

ASSESSORS' HANDBOOK
SECTION 201

ASSESSMENT ROLL
PROCEDURES

JUNE 1985

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CALIFORNIA STATE BOARD OF EQUALIZATION

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Reprint Note

This manual has been renumbered from AH 271.

It was reprinted with a new format and minor corrections for spelling and math errors. The text of the manual has not changed from the prior edition. It has **not** been edited for law, court cases or other sources since the original publication date.

FOREWORD

Assessors' Handbook section 201, *Assessment Roll Procedures*, was initially published in September 1971. It replaced four obsolete manuals dealing with clerical and mechanical methods of roll preparation.

This, the fifth edition, incorporates the contents of former Assessors' Handbook section 258, *Sufficiency of Real Property as Security for the Payment of Taxes*, which has been discontinued. It also reflects changes in the law since 1977 (the year the fourth edition was released) and updates discussions of processing techniques to ensure relevance to current needs.

The local assessment roll is the visible annual product of the resources utilized by the county assessor. The appearance of the roll has undergone dramatic transformation, from the loose-leaf hard copy of the early 1900's to bound hard copy and finally now to magnetic tape for computers, with video access, microfiche copies, and paper printouts. Regardless of its format, however, the local assessment roll serves as an economic tool for many different agencies at city, county, special district, and state levels. Because it is so vital to the economic planning of government, uniformity of appearance from county to county is desirable. We hope this manual will promote that uniformity.

This revised edition was approved by the California Assessors' Association in May 1985. It was then adopted by the Board of Equalization on June 26, 1985.

Verne Walton, Chief
Assessment Standards Division
June 1985

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CHAPTER 1: INTRODUCTION

The operation of an assessor's office is geared to one end: production of a property assessment roll¹ that reflects the current status of ownerships, owners' addresses, and values. This handbook sets forth what an assessor must do to comply with the constitutional, statutory, and administrative requirements of preparing both the regular local roll, as provided in section 601, and the supplemental roll, as provided in sections 75 through 75.80 of the Revenue and Taxation Code. It is also intended to simplify the assessor's job and promote uniformity among counties. The state-assessed "Board roll" is also covered in this handbook.

Recognizing that regulations designed for large organizations can be unworkable when applied to smaller operations, we have separately listed recommended procedures according to the size of county.

A manual cannot supply an answer to every problem encountered. Problems requiring a standard procedure are dealt with here, but sometimes unusual or exceptional problems occur. In such situations the ability to use good judgment is important. Each employee must be able to determine whether to rely on his or her own judgment or take the problem to the next level of supervision.

SCOPE AND ORGANIZATION OF THE ASSESSMENT ROLL

The State Constitution provides in article XIII, section 1, that:

Unless otherwise provided by this Constitution or the laws of the United States.

(a) All property is taxable and shall be assessed at the same percentage of fair market value...

(b) All property so assessed shall be taxed in proportion to its full value.²

It is an assessor's duty to discover and assess all taxable property within his county except for specified public utilities and privately owned railroad cars, which the State Board of Equalization must assess. Assessment is a procedure whereby property is valued and listed on a roll for taxing purposes. Assessment includes determining the type of property--real estate, which is relatively fixed in location, or personalty, which is relatively movable--and the classification of property--secured or unsecured.³ A "secured" assessment for taxes on real property creates a lien against real estate (land and improvements).⁴ The real estate must be of sufficient value to guarantee satisfaction for unpaid taxes. The secured assessment must include rights to land, and may include improvements and personal property as well. Foreign improvements, i.e., those assessed to a person other than the owner of the land upon which they are located, can be assessed on the

¹ For a definition of "roll," see Revenue and Taxation Code, section 109, Appendix 2.

² Also see Revenue and Taxation Code, section 201; Appendix 6, *Roehm v. Orange Co.*, 32 Cal. 2d 280 (7/48) and *YMCA v. Los Angeles County*, 35 Cal. 2d 760.

³ See Appendix 6, *Fresno Co. v. Commodity Credit Corp.*, 112 Fed. 2d 639 (6/40) and *Simms v. Los Angeles Co.*, 35 Cal. 2d 303 (5/50).

⁴ See section 2187, Revenue and Taxation Code, Appendix 2.

secured roll only if the owner of the improvements owns a parcel of land elsewhere in the county upon which the improvement taxes can become a lien. Otherwise, improvements assessed to other than the owner of the land must be assessed on the unsecured roll.⁵ If secured taxes are not paid, the real estate eventually will become subject to sale by the county tax collector to satisfy unpaid taxes and penalties.

An “unsecured” assessment of property is made in cases where the assessor believes that the value of real property owned by the assessee on which the subject property is located is insufficient to ensure payment of the tax, or where the assessee owns no rights to land. Personal property kept in a building owned by another person is a typical unsecured assessment.

Since an unsecured assessment does not impose a lien on real estate, the county must satisfy unpaid taxes through confiscation and sale of any property belonging to or assessed to the assessee, by means of a judgment lien or a lawsuit against the assessee.⁶

There are two parts to the regular (section 601) assessment roll:

1. The “local roll” containing county assessed property, and
2. The “Board roll” containing property assessed by the State Board of Equalization.

The local roll is always divided into at least two parts:

1. The “secured assessment roll,” and
2. The “unsecured assessment roll.”

A county’s local roll is a record of all assessable property discovered and valued by the county assessor. The assessment roll is designated by a fiscal year (e.g., 1983-84). The values appearing on the roll are set as of the date of change in ownership or completion of new construction and entered on the roll as of March 1 prior to the beginning of the fiscal year. For subsequent fiscal years, assessed values are factored by the inflation index for the appropriate number of years. The secured roll is sometimes subdivided into three sections--oil and gas leasehold estates, water system improvements, and all other secured property within the county.

For easy reference, an assessor should designate organized sections of the roll by number and name. Thus, in a county where the local secured roll has three parts, the roll sections may be designated as follows:

⁵ See sections 2188, 2188.1, and 2188.2, Revenue and Taxation Code, Appendix 2.

⁶ See section 2951 et seq., Revenue and Taxation Code.

- Part I – General Secured Roll
- Part II – Oil and Gas Leasehold Secured Roll
- Part III – Water System Improvements Secured Roll
- Part IV – State Board Roll (Secured)
- Part V – Unsecured Roll

Large counties or those with great numbers of certain types of assessments may require additional designations. Small or undiversified counties may simply have two categories, secured and unsecured. The unsecured roll may be subdivided into categories such as General, Boats, Aircraft, etc. sections 602, 606, 607, and 608 of the Revenue and Taxation Code provide for the arrangement of property on the roll. However, since all counties now have a “machine-prepared” roll, the provisions of section 618 apply:

Notwithstanding any other provisions of state law, when the assessment roll is a machine-prepared roll the contents of the roll and the arrangement of property on the roll may be prescribed by the board.

Property Tax Rule 252 prescribes contents and arrangement of the roll.

In a county using automatic roll-writing machinery, the term “extended assessment roll” or “tax roll” means a separate roll prepared after the auditor receives the “preliminary” or “unextended assessment roll” and computes the taxes that are to be billed. A few assessors still use an assessment roll form which provides for making tax extensions on the copy prepared by the assessor.

Both privately owned and some publicly owned properties are listed on the local roll.

PRIVATE PROPERTY

All privately owned real property must be listed on the local roll, except the following:

1. Growing crops.
2. Trees and vines under taxable age (taxable age is defined in article XIII, section 3(j), of the Constitution).
3. Exempt burial property (such property is not subject to any assessment or levy and should not be enrolled; see Assessors’ Handbook section 265, *Cemetery Exemption*). An older, unused private family burial ground with unknown heirs eventually becomes a public cemetery under the provisions of section 8126, Health and Safety Code. If the fee title has not been vested in the name of a city or county and the cemetery constitutes a separate parcel of property, the assessor should list the exempt property on the assessment roll to Unknown Owners, with a zero value.

Privately owned real property exempted by the Constitution⁷ is exempt from taxes but not, in many cases, from special assessments. It must appear on the local roll so that any special assessment levy can be properly extended. Further, the homeowners' exemption must appear on the roll for the reason that tax losses on this property are reimbursed by the state and must therefore be recorded in readily available sources.

PUBLIC PROPERTY

Real property belonging to any county, city and county, or municipal corporation (including local water and irrigation districts) and located outside the owner's boundaries that was subject to taxation when acquired by the governmental agency must be enrolled (see Appendix 6, *McCaslin v. DeCamp*, 248 Cal. App. 2d 13, (1/67) and *Wells v. Union Oil Co.*, 25 Cal. App. 2d 165, 166, (2/38)). Structures added after acquisition are taxable if they replace previously taxable improvements. Wholly new improvements are exempt and should not be enrolled. However, possessory interests in such improvements are taxable and must be enrolled when held by a person or a taxable entity.

Publicly owned properties subject only to special assessment should also be listed. For example, the Japanese Consulate in Los Angeles is tax exempt except for special assessments such as may be imposed by lighting or sanitation districts. The intergovernmental treaty between the United States and each embassy must be separately examined to determine the property's taxable status. The same principle applies to treaties negotiated between the federal government and various American Indian tribes.

Property which has become subject to the tax collector's power of sale due to defaulted taxes⁸ must also appear on the local roll.

Property deeded for defaulted taxes to a city, irrigation district, or other taxing agency, excluding the State of California, may be entered on the assessment roll in the name of the jurisdiction to which it has been deeded. The name of the former owner may also be shown in parentheses or otherwise flagged. The property's values are not entered in the value columns but may be entered in a separate column or columns. A better procedure is to put tax-defaulted property in a separate section of the roll. This is a modified form of "Abstract Listing" whose purpose is to avoid computation of all back taxes when a redemption is made.

RESOURCE CONSERVATION DISTRICTS (SECTION 9505 PUBLIC RESOURCES CODE)

The regular assessment in any one year shall not exceed two cents (\$0.02) on each one hundred dollars (\$100) of assessed valuation of the land, exclusive of improvements, trees, and mineral rights, within the district...

⁷ See article XIII, sections 3(e)- college; 3(f)- church; 3(k)- homeowner; 3(o)- veteran; 3(p)- veteran's widow; 3(q)- veteran's pensioned parent; 4(a)- disabled veteran; 4(b)- religious, hospital, charitable (welfare); 4(d)- church parking; 5- certain buildings under construction.

⁸ Revenue and Taxation Code, sections 126, 406, 614, 3361, 3371, 3439, 3442, 3443, 3343.5, and 3717.5.

Should there be classifications of property subject to assessment within resource conservation districts, the assessor should provide the county auditor appropriate data in one of several ways:

1. Subdivide the "Land" column of the roll form into "Mineral Rights," and "Other"; or,
2. Stack entries for subclassifications of land in the "Land" column, with sufficient coding to identify each entry; or,
3. Assign special parcel numbers--a separate map book or an overlay digit. For instance, 103-11-01 could represent all taxable rights for a particular property except mineral; 803-11-01 would indicate an assessment for mineral rights at the same location.

Options (1) and (2) have the advantage of providing maximum information to individuals inspecting the assessment roll. Unless the county has a tremendous volume of mineral assessments, the stacking of subclassification entries (option 2) will be preferable to modifying the land column. Exercising either of these options will require some computer reprogramming, so a data system analyst should be consulted before a choice is made.

Option (3) affords a convenient coding scheme compatible with existing map and data entry systems. However, since the overlaid number is normally relegated to a separate portion of the roll, use of this method means an individual wishing to review the assessment must look in two places.

SECTIONS OF THE SECURED ROLL

For administrative convenience the secured roll should be divided into sections as follows:

GENERAL SECURED

The general secured roll contains a listing of the following types of property:

1. All taxable land and improvements privately owned in fee.
2. All land and secured improvements being purchased under contract of sale from a public agency, such as the Department of Veterans Affairs.
3. All assessable personal property owned by owners of either (1) or (2) above, where such land is sufficient security for the taxes on the personal property in the opinion of the assessor, and the personal property is either located upon such real property on the lien date (Revenue and Taxation Code section 2189) or is secured by means of the "certificate" procedure (Revenue and Taxation Code section 2189.3). (Also see Appendix 6, *California Domestic Water Co. v. Los Angeles Co.*, 10 Cal. App. 185 (3/09); *Cedars of Lebanon Hospital v. Los Angeles Co.*, 35 Cal. 2d 729, (8/50); *City of Los Angeles v. County of Inyo*, 167 Cal. App. 2d 736 (2/59); *Delany v. Lowery*, 25 Cal. 2d 561 (12/44); and *McCaslin v. DeCamp*, 248 Cal. App. 2d 13 (1/67)).

- Any mobilehome subject to local property taxation (Revenue and Taxation Code, section 5830).

Revenue and Taxation Code section 2188 through 2190.2 specify special ways certain assessments may be enrolled. The sections cover the following:

- Improvements assessed to other than the owner of the land (2188.1 and 2188.2);
- Separate assessment of condominiums (2188.3);
- Separate assessment of privately owned leased land, other than that used for grazing or agricultural purposes, where the lessee is obligated to pay the taxes or to reimburse the lessor for them (2188.4);
- Separate assessment of planned unit developments (2188.5);
- Separate assessment of condominium units (2188.6);
- Separate assessment of community apartment or housing cooperative projects (2188.7);
- Separate assessment of timeshare estates in timeshare projects (2188.8);
- Separate assessment of timeshare projects (2188.9);
- Personal property cross-secured to secured property in the same ownership (2189, 2189.3);
- Gas and oil leases (2189.5);
- Water system improvements (2189.6); and
- Possessory interests (2190, 2190.1, and 2190.2).

All of the foregoing sections are found in Appendix 2.

Example: Where improvements and personal property are owned by a person other than the landowner, and neither assessee owns other real property in the county:

GENERAL SECURED ROLL

| APN | Land | Imps. | P.P. | Ex. | Total | Remarks |
|-----------|-------|-------|------|------|-------|--|
| 15-231-06 | 2,500 | ---- | ---- | ---- | 2,500 | Improvements separately assessed. See unsecured assessment #400. |

UNSECURED ROLL

Assessment

| No. | Land | Imps. | P.P. | Ex. | Total | Remarks |
|-----|------|-------|-------|------|-------|-------------------------------|
| 400 | ---- | 2,200 | 1,000 | ---- | 3,200 | See secured parcel 15-231-06. |

(The remarks on the unsecured roll are optional. However, including them affords positive identification of the assessment.)

Example: Where improvements and personal property are owned by a person other than the landowner, and the assessee of the improvements owns other real property in the county:

GENERAL SECURED ROLL

| APN | Land | Imps. | P.P. | Ex. | Total | Remarks |
|-----------|-------|-------|------|------|-------|--|
| 15-231-06 | 2,500 | ----- | ---- | ---- | 2,500 | Improvements separately assessed. See APN 23-111-03. |

| APN | Land | Imps. | P.P. | Ex. | Total | Remarks |
|-----------|-------|--------|-------|-----|--------|---|
| 23-111-03 | 4,000 | 12,000 | 2,000 | --- | 18,000 | Includes improvements on APN 15-231-06, \$2,200 assessed value. |

Generally, it is preferable to place the assessment on the unsecured roll. Such practice means the assessor does not have to determine the adequacy of the lien and enables the county to demand payment of the tax early in the assessment season. The statement of separate ownership referred to by Revenue and Taxation Code, section 2188.2, must be properly filed before the improvement can be separately assessed.

A possessory interest, as defined in section 107 of the Revenue and Taxation Code, may be enrolled on either the unsecured or secured roll in any county, at the discretion of the board of supervisors. If the board considers any possessory interest as sufficient security for payment of taxes, such interest can be entered on the secured roll.

In a case where surface rights are owned by one party and incorporeal hereditaments⁹ (producing oil wells, in this example) by another party, the assessments may be handled thus:

GENERAL SECURED ROLL

| APN | Land | Imps. | P.P. | Ex. | Total | Remarks |
|------------|-------|-------|------|-----|-------|--|
| 004-041-05 | 2,000 | 2,000 | 500 | --- | 4,500 | Less 100 percent sub-surface leasehold interest. |

OIL AND GAS LEASEHOLD SECURED ROLL

| APN | Land | Imps. | P.P. | Ex. | Total | Remarks |
|------------|--------|-------|-------|-----|--------|--|
| 804-041-05 | 15,000 | 5,000 | 3,000 | --- | 23,000 | One hundred percent leasehold interest in secured parcel 004-041-05. |

⁹ Legally, an incorporeal hereditament is defined as "having no material existence in itself but attaching as a right to some actual thing and hence inheritable."

OIL AND GAS LEASES

Leasehold estates for the production of oil, gas, and other hydrocarbon substances are incorporeal hereditaments with a right to remove. These rights are not to be classified as possessory interests. They must be placed on the secured roll, but then must be listed separately from other secured property because the law provides for a different method of tax collection.¹⁰ However, entries are made in the same manner as for other secured property, and taxes are collected in two installments. In reporting roll totals, the assessor should consider the oil and gas leasehold secured roll as part of the secured roll and include the totals with the general secured roll totals.

Other rights that are excluded from the fee (except possessory interests, at the discretion of the county board of supervisors) and separately assessed improvements, are enrolled in the standard way on the general secured roll.

WATER SYSTEM IMPROVEMENTS¹¹

Water distribution system components (well casings, pumps, underground pipes, sprinklers, concrete-lined ditches, gates, dams, etc.)¹² are assessed on the secured roll. If such improvements are assessed to a person other than the assessee of the land on which they are located, the water system improvements are not a lien on the land. The following notation must be entered opposite the land assessment on the secured roll:

Water distribution system improvements excepted pursuant to Revenue and Taxation Code, section 2189.6.

A cross-reference to the assessment number used for the water system components can be included in this notation if a different number is used.

SECURING PERSONAL PROPERTY

WHY SECURE PERSONAL PROPERTY?

Most personal property has a degree of mobility; it can be moved from location to location. This sometimes results in removal of the property from the taxing jurisdiction in which it had situs on the lien date, creating difficulties in collecting the taxes due. To facilitate payment of the taxes, it is desirable to secure the personal property to real property, which in most cases has a fixed situs.

HOW PERSONAL PROPERTY IS SECURED

There are two conditions under which an assessor can secure personal property to real property. One involves personal property located on real property where both properties are in the same ownership.¹³ The other involves personal property and real property owned by the same party and

¹⁰ Revenue and Taxation Code, sections 107 and 2189.5.

¹¹ Revenue and Taxation Code, section 2189.6.

¹² See California Administrative Code, Title 18, section 124.

¹³ Revenue and Taxation Code, section 2189.

located in the same county at different locations where, prior to the lien date, the owner requests the assessor to issue a certificate of security and has this certificate recorded.¹⁴

Common sense dictates that to secure personal property to realty, the realty should be of sufficient value to ensure collection of the taxes on both the real property and the personal property so secured. The determination of whether or not the real property is sufficient to ensure payment is the prerogative of the assessor.¹⁵

In determining whether real property is sufficient security for the taxes on personal property, the assessor should ascertain that the market value of the real property is at least equal to the taxes levied on the personalty and the realty. Good practice requires, in fact, that the market value of the real property be at least 10 percent of the market value of the personal property secured to it. This gives assurance that, in the case of a 1.2 percent tax rate, the real property's market value will provide sufficient security to the assessment. As an example, consider the following:

| | | |
|--|-----------|--------------|
| Personal Property Market and Assessed Value | \$ 50,000 | |
| Personal Property Taxes at a 1.2% Rate | | \$ 600 |
| Minimum Realty Market Value to be Considered | \$ 5,000 | |
| Sufficient Security (10% of \$50,000) | | |
| Real Property Assessed Value | \$ 5,000 | |
| Real Property Taxes at a 1.2% Rate | | \$ <u>60</u> |
| Total Secured Tax Obligation | | \$ 660 |

Personal Property Located on the Real Property

Revenue and Taxation Code section 2189 provides that real property may be used as security for personal property taxes when the personal property is located on the real property and is assessed to the person who owned the real property on the lien date. For the purpose of this section, location means the actual physical location of the personal property.

Once the assessor has made the determination of location and ownership described above, the sufficiency of the real property as security must be determined. Provided all the criteria are met, the assessor's next step is to enroll the assessment on the secured roll.

Personal Property Not Located on the Real Property

Revenue and Taxation Code, section 2189.3 provides for a method of securing personal property in the same ownership as the real property, but at a different location. This is known as cross-securing and is performed only upon request of the taxpayer.

When requested by the taxpayer, the assessor will determine whether or not the real property is sufficient to secure the payment of the taxes. If the assessor determines that it is, a "Certificate of

¹⁴ Revenue and Taxation Code, section 2189.3.

¹⁵ See Appendix 6, *San Mateo County v. Maloney*, 71 Cal. 205; Revenue and Taxation Code, section 134.

Security for Taxes on Personal Property” will be issued. The taxpayer must record this certificate with the county recorder on or before March 1. The assessor should note on the secured roll the amount of personal property secured pursuant to section 2189.3 of the Revenue and Taxation Code. In making the determination of the sufficiency of the real property as security for taxes on personalty not located on the realty, the assessor should consider the effect of securing any personal property that may already be located on the realty.

The certificate for use pursuant to section 2189.3 is shown in Exhibit I. Note that a new certificate must be issued for each assessment year.

