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January 23, 2001

TO INTERESTED PARTIES:

ASSESSMENT JURISDICTION OF LEASED WIRELESS
COMMUNICATION TOWER SITES

Enclosed is a matrix compiled from suggestions and comments received in response to our December 1, 2000 letter inviting input on the proposed wireless communication tower site jurisdiction policy change. This information is provided to you in advance of the Interested Parties meeting since these suggestions and comments will form the primary discussion topics for the meeting.

The Interested Parties meeting to resolve issues regarding the assessment jurisdiction of leased wireless communication tower sites will be held on February 6, 2001 in Sacramento at 450 N Street, Room 122, at 9:30 a.m.

If you have any questions, please contact Mr. Ken Thompson, Valuation Division, at (916) 323-6941 (ken.thompson@boe.ca.gov) or Mr. Mike Harris, Valuation Division, at (916) 324-2779 (mike.harris@boe.ca.gov).

Sincerely,

Richard C. Johnson
Deputy Director
Property Taxes Department

RCJ:mh
Enclosure

ASSESSMENT JURISDICTION OF LEASED WIRELESS COMMUNICATION TOWER SITES

ITEM NO.	INTERESTED PARTY	COMMENTS, SUGGESTIONS, AND PROPOSED ALTERNATIVE LANGUAGE	STAFF RESPONSE
1.	Los Angeles County Assessor's Office	<p>"The Los Angeles County Assessor's Office opposes this proposal. There are a number of problems that are apparent in the proposed changes of jurisdiction. Some of the problems are as follows:</p> <ol style="list-style-type: none"> 1. Separating the leased sites from the Antenna/Tower will result in value being lost. The Assessors would only have a portion of the property without information of how the site relates to the rest of the value." 	<p>State assesses will continue to report the identity and location of leased sites to the SBE (per Section 826) in an abbreviated form, e.g. by list and without accompanying maps. Lists will be transmitted to counties. Counties will have full assessment jurisdiction: (1) to enforce reporting requirements (Sections 441, 480), (2) to estimate value of land and/or improvements, and (3) to enroll all assessments (including addition of penalties and interest for non-reporting).</p>
2.	Los Angeles County Assessor's Office	<ol style="list-style-type: none"> 2. "The proposed language calls for the valuation of "Leased Wireless Communication Tower Sites" to be transferred to local assessors. Tower sites are just a portion of numerous personal wireless service facility sites. Many of these personal wireless service facilities are located on various types of property such as utility poles, street lamps, structures, churches steeples, bridges, high-rise roof tops, etc., as well as land parcels. These locations may be owned by government agencies, utilities, exempt entities, or fee owned. Many of these, especially in the past, were installed without regulation or permits. Does anyone have a comprehensive list of all the sites?" 	<p>Board staff will transmit to counties all reported ownership data concerning leased sites. As with all leased property, Section 405 authorizes assessors to assess any person or entity owning, claiming, possessing, or controlling the property on the lien date.</p>

ASSESSMENT JURISDICTION OF LEASED WIRELESS COMMUNICATION TOWER SITES

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3.	Los Angeles County Assessor's Office	3. "The administrative problems for the local assessors are enormous ranging from discovery to valuation methodology. Assessment procedures are set up to discover changes in ownership, etc., but land leases are not routinely reported to assessors. Under the current system where the site is state assessed we are notified and an 800 parcel number is assigned to the leased area indicating it is state assessed. Does the S.B.E. have information as to the base year status of these parcels? If the local assessor values the sites on fee owned land doesn't the site now become a part of the fee owners land again with the old base year and value? What would the assessor be picking up at that point?"	<p>Board staff has established values for many of these leased properties. However, when the Board delegates jurisdiction of property used but not owned by a state assessee on which the taxes are currently paid by the state assessee, the county assessor should assess such property as all other property on the local roll is assessed. (<i>State Assessment Manual</i> p.48.)</p> <p>Therefore, staff's proposal regarding the counties' valuation of leased wireless communication sites commencing with the 2001 lien date is as follows:</p> <ol style="list-style-type: none"> (1) Unless there was a change in ownership, values for these sites as of the 2001 lien date shall be the base year value (factored forward) as it previously existed on the local roll immediately before the property was leased to a state assessee and became subject to state assessment. (2) If a change in ownership occurred during the time the property was subject to state assessment up to the 2001 lien date, the base year value must be revised to reflect the property's full cash value determined in accordance with Section 110 as of the date of that event. <p>Although further details of the proposal will be developed in cooperation with interested parties - the concept is that there is a specific date set for commencement for local assessment jurisdiction of these parcels, and that on and after that date, these sites are valued and assessed under Proposition 13 like all other properties owned by local assessees and entered on the local roll.</p>

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4.	Pacific Bell	<p>"...[P]lease be apprised that Pacific Bell is supportive of such a policy change. Moreover, Pacific Bell believes that such a policy change should be made not only for wireless communication tower sites, but for all sites, other than 100% leaseholds, on which property of state-assessed telephone companies is located.</p> <p>It is Pacific Bell's understanding that the general policy of the Board at present is to delegate to county assessors the duty to assess partial leaseholds of property used by state assessees. In this regard, the current policy regarding wireless communication tower sites can best be described as an exception to the Board's general policy, and, as noted, Pacific Bell supports the elimination of this exception. To extent that similar exceptions to the general rule regarding partial leaseholds are applied to properties used for purposes other than the siting of wireless communication towers, Pacific Bell would further recommend the elimination of such exceptions as well. Where constitutionally permissible, Pacific Bell believes that duty to assess partial leaseholds is best delegated to the county assessors in all cases."</p>	<p>The unitary concept should be maintained whenever possible. Due to the large number of cell sites that each wireless company has, the wireless industry's reporting burden is unlike that faced by the other state assessees. In this specific circumstance, staff believes that the reporting burden and the staff's workload takes precedence over maintaining the unit concept.</p>
5.	Verizon Wireless	<p>"Verizon Wireless continues to support staff's proposed policy to the 2001 Property Tax Committee. As stated in the attached SBE notice dated December 1, 2000, such change would delegate the duty to assess leased wireless communication tower sites to county assessors wherever constitutionally permissible."</p>	
6.	Nextel of California, Inc.	<p>"We endorse the staff's proposal, and believe such delegation is in the best interests of state assessees and the State of California."</p>	