into a county-preferred style. The pdf fillable format will provide counties with forms that are ready to be placed on their Internet websites for use by taxpayers to complete online.

To further automate property tax forms, and to accommodate and encourage a forms approval process that can be accomplished electronically via e-mail and/or the Internet, Board staff proposed amendments to Property Tax Rules 101 and 171. In Letter To Assessors 2007/027, dated June 5, 2007, interested parties were advised of the proposed amendments to the two Property Tax Rules. Several supportive comments were received from interested parties regarding the proposed amendments; however, no negative comments were received.

#### **VI. Alternative 1 - Staff Recommendation**

Adopt and authorize for publication amendments to Property Tax Rule 101, *Board-Prescribed Exemption Forms*, and Property Tax Rule 171, *Board-Prescribed Forms for Property Statements*. The primary focus of the proposed amendments is to reflect changes in the forms approval process to accommodate an electronic forms approval process.

##### **A. Description of Alternative 1**

Staff recommends that the attached proposed amendments to Property Tax Rule 101, *Board-Prescribed Exemption Forms*, and Property Tax Rule 171, *Board-Prescribed Forms for Property Statements*, be adopted and authorized for publication (see Attachment A). Proposed amendments to the rules include:

1. Deleting language that requires county assessors to submit duplicate hard copies of property tax forms.
2. Adding language to accommodate an electronic forms approval process.
3. Deleting language regarding filing long versus short business property statements.
4. Deleting language that requires county assessors to mail a second copy of property tax forms to the Board.
5. Making nonsubstantial grammatical and text style changes.

**B. Pros of Alternative 1**

Amendments to Property Tax Rules 101 and 171 will make the property tax forms approval process more efficient and easier for county assessors' staff and Board staff by providing procedures whereby the process can be accomplished via e-mail and/or the Internet.

**C. Cons of Alternative 1**

None

**D. Statutory or Regulatory Change for Alternative 1**

Action by the Board to adopt changes to Property Tax Rules 101 and 171 will amend title 18 of the California Code of Regulations, chapter 1, subchapter 2, sections 101 and 171.

**E. Operational Impact of Alternative 1**

None

**F. Administrative Impact of Alternative 1**

**1. Cost Impact**

None

**2. Revenue Impact**

None

**G. Taxpayer/Customer Impact of Alternative 1**

None

**H. Critical Time Frames of Alternative 1**

Adoption of the proposed amendments to Property Tax Rules 101 and 171 by the Board at its August 14, 2007 meeting will allow the proposed procedural changes to be used by staff during the forms approval process for the 2008 lien date.

**VII. Other Alternatives**

**A. Description of Alternative**

N/A

**Preparer/Reviewer Information**

Prepared by: Property and Special Taxes Department; County-Assessed Properties Division

Current as of: July 12, 2007

## Rule 101. BOARD-PRESCRIBED EXEMPTION FORMS.

*Authority Cited:* Section 15606, Government Code.  
*Reference:* Section 251, Revenue and Taxation Code.

(a) The procedure and forms prescribed by the board for claiming the exemptions named in Article 2, Chapter 1, Part 2, Division 1, of the Revenue and Taxation Code shall be employed by each assessor in the administration of the laws relating to such exemptions. Except as specifically authorized by the board with respect to heading, name and address of the property owner, location of the property, assessor's use columns, the sequence of questions, and the like, the assessor shall not change, add to, or delete the specific wording of the exemption form prescribed by the board, but ~~he~~ the assessor may otherwise arrange the content and alter the size and design of an exemption form to meet the needs of ~~his~~ office procedures and facilities.

(b) Annually, on or before December 1, the assessor shall notify the board, on a ~~check list~~ checklist provided by the board, of those board-prescribed exemption claim forms, including instructions, which ~~he~~ the assessor:

(1) will reproduce from the current prototype forms and instructions distributed by the board for use for the succeeding assessment year; ~~these forms and instructions which he~~

(2) will produce by other means for use for that year; ~~and these for which he~~

(3) will have no need.