EXHIBIT I

| FORM PRESCRIBED BY THE STATE BOARD OF EQUALIZATION | | REQUEST FOR CERTIFICATE OF SECURITY FOR TAXES ON PERSONAL PROPERTY <i>(Prepare in Duplicate)</i> | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|--|-------|--------------------------------------|-------|---|-------|--|-------|--|-------|----------|---|-------------------------------|--|--|-------|--|-------|---|-------|--|-------|
| ASSESSOR OF _____ COUNTY Court House _____, California | Date _____, _____ | | | | | | | | | | | | | | | | | | | | | | | | |
| Dear Sir: Under the provisions of Section 2189.3 of the California Revenue and Taxation Code, it is hereby requested that the personal property described in box "B" below (and located in this county) be secured for the purposes of assessment to the real property described in box "A" below. The undersigned will hold title to both the real and personal property so described on _____ It is estimated that the cost of personal property herein described on that date will be \$ _____. | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ TAXPAYER NAME OR DBA _____ STREET ADDRESS _____ CITY ZONE STATE | _____ SIGNATURE OF TAXPAYER OR CORPORATION OFFICER | | | | | | | | | | | | | | | | | | | | | | | | |
| 19 _____ | | | | | | | | | | | | | | | | | | | | | | | | | |
| FORM PRESCRIBED BY THE STATE BOARD OF EQUALIZATION | | | | | | | | | | | | | | | | | | | | | | | | | |
| CERTIFICATE of SECURITY for TAXES on PERSONAL PROPERTY <i>(ISSUED PURSUANT TO SECTION 2189.3, REVENUE AND TAXATION CODE)</i> | | | | | | | | | | | | | | | | | | | | | | | | | |
| State of California } County of _____ } | 19 _____ | Date _____, _____ | | | | | | | | | | | | | | | | | | | | | | | |
| _____ Assessor of _____ County, State of California, hereby certifies that he has determined, at the request of the owner thereof and on the basis of information submitted by the owner, that the real property described in box "A" is of sufficient value to secure the payment of the taxes on personal property of an assessed value of \$ _____ for the fiscal year _____. | | | | | | | | | | | | | | | | | | | | | | | | | |
| State of California } County of _____ } ss On this _____ day of _____ in the year _____, before me _____ (NAME AND QUALITY OF OFFICER), personally appeared _____ (NAME OF ASSESSOR OR DEPUTY) known to me to be the person who executed the within instrument, and acknowledged that he (or she) executed the same. _____ _____ by _____ | TAXPAYERS NAME OR DBA _____ <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; text-align: center; vertical-align: middle;">A</td> <td style="padding: 2px;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; padding: 2px;">REAL PROPERTY DESCRIPTION</th> </tr> <tr> <td style="width: 10px; padding: 2px;">ASSESSOR'S PARCEL NO. (If available)</td> <td style="padding: 2px;">_____</td> </tr> <tr> <td style="padding: 2px;">LEGAL DESCRIPTION:</td> <td style="padding: 2px;">_____</td> </tr> <tr> <td style="padding: 2px;"> </td> <td style="padding: 2px;">_____</td> </tr> <tr> <td style="padding: 2px;"> </td> <td style="padding: 2px;">_____</td> </tr> </table> </td> </tr> <tr> <td style="text-align: center; vertical-align: middle;">B</td> <td style="padding: 2px;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; padding: 2px;">PERSONAL PROPERTY DESCRIPTION</th> </tr> <tr> <td style="width: 10px; padding: 2px;">LOCATION: (Address or Other Reference)</td> <td style="padding: 2px;">_____</td> </tr> <tr> <td style="padding: 2px;"> </td> <td style="padding: 2px;">_____</td> </tr> <tr> <td style="padding: 2px;">TYPE OF PROPERTY: (Machinery, Boat, Inventory Etc.)</td> <td style="padding: 2px;">_____</td> </tr> <tr> <td style="padding: 2px;"> </td> <td style="padding: 2px;">_____</td> </tr> </table> </td> </tr> </table> | A | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; padding: 2px;">REAL PROPERTY DESCRIPTION</th> </tr> <tr> <td style="width: 10px; padding: 2px;">ASSESSOR'S PARCEL NO. (If available)</td> <td style="padding: 2px;">_____</td> </tr> <tr> <td style="padding: 2px;">LEGAL DESCRIPTION:</td> <td style="padding: 2px;">_____</td> </tr> <tr> <td style="padding: 2px;"> </td> <td style="padding: 2px;">_____</td> </tr> <tr> <td style="padding: 2px;"> </td> <td style="padding: 2px;">_____</td> </tr> </table> | REAL PROPERTY DESCRIPTION | | ASSESSOR'S PARCEL NO. (If available) | _____ | LEGAL DESCRIPTION: | _____ | | _____ | | _____ | B | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; padding: 2px;">PERSONAL PROPERTY DESCRIPTION</th> </tr> <tr> <td style="width: 10px; padding: 2px;">LOCATION: (Address or Other Reference)</td> <td style="padding: 2px;">_____</td> </tr> <tr> <td style="padding: 2px;"> </td> <td style="padding: 2px;">_____</td> </tr> <tr> <td style="padding: 2px;">TYPE OF PROPERTY: (Machinery, Boat, Inventory Etc.)</td> <td style="padding: 2px;">_____</td> </tr> <tr> <td style="padding: 2px;"> </td> <td style="padding: 2px;">_____</td> </tr> </table> | PERSONAL PROPERTY DESCRIPTION | | LOCATION: (Address or Other Reference) | _____ | | _____ | TYPE OF PROPERTY: (Machinery, Boat, Inventory Etc.) | _____ | | _____ |
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| | _____ | | | | | | | | | | | | | | | | | | | | | | | | |
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| _____ _____ by _____ (SEAL) | _____ _____ by _____ (ASSESSOR OR DEPUTY) | | | | | | | | | | | | | | | | | | | | | | | | |
| SBE-ASD AH-258 FRONT 3-19-64 (REVISED 10-76) | | | | | | | | | | | | | | | | | | | | | | | | | |

EXHIBIT I (Continued)

INFORMATION AND INSTRUCTIONS

*For taxpayers who wish to have personal property
(located elsewhere than on their real estate)
placed on the secured assessment roll.*

Section 2189.3 of the California Revenue and Taxation Code provides that personal property you own but which is located on real property in another person's ownership may be placed on the secured assessment roll and made a lien on real property that you do own in the same county. The process involves the following steps:

1. Fill out the section of the form above the dotted line and boxes "A" and "B".
2. Return two copies of the form to the county assessor. If he cannot legally approve your request (because the real property's value is insufficient to guarantee the new combined tax burden), he will tell you. If the assessor can approve your request, he will complete the rest of the certificate and return one copy to you.
3. When you get the completed copy back from the assessor, tear off the portion of the form above the dotted line (the part containing your own confidential information) and retain it.
4. File the lower portion of the form (the "Certificate") with the recorder of the county in which your property is located.

The law requires that the certificate be recorded before 12:01 a.m. March 1 preceding the fiscal year for which taxes are levied if you wish to take advantage of these procedures. After you record the certificate, the assessor can legally assess your personal property on the secured assessment roll.

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Since 80 to 90 percent of these requests will recur each year, a routine annual mail-out of both the form and the instructions is suggested to save time for taxpayers and the assessor's staff. The taxpayer's address should be picked up from the prior year's copy of the certificate. If the certificate is properly folded, the owner's address will be positioned for mailing in a window envelope.

In order to take advantage of the certificate procedure for the ensuing fiscal year, the owner should complete the form according to the Information and Instructions sheet shown in Exhibit I and return the form to the assessor.

If the assessor determines that existing security is not sufficient to permit placing the personalty on the secured roll, a letter explaining this to the taxpayer would be appropriate. If the assessor determines that sufficient security does exist for such placement, the assessor or deputy should date and sign the certificate. It must then be routed for acknowledgment to the county recorder (or any of the other persons authorized by Civil Code section 1181). After acknowledgment, the assessor can mail the original back to the taxpayer by window envelope. A copy should be filed with the appraisal records or an appropriate roll source (deed, property statement, etc.).

The instructions advise the property owner to detach the upper ("Request") portion of the form prior to recordation because it contains information of a confidential nature.

Photographic copies or abstracts of certificates recorded need not be obtained if one uses the serial numbering device shown in the upper right-hand corner of both the "Request" and the "Certificate." Merely entering the recorder's book and page number on the assessor's copy of the certificate should provide a simple and adequate control procedure.

Personalty placed on the secured roll under the certificate procedure should show the cross-reference required by section 2189 of the Revenue and Taxation Code. The cross-reference should read substantially as follows: "Includes personal property located at APN _____ = \$_____ A.V." After roll delivery the copy of the certificate can be removed from the files to provide the basis for next year's mailing list. Since the statutes require recordation on or before the lien date, it is advisable to mail certificates early.

SECTIONS OF THE UNSECURED ROLL¹⁶

The unsecured roll contains any property for which real property is insufficient, in the assessor's opinion, to secure payment of the taxes that are to be extended on its assessed value. The unsecured roll includes foreign improvements the taxes on which are not a lien on real property of their owner and personal property which is not located on an assessee's land on the lien date but which has not been secured by the certificate procedures authorized by Revenue and Taxation Code section 2189.3. It may also include taxable possessory interests in tax-exempt land and improvements, at the discretion of the local county board of supervisors. (See Assessors'

¹⁶ Revenue and Taxation Code, sections 109 and 134, and Appendix 2, *Fresno Co. v. Commodity Credit Corp.*, 112 Fed. 2d 639 (6/40); and *Roehm v. Orange Co.*, 32 Cal. 2d 280 (7/48).

Handbook section 517, *Appraisal of Possessory Interests*; Appendix 6, *Delany v. Lowery*, 25 Cal. 2d 561 (12/44); *Forester Shipbuilding Co. v. Los Angeles Co.*, 54 Cal. 2d 450 (7/60); *Houser etc. Mfg. Co. v. Hargrove*, 129 Cal. 90 (6/00); *RCA Photophone Inc. v. Huffman*, 5 Cal. App. 2d 401 (3/35); *S & G Gump Co. v. San Francisco*, 18 Cal. 2d 129 (6/41); *Title Guaranty, etc., Co. v. Los Angeles County*, 3 Cal. App. 619 (1906); and Appendix 7, *Attorney General Opinion No. 57/205 - 1/14/58.*)

Annually, the assessor assesses all the taxable property in the county, except state-assessed property, to the persons owning, claiming, possessing, or controlling it on the lien date. The assessor may assess property on the secured roll to the person owning, claiming, possessing or controlling it for the ensuing fiscal year. The assessor may assess all taxable property in the county on the unsecured roll jointly to both the lessee and lessor of such property. Notices of assessment and tax bills relating to jointly assessed property on the unsecured roll shall be mailed to both the lessee and the lessor at their latest addresses known to the assessor.¹⁷

The tax rates on unsecured property are the same as the prior year's secured rates of the taxing jurisdictions in which the property has tax situs on the lien date. In the event that the assessment ratio is changed, the tax rate for unsecured property must reflect the difference in ratio and be based on the assessment ratio for the current year.¹⁸

The tax collector should receive a record of unsecured assessments as soon as they are made so that collection procedures may commence. For this reason, small counties often use a combination unsecured roll and tax bill snap-out form. With this type of roll the assessor, auditor, and tax collector each have a copy of each assessment; additional copies are used as tax bills and a taxpayer's receipt. Immediately prior to the date for the completion of the local roll, the original copies of the snap-out form are compiled and bound as the unsecured roll.

A major drawback to the snap-out form is that tax-rate area totals must be manually accumulated unless one copy serves as a source document for automated data processing input. If the county has electronic data processing, the snap-out form may not be needed. However, in counties without automatic equipment, the snap-out form allows the most flexible processing schedule.

The unsecured roll should be divided into sections as follows:

GENERAL UNSECURED

Possessory interests in real estate are entered in the land column; improvements or interests in improvements are entered in the next column; personal property is entered under its own heading.

All types of property subject to special rates or ratios are assessed in separate sections of the roll; for example, documented vessels meeting the requirements of Revenue and Taxation Code

¹⁷ Revenue and Taxation Code, section 405.

¹⁸ California Constitution, article XIII, section 12; Revenue and Taxation Code, section 2905; and Appendix 6, *Abrams v. San Francisco*, 48 Cal. App. 2d 1 (11/41).

sections 227 and 255. The preferred place of entry is at the end of a tax-rate area, or at the end of the roll when prepared in straight assessment number sequence.

BOATS

Most assessors prefer to group boat assessments in a separate section of the unsecured roll rather than put them on the secured roll or intermingle them with other unsecured assessments. There are several reasons:

1. Because boats frequently sell, current ownership information depends somewhat on reporting from the public. Sending an itemized tax bill to the former owner will result in a complaint. Using unsecured billing allows time to bill the proper assessee.
2. Where an amount for property tax is part of the monthly mortgage payment, inclusion of a boat in the secured assessment may raise the assessee's monthly house payment. Even worse, the boat may erroneously remain in the assessment after the taxpayer has sold it.
3. Assessment and collection procedures often are simplified when similar types of property are grouped. For instance, people rapidly become accustomed to a permanently assigned block of assessment numbers serving to identify a particular property type. Unsecured enrollment in a separate section makes it easy to check assessments when the boat cards are received from the State Department of Motor Vehicles. (The information is available in the form of punched computer cards, magnetic computer tape, or a printed list. Record updating procedures are being tightened to ensure the assessor's possession of current ownership and market value information.)

Documented vessels meeting the requirements of sections 227 and 255 of the Revenue and Taxation Code are assessed at 4 percent of their full value.¹⁹ They should be enrolled at the end of the boat section of the roll.

GENERAL AIRCRAFT²⁰

General aircraft are identified in a separate portion of the unsecured roll. They are taxed at the same rate and in the same manner as all other personal property.²¹ However, the aircraft assessments **must** be identified as such because the revenues are distributed differently than revenues from other types of property.²²

OTHER AIRCRAFT

Certificated aircraft (as defined by Revenue and Taxation Code section 1150) and planes of scheduled air taxis (section 1154) are assessed after application of an allocation formula to their

¹⁹ Revenue and Taxation Code, section 130.

²⁰ Revenue and Taxation Code, sections 5301-5456, and Assessors' Handbook Section 577, *General Aircraft Assessment Procedures*.

²¹ Revenue and Taxation Code, section 5391.

²² Revenue and Taxation Code, sections 5451-5456.

market value (section 1152) and taxed at the rates applicable to other property. Nonscheduled air taxis are assessed in the same manner as general aircraft (the assessments are not allocated among their ports of call).

STATE ASSESSED (BOARD) ROLL

The “Board roll” of state assessed property, sometimes referred to as the “utility roll,” includes all property subject to local taxation required to be assessed by the State Board of Equalization.²³ This roll is considered part of the secured roll and is transmitted annually to county auditors and auditors of cities collecting their own taxes, on or before August 19.²⁴

The State Board of Equalization furnishes the “utility roll” printed on paper and, on request, will also provide either punched cards or magnetic tape suitable for computer input.

²³ State Constitution, article XIII, section 19.

²⁴ Revenue and Taxation Code, section 756.

CHAPTER 2: LEGAL REQUIREMENTS

Various sections of article XIII of the California Constitution and numerous sections of the Revenue and Taxation Code affect preparation of the roll. The following topics are cross-referenced to either the Revenue and Taxation Code or to Appendix 6, Court Decisions.

STATE BOARD APPROVAL

The secured and unsecured roll forms and their respective indices, as well as property statements and exemption affidavits, must be forwarded annually to the State Board of Equalization's Assessment Standards Division for approval (See Revenue and Taxation Code, sections 251, 452, and 618). The procedures for handling the date of submission of the various forms are explained in special letters to assessors sent yearly.

ARRANGEMENT OF ASSESSMENTS ON THE PREPARED ROLL

All counties now have "machine-prepared rolls" as defined by Revenue and Taxation Code, section 109.5. The provisions of Property Tax Rule 252, therefore, apply to assessors throughout the state.²⁵ Should any county revert to a handwritten roll, such roll would be arranged in accordance with Revenue and Taxation Code, section 602.

ASSESSOR'S PARCEL NUMBER SEQUENCE

The local assessment roll (prepared in June) and the local tax roll (prepared in September)²⁶ may be written in parcel number sequence in conformity with the assessor's map books, beginning with map book 1 and continuing through all map books. When this procedure is followed, the local assessment roll may indicate, and the tax roll must indicate, the tax-rate area number for each item of property.

The parcel number referencing system has the following advantages:

1. The roll index may be prepared as property statements are received;
2. All assessor's records may be kept in single sequence, thereby simplifying searches for information.

TAX-RATE AREA SEQUENCE

If properties are grouped on the roll by tax-rate area, the roll will automatically be arranged as required by sections 602 and 606 of the Revenue and Taxation Code since the tax-rate area numbering system conforms to that arrangement. The most convenient sequence for writing the assessments within each tax-rate area is parcel number order.

²⁵ Also see Revenue and Taxation Code, sections 618, 1612, 1614, 1646, 2152, and 2601.

²⁶ See Page 1, *Scope and Organization of the Assessment Roll*.

Tax-rate area numbers, or the city and school district names, or both, should be indicated on the covers of their respective roll volumes. Every volume should also have index tabs that separate each tax-rate area or city and school district.

A roll should be written in tax-rate area order only if a county has no automatic roll-writing equipment available. Straight parcel number sequence is preferable because it facilitates title searches and other referencing procedures.

CONTENTS OF THE MACHINE-PREPARED LOCAL ROLL

According to the definition in the Revenue and Taxation Code, section 109.5, every county now has a machine-prepared roll. The phrase “machine-prepared” can mean the use of anything from a typewriter to the most complex computer.

The minimum contents of the machine-prepared local roll are listed in the following text. Any other information required by section 602 of the Revenue and Taxation Code may be omitted. Also, see Property Tax Rule 252 (Appendix 5).

The preliminary local assessment roll shall show at least the following seven items:

1. The Name and Address of the Assessee. If the name is not known, the parcel should be assessed to “Unknown Owners.” See Revenue and Taxation Code, sections 611 and 613; Appendix 6, Court Decisions; and Appendix 7, *Attorney General Opinion No. 59/70 - 5/29/59*, of this handbook. If the auditor prepares a new roll on which to extend taxes, the address need not be shown on the preliminary roll. However, having the address on the preliminary roll is a convenience to the public, and the cost of adding it with a high-speed computer printer is slight.

In the case of multiple owners of undivided interests in one parcel, put only one or two names on the roll, followed by “et al.” (“et al.” is an abbreviated form of a Latin phrase meaning “and others.”) The name of a partnership should be included if one has been established in accordance with the “Fictitious Name Statute.” Your county clerk will have partnership information if this law has been observed. To provide maximum information to the public, the index to the roll should show all interest-holders with each name followed by “et al.,” but this is not a legal requirement.

Place the name of the principal interest-holder on the roll. However, if a minority interest-holder is receiving the homeowners’ or the veterans’ exemption on the property, substitute that person’s name for that of the principal interest-holder (See Appendix 6, *Clayton v. Schultz*, 4 Cal. 2d 425 (9/35) and *San Gabriel etc. Co. v. Witmer etc. Co.*, 96 Cal. 623 (12/92); and Appendix 7, *Attorney General Opinion No. 59/70 - 5/29/59*).

When there are more than two owners, an assessor might find it impractical to identify on the roll all persons holding an undivided interest in the property. Inclusion of an amount for exemption in such cases implies that an interest is held by a homeowner or veteran. It would not be necessary

to enroll the names because the assessor's office would have records concerning the exemption. Whenever possible, though, the name of the recipient of an exemption should appear on the roll and the index.

When a property owner dies, his or her real and personal property becomes part of his or her estate, the distribution of which is subject to court proceedings. While the settlement is pending and before the new owners of the decedent's real property have been identified in a decree of distribution, the parcel(s) should be assessed as illustrated in the following example:

Estate of John Doe
c/o John Smith, Executor/Administrator
123 Plane Avenue
Anytown, California

This practice is authorized by law (See section 982 of the Revenue and Taxation Code in Appendix 2). section 600 of the Probate Code requires that within three months of appointment, or later if the court or judge allows, the executor or administrator must file a change in ownership statement with the county assessor, as required by subdivision (b) of section 480 of the Revenue and Taxation Code. This statement will therefore be available on a timely basis to the county assessor, enabling him to promptly reappraise the decedent's real property and to change the billing to the "Estate of..." format.

Examples of Types of Ownership Enrollment:

Contract of Sale (or Contract Purchase)²⁷

- Jones, Frank contract to Smith, John and Alice, **OR**
- DVA contract to Smith, John & Alice, jt, **OR**
- Smith, John & Alice, jt, CS (or CP)

Company Names

Print as is, unless name of a person:

- General Motors Acceptance Corp., **BUT**
- Camp, P.Q. dba Camp Company

Partnerships

Obtain names of partners from the county clerk or from the recorded document and include with the business name (use of "dba" is inadvisable):

²⁷ The buyer's name goes onto the roll index.

- Jones, Frank and Smith, John, individually, and ABC Company a Partnership

On the secured roll just the name of the business is sufficient:

- ABC Company

Ordinarily only one tax bill per parcel is required. The mutual owners have the duty of deciding how the taxes are to be met. However, up to four separate tax bills per parcel may be prepared as described in Revenue and Taxation Code, sections 2821 through 2827. Also, separate tax bills may be issued to allow holders of undivided interests to redeem portions of parcels.²⁸ The interests of the parties should not be divided on the next preliminary roll. The assesseees must annually go through the segregation process described in Revenue and Taxation Code, sections 2821, 2823, and 2824 to receive separate tax bills.

2. The parcel number or legal word description for any assessment of land. (See Revenue and Taxation Code, sections 327 and 328, and the court cases mentioned following these sections in the annotated code.) Whenever possible, the assessor's parcel number alone should be used to describe property. A full legal description should never be used when a "keyline" description or parcel number will suffice.

(a) Methods of Describing Mineral Rights

Since mineral rights and incorporeal hereditaments attach to properties already identified by parcel numbers, some assessors simply assign a code indicating "M" (mineral rights) as a suffix to the surface parcel number. For example, the parcel number 01-011-01 indicates that all rights of the property are included in the particular assessment. Surface rights of a parcel may be represented as 01-011-01S; 01-011-01M indicates mineral rights in the same parcel. The presence of a suffix denotes the exclusion of a right. Another method of identifying reserved rights is assigning a unique map book number (such as the 600 series for mineral rights, the 800 series for leasehold estates) as an overlay to the conventional parcel number; for example: 033-081-04 becomes 633-081-04 when mineral rights are enrolled. If map book numbers already are in the hundreds, the "6" can represent the books below 100, and the numeral "7", books in the 100's. Yet another alternative exists. When a large contiguous block of mineral properties exists in common ownership, a separate regular parcel number may be assigned to the whole block. This avoids the necessity of issuing separate tax bills according to surface parcel descriptions for mineral rights that are reserved from the fee estates.

(b) Condominiums

Condominiums must be separately enrolled by unit only after the sale of at least one unit. The interest to be separately assessed is the value of the living unit plus an

²⁸ Revenue and Taxation Code, sections 4131-4132.

undivided interest in the common area. It is not advisable to issue separate tax bills for dwellings and common areas.

(c) Apartments

Community apartment projects and housing cooperatives for community apartment projects that have met the conditions of section 2188.7, the interest to be separately assessed is the value of the right of exclusive occupancy in a portion of the real property coupled with an undivided interest in the land. For cooperative housing corporations (including those with limitations on equity) that have qualified for separate assessment, the interest separately assessed is the value of the right of exclusive occupancy which is transferable only concurrently with the transfer of shares of stock in the corporation held by the person having the right of occupancy, together with an interest in appurtenant common areas.

(d) Timeshares

Interests in timeshare projects that constitute an estate in real property, i.e., that convey fee simple interest in the underlying property, may be separately assessed under conditions set forth in section 2188.8. The interest to be separately assessed is the value of the right of recurrent, exclusive use or occupancy of real property for a specific period of time allotted from the periods into which the project has been divided. The tax on such an interest is a lien solely on that timeshare estate and must be entered on the secured roll.

Timeshare interests that do not qualify as fee simple interests, for instance estates for years or leasehold estates in timeshare projects, may be separately assessed only if the conditions of section 2188.9 are met. The interest to be separately assessed is the same as for a timeshare estate. All of the separate assessments must be cumulated and the total assessment entered on the secured roll in the name of the timeshare owners' association. The tax on the total assessment becomes a lien on the entire timeshare project.

3. Separate entries of the assessed values of land, improvements, and personal property.
4. Exemption Amount. The amount of exemptions allowed pursuant to article XIII, sections 3(d), 3(e), 3 (f), 3(k), 3(o), 3(p), 3(q), 4(a), 4(b), 4(c), 4(d), and 5 of the Constitution and Revenue and Taxation Code, section 218 (See type of exemption on pages 3 and 4). While it is not legally required that exemptions authorized by provisions other than these be shown on the assessment roll, it is recommended that **all** exemptions be shown on the roll. Listings should include details of amount, type, and, where applicable, whether the exemption is less than the statutory maximum due to late filing.
5. The total taxable value of all property assessed, exclusive of intangibles.

6. The secured portion of the roll. On the **secured** portion of the roll, the **tax-defaulted information required by Revenue and Taxation Code, sections 614 and 3443. However, section 3443.5 provides that where a machine-prepared roll is used, the fact and date of the declaration of default may be entered upon the reproduced roll.** If the parcel is still tax delinquent when the next year's roll is prepared, the assessor should make the entry "Prior year taxes in default" opposite the assessment on the roll.
7. On the unsecured portion of the roll, the tax rate and all tax extensions required by law (see Revenue and Taxation Code, section 2152).

MINIMUM CONTENTS OF THE EXTENDED ASSESSMENT ROLL

In addition to all information required for the preliminary roll, the tax roll prepared by the auditor shall show the following data:

1. The address of the assessee, if known. If the address is unknown, a statement to that effect should be entered.
2. The tax-rate area code number for each assessment.
3. All tax extensions required by law (See Revenue and Taxation Code, section 2152).

TOTALS AND SUMMARIES

When local assessment and tax rolls are completed, several totals are extracted. A countywide total must be shown for each value column and should be shown for each type of exemption of the assessment roll. Dollar totals are separately listed for the homeowners' exemption column. The amount of all other exemptions allowed may be combined or listed separately. A separate listing is preferable. The homeowners' exemption total for each revenue district is needed for reimbursement calculations. In a separate section of the tax roll, a tabulation should be made of both total assessed values and total tax extensions for each city and tax-rate area (or special district).

The clerk of the county board of equalization prepares a separate statement listing all changes made to the assessment roll by the county board after its delivery to the auditor.²⁹ The statement, which consists of a tabulation of the changes together with a reconciliation of the totals of the local assessment roll and the tax (extended) roll, must be made a part of the tax roll.³⁰ The auditor must transmit on or before August 15 a valuation statement to the State Board of Equalization for changes made during July. The auditor must prepare a new statement to reflect all corrections of the roll by next April 29.³¹

²⁹ Revenue and Taxation Code, sections 1612, 1613, 1614, and 1628.

³⁰ Section 1646.1 directs that the auditor correct the roll to reflect county board of equalization changes.

³¹ Revenue and Taxation Code, sections 1647-1650.

Annually, on the second Monday in July, the assessor must transmit a statistical statement to the Board.³²

The tax roll incorporates all orders and changes made by the county board of equalization, together with all other corrections, cancellations, or changes. The extended roll indicates, either by a machine code or in handwriting, each parcel on which a value change has been made by order of the county board of equalization.

If the roll is computer prepared, changes to the roll can be made on a certified list. Using the certified list saves time for the county auditor's department.

A listing of all revenue districts in each tax-rate area must be part of the extended roll. This requirement may be met by a "rate book" listing all revenue districts in the county.

The extended Board assessment roll comprises a separate volume or volumes. The auditor totals the extended Board roll and reconciles taxes. Assessment roll totals are kept for each section or volume.

For the affidavit required to accompany the roll when delivered to the tax collector, see Revenue and Taxation Code section 2601.

INDEX TO ASSESSMENT ROLL

An index is essential as an aid in locating assessments on the roll. The assessor is responsible for preparing the roll index.³³ Since the roll is written in numerical sequence, the index is written alphabetically. The index should not be broken down by school districts or cities; a single alphabetic index for the entire roll is preferable. However, separate alphabetic indices for the secured and unsecured assessment rolls are used in a number of counties. When separate indices are maintained, the roll to which each index refers should be clearly indicated on its cover or by tabs.

Escape assessments must also be indexed (Property Tax Rule 262). If it is not mechanically feasible to alphabetize the escapes properly, they may appear as a supplement to the index alphabetized at least to the first letter.

In addition to the name of the property owner, the index must show either the parcel (or assessment) number or the numbers of the roll volume and page where an assessment appears. The most widely used system indexes name to either parcel number (secured roll) or assessment number (unsecured roll).³⁴ The index should list all claimants of exemptions or refer to a separate listing and contain as many holders of undivided interests as it is reasonably possible to list.

³² Revenue and Taxation Code, section 407.

³³ Revenue and Taxation Code, section 615. Although the index need not accompany the assessment roll when transmitted to the auditor, by custom both are completed and transferred together.

³⁴ Assessment number is discussed in Chapter 4 of this handbook.

If the roll is prepared in tax-rate area sequence, the tax-rate area number must appear, in addition to assessor's parcel number, on each index entry.

Some large counties prepare the assessment roll in a series of numbered volumes. The index to such a roll shows name and a reference to the volume and page within the volume where the assessment is printed. With this system, the roll can easily be printed in either parcel number or tax-rate area sequence.

EXEMPTION OF REAL PROPERTY OF LESS THAN \$2,000 FULL VALUE

County boards of supervisors may exempt real and personal property, excepting those properties listed in section 52 of the Revenue and Taxation Code, having a full value of less than \$2,000, providing the total taxes, special assessments, and applicable subventions on the property amount to less than the cost of assessing and collecting such taxes.³⁵ Such an exemption must be adopted by ordinance on or before the lien date (March 1) of the fiscal year for which the exemption is to apply and may, if the board so chooses, continue in effect for succeeding fiscal years. This exemption does not extend to new construction done to real property unless the new base year value of property, including this new construction, is \$2,000 or less. The assessed value of such exempted property should be shown on the assessment rolls.

³⁵ Revenue and Taxation Code, section 155.20.

CHAPTER 3: COMPLETION OF THE ROLL

TIME FOR COMPLETION AND APPLICATION FOR EXTENSION

The local assessment roll must be completed on or before July 1. The unsecured roll is deemed complete at the same time as the secured roll. The assessor certifies the roll as complete (See Revenue and Taxation Code, section 616), signs it, and delivers it to the auditor.

If the assessor cannot meet the July 1 deadline, he or she must request an extension of time from the State Board of Equalization or risk a \$1,000 fine.³⁶ The application for extension should be made prior to the statutory completion date but not so far in advance that the necessity for an extension is speculative. It should indicate the length of time needed for completion and state the reasons for the extension. Acceptable reasons include but are not limited to:

- Loss or destruction of assessment records
- Great volume of mandatory reassessments due to catastrophe
- Shortage of staff due to causes beyond the assessor's control
- Failure of the county's roll-printing machinery

Ordinarily a ten-day extension of time is approved. Up to 30 days may be granted in a severe case and 40 days in case of public calamity. Should the extension allowed under the law prove insufficient, an assessor's recourse would be an appeal to the legislature for emergency legislation.

ESCAPE ASSESSMENTS

An escape assessment is an assessment made after the assessor has certified the completed local roll prepared pursuant to section 601 of the Revenue and Taxation Code (see Revenue and Taxation Code, sections 531 through 535 and Appendix 6, *De Luz Homes, Inc. v. San Diego Co.*, 45 Cal. 2d 546, (11/55); and *Jensen v. Byram*, 229 Cal. App. 2d 651, (9/64).

An assessor must not knowingly defer making an assessment until after completion of the roll and then add it as an "escape". In case a property statement is not returned, an assessor's estimate of value should be made and the 10-percent penalty added.³⁷ If the assessee eventually returns a property statement, the assessee is liable for any underassessment (plus 10-percent penalty) that has occurred.

Upon discovery of property escaping assessment, the assessor must immediately add the escape assessment and any applicable penalty and interest to the roll prepared, or being prepared, in the current assessment year. Section 531 unequivocally states:

³⁶ Revenue and Taxation Code, sections 155 and 1366 (\$1,000 forfeiture); and Property Tax Rule 1051.

³⁷ Revenue and Taxation Code, section 463.

If any property belonging on the local roll has escaped assessment, the assessor shall assess the property **on discovery** at its value on the lien date for the year for which it escaped assessment... (Emphasis added.)

The index to the roll also must be updated as required by Property Tax Rule 262.

The assessor does not need the concurrence of any county official or board to enroll an escape.³⁸ Naturally, the auditor, tax collector, and other officials who might have an interest in the matter should be notified.

Certain policies must be followed in preparing all escape assessments. Section 531 of the Revenue and Taxation Code requires an escape (also a penalty) be enrolled **in all cases** where what was entered on the roll as the result of an estimated assessment (under section 501) is less than an amount that would have been enrolled had the taxpayer filed the required property statement. Under the direct billing program, an escape should be entered **in all** instances where an assessment that was entered on the roll was less than what would have been enrolled had the required statement been filed.

Section 533 explains how the entry is to be made. The escaped assessment applicable to a prior assessment year³⁹ is entered on discovery and on the roll prepared (July 1 to and including the last day of February of the following calendar year) or being prepared (March 1 through and including June 30 of the same year). If the escape assessment is entered on a roll which is not the roll for the assessment year in which it escaped assessment, then the entry is followed with the words:

Escaped assessment for year 19__ pursuant to sections _____ of the Revenue and Taxation Code.

Escaped property discovered on January 15, 1983 for the 1981 year is entered on the 1982-83 tax roll (assessment roll prepared). A discovery of this same property on March 12, 1983, for instance, causes an entry to be made on the 1983-84 tax roll (assessment roll being prepared). The same principle applies for both the secured and unsecured assessment roll, and for both real and personal property.

DATE OF ENROLLMENT

It is important to identify on the roll the date the assessment is entered. The assessment is entered when the information is committed to the roll process, not when the roll is printed. This information is important both as to the date the interest computation stops under section 506 and the running of the statute of limitations under sections 531.2 and 532.

³⁸ Unlike corrections which are made by the auditor with the written consent of the district attorney (Revenue and Taxation Code, section 4834).

³⁹ An assessment year is defined as the period beginning with a March 1 lien date and ending immediately prior to the succeeding lien date. Revenue and Taxation Code, section 118, and Government Code, section 43002.

TAX RATE

Section 531 provides that the tax rate applicable to any escape assessment shall be the tax rate to which the property would have been subject if it appeared upon the roll in the year when it should have been lawfully assessed. The applicable tax rate is applied to the sum of the escape and penal assessments. Thus, an escape assessment due to the discovery that a homeowners' exemption was incorrectly allowed, because the claimant failed to notify the assessor that the property was no longer eligible for the exemption, would be computed as follows:

| | |
|----------------------------------|------------------|
| Amount of exemption | \$ 7,000 |
| Penal assessment (.25 x \$7,000) | <u>1,750</u> |
| Sum | <u>\$ 8,750</u> |
| Tax (assume 1.25% tax rate) | <u>\$ 109.37</u> |

If the roll has been transmitted to the auditor, a statement of property escaping assessment is sent to him by the assessor.

INTEREST

Since both the escape and penal assessments are added together and the tax rate applied to the sum, the resultant computation, therefore, becomes the tax. According to section 506, interest shall be added to this computed amount of tax.

Section 506 provides:

...To the **tax** there shall be added interest at the rate of three-fourths of 1 percent per month from the date or dates the taxes would have become delinquent if they had been timely assessed to the date the **additional assessment is added** to the assessment roll. (Emphasis added.)

But, if the homeowners' exemption had been disallowed following timely notification of the assessor by the assessee that the property no longer qualified for the exemption, the property would have been timely assessed on the secured roll and the applicable delinquency dates of December 10 and April 10 would have applied. (See Revenue and Taxation Code, sections 2604, 2605, 2606, 2617, 2617.5, and 2618.)

The following illustrates how interest would be computed for an escape due to the incorrectly allowed homeowners' exemption previously referred to, assuming the exemption was incorrectly allowed for the 1983-84 secured roll and the assessor entered the escape assessment on the roll on March 25, 1985:

| | | |
|--|------------------|------------------|
| Amount of Exemption | \$ 7,000 | |
| Penal Assessment | | |
| .25 X \$7,000 | <u>1,750</u> | |
| Total Escape Assessment | \$ 8,750 | |
| 1983-84 Secured Tax Rate | <u>x .0125</u> | |
| Total Tax | <u>\$ 109.38</u> | |
| Interest | | |
| 1st Installment: \$109.38 x 1/2 | \$ 54.69 | |
| Interest, 12-10-83 to 3-25-85: 15 1/2 Months @ 3/4%: | <u>x 1.11625</u> | |
| | | \$ 61.05 |
| 2nd Installment: | \$54.69 | |
| Interest, 4-10-84 to 3-25-85: 11 1/2 Months @ 3/4%: | <u>x 1.08625</u> | |
| | | <u>\$ 59.41</u> |
| Total Tax and Interest Due: | | <u>\$ 120.46</u> |

When the escape is enrolled on other than exact monthly increments of the original date of delinquency, a fractional portion of one month's interest must be calculated.

Certain types of escapes arise from situations that automatically require imposition of interest on the amount of tax at a rate of three-fourths of 1 percent per month:⁴⁰

1. Incorrectly allowed exemptions, unless an assessor's error caused the escape (section 531.1);
2. Incorrectly reported cost of personal property where the assessor has required a detailed personal property statement from the assessee (section 531.3);
3. Incorrect reporting, on a State Board-prescribed property statement or form, of property held or used in a profession, trade, or business (section 531.4);
4. Incorrectly allowed business inventory exemptions (section 531.5); and
5. Incorrectly allowed homeowners' property tax exemptions (section 531.6).

TWENTY-FIVE PERCENT PENALTY

Any of the foregoing conditions may also call for a 25-percent penalty for fraud or willful nondisclosure. Note that a 25-percent penalty **must** be imposed when the homeowners'

⁴⁰ From the date(s) the taxes would have become delinquent had they been timely assessed to the date added to the roll.

exemption was not terminated on or before June 30 following the lien date of the year in which eligibility ceased. To establish control or ownership for any given year, generally the assessor need only determine status as of the lien date.

When the property is real property which, subsequent to July 1 of the year of escape, has been transferred or conveyed to a bona fide purchaser for value, or becomes subject to a lien of a bona fide encumbrance for value, the escape assessment shall be entered on the unsecured roll in the name of the owner of the real property at the time of the escape. Thereafter, an escaped assessment is "treated and collected" like other taxes on the unsecured roll.⁴¹

If the escape assessment will not create a lien on real property because of a subsequent sale or encumbrance for value, Revenue and Taxation Code, section 531.2, authorizes the assessment to be placed on the unsecured roll in the name of the assessee in the year of escape. The secured tax rate in effect when the escape occurred applies.

STATUTES OF LIMITATIONS

Property subject to assessment under the provisions of article XIII A of the California Constitution which escaped taxation or was underassessed for the 1975-76 fiscal year could be assessed until June 30, 1980. Any such escaped property not enrolled by this date cannot now be assessed and has permanently escaped assessment until there is a change in ownership of the property.⁴²

The statute of limitations is eight years for escape assessments resulting from either unrecorded changes in ownership or changes in ownership for which the statement required by sections 480, 480.1, or 480.2 was not filed with the assessor.⁴³

If fraud, willful nondisclosure, or concealment of the property caused the escape or underassessment,⁴⁴ the statute of limitations is six years after July 1 of the year in which the escape occurred.⁴⁵ A 25-percent penalty on the portion which escaped assessment is additionally imposed, and interest at the rate of three-fourths of 1 percent per month is charged on the resultant taxes from the date of delinquency to the date the additional assessment is added to the assessment roll. (For delinquency dates see page 41.)

Escaped assessment for the year 19 ____ pursuant to section _____ of the Revenue and Taxation Code.⁴⁶

An escape assessment that is not subject to the 25-percent penalty must be made within four years after July 1 of the assessment year in which the property escaped taxation or was underassessed. Thus, this statute bars a nonpenal assessment for 1979-80 if it is not discovered

⁴¹ Revenue and Taxation Code, section 531.2.

⁴² Revenue and Taxation Code, section 532.3.

⁴³ Revenue and Taxation Code, section 531.2.

⁴⁴ An underassessment is technically a partial escape. A veterans' or homeowners' exemption that has been incorrectly allowed is an escape and must be enrolled as such.

⁴⁵ Revenue and Taxation Code, section 532.

⁴⁶ Revenue and Taxation Code, section 533. Section number(s) that typically would be entered in the blank are 502, 503, 504, 531.1, 531.3, 531.4, 531.5, or 531.6.

and enrolled by July 1, 1983. If the escape is discovered and enrolled between March 1 and July 1, 1983, section 533 requires that it must be entered on the roll being prepared for the 1983 assessment year with the requisite notation following the entry. If the escape was discovered after July 1, 1982 and prior to March 1, 1983, it must be entered on the 1982 assessment roll along with the requisite notation.

If an assessor's error caused the escape and the assessee had timely filed a claim for exemption on the property, the exemption may be allowed retroactively up to four years to a qualified claimant. Exemptions are not applied if the escape was caused by the assessee's fraud or willful nondisclosure.

Escaped state-assessed property is subject to a four-year statute of limitations after July 1 of the year it escaped, if no willful misconduct caused the escape. Six years applies if fraud or other deception is responsible, and a penalty amounting to 25 percent of the assessed value is added to the portion that escaped (Revenue and Taxation Code, sections 866 and 867). However, the statute of limitations may be extended if agreed to in writing by the assessee before the expiration of the time prescribed in section 866 (section 868).

Escape assessments are taxed at the same rate applied to other property in any given year, e.g., the rate applicable for each individual year of escape. Taxes on escaped unsecured property are extended according to Revenue and Taxation Code, section 2905.

It often happens that property escapes from one type of roll (e.g., secured roll) but, when the escape is discovered, the assessor chooses to assess the escape on the other type of roll (e.g., unsecured). The choice of roll for enrolling the escape has no bearing on the tax rate or computation of section 506 interest. Thus, if a property should have been assessed on the 1982-83 secured roll, upon discovery it is subject to the 1982-83 secured tax rate--and any applicable interest is computed from 1982-83 secured delinquency dates--even though the escape is enrolled on the 1984-85 unsecured roll.

Reference I (next page) provides a visual checklist for deciding which procedures are applied to escape assessments. References II and III illustrate how penalties and interest charges are applied to secured roll and unsecured roll escapes, respectively.

To afford the assessee a chance to protest officially the addition of the escape assessment, he must be personally notified. Legal notification is achieved when the tax bill resulting from the escape is mailed to the assessee's last known address contained in the assessor's records.⁴⁷ Most assessors prefer to send a notification letter before the tax bill is sent.

⁴⁷ Revenue and Taxation Code, section 1605.

Reference I: Applicable Penalty and/or Interest

| <u>R&T Code Reference</u> | <u>10% Penalty</u> | <u>25% Penalty</u> | <u>Interest 3/4 of 1% Per Month</u> | <u>Remarks</u> |
|--------------------------------------|---|---|---|---|
| Section 463 | Yes | No | Yes ⁴⁸ | Include in assessed value on current roll. Penalty may be abated by the county board of equalization or assessment appeals board. |
| Section 502 | No | Yes | Yes | Apply to additions made to roll after originally completed and published. |
| Section 503 | No | Yes | Yes | Apply to additions made to roll after originally completed and published. |
| Section 504 | No | Yes | Yes | Penalty provision. |
| Section 506 | No | No | Yes | Use tax rate of year of escape. Apply interest for the number of months from delinquency date to roll entry date. |
| Section 531 | Yes, if required or requested to file and did not file. | No | Yes, if required or requested to file and did not file. | Property escaping assessment when no willful or fraudulent action is involved. |
| Section 531.1 | No | Yes, if erroneous information with knowledge. | Yes, except where assessor's error. | Incorrect exemption. |
| Section 531.3 | No | Yes, if omission is willful or fraudulent. | Yes | Inaccurate report of personal property cost when assessor required a cost report. |
| Section 531.4 | No | Yes, if omission is willful or fraudulent. | Yes | Inaccurate business property statement or report. |
| Section 531.5 | No | Yes, if | Yes | Incorrect business inventory |

⁴⁸ See Revenue and Taxation Code, section 531.

| <u>R&T Code Reference</u> | <u>10% Penalty</u> | <u>25% Penalty</u> erroneous information with knowledge. | <u>Interest 3/4 of 1% Per Month</u> | <u>Remarks</u> exemption. |
|-------------------------------|--|---|-------------------------------------|--|
| Section 531.6 | No | Yes, except for assessor's error. | Yes, except for assessor's error. | Property no longer eligible for homeowners' exemption. |
| Section 531.2 | Eight-year statute of limitations where escape due to unrecorded change in ownership. | | | |
| Section 532 | Six-year statute of limitations where 25-percent nondisclosure or fraud penalty applies. Four-year statute of limitations where no penalty involved. | | | |
| Section 533 | For assessments made pursuant to article 3 or 4 (commencing with sections 501 and 531 respectively), the entry on the roll is to state: "Escaped assessment for year 19____ pursuant to section _____ of the Revenue and Taxation Code." | | | |
| Section 534 | Tax rate to be applied: Same rate as used for year of escape. | | | |
| Note: | If both a 10-percent and a 25-percent penalty are applicable, the penalties should NOT be compounded; the total penalty is 35 percent (See letter to county assessors, January 27, 1970). | | | |

Reference II

Example of an escape assessment of **secured** property that existed in taxable status on the 1981 lien date:

The property which escaped was new construction completed in August 1980. The property owner reported the property fraudulently, or willfully failed to disclose property, in an attempt to evade assessment and taxes.

| | | |
|--|--|-----------------|
| Date of entry on the roll: | 4-10-83 | |
| 1981 base value: | | \$40,000 |
| Penalty (25 percent of a.v.--Revenue and Taxation Code, section 504): | | <u>\$10,000</u> |
| 1981 Total assessed value: | | <u>\$50,000</u> |
| 1981 Tax Rate = 1.25% | | |
| Total 1981 tax: | (Two Installments of \$312.50) | \$625.00 |
| Interest (Revenue and Taxation Code, section 506) three-fourths of 1 percent per month on first installment for 16 months (12-10-81/4-10-83), or 12 %: | | \$37.50 |
| On second installment for 12 months (4-10-82/4-10-83), or 9 %: | | \$28.13 |
| 1981 TOTAL TAX AND INTEREST | (First Installment----\$350.00) (Second Installment-- <u>\$340.63</u>) | <u>\$690.63</u> |
| | | |
| Date of entry on the roll: | 4-10-83 | |
| 1982 factored base value: | | \$40,800 |
| Penalty (25 percent of a.v.--Revenue and Taxation Code, section 504): | | <u>\$10,200</u> |
| 1982 Total assessed value: | | <u>\$51,000</u> |
| 1982 Tax rate = 1.25% | | |
| Total 1982 tax: | (Two installments of \$318.75) | \$637.50 |
| Interest (Revenue and Taxation Code, section 506) three-fourths of 1 percent per month on first installment for four months (12-10-82/4-10-83), or 3 %: | | \$9.56 |
| On second installment: no interest due | | |
| 1982 TOTAL TAX AND INTEREST: | (First Installment----\$328.31) (Second Installment-- <u>\$318.75</u>) | <u>\$647.06</u> |

When an escape is enrolled on other than exact monthly increments from the original date of delinquency, a fractional portion of one month's interest must be calculated. Had the escape in the example been enrolled on 4-30-83, the 1981 interest calculation on the first installment would have been $12\frac{1}{2}$ ⁴⁹ percent instead of 12 percent, and the amount of interest would have been \$39.06 instead of \$37.50.

Note that the property's base value is factored for each year by an inflation index and each year's tax rate is used.

Since the assessments in the example are enrolled in April, they must be enrolled on the roll being prepared. If the owner sold the property prior to enrollment of the escapes, the escapes must be entered on the unsecured roll being prepared. This does not affect the taxes or interest as shown in the example.

⁴⁹ The time period of 4-10-83 to 4-30-83 is 20 days or $\frac{2}{3}$ of a month. The interest rate of $\frac{3}{4}$ of 1 percent per month times $\frac{2}{3}$ equals $\frac{1}{2}$ of 1 percent.

Reference III

Example of escape assessments of **unsecured** property disclosed during a four-year audit:

The audit revealed that business property was underreported in 1981 and 1982, but not through willful concealment or fraud on the part of the assessee.

| | |
|--|------------------|
| Date of entry on the roll: | 3-31-83 |
| 1981 market value | \$ 15,000 |
| 1981 Tax Rate (1980 secured tax rate) = 1.2% | |
| Total 1981 tax: | \$ 180.00 |
| Interest (Revenue and Taxation Code, section 506) three-fourths of 1 percent per month for 19 months (8/31/81-3/31/83), or 14.25 percent: | <u>\$ 25.65</u> |
| 1981 TOTAL TAX AND INTEREST: | <u>\$ 205.65</u> |

| | |
|--|------------------|
| Date of entry on the roll: | 3-31-83 |
| 1982 market value: | \$ 14,000 |
| 1982 Tax Rate (1981 secured tax rate) = 1.2% | |
| Total 1982 tax: | \$ 168.00 |
| Interest (Revenue and Taxation Code, section 506) three-fourths of 1 percent per month for seven months (8-31-82/3-31-83), or 5.25 percent: | <u>\$ 8.82</u> |
| 1982 TOTAL TAX AND INTEREST: | <u>\$ 176.82</u> |

If exemptions are applicable, the amount of the exemption is deducted **before** the taxes and interest are calculated.

THE MECHANICS OF IMMEDIATE ESCAPE ENROLLMENT

Delay in the enrollment of an escape unsecured assessment can cause a collection problem. Speed in billing escapes is essential to prevent losing tax revenue because of the statute of limitations. It is common practice in the larger counties for an audit review panel, consisting of high-level administrators and frequently the assessor, to examine all escape findings that involve substantial dollar amounts. There is nothing wrong with this practice unless it results in loss of tax revenue through inordinate delays in processing tax bills where the assessee has not waived the statute of limitations. Another costly delay can result if the county auditor or the data center delays processing by automated equipment until a large volume of documents has accumulated.

A special manual procedure should be established for billing escapes, if inordinate delays threaten loss of revenue. To facilitate immediate enrollment and billing, an assessor can prepare a multi-copy form which serves as the assessment roll, tax bill and receipt, and control documents for the auditor and tax collector. The assessment roll copy, filed chronologically, becomes a segregated part of the current roll displayed in the assessor's office. Escapes must be indexed in accordance with property Tax Rule 262, "Indexing Assessments of Escaped Property."

1. A secured assessment roll copy of the form on display in the assessor's office will indicate the auditor has enrolled an escape to the current assessment roll and that the escape assessment has been billed.
2. The assessor's assessment roll copy may, or may not, entirely serve as the escape portion of assessment roll. Immediate billing requires that the assessment roll copy act as the roll until it is included within an automated data system, if any. In any case, the assessor's assessment folio form alerts anyone reviewing the escape roll that a billing exists.