(c) When filing the ~~check list~~ checklist, ~~he~~ the assessor shall submit to the board ~~in duplicate~~ (either in hard copy or electronically) for approval a ~~draft~~ copy of each form, including instructions, which ~~he~~ the assessor will produce by means other than reproduction of the prototypes. If a ~~draft copy form~~ does not conform with the specifications prescribed by the board, as required by ~~Section~~ section 251 of the Revenue and Taxation Code and this rule, the assessor shall be notified in writing of the variances. ~~He~~ The assessor shall submit a revised ~~draft form~~ within 30 days of the date of the notice. ~~Not later than February 10, annually, the assessor shall submit to the board a printed copy of each exemption form and its accompanying instructions.~~

History: Adopted January 3, 1967, effective January 4, 1967.  
Amended September 12, 1969, effective October 18, 1969.  
Amended July 31, 1973, effective September 7, 1973.

## Rule 171. BOARD-PRESCRIBED FORMS FOR PROPERTY STATEMENTS.

Reference: Sections 441, 441.5, 452, 469, Revenue and Taxation Code.

(a) CONTENT, ARRANGEMENT, AND APPROVAL OF PROPERTY STATEMENTS. Except as specifically authorized by the board with respect to heading, name and address of the taxpayer, location of the property, assessor's use columns, and the like, the assessor shall not change, add to, or delete the specific wording of property statement forms or mineral production report forms prescribed by the board or change the sequence of the questions, but ~~he~~ the assessor may otherwise arrange the content and alter the size and design of a property statement or mineral production report form to meet the needs of ~~his~~ office procedures and facilities.

(b) Annually, on or before October 15, the assessor shall notify the board, on a ~~check list~~ checklist provided by the board, of those board-prescribed property statement and report forms, including instructions, which ~~he~~ the assessor:

(1) will reproduce from the current prototype forms and instructions distributed by the board for use for the succeeding assessment year; ~~these forms and instructions which he~~

(2) will produce by other means for use for that year; and those for which he

(3) will have no need.

(c) When filing the ~~check list~~ checklist, ~~he~~ the assessor shall submit to the board in duplicate (either in hard copy or electronically) for approval a ~~draft~~ copy of each form, including instructions, which ~~he~~ the assessor will produce by means other than reproduction of the prototypes. If a ~~draft copy form~~ does not conform with to the specifications prescribed by the board, as required by ~~Section~~ section 452 of the Revenue and Taxation Code, ~~Section~~ section 15606 of the Government Code, and this rule, the assessor shall be notified in writing of the variances. ~~He~~ The assessor shall submit a revised ~~draft form~~ within 30 days of the date of the notice. ~~Not later than February 10, annually, the assessor shall submit to the board a printed copy of each property statement and mineral production report form and its accompanying instructions.~~

(b) (d) ATTACHMENTS TO PROPERTY STATEMENTS. The assessor is not required to obtain board approval for instructions pertaining to the format of attachments that an assessee elects to furnish in lieu of entering the information on the prescribed property statement. However, such instructions shall include requirements that at least one copy of the property statement as printed by the assessor must be executed and contain appropriate references to the data on the attachment, and that all information required by the property statement must be furnished on the property statement or the attachments.

(c) (e) TIME FOR FILING MINERAL PRODUCTION REPORTS. The assessor shall not require the filing of mineral production reports prior to April following the calendar year for which the report is prepared.

(d) (f) ASSESSOR TO FURNISH PROPERTY STATEMENTS. The pertinent property statement form and instructions shall be furnished by the assessor to every person required by law or requested by the assessor to file a property statement, and the pertinent report form shall be furnished by ~~him~~ the assessor to every person requested to file a mineral production report. ~~If a person had business personal property and fixtures subject to general property tax at a given location in the previous year whose assessment was based on a full cash value amounting to \$200,000 or more and is not required to report such property on another of the board-prescribed forms, the assessor shall employ the long form of business property statement for any such person who is required to file a statement. If a person had personal property subject to general property tax at a given location in the previous year whose assessment was based on a full cash value of less than \$200,000 and is not required to report such property on another of the board-prescribed forms, the assessor may employ either the long or the short form of business property statement for any such person who is required to file a statement. If a person had personal property subject to general property tax, whether business property or not, whose assessment at a given location in the previous year was based on full cash value of less than \$10,000 and is not required to report his property on another of the board-prescribed forms, the assessor may employ either the long or the short form of the business property statement or the miscellaneous property statement for any such person who is required to file a statement.~~

History: Adopted October 4, 1967, effective November 4, 1967.  
Amended October 8, 1968, effective October 10, 1968.  
Amended September 12, 1969, effective October 18, 1969.  
Amended July 31, 1973, effective September 6, 1973.  
Amended December 9, 1981, effective April 3, 1982.  
Amended June 21, 1983, effective October 29, 1983.