CORRECTIONS

Corrections differ from escape assessments chiefly in that:

1. They arise from an error whose source can be detected and for which the true facts can be determined. Generally, the error is in description, form, or clerical handling by either a county official or the assessee.⁵⁰ (A valuation based upon inaccurate field knowledge of land zoning or resulting from other deficiencies in the competence of technicians is not a clerical error.)
2. Once the assessor has delivered the roll to the auditor, a single official cannot initiate and make the alteration to the roll.⁵¹
3. No penalties are involved in connection with corrections of the roll.

⁵⁰ Revenue and Taxation Code, sections 4831-4832.1.

⁵¹ Section 4834 of the Revenue and Taxation Code states, "Corrections authorized under this article shall be made by the auditor, with written consent of the county legal advisor." Also see section 1613 of the Revenue and Taxation Code and Appendix 6, *Savings & Loan Society v. San Francisco*, 146 Cal. 673, 676, (5/05), of this handbook.

4. If the error was caused by a county official, the correction may be either an increase or a decrease to the original assessment or taxes. If the error was caused by the taxpayer (section 4831.5), the only possible correction is a decrease. If the taxpayer's error resulted in an underassessment, the difference must be assessed as an escape (section 531, et seq.).
5. The taxpayer is entitled to interest (if ten dollars or more) at the rate of 9 percent per annum on refunds if the cause was an assessor's error (section 5151). He may also be entitled to spread the payment of taxes on escape assessments due to assessor's errors over three years (sections 534.5 and 4837.5). No supplemental assessment (see Chapter 5) may be considered an escape assessment subject to the provisions of section 4837.5.

The tax roll incorporates all orders and changes made by the county board of equalization, together with all other corrections, cancellations, or changes. If the roll is computer-prepared, changes to the roll can be made on a certified list. Use of the certified list saves the clerical time a county auditor's department spends entering roll changes. The certified list can include escapes as well, provided that they are segregated from other changes.

Corrections which are the result of the assessor's error can be made at any time up to four years after the roll is delivered to the auditor.⁵² The correction is made on the current roll or the roll being prepared, and the abstract listing (if applicable) by the auditor. If an overvaluation due to an error by either the assessee or the assessor is discovered, a refund of the overpayment of taxes is possible. The assessor certifies the facts to the auditor, who carries on with the correction procedure. A correction may result in increasing the amount of taxes due, but a lien is not imposed **on real property** if:

1. A bona fide purchaser for value acquired the real property prior to the date of correction;
or
2. The real property is subject to the lien of a bona fide encumbrance for value, created and attaching prior to the date the correction is made.⁵³

In the case of (1) or (2), the assessor or tax collector may file a certificate with the county recorder in any county establishing a lien against any real property owned by the assessee of the property which was the subject of the correction.⁵⁴ For example, assume that an assessor's error caused an underassessment in 1981. During 1982 the property was made collateral for a personal loan. Upon discovery of the error in 1983, a correction is made. The increased amount of taxes due for 1981 cannot be a lien against the subject property. However, the assessor or collector may impose a lien on real property owned elsewhere in the county or in the state; such a lien is good for ten years and may be renewed. The certification procedure still applies even if the property has been tax sold or tax deeded prior to being subjected to the lien of a bona fide encumbrancer for value or transferred to a bona fide purchaser for value.

⁵² Revenue and Taxation Code, section 4831.

⁵³ Revenue and Taxation Code, section 4836.5.

⁵⁴ Revenue and Taxation Code, section 3103.

If the correction increases the amount of taxes due, the board of supervisors must allow the assessee a chance to present his objections in a formal hearing. The decision the supervisors reach as a result of the hearing is final.⁵⁵

The provisions of sections 270 and 271 of the Revenue and Taxation Code apply to properties subject to several kinds of exemptions and provide a \$250 limit on taxes, penalty, and interest when a claim for exemption is filed late. Because special levies may be imposed, it is important to keep the actual value on the roll, instead of enrolling only the amount of assessed value it would require to create a \$250 tax bill. Any such levies are in addition to the \$250. Therefore, compliance with these provisions requires special handling as an exception from the norm.

Here is an example of the suggested entries where an exemption claim is filed late:

| | |
|--------------------|--|
| Net assessed value | \$40,000 |
| Tax due | \$250 |
| Roll notation | “Tax due reduced \$150 pursuant to Revenue and Taxation Code, section 270. See claim on file.” |

TRANSFERS OF ASSESSMENTS

Sometimes assessments must be transferred from the secured to the unsecured roll as provided in Revenue and Taxation Code, section 2189.5 and 2921.5.

The assessor’s responsibility is to identify the transfer. As the official receiving the transfer document, the assessor describes the property being transferred and may initiate procedures for canceling the outstanding tax bill. As a matter of convenience, the assessor’s office usually prorates the taxes, although the assessor’s responsibility actually ends with the valuation of the remainder parcel.

According to Revenue and Taxation Code, section 4986, the proration and creation of the new unsecured bill is the duty of the auditor (who must have the concurrence of the board of supervisors and the county legal advisor). Separate tax bills are prepared for each of the previous assessment rolls affected. The statute of limitations runs from the **date of the transfer** from the secured to the unsecured roll.

PENAL ASSESSMENTS

Revenue and Taxation Code, section 441, requires persons with taxable personal property (except mobilehomes and general aircraft) whose aggregate cost was \$30,000 or more to file a written property statement with the assessor every year regardless of whether or not the assessor

⁵⁵ Revenue and Taxation Code, section 4836, and Property Tax Rule 326.

requests a statement.⁵⁶ Other persons must file a statement upon request of the assessor. The statement must be filed between the lien date (March 1) and either by 5 p.m. on the last Friday in May or some other date designated by the assessor, ranging from April 1 to 5 p.m. on the last Friday in May.⁵⁷

Failure to timely file the statement calls for a mandatory 10-percent penalty of the assessed value of the unreported taxable property (See Revenue and Taxation Code, sections 463 and 5367). The county must notify the assessee of the penalty and, if he or she chooses, allow a hearing to establish that the violation was not due to willful neglect. The penalty may be canceled if the board of supervisors decides there was reasonable cause for not filing the statement within the prescribed time.

If (except for general aircraft) the assessor sets a deadline other than 5 p.m. on the last Friday in May, the assessor must, before imposing the penalty:

1. Notify the assessee by certified or registered mail, or by first-class mail with certificate of mailing, of nonreceipt of the property statement no earlier than 15 days after the filing deadline;
2. Note the fact that the property statement has not been received within 18 days of sending the notice of nonreceipt if such notice is given by certified or registered mail. (The law specifies the taxpayer must respond within 15 days of receiving notice; a reasonable time for the mail's delivery is included in the 18 days.) If notice is given by first-class mail, it would be better to allow 23 days from the date shown on the certificate of mailing.

The amount of penalty must be separately identified on the assessment roll (See Property Tax Rule 261).

If the statement is not returned at all, the assessor must estimate the value from information in his possession, under the authority of section 501, and add a 10-percent penalty. If, before the roll has been turned over to the county auditor, the property statement is returned and shows that a lower value should have been enrolled, the assessment must be corrected. If the roll has already been turned over to the county auditor, however, the assessment may then be reduced only pursuant to an audit (See section 469, Revenue and Taxation Code) or through the local assessment appeal process. Of course, the estimated assessment of property which later proves not to have existed on lien date may be canceled. Should a statement returned after the roll has already been turned over to the auditor indicate that the estimated assessment was too low, an escape assessment (plus penalty) must be added to the roll.

⁵⁶ Statements for general aircraft are covered by section 5365 of the Revenue and Taxation Code.

⁵⁷ General aircraft statements must be filed by the time specified by the assessor. Section 5367, Revenue and Taxation Code.

EQUALIZATION

EQUALIZATION BY THE LOCAL BOARD

To give an aggrieved taxpayer a chance for a “day in court,” the State Constitution provides for state and county boards of equalization.⁵⁸ Revenue and Taxation Code, section 619, requires, as a minimum, that the assessor notify each assessee, whose property’s full value is raised, of the assessed value that will appear on the completed local roll (See Appendix 6, *Gaumer v. Tehama County*, 247 Cal. App. 2d 548 (1/67) and *Thompson v. Board of Supervisors*, 13 Cal. App. 2d 134 (4/36)). The notice must state the property’s full value and must inform the assessee of equalization hearings, including when and where to file a protest, and of the stipulation procedure set forth in Revenue and Taxation Code, section 1607. The notification may be made through direct mail, by publishing lists of assessments in newspapers, or by both means.⁵⁹ Failure to notify does not invalidate the assessment but does give the taxpayer the right to pay taxes under protest, subject to later adjustment. The assessee is deemed to have been notified if the assessor either mails a notice to the latest address contained in the assessment records or publishes a list in the newspaper.

If a new owner acquires a property after the lien date (March 1) for the fiscal year and before July 1 (first day of fiscal year), he or she may file an application for relief before the local board of equalization. This is true even though a notice of the assessment was not received. Such application may be filed at any time prescribed in section 1603 and on or before November 15.⁶⁰

Should the assessee receive a homeowners’ or veterans’ exemption on the property, the notice should be directed to the same address to which the homeowners’ or veterans’ exemption claim forms were sent.⁶¹

With the exception of Los Angeles, counties are required to conduct equalization hearings from the third Monday in July until the business of equalization is finished.⁶² Hearings in Los Angeles begin on the fourth Monday in September. Written application showing the facts claimed to require a change in assessment and the protestor’s opinion of market value must be filed within the time period beginning July 2 and continuing through and including September 15.⁶³ For applications filed on or after January 1, 1983, the board must hear evidence and make a final determination of value within two years of the timely filing of the application pursuant to section 1603 (a), unless the board and the taxpayer mutually agree in writing to an extension; otherwise, the applicant’s opinion of value must prevail as the taxable value of the property. The only exceptions are when:

⁵⁸ California Constitution, article XIII, sections 16 and 17.

⁵⁹ Revenue and Taxation Code, sections 619 and 621.

⁶⁰ Revenue and Taxation Code, section 620.5.

⁶¹ Revenue and Taxation Code, section 619.1.

⁶² Revenue and Taxation Code, section 1604. Section 1840 provides for equalization review of publicly owned property.

⁶³ Revenue and Taxation Code, section 1603.

1. The applicant failed either to timely file proper application or to submit a complete property statement relative to the disputed property;
2. The applicant has not exchanged information according to Property Tax Rule 305.1;
3. Litigation pending in state or federal court would affect the resolution of the issue being heard in that county.⁶⁴

Assessments made after the roll is certified to the auditor are subject to the provisions for equalization of Revenue and Taxation Code, section 1605, which permit the board of supervisors to prescribe the time for equalization of assessments made outside of the regular period if the county has an assessment appeals board.

The affidavit completed by the clerk of the local board of equalization is provided in Revenue and Taxation Code, section 1614. The auditor is responsible for altering the roll (see section 1646.1).

DELIVERY AND EXTENSION

Upon completing the local assessment roll the assessor delivers it, with the affidavit given in Revenue and Taxation Code, section 616, to the auditor, as required by section 617. The auditor adds up the assessed values on the roll and enters the total assessed value of each kind of property and the total value of all property. He or she also sums the exemptions allowed. (If the assessment roll is machine-prepared, the prescribed computations and entries may be made upon a newly prepared roll; see Revenue and Taxation Code, section 1646.)

On the second Monday of each month, the clerk of the board of supervisors delivers to the county auditor a statement of all changes to the roll made by the county board during the preceding calendar month.⁶⁵

The board of supervisors fixes tax rates on or before September 1. (See section 29100 in Government Code, Appendix 1.) The auditor then “extends” the roll by performing the duties outlined in Revenue and Taxation Code, section 2152.

DISPOSITION OF EXTENDED ASSESSMENT ROLL

Upon completion of the tax roll, the auditor acts according to Revenue and Taxation Code, section 2601, and delivers the extended secured roll to the tax collector on or before the fourth Monday in September. The unsecured roll is also transmitted to the tax collector, in accordance with section 2909.1 of the Revenue and Taxation Code.

TAX DELINQUENCY DATES

The first installment of secured taxes becomes delinquent on December 10 at 5 p.m., and the second installment on April 10 at 5 p.m. Unsecured taxes become delinquent on August 31 at 5

⁶⁴ Property Tax Rule 309 (b) and (c).

⁶⁵ Revenue and Taxation Code, section 1614.

p.m. (Revenue and Taxation Code, sections 2617, 2618, 2619, and 2922). Should one of these deadlines fall on a Saturday, Sunday, or a legal holiday, the time of delinquency is 5 p.m. on the next business day.

DESTRUCTION OF ROLLS AND DOCUMENTS

Documents containing information from taxpayers must be retained seven years from the lien date of the year to which they pertain. If microfilmed, the documents may be destroyed after three years (Revenue and Taxation Code, section 465).

A secured roll and any delinquent roll based upon it may be destroyed after twelve years have elapsed (Revenue and Taxation Code, section 4377), or after two years, upon order of the board of supervisors, if a permanently retained photographic record of such roll or rolls is made (Revenue and Taxation Code, section 4377.1).

If approved by the board of supervisors, original unsecured rolls more than five years old may be destroyed after the auditor has certified the delinquent roll or abstract list to be correct and complete (Revenue and Taxation Code, section 2928).

CHAPTER 4: ROLL PREPARATION IN SMALL- AND MEDIUM-SIZED COUNTIES

Alpine and Ventura Counties are at extremes of the arbitrary category “small- and medium-sized,” yet Alpine’s number of annual assessments (approximately 2,000) is only a fraction of Ventura’s (over 200,000). Numerous other examples of disparity between counties as to size, composition, and workload can be cited. Because of each county’s difference from others, no single system can be recommended for all counties. Standards for converting to more advanced, usually more expensive, systems are presented in the following text.

SYSTEMS STUDY

Before considering a new system of roll preparation, a detailed evaluation of the present system should be made. Even though the county may have an administrative officer, the responsibility for determining staff and equipment needs still rests with the assessor. The assessor should start with a work distribution chart--a descriptive layout of what everybody on the staff is supposed to do, why, and how. The construction of a flow chart of actual procedures, step by step, is next. A dollar cost figure should be put on all tasks, and they should be ranked by degree of importance or effect on the total program. Some tasks may be simplified, eliminating an obvious waste of time and generally making more effective use of present resources. Examples of unnecessary or unduly expensive activities include putting assessed values on maps; posting both an MPR and some other document; using cadastral mappers or appraisers on tasks that can be done by clerks.

Systems consultants are listed in all urban area telephone books. Strange as it may seem, the advantage of hiring an outside consultant lies chiefly in the fact that such a person has little or no advance knowledge of the assessor’s operation. There is a tendency to become enamored of our own system or part of the system to the point of losing objectivity. Sometimes those most closely involved in a project “can’t see the forest “for the trees.” Sometimes “services to the public” turn out not to benefit the public at large but only a particular vested interest such as title companies or a few inordinately influential taxpayers. An outside consultant has no personal interest to consider and will likely question matters that persons working in the office would take for granted.

Instead of simply rehashing an old system, the creative systems engineer may propose “state-of-the-art” changes. For example, instead of keeping master property records (MPRs) in visible file cabinets and relating them to the EDP system, it may be possible to eliminate the cabinets and use the computer to generate MPRs. In an “on-line” system, MPRs may not be required at all.

To justify the expense of a new system, especially a computer system, one should compare its cost with that of the most efficient use of present resources. To compare the cost of the new system with current costs is not sufficient unless one is reasonably certain that the best possible job is being done with the resources now at hand.

PLANNING

If the assessor finds that a good job cannot be done with present resources, adding staff or equipment to the present system should be considered before thinking of switching to a computer or to a more complex computer.

Conversion to a computer will require more than just an increase in the county budget. It will involve re-educating the staffs of several departments and, to some extent, the taxpayers of the county. An assessor's operation becomes more highly specialized and interdependent with other departments when an EDP installation is made or extended. Thorough planning must be done well in advance and all operations geared to a rigid timetable. Hazy deadlines must be made hard and fast. Standard techniques for processing information must be imposed on the entire staff **and enforced**. The staff will have to work in closer cooperation with other departments than ever before. In short, the assessor's ability as an administrator will be put to a severe test.

ADVANTAGES AND DISADVANTAGES OF AUTOMATION

Whether it is a single-system's cycle or a completely automated total system, the assessor should carefully weigh the advantages and disadvantages of a system change that involves automation.

1. Does the volume of work justify the cost of the equipment?
2. Are you automating repetitive and standardized work? (You cannot afford to make numerous changes in EDP programs.)
3. Can you identify exceptions in the system and are they few in number? (Handling exceptions in an automated system is expensive.)
4. Does the cost of manipulating numbers manually more than offset the cost of preparing input media? (Encoding is done twice, once to enter the data and once to verify.)
5. Can simple judgment decisions be expressed in machine language?
6. Can the processing be expressed in minute, step-by-step items that can be programmed in the computer?
7. Will employees accept having limited access to computer-stored information?
8. Will management use the computer reports, if prepared? Do these reports cost more than manually prepared reports?
9. Have the tentative savings proposed by the data center and others been identified and verified? If not, do not consider them in your study of the proposed system.

The General Accounting Office of the United States Government states that the only way to use computers efficiently is to operate them 24 hours a day, maintenance time included. If this statement is true, several counties with a common regional interest might well consider how they could pool their resources in a regional EDP system.

CONFIDENTIALITY

Unauthorized disclosure of confidential information by data processing employees has seldom been a problem in California, but a department head has the right to demand confidentiality of information entrusted to the unit. Ordinarily, a processing center will release assessment data in its possession only upon written authorization from the assessor.

In new systems where several departments share data common to all (such as name and address), general access to confidential information is restricted. This is accomplished by assigning user entry codes that signal the computer to reveal only data located in predetermined storage areas.

Confidential by Law

- Property statements (Revenue and Taxation Code, section 451)
- Appraisal records (Revenue and Taxation Code, section 408)
- Completed change in ownership questionnaires (Revenue and Taxation Code, section 481)
- Financial arrangements and other private, unrecorded agreements
- Homeowners' exemption claims containing social security numbers

Open to Public Inspection

- Assessment rolls
- Index to rolls
- Value notification forms mailed to taxpayers
- Recorded documents
- Office maps
- Exemption affidavits except homeowners' exemption claims
- List of transfers within the preceding two-year period (Revenue and Taxation Code, section 408.1)
- In Los Angeles county only: any information and records in the assessor's office required by law to be prepared and kept (other than homeowners' exemption claims) (Revenue and Taxation Code, section 408.2)

Confidentiality at the Assessor's Discretion

- Master Property Records, if otherwise confidential information is not displayed
- Miscellaneous forms and records prepared and kept for internal use by the assessor's office

SOURCE OF DATA

A systems evaluation of any assessor's office will invariably reveal instances of wasted effort. The duplication is often made for trivial reasons, such as because "we've always done it this way."

Efficient data transmittal requires the fewest steps possible between raw data collection and the finished product. Repeated transcription of information not only costs money (because it takes additional time and resources), but it also produces errors that are difficult to trace. At the same time, completely unedited material usually cannot be used. Judicious underlining and addition of codes to source documents should be done by a trained clerk or drafting aide.

ORIGINAL DOCUMENTS

Conveyances of title can be categorized as follows:

1. Straight ownership transfers involving no redefinitions of property boundaries (often referred to as "straight").
2. "Splits," where two or more parcels are created from a single parcel (sometimes referred to as "cuts").
3. Combinations of two or more parcels into a single new parcel.

Keypunching for "straights" usually can be done directly from the conveying instrument. Exhibit II shows a typical black-on-white deed marked for key encoding.

EXHIBIT II

Order No.
Escrow No. 303080
Tax Parcel No. 078-0330-056
Recording Requested By:

Recorded in the County of Sacramento
John Dark, Clerk/Recorder



7.00

(199705140987) 2:57pm 05/14/97

604 14005420 14 21
R02 1 01 DTT Paid 7.00 0.00 0.00 0.00 0.00
0.00 0.00

WHEN RECORDED MAIL TO:

JOHN HOUSE
15555 HWY 140
KLAMATH FALLS, OR 97603

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MAIL TAX STATEMENTS TO:

DOCUMENTARY TRANSFER TAX \$ 68.20

XX Computed on the consideration or value of property conveyed; or
Computed on the consideration or value less liens or
encumbrances remaining at time of sale.

ABOVE

THE UNDERSIGNED DECLARENT

Signature of Declarant or Agent determining tax - Firm Name

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

JOSEPH C. LABOSKY AND LINDA C. LABOSKY, HUSBAND AND WIFE

hereby GRANT(S) to

JOHN Q. HOUSE, AN UNMARRIED MAN

the real property in the City of UNINCORPORATED
County of SACRAMENTO

, State of California, described as

LOT 307, AS SHOWN ON THE OFFICIAL "PLAT OF GLENBROOK EAST GARDEN HOMES
UNIT NO. 2", RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO
COUNTY ON JULY 27, 1971, IN BOOK 88 OF MAPS, MAP NO. 5.

The items circled will be keypunched.

Dated MARCH 31, 1997

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss.

x *Joseph C. Labosky*
JOSEPH C. LABOSKY

x *Linda C. Labosky*
LINDA C. LABOSKY

On 4-3-97 before me the undersigned, personally appeared
JOSEPH C. LABOSKY AND LINDA C. LABOSKY

x *[Signature]*

personally known to me (or proved to me on the basis of satisfactory evidence) to
be the person(s) whose name(s) is/are subscribed to the within instrument and
to know the contents of the instrument, and that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal:



Signature *Sue Philpot*

(This area for official notarial seal)
SFC 701 (Rev. 8/1/93)

MAIL TAX STATEMENTS AS DIRECTED ABOVE

If conveyances are reproduced in white letters over a black background, a red- or yellow-ink felt tip pen can be used to color the data to be encoded. In cases of complex deeds, a large “X” can be put on the face of the document and the pertinent data written on its reverse side. A trace of title changes is provided by filing conveyances in parcel number order. “Dummy” documents can be filed for the remainder portions of splits or for combinations.

Batched documents can be submitted for key encoding parcel numbers, names, and purge codes. The “purge code” is an indication of the type of action the computer will take. In transfers, for example, a property split will require deletion of an old parcel number and owner’s name and creation of two or more new parcel numbers, each usually with different owners. A straight transfer merely substitutes one name for another.

Property statements submitted by businesses and others should serve as data entry sources. Some restructuring of the items listed on current property statements may be necessary in order to adapt them to encoding; i.e., to achieve a higher degree of visibility for the data entry clerk. Property Tax Rule 171 permits an assessor to revise the format but not the content of the statements or the sequence of questions.

Appraisal records turned in by field appraisers and extended by clerks are increasingly used as source documents.

Exemption claims (veterans’, homeowners’, welfare, etc.)⁶⁶ often can be used as source documents.

Transmittal forms are needed for some roll changes. Original documents describing splits or combinations often cannot be used alone for input to key encoding. Exhibit III shows how a supplemental form, attached to the conveyance, can aid the data entry clerk. Exhibit IV shows an example of a supplemental transmittal form.

Address changes not received on conveyance documents can best be transmitted for encoding on a standard form. Several county offices can stock address change forms to be completed by the public. Some counties include address change cards when mailing tax bills.

Exhibit III describes the action too be taken on a transfer that involves splitting a parcel into two new ones. The instructions inform the reader that parcel 6335-14-1 is deleted and parcels 6335-14-10 and 11 are added. A new address will be needed for parcel 10.

Exhibit IV is a transmittal form designed to accommodate any type of change that can occur. Such a form is used in instances of low-volume, mixed types of transactions.

The use of a transmittal form for miscellaneous types of computer file changes is imperative. Such a form is useful in transcribing correspondence and making nonroutine file changes. An effective form is shown in Exhibit V.

⁶⁶ See Assessors' Handbook sections 262, 264, 265, and 267 for a comprehensive discussion of exemptions.

EXHIBIT III

TYPIST ASSESSMENT CHANGE INSTRUCTION

EFFECTIVE 199X ROLL FORM 138 NO. _____

REASON FOR CHANGE _____

From

| DEL. | ADD | CHG | ASSESSOR'S PARCEL | | | T.A.C. | T.S. | OWNER NEW ASSESSOR'S PARCEL | | |
|------|-----|-----|-------------------|----|---|--------|------|-----------------------------|--|--|
| | | | | | | | | | | |
| X | | | 6335 | 14 | 1 | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
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| | | | | | | | | | | |

To

| DEL. | ADD | CHG | ASSESSOR'S PARCEL | | | I. R. S. | REMARKS |
|------|-----|-----|-------------------|----|----|----------|---------|
| X | | | 6335 | 14 | 10 | ✓ | address |
| X | | | 6335 | 14 | 11 | ✓ | " |
| | | | | | | | |
| | | | | | | | |
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| | | | | | | | |

This document is attached to the conveyance document when sent to the draftsman and may be forwarded to the data processing center to update computer files.

DIVISION WRITE-UP S.B.E.
 BREAK BRACKET CUT ON MAP

CHECKER *[Signature]* DATE 3/22

FORMULATOR _____

COMPARER _____

PARCEL NUMBER _____

TYPIST _____

COMPARER _____

REDEMPTION CLE _____

SORTER _____

EXHIBIT IV

| | | | | | | | | | | | |
|------------------------------------|--|--------------|-------------|-------|-----------|-----------|------|-----------|-----------|-----------|-----|
| LAND | IMPROVEMTS | OTHER IMP.S. | PERS. PROP. | C | EXEMPTION | BOOK PAGE | PCL. | SUB | CODE AREA | BATCH NO. | |
| 009-8-0 | 010-8-0 | 011-8-0 | 012-8-0 | 016-1 | 013-8-0 | 001-11-0 | | | 014-8-0 | ← NEW | |
| TODAY'S DATE | | | | | INITIAL | | | BATCH NO. | | | |
| OWNER | | | | | | | | | | 002 | |
| ADDR 1 | | | | | | | | | | 003 | |
| ADDR 2 | | | | | | | | | | 004 | |
| ADDR 3 | Form for processing miscellaneous changes. | | | | | | | | | 005 | |
| ADDR 4 | | | | | | | | | | 006 | |
| SITUS 1 | | | | | | | | | | 007 | |
| SITUS 2 | | | | | | | | | | 008 | |
| ADD | Recorders Index | | | | | | | | 019 | USE CODE | 018 |
| Delete | Delinquent Date | | | | | | | | 020 | ACRES | 022 |
| | IRS STAMP | | | | | | | | 021 | RENT CODE | 017 |
| ASSESSORS PROPERTY TAX TRANSMITTAL | | | | | | | | | | | |

EXHIBIT V

| | | |
|--|--|---------------------------------------|
| SECURED TRANSMITTAL (To Machine Records) | | No. <u>36</u> Code Area <u>401</u> |
| Transmittal number must be stamped on all documents. | | |
| DOCUMENT TYPE | | |
| Property Appraisal Records ✓ | Number of Documents | 10 |
| Personal Property Statements | Date of Transmittal | 3-22 |
| Adjustment Requests (Current Roll) | Date of Preliminary Listing | |
| Cancellations | Date of Transmittal Return | |
| Recoding (Tax Area) | Appraisal Amount Land | \$ 13930 |
| Appraisal Amount Fixed Improvements | Appraisal Amount Improvements | \$ 52170 |
| Household Exemption | Appraisal Amount Personal Property | \$ 1340 |
| Name and Addresses | Appraisal Amount Solvent Credits | \$ |
| Total | | |
| SPECIAL INSTRUCTIONS TO MACHINE RECORDS | | |
| Furnish Preliminary Listing _____ | | |
| Other: _____ | | |
| Coded and Balanced To Control _____ | To Machine Records: O.K. to File Cards _____ | |

| | | | | | | | | | | | | |
|--|-------------|-------|--------|-----------|-----|-----|---|-----|----|------|-------|-----|
| 670 | 401 | 012 | 35 | 67 | 036 | 166 | 3 | 400 | 57 | 1070 | 6090 | 100 |
| 670 | 401 | 094 | 11 | 67 | 036 | 166 | 2 | 400 | 51 | 2160 | 5900 | 280 |
| 670 | 401 | 166 | 35 | 67 | 036 | 166 | 1 | 400 | 00 | 1300 | 4140 | 100 |
| 670 | 401 | 151 | 07 | 67 | 036 | 166 | 4 | 500 | 51 | 1010 | | |
| 670 | 401 | 242 | 06 | 67 | 036 | 166 | 1 | 500 | 51 | 910 | 3500 | |
| 670 | 401 | 292 | 03 | 67 | 036 | 166 | 1 | 500 | 51 | 1200 | 9570 | 600 |
| 670 | 401 | 311 | 25 | 67 | 036 | 166 | 1 | 400 | 51 | 590 | 6550 | |
| 670 | 401 | 311 | 40 | 67 | 036 | 166 | 3 | 400 | 51 | 1090 | 5440 | |
| 670 | 401 | 321 | 17 | 67 | 036 | 166 | 3 | 400 | 51 | 3600 | 7590 | 180 |
| 670 | 401 | 381 | 41 | 67 | 036 | 166 | 3 | 400 | 57 | 1000 | 27490 | 80 |
| NO. PAR. ✓ | NO. EXEMPTS | LAND | IMPROV | PER. PRTY | | | | | | | | |
| 10 | 2 | 13930 | 52170 | 1340 | | | | | | | | |
| Computer printout that EDP attaches to a copy of the transmittal | | | | | | | | | | | | |

MASTER PROPERTY RECORD CARDS

Assessors of small counties with relatively simple computers may wish to use MPR cards because it may overburden the computer to update a single assessment from several sources. For instance, a reappraisal may change land and improvement values on a given parcel in January; personal property value may change when a property statement is returned in March; and a veterans' or homeowners' exemption may be approved in April. For each updating it may be necessary to pass the entire property file through the computer. The MPR solves such a problem by updating the entire assessment. For this reason, and also to facilitate encoding, some EDP managers request use of secondary documents such as MPRs. By requesting secondary documents, a data processing manager somewhat nullifies the advantages of automation by shifting a greater clerical burden to the assessor's staff.

The visible file MPRs still used by a few counties require maintenance and the filing cabinets take up considerable space. Such MPRs are losing favor in most counties because the same information can be provided as a by-product of computer file maintenance. Assessors abandoning the traditional MPR have found it helpful to keep the "chain of change" (legal description reference) portion of the cards in the drafting section. Doing this simplifies a cadastral mapper's research; the extra time spent updating the cards is negligible.

Counties that have computers with large storage capacities will be able to retain the data necessary for an efficient property transfer operation by a printout record and setting up a description (deed reference) file in two parts:

1. Copies of conveyance documents (kept in recorder's volume and page or other deed reference number sequence).
2. A separate "Assessor's Description Card" for each "residual" parcel (the remainder of an existing parcel after a portion or portions have been transferred from it). Because a unique "assessor's description number" is used, one can readily distinguish between the two files. The computer's role is to store historical data to facilitate rapid description searches. The county recorder will get much more use from this system than the assessor will, but both offices should profit.

The few counties that now retain a master property record system in visible file cabinets and have limited computer facilities can maintain two panel files for each parcel. One panel contains one-fourth inch high by eight inch wide strips filed in ascending parcel number sequence; the other strip file is in alphabetical order by owners' names. The numerical file is the "master." It contains parcel number, name, recording information, and address. The alphabetical file is a cross-reference to the master file; it contains only parcel number and name. For ease of filing or reference, each strip has a code number indicating the type of data found on that strip. Examples of the strips are shown on the next page.

When the conventional MPRs are supplanted by strips, the drafting division should maintain the chain-of-title portion of the master record. This can be accomplished by tearing the MPRs in half and filing, in parcel number order, the halves containing descriptions. As a guide to the

remainder portion of a split, a reference to the parent document is entered on a new card identified by the new parcel number.

NUMERICAL PANEL

| 1 | 2 | 3 | 4 |
|------------|---|-------|-----|
| 55-370-12S | PERRY EDWARD F & ROSE M JT | | 529 |
| 55-370-12S | 106 PECKHAM RD WATSONVILLE CA 95076 | 317-4 | 636 |
| 55-370-13S | WHALEN HAROLD J & MARY JT | | 529 |
| 55-370-13S | 1489 GREEN VALLEY RD WATSONVILLE CA 95076 | 317-4 | 636 |
| 55-370-14M | PERRY ROSE M | | 529 |
| 55-370-14M | MELLO JOSEPH ET AL | | 586 |
| 55-370-14M | MELLO ANTONE | | N87 |
| 55-370-14M | MELLO FRANK | | N85 |
| 55-370-14M | WHALEN MARY | | N89 |
| 55-370-14M | MELLO MANUEL | | N90 |
| 55-370-14M | 106 PECKHAM RD WATSONVILLE CA 95076 | 317-4 | 636 |
| 55-370-15 | MILLER RICHARD | | 529 |
| 55-370-15 | 2585 E HARLAN AVE LATON CA 93242 | 019-5 | 636 |
| 55-380-01 | MORRISON NELLIE I | | 529 |
| 55-380-01 | 20540 S ELM AVE LATON CA 93242 | 317-4 | 636 |
| 55-380-02 | SALLES MARGARET F | 77206 | 529 |
| 55-380-02 | 448 W RIVERDALE RIVERDALE CA 93656 | 317-4 | 636 |
| 55-380-03S | TOSTE JOSEPH A | 41453 | 529 |
| 55-380-03S | 676 E RIVERDALE LATON CA 93242 | 317-4 | 636 |
| 55-380-04 | MILES MANIS M & ELVIRA E JT | | 529 |
| 55-380-04 | 135 E TRINIDAD RT 1 MORRO BAY CA 93442 | 077-5 | 636 |
| 55-380-05 | KUCKENBAKER C B & AMANDA LIFE EST | 20897 | 529 |
| 55-380-05 | THEN TO VIRGINIA HILL #20897 3-20-59 | | |
| 55-380-05 | 560 E LAGUAN AVE LATON CA 93242 | 317-4 | 636 |

Explanation of Entries, by Column

1. Parcel number
2. Owner's name, address, zip code
3. Recorder's reference number (of conveyance)
4. Card code (refers to type of information on the strip)

ALPHABETIC PANEL

| | | |
|-------------|-----------------------------|------|
| 31-010-05 | PETTIT GIDEON L AND HAZEL L | 529 |
| 20-082-12 | PETTIT GILBERT R & LEE ORA | 101 |
| 329-140-07S | PETTIT HARVEY P & FAYE V | 101 |
| 65-200-19 | PETTIT HERMON L/F | 529 |
| 42-060-22S | PETTIT JOHN R & WILLIE L | 529 |
| 30-080-06 | PETTIT MILDRED C | 529 |
| 33-103-12S | PETTIT MILDRED C | 529 |
| 33-103-13S | PETTIT MILDRED C | 529 |
| 43-042-10 | PETTIT MYLDRED | 101 |
| 43-042-11 | PETTIT MYLDRED M | 101 |
| 43-151-03 | PETTIT BLAINE TR | 529S |

When all changes up to the lien date have been processed, the alphabetic panels are photographed and the photos bound in book form. The result is the index to the forthcoming roll. For changes occurring after the lien date, a “post-lien date panel” is kept. After the roll is printed, the post-lien date strips are merged with the larger file.

Panels of “retired” (superseded) strips can be maintained so that recent changes may be quickly traced. These panels are photographed periodically, and the strips are then discarded.

A copy of the current roll, along with a set of maps showing lien date boundaries, is kept for public reference. Most inquiries by the public concerning values can be answered by referring to the current roll and the maps. When an inquiry about a particular property is pressed, the appraisal record is used.

An advantage of the property record strip over the more conventional property record card system is that it substantially reduces space requirements. There is usually at least a 50 percent saving of the floor area needed for MPRs. If the printout property record method is substituted for the strips, the floor space savings apply, but either additional counter space or a large table will be needed.

CONTROLS AND RECORD KEEPING

The word “control” is found in the jargon of most occupations. It is formally defined as “...direction, regulation, and coordination of production, administration, and other business activities...”. “Control” is used here in the simplified sense of a means of assuring that an assessment roll accurately reflects records in the assessor’s office.

Many errors can occur in the production of an assessment roll. For example:

1. Individual assessments omitted
2. Blocks of assessments omitted
3. Incorrect values used
 - Amounts either omitted or added more than once
 - Incorrect figures transcribed to the roll-writing unit
 - Machine error in preparing the roll
4. Misspelled names
5. Exemptions improperly allowed or disallowed
6. Wrong tax-rate area code used

In the past, some assessors had the finished roll proofread against MPRs to ensure accuracy (under the assumption that the master property records were accurate in all cases). The impracticality of this procedure should be readily apparent. Conversely, if no controls are

maintained, the assessor has no way of knowing, except by chance, of small discrepancies in the final roll. Sometimes even major discrepancies are not readily noticed.

The problem of providing controls is to balance reasonable (and required) accuracy with economy of administration. For instance, a misspelled or completely incorrect name does not alter the validity of a secured assessment.⁶⁷

The following procedures will guarantee basic integrity of the assessment file.

NUMBER OF SECURED ASSESSMENTS

1. Count the parcels on each map book page, and enter the total at the top of each page. U.S. Government-owned and other exempt parcels not listed on the roll may be excluded from the count, but some counties prefer to list such parcels on the roll without values. Be careful with pages containing condominiums.
2. Enter the total parcel count of a map on a summary sheet.
3. Combine the totals of all map books for the county's total parcel count.
4. As splits and combinations are remapped, the cadastral mapper or clerk increases or decreases the parcel counts. The new data are sent to EDP.
5. At given intervals, the computer prints parcel counts by map book and a total count of parcels in the EDP file. The totals are compared with the mapper's summary sheets.
6. When the map book is not in agreement, a listing of parcel count by map book page is needed.
7. Proof lists of individual assessments should be spot-checked for accuracy of names and addresses.

VALUE AMOUNTS

The most convenient way to compare entire groups of value files is by use of the assessor's map books. The computer can readily be programmed to print a list of values by map book and a grand total for the county. Separate totals should be accumulated for land, improvements, personalty, and any exemptions.

1. As values change, a ledger for each map book is posted to show increases or decreases.
2. The computer periodically prints a list of current map book values in the EDP file. The list is compared with the assessor's value ledger. By checking parcel count and map book value totals several times during the year, errors can easily be isolated and rectified. Checking prior to printing the assessment roll should eliminate any substantial errors from the roll. Of course, roll totals will be verified.

⁶⁷ Revenue and Taxation Code, section 613.

As a stringent control on both appraisal record and keypunching accuracy, "error messages" can be printed when certain value conditions are processed in the computer; for instance, land increases of 50 percent or more, improvement value increases of 20 percent or more, etc. Records for the flagged parcels are examined individually for possible errors in appraisal or clerical handling.

BATCHING

The assessor's control clerk keeps a ledger by batch of documents sent to EDP. Each batch (usually 50 items) has a distinctive number. The clerk may keep "hash" totals⁶⁸ of parcel numbers and value fields. An EDP control clerk counts the documents in each batch and affixes a cover sheet, including hash totals if used. Once processed by the data center, each batch of source documents is returned to the assessor's office.

Exhibit VI shows one county's batching form. Each transaction is separately printed.

Exhibit VII is a batch total listing. Note the legend "Batch accepted and put to file." This means that no variance in document count or other controls (such as key verification of punched cards) existed and that a magnetic tape instrumental in writing the assessment roll has been updated.

The batch control logs are compared. Thus, if 50 documents were transmitted in Batch No. 16, but the EDP clerk counted only 49, an immediate investigation would be conducted to account for the apparently missing document. If hash totals correspond, it is likely that one clerk simply miscounted total documents. If hash totals do not match but the document counts do, one clerk may have made a computational error or a document may have been transferred from one batch to another. In case of a transfer, another batch should also be out of adjustment.

The **least** likely cause of a discrepancy is a missing document.

⁶⁸ A hash total is a combination of numbers used for checking purposes. The total, in itself, has no significance, and the numbers added may normally serve no arithmetic purpose. An example is a figure obtained by adding parcel numbers together. The use of a check-digit number with the assessors parcel number, however, is preferable to a hash total of these numbers. A check digit is derived by performing a sequence of arithmetic operations to the digits of the figured being controlled. For example:

$$\begin{array}{l} 1 + 1 \times 3 + 4 - 5 \times 6 = 30 \\ 1 + 3 \times 1 + 4 - 5 \times 6 = 18 \\ 1 + 1 \times 3 + 5 - 4 \times 6 = 42 \end{array} \qquad \begin{array}{l} 1 + 1 \times 3 + 4 - 6 \times 5 = 20 \\ 1 + 1 \times 5 + 3 - 4 \times 6 = 54 \end{array}$$

The machine can prove by calculation whether a number with its check digit is a valid one or whether there has been a transposition or other errors.

EXHIBIT VI

BATCH CONTROL LEDGER

S
E
C
U
R
E
D

F
I
L
E

| | | | | | | | | |
|--|-------------|---------------------------|--|--|--|--|--|--|
| BATCH NO. | CONTROL DES | FILE DES | PCL COUNT | PARCEL NUMBER | BATCH DATE YY-MM-DD | DIVISION | WORK # | TXN USED |
| <input style="width: 90%;" type="text"/> | A | KILL=N CORR=B NEW=A | <input style="width: 90%;" type="text"/> | <input style="width: 90%;" type="text"/> | <input style="width: 90%;" type="text"/> | <input style="width: 90%;" type="text"/> | <input style="width: 90%;" type="text"/> | <input style="width: 90%;" type="text"/> |

| | | | |
|--|----------------------|--|--|
| ADDITIONAL HASH | VET TOTAL NON-ASSESS | TOTAL ALL VALUES | TOTAL OF ALL EXEMPTIONS |
| <input style="width: 90%;" type="text"/> | LLR TOTAL QUARTERS | <input style="width: 90%;" type="text"/> | <input style="width: 90%;" type="text"/> |
| | NEW TAC TOTAL | | |
| | PCL HASH-PCL HASH | | |

P
E
R
S
O
N
A
L
P
R
O
P
A
P
P
R
A
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L
E

| BATCHED BY: | CALCULATED | REC'D IN D.P. | KEYPUNCHED | VERIFIED | RETURNED BY D.P. | COMPARED | TO D.P. | CORRECTIONS | FROM D.P. | RELEASE CARD |
|-------------|------------|---------------|------------|----------|------------------|----------|---------|-------------|-----------|-------------------|
| | | | | | | | | | | FROM D.P. TO D.P. |
| CORR. BATCH | | | | | | | | | | |
| NEW BATCH | | | | | | | | | | |

| | | |
|--|--|--|
| BATCH NO. | VALUE TOTALS | (SECURED OR APPRAISAL FILE) |
| <input style="width: 90%;" type="text"/> | COMPANY HASH/ PARCEL HASH | TXN CODES |
| # OF TXNS | | PERSONAL PROP. |
| <input style="width: 90%;" type="text"/> | | LAND |
| # OF DOCS | | FIXTURES |
| <input style="width: 90%;" type="text"/> | | IMPROVEMENTS |
| DIVISION INDEX HASH | | EXEMPTIONS |
| <input style="width: 90%;" type="text"/> | | |
| TAC HASH | | |
| <input style="width: 90%;" type="text"/> | | |
| POSTAL CODE | | |
| <input style="width: 90%;" type="text"/> | | |
| TXN HASH | | |
| <input style="width: 90%;" type="text"/> | | |
| # RECORDS | | |
| <input style="width: 90%;" type="text"/> | | |
| | VALUE TOTAL-APPL | EXEMPTION TOTAL-APPL |
| | <input style="width: 90%;" type="text"/> | <input style="width: 90%;" type="text"/> |

EXHIBIT VII

| AP102 | 3-25- | PAGE |
|---|-------|------|
| HOMEOWNERS EXEMPTION CLAIMS -- BATCH PROOF BATCH | | |
| 0102-0001 | | |
| BATCH CONTROL | 108 | |
| RECORD COUNT | 108 | |
| VARIANCE | 0 | |
| BATCH ACCEPTED AND PUT TO FILE | | |
| 0120-0001 | | |
| BATCH CONTROL | 108 | |
| RECORD COUNT | 108 | |
| VARIANCE | 0 | |
| BATCH ACCEPTED AND PUT TO FILE | | |
| 0154-0001 | | |
| BATCH CONTROL | 119 | |
| RECORD COUNT | 119 | |
| VARIANCE | 0 | |
| BATCH ACCEPTED AND PUT TO FILE | | |
| 0108-0001 | | |
| BATCH CONTROL | 107 | |
| RECORD COUNT | 107 | |
| VARIANCE | 0 | |
| BATCH ACCEPTED AND PUT TO FILE | | |
| 0129-0002 | | |
| BATCH CONTROL | 125 | |
| RECORD COUNT | 125 | |
| VARIANCE | 0 | |
| BATCH ACCEPTED AND PUT TO FILE | | |
| 0130-0001 | | |
| BATCH CONTROL | 111 | |
| RECORD COUNT | 111 | |
| VARIANCE | 0 | |
| BATCH ACCEPTED AND PUT TO FILE | | |
| *** FINAL TOTALS *** | | |
| PRIOR FILE RECORD COUNT | | 272 |
| RECORDS ADDED | | 678 |
| CURRENT FILE RECORD COUNT | | 950 |

UNSECURED ASSESSMENT CONTROLS

Unsecured billing is best done in segments as assessments are completed. The entire roll is not assembled until after all bills have been sent. This procedure makes control of the unsecured file difficult because a bill sent early in the assessment season may be invalidated by subsequent events.

Most of the unsecured roll consists of business assessments. Maintenance of a business index, arranged alphabetically or by account number, against which property statements are checked off as returned, is the best way for a small county to ensure the proper assessment count.

Counties with EDP can institute numerous controls to guarantee a complete unsecured roll. A popular method is to assign a permanent account number to each business owner in the county.

Suffixes denote separate locations.⁶⁹ For example:

| | |
|----------------------|-----------------------|
| Sears, Roebuck & Co. | Account Number 114 |
| Downtown site | Account Number 114-1* |
| Arden Plaza site | Account Number 114-2 |
| Florin Center site | Account Number 114-3 |

* Always use "1" to denote the principal office.

By comparing the statements returned against the number of sites indicated on the account number index, the assessor determines outstanding statements and knows the assessment count.

DIRECT BILLING

Instead of having field auditors examine each business every year, county assessors can directly enroll those accounts which are small, thus saving considerable time that the assessor's auditor-appraisers can then devote to large, complex accounts. In a "direct billing" program, certain assesseees are sent tax bills (usually unsecured) without being required to submit property statements. The small accounts can periodically be physically appraised and interim assessments can be billed directly. Examples of the types of businesses suitable for direct billing are barber shops, beauty salons, small cafes and restaurants, coin-operated laundrettes, apartments, motels, professional firms with small equipment holdings, and small farming operations with little or no assessable holdings. Initially, a reasonable upper limit of value, such as \$30,000, may be set for firms adaptable to the program.⁷⁰ This limit, however, should not be used in lieu of judgment in selecting accounts for the program. Persons claiming the veterans' exemption should not be direct-billed.

The advantages of direct billing include:

⁶⁹ Some metropolitan counties have established comprehensive systems and have detailed written material describing them.

⁷⁰ However, if the taxpayer's personal property cost \$30,000 or more, the taxpayer must file an annual property statement. Section 441, Revenue and Taxation Code.

1. Valuations obtained by skilled appraisers are likely to be more reliable than valuations made on the basis of property statements furnished by assesseees.
2. Since the billing is done early in March, the assessee is provided a longer time in which to protest. This tends to even out the workload in the assessor's and tax collector's offices that has been generated by taxpayer complaints. Counties that do not use direct billing often find this workload greatest at the busiest time of the year.
3. Businesses are spared the cost and trouble of completing the property statement. Many small businesses have accounting records which are an inadequate base for assessments, so this is not a trivial consideration.
4. The assessor is not obligated to apply a 10-percent penalty for failure to file in those cases where the taxpayer failed to timely return the property statement. For a more complete discussion of direct billing, refer to Assessors' Handbook section 503, *Management of the Business Property Program*.

PROCESSING HOMEOWNERS' EXEMPTIONS

LEGAL BASIS⁷¹

The Constitution authorizes the exemption of \$7,000 full cash value of a dwelling occupied by an owner as the principal place of residence, unless the dwelling is receiving another real property exemption. By law, the exemption does not extend to property which is rented, vacant, under construction, or a vacation or second home. Establishing a homeowners' exemption is a straightforward operation in most cases.

Occasionally a question will arise over ownership of a property that is in escrow on the lien date. This question can generally be resolved by determining whether the following conditions were met before the lien date:

1. The claimant was the occupant;
2. Financing was arranged (a loan commitment made); and
3. All major conditions of the purchase agreement were satisfied.

ASSESSOR'S DUTIES

Basically, an assessor is required to:

1. Mail claim forms to prospective homeowners' exemption recipients based on evidence that legal ownership of an eligible property has been acquired;

⁷¹ Legal references include article XIII, section 3(k), of the State Constitution; sections 218, 218.5, 253.5, 255, 255.1, 255.2, 255.3, 255.4, 255.6, 255.7, 255.8, 275, and 408 of the Revenue and Taxation Code; and Property Tax Rule 135.

2. Annually submit data files to the State Board of Equalization for the computer match of social security account numbers (SSANs), and resolve the resultant lists of apparent multiple filings;
3. Resolve data received from all sources questioning eligibility for any property tax exemption; and
4. Maintain homeowners' exemption records for inspection by state auditors.

The efficient maintenance of the processing system depends largely on keeping property ownership data current and property type coding accurate. It is important that each new owner receive a claim form near the lien date when eligibility begins. The exemption need not be annually re-filed. Since homeowners can file for the exemption prior to the lien date, special techniques are employed for handling files.

FILING

Most records in assessors' offices are filed by parcel number, and you may find it helpful to arrange new homeowners' exemption claims the same way. Use of map books and an alphabetic roll index will enable you to respond to inquiries by the public.

Flag any claims presenting a question of eligibility on the lien date. Some assessors keep such claims in a separate "tickler" file. Where lack of space is a problem, a better method is to mark claims in the central file to indicate that special handling is required.

DISTINCTIVE PROBLEMS

1. **Duplicate filing.** Individuals owning more than one property, and filing more than one claim usually are caught by the statewide match of social security numbers performed by the State Board of Equalization.
2. **Undisclosed termination of eligibility.** Taxpayers return relatively few forms notifying the assessor they no longer are eligible for the exemption. In most instances this does not create a problem because the exemption is automatically deleted when the data center processes a transfer in ownership. Sometimes, though, a claimant fails to cancel the exemption when he rents his property. These instances may be caught by the statewide social security number match if the individual claims the exemption on another dwelling. The recipient whose eligibility for the homeowners' exemption has terminated may also be detected if he or she claims the renters' income tax credit.

Since the Franchise Tax Board now utilizes the master statewide homeowners' file in comparing social security numbers and names on their file of persons who have claimed the renters' credit, it is most important to assure the accuracy and comparability of data on both files. The file of names and SSNs submitted to the state for the homeowners' match should be carefully maintained. Doing this minimizes the number of matches and resulting investigations.

DISABLED VETERANS' RESIDENCES⁷²

The greater tax reduction offered by the homeowners' exemption, and the property value limitation provided in the Constitution coupled with increasing value of property in California in recent years, have nearly eliminated the "conventional" veterans' exemption. However, the exemption of disabled veterans' residences has become an increasingly important workload.

To qualify for the \$40,000 disabled veterans' exemption (\$60,000 if certain income tests are met) on the principal residence of the disabled veteran in accordance with section 205.5 of the Revenue and Taxation Code, a person must:

1. Be an honorably discharged veteran of the United State Army, Navy, Air Force, Marine Corps, Coast Guard, or Revenue Marine (Revenue Cutter) Services;
2. Have received the disability while in the service;
3. Have met any of the residency requirements specified in section 205.5 (c) of the Revenue and Taxation Code or prior law; or,
4. Be the unmarried surviving spouse of a disabled veteran.

For a veteran who is totally disabled, as defined in section 205.5 (f), the exemption available through the 1990-91 fiscal year is \$100,000 of the full value of the disabled veterans' owned and occupied residence. After the end of that fiscal year, the amount of the exemption reverts to the same \$40,000/\$60,000 limit applicable to other disabled veterans.

No other real property exemptions can be applied to the home. The disabled veterans' exemption remains in effect until ownership of the property transfers, the recipient does not occupy the home as his or her principal residence on the lien date, the property is altered so it no longer is a dwelling, or the veteran is no longer disabled. As with the homeowners' exemption, the recipient is responsible for notifying the assessor when the exemption no longer is applicable. The assessor must receive the data referred to in Revenue and Taxation Code, section 277, by 5 p.m. on April 15 annually for the disabled veteran to receive 100 percent of the exemption. A claim filed on or before the following December 1 entitles a disabled veteran to 80 percent of the exemption.

Exemption affidavits and supporting data can be filed in either alphabetical or numerical (parcel number) order. These documents, excepting the homeowners' exemption claims, are open to public inspection. Section 408 of the Revenue and Taxation Code requires the assessor to clearly identify on the assessment roll that property receiving the homeowners' exemption; but this section also states that the claims themselves **are not** public documents.

⁷² Constitution, article XIII, section 4(a); Revenue and Taxation Code, sections 205.5, 276-279.5.

CHAPTER 5: SUPPLEMENTAL ASSESSMENTS

LEGISLATIVE HISTORY

Senate Bill 813 (Chapter 498, Statutes of 1983) added Chapter 3.5 to Part .5 of Division 1 of the Revenue and Taxation Code. This act, which took effect July 1, 1983, provided for the immediate enrollment of changes in ownership and completed new construction of real property at the time they occur.

Assembly Bill 399 (Chapter 1102, Statutes of 1983), which was signed into law on September 26, 1983, took immediate effect as an urgency statute. It clarified ambiguities created by Senate Bill 813 and provided more specific procedures for implementing the general concept of the early enrollment provisions.

Senate Bill 1325 (Chapter 512, Statutes of 1984), which was enacted July 17, 1984, revised the billing and collection procedures for supplemental assessments.

Assembly Bill 2345 (Chapter 946, Statutes of 1984), greatly modified supplemental assessments in the areas of the builder's exclusion, fixtures, refunds for negative supplemental assessments, due dates and delinquency, and allocation of supplemental assessments following multiple changes in ownership.

The following sections discussing various aspects of supplemental assessments are based on Chapter 3.5 of Part .5 of Division 1 of the Revenue and Taxation Code (sections 75 through 75.80 of that code).

DEFINITIONS

The referenced statutes prescribed exact definitions for certain terms. These usages must be followed to avoid errors and confusion when calculating supplemental assessments. The following terms are the most commonly used.

Current Roll: The roll for the fiscal year (July 1 - June 30) during which the change in ownership occurs or the new construction is completed.

Roll Being Prepared: The roll for the fiscal year **following** the fiscal year in which the change in ownership occurs or the new construction is completed.

Current Tax Rate: The total tax rate applicable to the current roll, including the portion necessary to pay principal and interest on voter-approved bonded indebtedness.

New Construction: Actual physical new construction on a site, including the discovery of previously unknown reserves of oil or gas.

Property: (1) Real property subject to the provisions of article XIII A of the California Constitution, including fixtures; and (2) Manufactured homes that have become subject to property taxation pursuant to sections 5800 et seq., Revenue and Taxation Code and subject to the provisions of article XIII A of the California Constitution.

Supplemental Roll: The roll, containing property that has changed ownership or been newly constructed, prepared according to Chapter 3.5 of Part .5 of Division 1, Revenue and Taxation Code.

FIXTURES

The law requires that fixtures, which are subject to supplemental assessment, shall be assessed under a specific definition of fixture until March 1, 1987. Thereafter, the assessment of fixtures for supplemental assessment purposes must conform to the definition found in Property Tax Rule 122.5. (See Appendix 5.)

Fixtures other than those included in a change in ownership or the completion of a newly built structure, must be reported by taxpayers on a special supplemental schedule that must be filed with the annual business property statement. Exhibit VIII is the schedule prescribed by the State Board pursuant to Property Tax Rule 171 for use in conjunction with Form AH 571. Exhibit IX is the schedule to be used by banks, insurance companies, and financial corporations filing Form AH 571-L. The supplemental schedule must show, for the preceding 12 months ending March 1, all fixtures added to or removed from real property, the dates of these additions or removals, and their costs.

EXHIBIT IX

| ALTERNATE SCHEDULE A FOR BANK, INSURANCE COMPANY, OR FINANCIAL CORPORATION FIXTURES | | | | | | | | | | | |
|---|-------------------------------|---|---|---------------------------------------|-------------------------------|---|--|---------------------|---------------------|--------------|--------------------------|
| Name _____ | | Location _____ | | | Corporation Number _____ | | | | | | |
| Include expensed equipment and fully depreciated items. Include sales or use tax, freight and installation costs. Attach schedules as needed. Line 95 "Prior"— Report detail by year(s) of acquisition on a separate schedule. | | | | | | | | | | | |
| LINE NO | Calendar Yr. of Acquis. | 1. COUNTERLINES, PARTITIONS, CAFETERIA EQUIPMENT, ETC. | | 2. SIGNS, CAMERAS, TV EQUIPMENT, ETC. | | 3. CARPETS, DRAPES | | 4. ATMs / RTMs | | | |
| | | COST | ASSESSOR'S USE ONLY | COST | ASSESSOR'S USE ONLY | COST | ASSESSOR'S USE ONLY | COST | ASSESSOR'S USE ONLY | | |
| 73 | 1996 | | | | | | | | | | |
| 74 | 1995 | | | | | | | | | | |
| 75 | 1994 | | | | | | | | | | |
| 76 | 1993 | | | | | | | | | | |
| 77 | 1992 | | | | | | | | | | |
| 78 | 1991 | | | | | | | | | | |
| 79 | 1990 | | | | | | | | | | |
| 80 | 1989 | | | | | | | | | | |
| 81 | 1988 | | | | | | | | | | |
| 82 | 1987 | | | | | | | | | | |
| 83 | 1986 | | | | | | | | | | |
| 84 | 1985 | | | | | | | | | | |
| 85 | 1984 | | | | | | | | | | |
| 86 | 1983 | | | | | | | | | | |
| 87 | 1982 | | | | | | | | | | |
| 88 | 1981 | | | | | | | | | | |
| 89 | 1980 | | | | | | | | | | |
| 90 | 1979 | | | | | | | | | | |
| 91 | 1978 | | | | | | | | | | |
| 92 | 1977 | | | | | | | | | | |
| 93 | 1976 | | | | | | | | | | |
| 94 | 1975 | | | | | | | | | | |
| 95 | Prior | | | | | | | | | | |
| 96 | Total | | | | | | | | | | |
| 97 | | Add TOTALS on Lines 96, 103 and any additional schedules. | | | | ENTER HERE AND ON LINE 6, PART II, PAGE 1 | | | | | |
| LINE NO | Enter Month & Year of Acquis. | Enter Code (V) or (N) | 5. VAULT DOORS (V) AND NIGHT DEPOSITORIES (N) | | Enter Month & Year of Acquis. | Enter Code (D) (W) or (K) | 6. DRIVE-UP WINDOWS (D) WALK-UP WINDOWS (W) AND KIOSKS (K) | | ASSESSOR'S USE ONLY | | |
| | | | COST | ASSESSOR'S USE ONLY | | | COST | ASSESSOR'S USE ONLY | CLASSIFICATION | MARKET VALUE | ADJUSTED BASE YEAR VALUE |
| 98 | | | | | | | | | Counterlines, etc. | | |
| 99 | | | | | | | | | Cameras, etc. | | |
| 100 | | | | | | | | | Carpets, Drapes | | |
| 101 | | | | | | | | | ATM/RTM | | |
| 102 | | | | | | | | | Vault Doors, etc. | | |
| 103 | Total | | | | Total | | | | Kiosks, etc. | | |
| Total | | | | | | | | | | | |

REMARKS: _____

SBE-ASD AH 571-L ALTERNATE SCHEDULE A 5-2-91 (REVISED 6-27-95) - 1 -

EXHIBIT IX (Continued)

INSTRUCTIONS

This schedule is applicable ONLY to: (1) banks and financial corporations that are subject to taxation under the provisions of Section 23186 of the Revenue and Taxation Code; and (2) insurance companies that are subject to taxation under the provisions of Section 28 of Article XIII of the California Constitution. If the assessee named on this statement is not a bank, financial corporation, or insurance company as defined in the preceding sentence, so indicate in the "Remarks" section and do not complete this schedule. Complete Form AH 571-L (Business Property Statement) and return it and this schedule to the Assessor.

If the assessee named on this statement is a bank, financial corporation, or insurance company as defined above, complete entire Form AH 571-L (Business Property Statement) except do not complete Schedule A or Column 2 of Schedule B of that statement. This supplemental schedule must be completed in lieu of Schedule A and Column 2 of Schedule B and submitted with Form AH 571-L.

NAME and LOCATION. Enter the OWNER NAME and LOCATION OF THE PROPERTY as indicated on the front of Form AH 571-L.

CORPORATION NUMBER. Enter the corporate number issued by the California Secretary of State. If this number has not been issued, enter the equivalent number issued by the Franchise Tax Board.

FIXTURES. Under the California law, personal property owned by a bank or financial corporation, and personal property owned by an insurance company, are exempt from property tax assessment. However, fixtures are taxable and must be reported on this schedule. Report the cost of your fixtures by calendar year of acquisition in the column that best describes the fixtures. Total the reported costs and enter the total on Line 6, Page 1 of Form AH 571-L.

Do not include building costs which are reported in Column 1 of Schedule B of Form AH 571-L.

To facilitate your reporting, below is a list of typical fixtures. Note that some items may be capitalized as personal property on your records, but must be reported as fixtures on this schedule. If additional information is needed, please contact the Assessor's office cited on the face of Form AH 571-L.

COLUMNS 5 and 6. Report separately each item's cost, month and year of acquisition, and descriptive code ("V" for Vault Door, "N" for Night Depository, "D" for Drive-up Window, "W" for Walk-up Window, and "K" for Kiosk).

REFERENCE LIST

LIST OF TYPICAL FIXTURES TO BE REPORTED IN COLUMN 1

Auditorium Equipment (seating-stage and lighting-sound-projection)
Conveyors
Counters (include Teller Lines and Railings)
Interior Railings (not safety railings-staircase or mezzanine)
Man Traps
Permanently Attached Partitions (less than ceiling height)
Power Panels, Plumbing, and Wiring for Computers
Restaurant and Cafeteria Equipment including Plumbing
Safe-Deposit Booths (partitions)
Shelving (attached or built-in)
Vault Alarm Systems
Vault Ventilator
Wall-Hung Desks and Built-in Desks
Wire Mesh Fencing

LIST OF TYPICAL FIXTURES TO BE REPORTED IN COLUMN 2

Air Compressors
Auto Tellers
Auxiliary or Standby Power Generation Equipment and Ride Through Generators
Burglar Alarms
Cameras (surveillance) attached to walls or columns
Closed Circuit Television Systems
Dehumidifier Systems for Electronic Equipment
Electronic Security or Surveillance Equipment
Medical Equipment (such as X-ray units, etc.)
Music and Security Paging Systems
Signs
Standby Air Conditioning for Computers
Telephone Systems Equipment if permanently annexed to real property
Trash Compactors and Paper Shredders
Vacuum Air Tube Systems
Weather Station Equipment

SPECIAL EXCLUSION

Newly constructed real property can be excluded from supplemental assessment under certain conditions. The conditions are:

1. The property must have been built for resale;
2. The owner must notify the assessor prior to or within 30 days of starting construction of his intent to market the newly constructed property, and must specifically ask for exclusion. Failing this, the date the property is available for use by the owner is conclusively presumed to be the date of completion.

The newly constructed property that has been excluded from supplemental assessment will of course be reassessed at its full cash value as of date of completion, but this value will not become effective until March 1 following completion. Thus, the increased value will appear only on the regular roll prepared and completed pursuant to section 601 of the Revenue and Taxation Code.

Should an excluded newly built property be sold, leased or rented, or used or occupied otherwise than in connection with a pending purchase of the property, the owner of such property must notify the assessor within 45 days. If the assessor is not notified, a section 482 penalty (10 percent of the current base year taxes if no change in ownership occurred or 10 percent of the taxes applicable to the new base year value if there was a change in ownership) must be added to the roll and collected as any other tax. This penalty attaches whether or not the assessor has asked the owner for notification. This property will be enrolled as if completed on the date it was no longer eligible for the exclusion.

Finally, the section 483 penalty abatement procedures may be implemented if the county board of supervisors determines that an excusable delay caused the failure to timely notify the assessor.

Exhibit X is a suggested "Claim for New Construction Exclusion from Supplemental Assessment."

EXHIBIT X

CLAIM FOR NEW CONSTRUCTION EXCLUSION FROM SUPPLEMENTAL ASSESSMENT

This form must be filed with the assessor prior to commencement of construction.

| | |
|-------------------------|-------|
| FOR ASSESSOR'S USE ONLY | |
| Received | _____ |
| Approved | _____ |
| Denied | _____ |
| Reason for denial | _____ |
| _____ | _____ |

_____| _____
Name
Street
City
State and ZIP Code

| | |
|----------------------|-------|
| Property Description | |
| Parcel No.(s) | _____ |
| Address | _____ |
| _____ | _____ |
| _____ | _____ |

(Use space on reverse if necessary)

STATEMENT

I am the owner of the property described herein, I will commence construction on this property on _____, and therefore claim the construction exclusion from Supplemental Assessment provided by Section 75.12 of the California Revenue and Taxation Code.

I currently offer, or intend to offer, the property for sale or other change in ownership and do not intend to rent, lease, occupy, or otherwise use the property, except as model homes or other use as is incidental to an offer for a change of ownership.

I understand that this exclusion shall apply only to Supplemental Assessment regarding new construction on this property and shall not preclude the reassessment of any such property on the assessment roll for the March 1 following the date of completion of construction or to any other Supplemental Assessments on this property.

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing statements are true and correct.

Date _____ Signature _____

Telephone No. (daytime) _____

Only the owner or a co-owner of the above-described property (including a purchaser under contract of sale) or his legal representative may sign.

If you are buying this property under an unrecorded contract of sale and the assessor does not have a copy of the contract, you must attach a copy to the claim.

SBE Suggested Form (11-01-83)

EXHIBIT X (Continued)

GENERAL INFORMATION

Section 75.12 of the California Revenue and Taxation Code provides that any real property on which new construction is completed and which qualifies for the exclusion under Section 75.12 shall not be added to the supplemental roll until the date that property, in whole or in part:

- (A) Changes ownership,
- (B) Is rented or leased, or
- (C) Is occupied or otherwise used by the owner or with the owner's consent, except a model home or other use which is incidental to an offer for a change of ownership, whichever comes first.

This exclusion applies only if the owner notifies the assessor in writing prior to the commencement of construction that he or she offers or intends to offer that property for sale or other change of ownership, and does not intend to rent, lease, occupy or otherwise use that property, except model homes or other use as is incidental to an offer for a change of ownership, and the owner requests the application of this section.

The owner of any real property granted this exclusion shall notify the assessor within 45 days of the earliest date that any of the following occur:

- (1) The property changes ownership subject to an unrecorded contract of sale.
- (2) The property is rented or leased.
- (3) The property is occupied and the occupancy of the property is other than as a model home or incidental to an offer for a change of ownership.

The failure to timely notify the assessor may result in a penalty of one hundred dollars (\$100) or 10% of the taxes applicable to the new base year value, whichever is greater, not to exceed two thousand five hundred dollars (\$2,500).

SBE Suggested Form (11-01-83)
AL-08-1337A

INFLATION RATE

For any change in ownership or completion of new construction occurring between March 1 and June 30, the inflation factor must be applied to the new base year value on March 1 following the event. The inflation factor, as defined in sections 51 (a) and 2212 of the Revenue and Taxation Code, is the percentage change in the California Consumer Price Index for all items for the year ended on the preceding December 1, not to exceed a maximum of 2 percent. For example, the sale of real property in May of 1985, resulting in a new base year value of \$100,000, would call for supplemental assessments to the 1984-85 and 1985-86 rolls, and would also require a maximum taxable value of \$102,000 on the 1986-87 section 601 roll.

EXEMPTIONS

Real property which becomes subject to supplemental assessment may continue to receive any exemption already granted for either the current roll or the roll being prepared. If there is no such pre-existing exemption, the new assessee can qualify and receive an exemption by filing a valid claim within 30 days of the date of notification of the supplemental assessment. The new owner has 90 days from the date of change in ownership or completion of new construction to meet the eligibility requirement for the exemption for which the filing was made. For instance, an assessee who purchases a single-family residence on November 1 which is not currently receiving a homeowners' exemption has until December 1 to file a claim with the assessor for this exemption and until January 29 to move into the residence, thus qualifying as owner-occupant.

If the exemption for which the new assessee qualifies is larger than the exemption already granted, the assessee can claim the difference between the two. For example, a property receiving the \$4,000 veterans' exemption is sold to a new owner who occupies it as his or her principal place of residence. The net exemption amount to be applied to the supplemental assessment is \$7,000 less \$4,000, or \$3,000.

NOTICE TO ASSESSEE

When the assessor has reappraised a property due to completed new construction or change in ownership, the assessee must be notified of the pending supplemental assessment. Required information that must appear on the assessment notice includes, among other things, the amount of the supplemental assessment, the date the notice was mailed, the assessee's right to claim any applicable exemption within 30 days, and of the right to file an assessment appeal within 60 days of the date of the notice, or, in Los Angeles County, within 60 days of the mailing of the tax bill.

Exhibit XI is a sample "Notice of Supplemental Assessment."

EXHIBIT XI

Date Notice Mailed:

Assessors' Parcel #:

Situs Address:

NOTICE OF SUPPLEMENTAL ASSESSMENT

The above identified property is subject to supplemental assessment(s) in the amount(s) indicated below. The reason for this supplemental assessment is one or both of the following events:

DATE OF EVENT

A. Change of ownership _____

B. Completion of construction _____

If the above noted event(s) occurred between March 1 and May 31, inclusive, there will be two supplemental assessments -- one in effect for the remainder of fiscal year (event date to June 30) and one in effect for the next fiscal year (July 1 through June 30). If the event(s) occurred between June 1 and the last day in February, inclusive, there will be only one supplemental assessment in effect for the remainder of the fiscal year (event date to June 30).

The supplemental assessment is the difference between the new base year value and the sum of the taxable value plus all prior supplemental assessments during the same assessment year.

| | First Supplemental Assessment Fiscal Year ____/____ | Second Supplemental Assessment Fiscal Year ____/____ |
|---------------------------|---|--|
| New Base Year Value | | |
| Taxable Value on Roll | | |
| Prior Supp. Assessment(s) | | |
| Supplemental Assessment | | |
| Exempt Amount | | |

THIS IS NOT A TAX BILL - SEE OTHER SIDE

SBE Suggested Form (11-01-83)

EXHIBIT XI (Continued)

Senate Bill 813 became law effective July 1, 1983. This measure requires the enrollment of value changes due to change in ownership and completion of new construction as of the date of these occurrences rather than the following March 1 as had been the case. This is being accomplished by levying "supplemental assessments" which are in addition to the regular property tax bill which is mailed in early November.

This supplemental assessment has been determined in accordance with California Constitutional Article XIII A requiring that real property be assessed at its full cash value in the event of a change in ownership or when newly constructed.

If the supplemental assessment is a negative amount, the auditor shall make a refund of a portion of taxes paid on assessments made on the current roll or the roll being prepared or both.

If you are eligible for an exemption, you must file a claim for such exemption with this office on or before the 30th calendar day following the date of mailing of this notice.

You have the right to appeal this supplemental assessment and may do so by filing an application for reduction with the clerk of the board of supervisors no later than 60 calendar days from the date of mailing of this notice.

SBE Suggested Form (11-01-83)
AL-08-1337A

TRANSMITTAL TO AUDITOR

Upon the expiration of the 30-day period for filing claims for exemptions, the assessor must transmit basic supplemental assessment data to the county auditor, who applies the total tax rate for the appropriate year to the amount of the supplemental assessment. The tax bill must be computed in two equal installments. (See next section, Collections and Refunds.)

Decimal factors must be applied to properly allot the taxes on a pro rata basis for the portion of the fiscal year remaining after the date of change in ownership or completion of new construction. The calculation always begins with the first day of the month following the actual date of the reappraisable event. Moreover, if the change in ownership or completion of new construction occurs between March 1 and June 30, there must be two supplemental assessments, one for the applicable portion of the current roll and the other for the roll being prepared. For instance, an April 11 change in ownership requires that taxes on the supplemental assessment for the current roll be multiplied by .17 and the supplemental taxes on the roll being prepared shall be multiplied by 1.00. For an event requiring reappraisal and occurring after July 1, but before March 1, there will be only one supplemental assessment. If it occurs on October 17, for example, the resulting taxes will be multiplied by .67.

The following table lists factors for the presumed date (first of the month following the actual date of the event) of the completed new construction or change in ownership. These factors are applicable to the current roll or to the roll being prepared.

| | | | |
|------------|-----|-------------|------|
| January 1 | .50 | July 1 | 1.00 |
| February 1 | .42 | August 1 | .92 |
| March 1 | .33 | September 1 | .83 |
| April 1 | .25 | October 1 | .75 |
| May 1 | .17 | November 1 | .67 |
| June 1 | .08 | December 1 | .58 |

COLLECTIONS AND REFUNDS

All supplemental taxes are billed in two installments and are due when the supplemental bills are mailed. If the bill is mailed from July 1 through October 31, the first installment becomes delinquent at 5 p.m. on the last day of the month following the month in which the bill is mailed, while the second installment becomes delinquent at 5 p.m. on the last day of the fourth calendar month following the date the first installment became delinquent. After the taxes become delinquent, a 10-percent penalty is added to them. In addition, after the second installment becomes delinquent, a \$10 cost is added to cover costs incurred by the tax collector in preparing the delinquent roll (section 2621, Revenue and Taxation Code). If any delinquent amounts

remain unpaid by June 30 following the date of delinquency, the property is categorized as tax-defaulted.

Taxes on the supplemental roll become a lien on the real property as of the date of change in ownership or the completion of new construction, except if other sections of law provide otherwise. Supplemental taxes that are not a lien on real property and have become delinquent may be subject to unsecured collection procedures.

If, in the same assessment year, the same real property undergoes more than one change in ownership or completion of new construction, or both, the law requires that a net supplemental assessment be enrolled in addition to the first supplemental assessment made due to the original change in ownership or completion of new construction. This net supplemental assessment must be the most recent new base year value less the sum of the previously enrolled supplemental assessments and the corresponding taxable value on the current roll or the roll being prepared, or both, if applicable.

There is a special procedure to be followed for allocating supplemental taxes when a subsequent change in ownership occurs before the tax bill for the initial change in ownership or completion of new construction has been mailed. The lien created by the supplemental taxes is extinguished and that portion of taxes allocable to the initial event, calculated from its date of occurrence to the date of the subsequent reappraisal event, must be entered on the unsecured roll and assessed to the first transferee. This portion will be treated as are other taxes on the unsecured roll. The remaining supplemental tax due to the first change in ownership becomes a lien against the real property on the date of the subsequent change in ownership. This lien also secures any increase or decrease in supplemental taxes resulting from reappraisal upon the subsequent transfer.

Any refunds due because of negative amounts of supplemental assessments must be made within 30 days of the date the negative supplemental assessment was enrolled. Refunds must be made from supplemental taxes collected, not from the county's general fund. If the refund is not timely made, interest must be paid calculated from the thirty-first day after enrollment to the date the refund is mailed.

EXAMPLES OF SUPPLEMENTAL ASSESSMENTS

The following examples illustrate the possible calculations and variations when computing supplemental assessments.

Example: A property sells on March 2, 1984, for \$150,000, which the county assessor accepts as the property's market value. The taxable value on the 1983-84 roll is the property's factored base year value of \$80,000. The new owner immediately contracts to have a swimming pool installed at a cost of \$20,000. It is 100 percent complete by May 20, 1984. The assessor judges the value added to the total property by the pool to be \$20,000. How would the supplemental assessments be calculated?

| | |
|---|------------------|
| (a) First supplemental assessment due to transfer: | |
| New base year value (March 1984) | \$ 150,000 |
| Less: | |
| Taxable value on current roll (1983-84) | - 80,000 |
| | <u>\$ 70,000</u> |
| (b) Second supplemental assessment due to transfer: | |
| New base year value (March 1984) | \$ 150,000 |
| Less: | |
| Taxable value on roll being prepared (1984-85) | |
| \$80,000 x 1.02 | - 81,600 |
| | <u>\$ 68,400</u> |
| (c) First supplemental assessment due to new construction: | |
| Value change to 1983-84 roll | <u>\$ 20,000</u> |
| (d) Second supplemental assessment due to new construction: | |
| Value change for 1984-85 roll | <u>\$ 20,000</u> |

The amount of the taxes pertaining to the supplemental assessments, when received by the county auditor along with all other required information, would be modified by pro rata factors for the applicable portion of each fiscal year involved. That is, the taxes related to the supplemental assessments on the current roll due to the March change in ownership would be multiplied by .25 (for three months), while the taxes for the supplemental assessment due to the newly constructed pool would be multiplied by .08 (for one month). The taxes for the supplemental assessments for the roll being prepared would both be multiplied by 1.00, since they were applicable for 12/12ths of the 1984-85 fiscal year. The property will be enrolled on the regular roll in 1985-86 at the base year value plus the inflation factor.

Example: A parcel of vacant land is transferred on June 10, 1984. This parcel had a taxable value on the 1983-84 roll of \$20,000, but the assessor determines that, based on comparable sales of bare land, the current market value at the date of transfer is actually \$25,000. The new owner immediately commences construction of a single-family residence on the site, which is completed and occupied by the owner on October 25, 1984. The assessor estimates the value of the new construction to be \$90,000. Calculate the supplemental assessments due.

| | |
|---|------------------|
| (a) Supplemental assessment due to change in ownership: | |
| New base year value, land only (June 1984) | \$ 25,000 |
| Less: | |
| Taxable value on current roll (1984-85) | - 20,400 |
| | <u>\$ 4,600</u> |
| (b) Supplemental assessment due to new construction: | |
| Value change due to new construction | <u>\$ 90,000</u> |

It should be noted that the owner-occupant of this newly constructed residence may timely file for the homeowners' exemption and be granted the exemption, limited, of course, to the amount

of the supplemental assessment. However, the assessor will not show any exempt amount on the notice sent informing the assessee of the supplemental assessment.

APPENDICES

GOVERNMENT CODE PROVISIONS

REVENUE AND TAXATION CODE PROVISIONS

CIVIL CODE PROVISIONS

CIVIL PROCEDURE CODE PROVISIONS

ADMINISTRATIVE CODE PROVISIONS

COURT DECISIONS

ATTORNEY GENERAL'S OPINIONS

APPENDIX 1: GOVERNMENT CODE PROVISIONS

Section 15606. Powers and Duties of Board.

The State Board of Equalization shall:

- (a) Prescribe rules for its own government and for the transaction of its business.
- (b) Keep a record of all its proceedings.
- (c) Prescribe rules and regulations to govern local boards of equalization when equalizing, and assessors when assessing, including uniform procedures for the consideration and adoption of written findings of fact by local boards of equalization as required by section 1611.5 of the Revenue and Taxation Code.
- (d) Prescribe and enforce the use of all forms for the assessment of property for taxation, including forms to be used for the application for reduction in assessment.
- (e) Prepare and issue instructions to assessors designed to promote uniformity throughout the state and its local taxing jurisdictions in the assessment of property for the purpose of taxation. It may adapt such instructions to varying local circumstances and to differences in the character and conditions of property subject to taxation as in its judgment is necessary to attain such uniformity.
- (f) Subdivisions (c), (d), and (e) in this section shall include, but are not limited to, rules, regulations, instructions and forms relating to classifications of kinds of property and evaluation procedures.
- (g) Prescribe rules and regulations to govern local boards of equalization when equalizing and assessors when assessing with respect to the assessment and equalization of possessory interests.
- (h) Bring an action in a court of competent jurisdiction to compel an assessor or any city or county tax official to comply with any provision of law, or any rule or regulation of the board adopted in accordance with subdivision (c) of this section, governing the assessment or taxation of property. The Attorney General shall represent the board in such action.

The provisions of this section are mandatory.

Section 27422. Limitation on Other Offices Held by Assessor.

The assessor shall not hold the office of tax collector or auditor, whether it is an appointive or elective office, at the same time he holds the office of assessor.⁷³

This section shall become operative on January 6, 1969.

Section 29100. Designation of Rate.

On or before September 1 of each year, the board shall fix the rates of taxes on the secured roll, by determining the percentage of full value on the secured roll required to raise the revenue authorized by this section. The rate shall be such as will produce, after due allowance for delinquency and anticipated changes to the roll, and as applicable, after due allowance for disputed tax revenues anticipated to be impounded pursuant to section 26906.1 of this code, the amount determined as necessary to be raised by taxation on the secured roll.

The allowance for delinquency and anticipated changes to the roll shall be as fixed by law or by the board. The allowance for disputed tax revenues shall be as fixed by the board. The final determination for either or both allowances may be made at the same time as tax rates are fixed.

The amount to be raised by taxation on the secured roll is found by deducting from the total appropriations and reserve requirements of a fund, the respective total of:

- (a) The amount of estimated revenue from other sources, including taxes anticipated on the unsecured roll, and
- (b) The fund balance-available.

The amount of revenue from other sources and of the fund balance-available may be re-estimated at the time of fixing the tax rates and may be increased or decreased by the board and the amounts so determined by the board are conclusive and final.

Section 43001. Liens.

Taxes assessed, penalties for delinquency, and costs of collection are liens on the property assessed. Taxes upon personal property are liens upon the owner's real property to the extent permitted in the case of county taxes by Chapter 2, Part 4, Division 1 of the Revenue and Taxation Code.

⁷³ Tehama County is a charter county and therefore does not fall under this general law provision.

Section 43002. Attachment of Liens.

Tax liens attach as of 12:01 a.m. on the first day of March of each year.

Section 43064. Conclusive Presumption.

Every tax is conclusively presumed to have been paid after thirty years from the time it became a lien, unless the property has been sold pursuant to law for the payment of the tax.

APPENDIX 2: REVENUE AND TAXATION CODE PROVISIONS

Section 107. Possessory Interests.

“Possessory interests” means the following:

- (a) Possession of, claim to, or right to the possession of land or improvements, except when coupled with ownership of the land or improvements in the same person.
- (b) Taxable improvements on tax-exempt land.

Any possessory interest may, in the discretion of the county board of supervisors, be considered as sufficient security for the payment of any taxes levied thereon and may be placed on the secured roll.

Leasehold estates for the production of gas, petroleum and other hydrocarbon substances from beneath the surface of the earth, and other rights relating to such substances which constitute incorporeal hereditaments or profits a prendre, are sufficient security for the payment of taxes levied thereon. Such estates and rights shall not be classified as possessory interest, but shall be placed on the secured roll.

If the tax on any possessory interest or leasehold estate for the production of gas, petroleum and other hydrocarbon substances is unpaid when any installment of secured taxes become delinquent, the tax collector may use those collection procedures which are available for the collection of assessments on the unsecured roll.

If the tax on any possessory interest or leasehold estate for the production of gas, petroleum and other hydrocarbon substances remains unpaid at the time set for the sale to the state for taxes carried on the secured roll, such possessory interest tax together with any penalty and costs which may be accrued thereon which on the secured roll shall be transferred to the unsecured roll.

Section 109. Roll.

"Roll" means the entire assessment roll. The "secured roll" is that part of the roll containing state assessed property and property the taxes on which are a lien on real property sufficient, in the opinion of the assessor, to secure payment of the taxes. The remainder of the roll is the "unsecured roll." The "local roll" is those parts of the secured and unsecured roll containing property which it is the county assessor's duty to assess. The "board roll" is that part of the secured roll containing State assessed property.

Section 134. Unsecured Property.

“Unsecured property” is property:

- (a) The taxes on which are not a lien on real property sufficient, in the opinion of the assessor, to secure payment of the taxes.
- (b) The taxes on which were secured by real property on the lien date and which real property was later acquired by the United States of America, the State, or by any county, city, school district or other public entity and the taxes required to be transferred to the unsecured roll pursuant to article 5 (commencing with section 5081) of Chapter 4 of Part 9.

Section 135. “Assessed Value,” “Tax Rate”.

- (a) “Assessed value” shall mean 25 percent of full value to and including the 1980-81 fiscal year, and shall mean 100 percent of full value for the 1981-82 fiscal year and fiscal years thereafter.
- (b) “Tax rate” shall mean a rate based on a 25 percent assessment ratio and expressed as dollars, or fractions thereof, for each one hundred dollars (\$100) of assessed valuation to and including the 1980-81 fiscal year, and shall mean a rate expressed as a percentage of full value for the 1981-82 fiscal year and fiscal years thereafter.
- (c) Whenever this code requires comparison of assessed values, tax rates or property tax revenues for different years, the assessment ratios and tax rates shall be adjusted as necessary so that the comparisons are made on the same basis and the same amount of tax revenues would be produced or the same relative value of an exemption or subvention will be realized regardless of the method of expressing tax rates or the assessment ratio utilized.
- (d) For purposes of expressing tax rates on the same basis, a tax rate based on a 25 percent assessment ratio and expressed in dollars, or fractions thereof, for each one hundred dollars (\$100) of assessed value may be multiplied by a conversion factor of twenty-five hundredths of 1 percent to determine a rate comparable to a rate expressed as a percentage of full value; and, a rate expressed as a percentage of full value may be multiplied by a factor of 400 to determine a rate comparable to a rate expressed in dollars, or fractions thereof, for each one hundred dollars (\$100) of assessed value and based on a 25 percent assessment ratio.

Section 201. Taxable Property.

All property in this State, not exempt under the laws of the United States or of this State, is subject to taxation under this code.

Section 982. Decedents' Estates.

The undistributed or unpartitioned property of deceased persons may be assessed to the heirs, guardians, conservators, executors, or administrators. A payment of taxes by any one of them binds each of the other parties in interest for his proportionate share.

Section 2187. Realty Tax Lien.

Every tax on real property is a lien against the property assessed.

Section 2188. Improvements.

Every tax on improvements is a lien on the taxable land on which they are located, if they are assessed to the same person to whom the land is assessed.

Section 2188.1. Improvements Assessed to Other Than Owner of Land.

Every tax on improvements assessed to a person other than the assessee of the land on which they are located may become a lien on the real property of the owner of such improvements or be assessed on the unsecured roll. In order for such tax on improvements to be a lien on any parcel of real property of the owner of such improvements, the fact of such lien must be indicated on the secured roll where any such parcel of real property is listed.

Section 2188.2. Statement of Separate Ownership.

Whenever improvements are owned by a person other than the owner of the land on which they are located, the owner of the improvements or the owner of the land may file with the assessor a written statement before the lien date attesting to their separate ownership, in which event the land and improvements shall not be assessed to the same assessee.

Such written statement shall not be required annually following the year in which it has been filed but shall remain in effect until such time as either, or both, of said separate ownerships shall have been transferred or until such written statement of separate ownership shall have been canceled by either the owner of the land or the owner of the improvements.

Section 2188.3. Condominium; Separate Assessment.

Whenever real property has been divided into condominiums, as defined in section 783 of the Civil Code, (a) each condominium owned in fee shall be separately assessed to the owner thereof, and the tax on each such condominium shall constitute a lien solely thereon; (b) each condominium not owned in fee shall be separately assessed, as if it were owned in fee, to the owner of the condominium or the owner of the fee or both (and the tax on each such

condominium shall be a lien solely on the interest of the owner of the fee in the real property included in such condominium and on such condominium), if so agreed by the assessor in a writing of record; such an agreement shall be binding upon such assessor and his successor in office with respect to such project so long as it continues to be divided into condominiums in the same manner as that in effect when the agreement was made.

Section 2188.4. Leased Land; Separate Assessment.

Whenever a portion of a parcel of land, other than that used for grazing or other agricultural purposes and property assessed by the State Board of Equalization, is subject to a lease which is recorded or for which a memorandum of lease is recorded and which provides for a term (including options to renew) of 15 years or more from the commencement date of the lease and which requires the lessee to pay, or to reimburse the lessor for, the property taxes (or any portion thereof) on the leased premises, the assessor shall separately assess the land and improvements subject to the lease and the land and improvements not subject to the lease upon application for such separate assessments by the lessor or lessee prior to the lien date; provided the boundaries of the leased area do not pass through any improvement except along a bearing partition; and provided that each parcel as described must have access frontage on a dedicated street. The assessor shall thereafter continue to make such separate assessments until the expiration date of the lease or at an earlier date should the lessor or lessee file a written request that the separate assessments be discontinued.

The assessor may, in his discretion, assess the leased premises to the lessor or the lessee; provided, that if the lessor is assessed, all notices of assessment and tax bills relating to the leased premises shall be mailed to the lessor in care of the lessee at the lessee's latest address known to the assessor, or a copy of such notices and bills shall be mailed to the lessee at such address.

Section 2188.5. Planned Developments; Separate Assessment.

- (a) Subject to the limitations set forth in subdivision (b), whenever real property has been divided into planned developments as defined in sections 11003 and 11003.1 of the Business and Professions Code, the interests therein shall be presumed to be the value of each separately owned lot, parcel or area, and the assessment shall reflect this value which includes all of the following:
 - (1) The assessment attributable to the value of the separately owned lot, parcel or area and the improvements thereon.
 - (2) The assessment attributable to the share in the common area reserved as an appurtenance of the separately owned lot, parcel or area.

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- (3) The new base year value of the common area resulting from any change in ownership pursuant to Chapter 2 (commencing with section 60) or new construction pursuant to Chapter 3 (commencing with section 70) attributable to the share in the common area reserved as an appurtenance of the separately owned lot, parcel, or area.

For the purposes of this section, “common area” shall mean the land and improvements within a lot, parcel or area, the beneficial use and enjoyment of which is reserved in whole or in part as an appurtenance to the separately owned lots, parcels or areas, whether this common area is held in common or through ownership of shares of stock or membership in an owners’ association as defined in section 11003.1 of the Business and Professions Code. The tax on each separately owned lot, parcel or area shall constitute a lien solely thereon and upon the proportionate interest in the common area appurtenant thereto.

- (b) Assessment in accordance with the provisions of subdivision (a) shall only be required with respect to those planned developments which satisfy both of the following conditions:
 - (1) The development is located entirely within a single tax code area.
 - (2) The entire beneficial ownership of the common area is reserved as an appurtenance to the separately owned lots, parcels or areas.
- (c) The amendment to subdivision (b) made by the act adding this subdivision shall apply to real property which has been divided into planned developments, as defined in sections 11003 and 11003.1 of the Business and Professions Code, on and after the effective date of the act adding this subdivision.

Section 2188.6. Separate Assessment of Condominium Units.

- (a) Whenever real property has been divided into condominiums, as defined in section 783 of the Civil Code, the initial seller or purchaser of an individual unit in a condominium project may request that the county assessor separately assess such unit for property tax purposes and that a separate tax bill be sent to such purchaser for the current fiscal year.
- (b) The tax due on the individual unit shall constitute a lien solely on that unit.
- (c) Property taxes due on other units within the condominium project shall not constitute a lien on any unit which has been separately assessed, and for which a separate tax bill has been sent to the seller or purchaser of the separate unit.

- (d) This section shall not be applicable where adequate security has been posted for the payment of property taxes pursuant to the provisions of section 66493 of the Government Code.

Section 2188.7. Separate Assessment of Community Apartment Project or Housing Cooperative.

- (a) Whenever the assessor receives a written request for separate assessment of a community apartment project, a stock cooperative, or a limited equity housing cooperative as defined in section 11003.2, 11003.4, or 11004 of the Business and Professions Code, or any other similarly organized housing cooperative, the assessor shall, on the first lien date which occurs more than 60 days following the request, and on each lien date thereafter, separately assess the individual interests described in subdivision (b) held by the owners of the project or shareholders of the corporation if the conditions specified in subdivision (c) have been met. Whenever a community apartment project or cooperative housing corporation is separately assessed, it shall continue to be separately assessed in subsequent fiscal years and once a request for separate assessment is made, it is binding on all future owners and occupants of the project or corporation.
- (b) For community apartment projects, and similarly organized projects, the interest that is to be separately assessed pursuant to subdivision (a) is the value of the right of exclusive occupancy in a portion of the real property coupled with an undivided interest in the land. For cooperative housing corporations, limited equity housing cooperatives and similarly organized cooperatives, the interest that is to be separately assessed is the value of the right of exclusive occupancy which is transferable only concurrently with the transfer of the share or shares of stock in the corporation held by the person having such right of occupancy, together with an interest in appurtenant common areas.
- (c) Except as provided in subdivision (a), a separate assessment of any interest described in subdivision (b) may not be made by the assessor unless:
 - (1) The person making the request certifies that the owners or shareholders have been notified and the request for separate assessment has been approved in the manner provided in the organizational documents of the organization involved for approval of matters affecting the affairs of the organization generally; and
 - (2) A diagrammatic floor plan of the improvements and a survey plot map of the land showing the location of the improvements on the land, prepared in the form required by Chapter 2 (commencing with section 66425) of Division 2 of Title 7 of the Government Code, has been recorded with the county recorder and filed with the assessor.

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- (d) Notwithstanding the provisions of subdivision (c), this section shall not be construed to require applicants for separate assessments to meet the requirements of the Subdivision Map Act, nor shall the approval of any governmental agency be required for separate assessment except for the assessor's approval prior to recordation of the plot map and diagrammatic plan required by subdivision (c).
- (e) Notwithstanding the provisions of section 2605 and regardless of whether the board of supervisors has adopted a resolution in accordance with section 2700, the tax on interests in a cooperative housing corporation or a limited-equity housing corporation separately assessed pursuant to subdivision (a) shall be entered on the secured roll and may be paid in two installments as provided in Chapter 2.1 (commencing with section 2700) of Part 5. However, if:
 - (1) The tax on such separately assessed interest is unpaid when any installment of taxes on the secured roll becomes delinquent, the tax collector may use the procedures applicable to the collection of delinquent taxes on the unsecured roll; and
 - (2) The tax on such separately assessed interest remains unpaid at the time set for sale to the state, the tax on such separately assessed interest, together with any penalties and costs which may have accrued thereon while on the secured roll, shall be transferred to the unsecured roll.
- (f) The tax on an individual interest in a community apartment project, separately assessed pursuant to subdivision (a), shall be a lien solely on such interest and shall be entered on and be subject to all provisions of law applicable to taxes on the secured roll.
- (g) The assessor shall provide to the principal office of each community apartment project and cooperative housing corporation within the taxing jurisdiction, at such time and in such manner as he deems appropriate, adequate notice of the provisions of this section and other pertinent information relative to the implementation thereof.
- (h) The assessor may charge a fee for the initial cost of separately assessing a project or corporation which may be collected on the tax bill.

Section 2188.8. Separate Assessment of Timeshare Estates in a Timeshare Project.

- (a) Whenever the assessor receives a written request for separate assessment of timeshare estates in a timeshare project, as defined in section 11003.5 of the Business and Professions Code and as specified in subdivision (h) of this section, the assessor shall, on the first lien date which occurs more than 60 days following the request, and on each lien date thereafter, separately assess

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- each timeshare estate in the project if the assessor determines that the conditions specified in subdivision (c) have been met. Whenever estates in a timeshare project are separately assessed, they shall continue to be separately assessed in subsequent fiscal years and once a request for separate assessment is made with respect to a project, it is binding on all future timeshare estate owners.
- (b) The interest that is to be separately assessed is the value of the right of recurrent, exclusive use or occupancy of real property, annually or on some other periodic basis, for a specified period of time that has been, or will be, allotted from the use or occupancy periods into which the project has been divided.
 - (c) The separate assessment of a timeshare estate may not be made by the assessor unless:
 - (1) The person making the request certifies that the request for separate assessment has been approved in the manner provided in the organizational documents of the organization involved for approval of matters affecting the affairs of the organization generally; and
 - (2) A diagrammatic floor plan of the improvements, a copy of the documents setting forth the procedures for scheduling time and units to each timeshare estate owner, and a list of every timeshare estate owner, with a date notation thereon showing when, according to the organization's records, each timeshare estate was acquired, have been filed with the assessor. A plot map of the land showing the location of the improvements on the land need not be filed unless requested by the assessor. The organization shall file an annual statement for each succeeding assessment year, on or before April 1, with the assessor setting forth any changes to such required information known to the organization. The list or other information provided pursuant to this section is not a public document and shall not be open to public inspection, except as provided in section 408.
 - (d) Notwithstanding the provisions of subdivision (c), this section shall not be construed to require any person making a request for separate assessment to meet the requirements of the Subdivision Map Act, nor shall the approval of any governmental agency be required for separate assessment.
 - (e) The tax on a timeshare estate that is separately assessed pursuant to this section shall be a lien solely on the timeshare estate and shall be entered on and be subject to all provisions of law applicable to taxes on the secured roll.
 - (f) The assessor shall provide to the principal office of each timeshare project within the taxing jurisdiction, at such time and in such manner as he deems

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appropriate, adequate notice of the provisions off this section and other pertinent information relative to the implementation thereof.

- (g) The county may charge a fee for the initial and the on-going costs, not to exceed the actual cost, of the separate assessment and billing with respect to a timeshare project. This fee shall be proportionately allocated to each of the timeshare estate owners, collected commencing with the initial separate tax bills, and deposited in the county's general fund.
- (h) For purposes of this section, "timeshare estate" applies to timeshare estates, as defined in section 11003.5 of the Business and Professions Code, which include a fee simple interest in the underlying property involved. However, "timeshare estate" does not include timeshare estates that are coupled with a leasehold interest or an estate for years.

Section 2188.9. Separate Assessment of a Timeshare Project.

- (a) Whenever the assessor receives a written request for separate assessment of a timeshare project, as defined in section 11003.5 of the Business and Professions Code, the assessor shall, on the first lien date which occurs more than 60 days following the request, and on each lien date thereafter, separately assess the individual interests in the project described in subdivision (b) if the conditions specified in subdivision (c) have been met. Whenever a timeshare project becomes subject to separate assessment, it shall continue to be so, subject in subsequent fiscal years, and once a request for separate assessment is made, it is binding on all future owners and occupants of the project.
- (b) The interest in a timeshare project that is to be separately assessed is the value of the right of recurrent, exclusive use or occupancy of real property, annually or on some other periodic basis, for a period of time that has been, or will be, allotted from the use or occupancy periods into which the project has been divided.
- (c) A separate assessment may not be made by the assessor under this section unless:
 - (1) The person making the request certifies that the request for separate assessment has been approved in the manner provided in the organizational documents of the organization involved for approval of matters affecting the affairs of the organization generally; and
 - (2) A diagrammatic floor plan of the improvements, a copy of the documents setting forth the procedures for scheduling time and units to each timeshare interest owner, and a list of every timeshare interest owner, with a date notation thereon showing when, according to the organization's records, each

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- interest was acquired, have been filed with the assessor. A plot map of the land showing the location of the improvements on the land need not be filed unless requested by the assessor. The organization shall file an annual statement for each succeeding assessment year, on or before April 1, with the assessor, setting forth any changes to the required information known to the organization. The list or other information provided pursuant to this section is not a public document and shall not be open to public inspection, except as provided in section 408 of the Revenue and Taxation Code.
- (d) Notwithstanding the provisions of subdivision (c), this section shall not be construed to require applicants for separate assessments to meet the requirements of the Subdivision Map Act, nor shall the approval of any governmental agency be required for separate assessment except for the assessor's approval.
 - (e) The assessor shall cumulate all the separate assessments in a timeshare project and enter the total assessment on the secured roll in the name of the organization or timeshare owners' association. The assessor shall notify each owner of a timeshare interest subject to separate assessment under this section of the amount of an increased assessment pursuant to section 619.
 - (f) The tax on the total assessment with respect to a timeshare project shall be a lien on the entire timeshare project and shall be subject to all provisions of law applicable to taxes on the secured roll.
 - (g) The tax collector shall send a single tax bill, with an itemized breakdown detailing the taxes applicable to each separate assessment, to the timeshare project organization or owners' association.
 - (h) The assessor shall provide to the principal office of each timeshare project within the taxing jurisdiction, at that time and in that manner as he or she deems appropriate, adequate notice of the provisions of this section and other pertinent information relative to the implementation thereof.
 - (i) The county may charge a fee for the initial cost of separately assessing and implementing subdivision (g), not to exceed the actual cost, which may be collected on the tax bill to the timeshare project, which fee shall be deposited in the county's general fund.
 - (j) This section shall not apply to timeshare estates or to timeshare projects that are subject to the provisions of section 2188.8.

Section 2189. Personalty.

A tax on personal property is a lien on any real property on the secured roll also belonging to the owner of the personal property, if the personal property is located

upon such real property on the lien date, and if the fact of the lien is shown on the secured roll opposite the description of the real property.

Any failure or omission to show the fact of such lien for personal property taxes on the secured roll opposite such description of real property shall not operate to invalidate any such personal property tax, but in such case the tax shall be collected in the same manner as taxes on the unsecured roll; provided, that if the fact of lien is erroneously entered on the secured roll opposite the description of real property belonging to someone other than the owner of the personal property on the lien date, then the delinquency penalty provided for in Chapter 4 of Part 5 shall not attach until December 10th at 5 p.m. or, if December 10th falls on Saturday, at 5 p.m. on the next business day.

Section 2189.3. Personalty; Certificate of Security.

A tax on personal property belonging to an owner of real property on the secured roll located in the same county as the personal property, where the personal property is not located upon the real property on the lien date, is, on and after the lien date, a lien on the real property, having the force, effect and priority of a judgment lien from and after the lien date, if, on or before the lien date:

- (a) The assessor, at the request of the taxpayer, determines and issues to the taxpayer a certificate that the real property is sufficient to secure the payment of the tax.
- (b) The taxpayer records the certificate with the county recorder. Any tax which becomes a lien on the real property in accordance with this section shall be subject to the provisions of this division relating to the rate and date of payment of taxes on the secured roll for the current year; and in the event of any delinquency in the payment of such tax, the personal property on which it has been levied shall be subject to seizure and sale in accordance with sections 2951 to 2963, inclusive, of this code.

This section does not apply to any tax which became a lien on the first Monday in March of 1958, and shall first be operative with respect to taxes levied for the fiscal year 1959-60.

Section 2189.5. Gas and Oil Leases.

Every tax on personal property and improvements, located upon or appurtenant to a leasehold estate for the production of gas, petroleum or other hydrocarbon substances from beneath the surface of the earth, and belonging to the owner of such leasehold estate, may be secured by such leasehold estate, when, in the opinion of the assessor, such leasehold estate is of sufficient value to constitute security for the payment of all taxes upon such personal property or improvements and upon such leasehold estate. In the event of delinquency in the payment of any

such tax, such personal property, improvements and leasehold estate shall be subject to seizure and sale in the same manner as provided for the seizure and sale of unsecured personal property, in sections 2951 to 2962, inclusive, at any time within three years after the delinquency. Suit may be brought against an assessee of such taxes in the event of delinquency in the payment thereof.

If the tax thereon remains unpaid at the time set for the sale to the state, such tax together with such penalty and costs as may have accrued thereon while on the secured roll shall be transferred to the current unsecured roll.

Those taxes that are delinquent at the time of the amendment to this section, enacted at the 1973-74 Regular Session, goes into effect may also be transferred to the current unsecured roll.

Section 2189.6. Water System Improvements.

Improvements which constitute component parts of a water distribution system located in whole or in part on property assessed to a person other than the assessee of the land on which they are located shall be assessed as improvements on the secured roll; provided, however, that such assessments shall not be a lien on the land on which such improvements are located and such fact shall be noted on the secured roll.

If the tax thereon is unpaid when any installment of secured taxes becomes delinquent, the tax collector may use the same collection procedure available for the collection of taxes on the unsecured roll.

If the tax thereon remains unpaid at the time set for the sale to the state, such tax together with such penalty and costs as may have accrued thereon while on the secured roll shall be transferred to the current unsecured roll.

Section 2190. Assessment of Possessory Interest in Tax Exempt Property.

Notwithstanding any provision of law to the contrary, the assessment of any possessory interest in tax-exempt real estate to which the exemption authorized by section 218 of this code has been applied shall be entered on the secured roll; provided, however, that such assessment shall not be a lien on such tax-exempt real estate and such fact shall be noted on the secured roll.

If the tax thereon is unpaid when any installment of taxes on the secured roll become delinquent, the tax collector may use the procedures which are applicable to the collection of taxes on the unsecured roll.

If the tax thereon remains unpaid at the time set for the sale to the state, the tax applicable to such possessory interest together with such penalties and costs as

may have accrued thereon while on the secured roll shall be transferred to the unsecured roll.

Section 2190.2. Possessory Interests.

Every tax on the assessment of a possessory interest or a tax on an assessment of improvements made pursuant to the provisions of section 2188.2 shall become a lien on such possessory interest or such improvements, provided that in those instances where the real property that is the subject of such possessory interest or upon which such improvements are located is not tax-exempt land, the fact of such lien shall be indicated on the secured roll where the real property that is the subject of such possessory interest or upon which such improvements are located is listed.

Section 2191.3. Recording Certificate of Delinquency on Certain Types of Property.

Where there is a tax on:

- (a) (1) A possessory interest secured only by a lien on such taxed possessory interest, or on
 - (2) Goods in transit, not secured by any lien on real property, or on
 - (3) Improvements that have been assessed pursuant to the provisions of section 2188.2, or on
 - (4) Unsecured property not secured by a lien on any real property, and such tax has become delinquent; or where a tax has been:
- (b) (1) Entered on the unsecured roll pursuant to section 482, 531.2 or 4836.5 of this code, or
 - (2) Transferred to the unsecured roll pursuant to any provision of law: The tax collector may file for record without fee in the office of the county recorder of any county a certificate specifying the amount due, the name, federal social security number, if known, and last known address of the assessee liable for the amount, and the fact, if such be the fact, that all provisions of this division in the computation and levy of the tax have been complied with. The procedure authorized by this section is cumulative to the procedure provided by sections 2951 and 3003.

Section 2821. Separate Valuation; Application.

Any person filing an affidavit of interest may apply to the tax collector to have any parcel separately valued on the current roll for the purpose of paying taxes. A county may, upon approval of the board of supervisors, require that the applicant notify the property owner.

The application shall be made during the current fiscal year, and shall set forth the fact that a duly executed and recorded deed, purchase contract, deed of trust, mortgage, or final decree of court describes the parcel sought to be separately valued. A county may, upon approval of the board of supervisors, prohibit such applications during the 10-day period preceding each tax installment delinquent date and during the 10-day period prior to June 30th of each year.

The application may request that the tax created by the assessment of personal property, or leasehold improvements, or possessory interests on the whole assessment be allowed to remain as a lien on the parcel sought to be separately valued.

If any lien not determined by the application of a tax rate on a valuation of property has been levied or placed on the whole assessment, the application may be accompanied by the certification of the taxing agency or revenue district authorized by law to levy or place the lien, setting forth the specific amount of that portion of the lien levied or placed on the whole assessment which is to continue to be levied or placed on the parcel sought to be separately valued.

The board of supervisors may provide that a parcel with a lien against it and other property, pursuant to the Improvement Act of 1911, Division 7 (commencing with section 5000) of the Streets and Highways Code, or the Improvement Bond Act of 1915, Division 10 (commencing with section 8500) of the Streets and Highways Code, will not be separately valued unless a request has been made to the agency levying the bond lien for a division of land and bond. A copy of the requested division of land and bond shall accompany the request for separate property tax valuation.

Any separations of property pursuant to this section are for valuing property for tax purposes only, and are not intended to create a legal building site or to supersede requirements pursuant to zoning, building, lot split or subdivision ordinances.

Section 2823. Separate Valuation of a Parcel.

The county assessor shall determine a separate valuation on the parcel, and shall determine the valuation of the remaining parcel. The sum of the valuations of the parcels shall equal their total valuation before separation.

A separate valuation shall not be made of any parcel covered by a subdivision map filed for record after the next preceding lien date. In connection with the recording of a final subdivision map a segregation may nevertheless be made so as to include all of the land within the subdivision in a single parcel.

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A separate valuation shall not be made dividing any piece of property separately assessed in the original assessment into more than four parcels.

If the application requested that the tax created by the assessment of personal property, or leasehold improvements, or possessory interests be allowed to remain as a lien on the parcel sought to be separately valued, and the assessor determines that the value of the parcel is sufficient to secure the payment of the tax, the assessor shall set forth the value of such personal property, or leasehold improvements, or possessory interests opposite his determination of the value of the parcel.

Section 2824. Entry on Roll

The assessor shall transmit the application to the auditor, who shall enter the descriptions and the valuations of the parcels on the roll, and shall compute the amount due thereon.

APPENDIX 3: CIVIL CODE PROVISIONS

Section 783. Condominium.

A condominium is an estate in real property consisting of an undivided interest-in-common in a portion of a parcel of real property together with a separate interest in space in a residential, industrial, or commercial building on such real property, such as an apartment, office, or store. A condominium may include in addition a separate interest in other portions of such real property.

Such estate may, with respect to the duration of its enjoyment, be either (1) an estate of inheritance or perpetual estate, (2) an estate for life, or (3) an estate for years, such as a leasehold or a subleasehold.

Section 840. Owner of Life Estate. Refer *Clayton v. Schultz*, 4 Cal 2d 425. (See Appendix 6)

The owner of a life estate must keep the buildings and fences in repair from ordinary waste, and must pay taxes and other annual charges, and a just proportion of extraordinary assessments benefiting the whole inheritance. (Enacted 1872)

Section 1353. Incidents of Grant-Condominium.

Unless otherwise expressly provided in the deeds, declaration of restrictions or plan, the incidents of a condominium grant are as follows:

- (a) The boundaries of the unit granted are the interior surfaces of the perimeter walls, floors, ceilings, windows, and doors thereof, and the unit includes both the portions of the building so described and the airspace so encompassed. The following are not part of the unit: bearing walls, columns, floors, roofs, foundations, elevator equipment and shafts, central heating, central refrigeration and central air conditioning equipment, reservoirs, tanks, pumps, and other central services, pipes, ducts, flues, chutes, conduits, wires, and other utility installations, wherever located, except the outlets thereof when located within the unit. In interpreting deeds and plans the existing physical boundaries of the unit or of a unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in the deed or plan, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown on the plan or in the deed and those of the building.
- (b) The common areas are owned by the owners of the units as tenants in common, in equal shares, one for each unit.

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- (c) A nonexclusive easement for ingress, egress, and support through the common areas is appurtenant to each unit and the common areas are subject to such easements.
- (d) Each condominium owner shall have the exclusive right to paint, repaint, tile, wax, paper, or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his own unit

APPENDIX 4: CIVIL PROCEDURE CODE PROVISIONS

Section 1013. Service by Mail; Procedure; Completion, Extension of Time for Exercising Right or Performing Act.

- (a) In case of service by mail, the notice or other paper must be deposited in a post office, mailbox, sub-post office, substation, or mail chute, or other like facility regularly maintained by the United States Postal Service, in a sealed envelope, with postage paid, addressed to the person on whom it is to be served, at his office address as last given by him on any document which he has filed in the cause and served on the party making service by mail; otherwise at his place of residence. The service is complete at the time of the deposit, but any prescribed period of notice and any right or duty to do any act or make any response within any prescribed period or on a date certain after the service of such document served by mail shall be extended five days if the place of address is within the State of California, 10 days if the place of address is outside the State of California but within the United States, and 20 days if the place of address is outside the United States, but such extension shall not apply to extend the time for filing notice of intention to move for new trial, notice of intention to move to vacate judgment pursuant to section 663a of this code or notice of appeal.
- (b) The copy of the notice or other paper served by mail pursuant to this chapter shall bear a notation of the date and place of mailing or be accompanied by an unsigned copy of the affidavit or certificate of mailing. The provisions of this subdivision are directory.

Section 1013a. Service by Mail; Proof.

Proof of service by mail may be made by one of the following methods:

- (1) An affidavit setting forth the exact title of the document served and filed in the cause, showing the name and residence or business address of the person making the service, showing that he or she is a resident of or employed in the county where the mailing occurs, that he or she is over the age of 18 years and not a party to the cause, and showing the date and place of deposit in the mail, the name and address of the person served as shown on the envelope, and also showing that the envelope was sealed and deposited in the mail with the postage thereon fully prepaid.
- (2) A certificate setting forth the exact title of the document served and filed in the cause, showing the name and residence or business address of the person making the service, showing that he or she is a resident of or employed in the county where the mailing occurs, that he or she is over the age of 18 years and

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- not a party to the cause, and showing the date and place of deposit in the mail, the name and address of the person served as shown on the envelope, and also showing that the envelope was sealed and deposited in the mail with the postage thereon fully prepaid.
- (3) In case of service by the clerk of a court of record, a certificate by that clerk setting forth the exact title of the document served and filed in the cause, showing the name of the clerk and the name of the court of which he or she is the clerk, and that he or she is not a party to the cause, and showing the date and place of deposit in the mail, the name and address of the person served as shown on the envelope, and also showing that the envelope was sealed and deposited in the mail with the postage thereon fully prepaid.

APPENDIX 5: ADMINISTRATIVE CODE PROVISIONS

PROPERTY TAX RULES

Rule 122.5. FIXTURES.

(a) DEFINITIONS.

- (1) A fixture is an item of tangible property, the nature of which was originally personalty, but which is classified as realty for property tax purposes because it is physically or constructively annexed to realty with the intent that it remain annexed indefinitely.
- (2) The manner of annexation, the adaptability of the item to the purpose for which the realty is used, and the intent with which the annexation is made are important elements in deciding whether an item has become a fixture or remains personal property. Proper classification, as a fixture or as personal property, results from a determination made by applying the criteria of this rule to the facts in each case.
- (3) The phrase “annexed indefinitely” means the item is intended to remain annexed until worn out, until superseded by a more suitable replacement, or until the purpose to which the realty is devoted has been accomplished or materially altered.

(b) PHYSICAL ANNEXATION.

- (1) Property is physically annexed if it is attached to, imbedded in, or permanently resting upon land or improvements in accordance with section 660 of the Civil Code, or by other means that are normally used for permanent installation. If the property being classified cannot be removed without substantially damaging it or the real property with which it is being used, it is to be considered physically annexed. If the property can be removed without material damage but is actually attached, it is to be classified as a fixture unless there is an intent, as manifested by outward appearance or historic usage, that the item is to be removed and used at other locations.
- (2) Property may be considered physically annexed if the weight, the size, or both are such that relocation or removal of the property would be so difficult that the item appears to be intended to remain in place indefinitely.

- (3) Property shall not be considered physically annexed to realty solely because of attachment to the realty by “quick disconnect” attachments, such as simple wiring and conduit connections.

(c) CONSTRUCTIVE ANNEXATION.

- (1) Property not physically annexed to realty (including fixtures) is constructively annexed if it is a necessary, integral, or working part of the realty. Factors to be considered in determining whether the property is a necessary, integral, or working part of the realty are whether the nonattached item is designed and/or committed for use with specific realty, and/or whether the realty can perform its desired function without the nonattached item.
- (2) Property connected to the realty by quick disconnect conduits which contain power or electronic cable, or allow for heating, cooling, or ventilation service to the connected property is constructively annexed only if it satisfies one of the factors in paragraph (c) (1).

(d) INTENT.

- (1) Intent is the primary test of classification. Intent is measured with--not separately from--method of attachment or annexation. If the appearance of the item indicates that it is intended to remain annexed indefinitely, the item is a fixture for property tax purposes. Intent must be inferred from what is reasonably manifested by outward appearance. An oral or written agreement between parties, such as a contract between lessor and lessee, is not binding for purposes of determining intent.
- (2) The phrase “reasonably manifested by outward appearance” means more than simple visual appearance. A reasonable knowledge of the relationship of the item being classified to the realty with which it is being used is required to determine whether physical or constructive annexation has occurred.
- (3) Historic usage of a property may be considered in determining whether or not a property is intended to remain annexed indefinitely. “Historic usage” means the normal and continuing use of the property as an item that is annexed either indefinitely or only temporarily.

(e) EXAMPLES.

The following examples are illustrative of the foregoing criteria. The classification in each example is based only on the limited description offered. Classification of an actual property must be based on all the relevant facts concerning that property.

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- (1) A stair and a walkway that are bolted to a large machine (the machine is a fixture) to facilitate operation and routine maintenance of the machine are fixtures because they are physically annexed by the bolts and they are necessary for the normal operation of the machine. A stair and a walkway that are bolted to a machine to facilitate a major overhaul of the machine and that will be removed and used elsewhere after the overhaul is completed are personal property because the physical attachments are clearly temporary.
- (2) A printing press that weighs several tons, is held in place by gravity, and which because of its size cannot be removed from the building without substantial damage to the building is regarded as physically annexed and is a fixture. A free-standing safe, although of considerable weight, is personal property if it is movable without damage to itself or to the real property wherein it is located and the real property was not designed or constructed specifically to accommodate the safe.
- (3) Headsets and special stools designed to be used with a telephone switchboard (the switchboard is a fixture) are not physically annexed, but they are constructively annexed because they are designed specifically for use with the switchboard, the switchboard cannot be used properly without them, and they are not usable or only marginally usable independently of the switchboard. Ordinary office chairs used with a switchboard remain personal property because their design makes them fully usable for other purposes.
- (4) A special tool, die, mold, or test device is constructively annexed to a fixture if it is specifically designed for and is in use or has been used on or in conjunction with the particular fixture and the intended use of the fixture would be impaired without the item. A common hand tool or general-purpose test device is personal property even if in practice the item is used only on the fixture.
- (5) A crane that operates on rails but is too large or too heavy for ordinary railroad tracks or cannot be operated off the property because the rails are not connected to railroad tracks is constructively annexed to the rails.
- (6) A floating dry dock that is designed for the use with adjacent shore facilities at a single location is a fixture even though the dry dock is occasionally moved to facilitate dredging under the dry dock. A floating dry dock that is used at several locations is personal property even though it is used primarily at one location in conjunction with special shore facilities.

- (7) Computer hardware components are fixtures if extensive improvements, such as a building (or portion of a building), air conditioning, emergency power supply, and a fire suppression system are constructed specifically to accommodate the components, and the improvements are not useful or are only marginally useful other than as housing and support of the components. A computer is personal property if it can be moved without material damage or expense and it is not essential to the intended use of the real estate. A computer is constructively annexed to a fixture if it is dedicated to controlling or monitoring the fixture and is otherwise necessary for the intended use of the fixture.
- (8) Machines that are not physically annexed to the realty and that do not operate interdependently with the realty are personal property even though special flooring, conduits, and/or overhead racks are installed to accommodate wiring from a power source to the machines, because special accommodations for wiring are normal features of an industrial building and the building is fully usable for its intended purpose (as an industrial building) without the particular machines.

Rule 171. BOARD-PRESCRIBED FORMS FOR PROPERTY STATEMENTS.

- (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 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. Annually, on or before October 15, the assessor shall notify the board, on a check list provided by the board, of those board-prescribed property statement and report forms, including instructions, which he will reproduce from the current prototype forms and instructions distributed by the board for use for the succeeding assessment year, those forms and instructions which he will produce by other means for use for that year, and for those for which he will have no need. When filing the check list, he shall submit to the board in duplicate for approval a draft copy of each form, including instructions, which he will produce by means other than reproduction of the prototypes. If a draft copy does not conform with the specifications prescribed by the board, as required by section 452 of the Revenue and Taxation Code, section 15606 of the Government Code, and this rule, the assessor shall be notified in writing of the variances. He shall submit a revised draft 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) **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) **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) **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 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 a 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.

Rule 252. CONTENT OF ASSESSMENT ROLL.

- (a) **MINIMUM CONTENTS OF "MACHINE-PREPARED" LOCAL ROLL.**
If "machine-prepared" within the meaning of Revenue and Taxation Code

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section 109.5, the local roll prepared by the assessor of each county shall contain at least the following:

- (1) The name of the county.
- (2) Either the calendar year (e.g., 1971) in which the roll is prepared or the fiscal year (e.g., 1971-72) for which the taxes are levied.
- (3) An explanation of abbreviations and legends appearing on the roll.
- (4) At the beginning of the roll or on each page, the ratio of assessed to full value applicable to the roll unless both assessed and full values appear on the roll.
- (5) The parcel number or other legal description of each parcel of taxable land and each parcel for which an exemption is enrolled.
- (6) On the unsecured portion of the roll, a description or designation of the location of each taxable possessory interest, improvement, or personal property sufficient to identify the property, such as the number of the parcel on which located.
- (7) The name of the assessee, if known.
- (8) The latest mailing address of the assessee contained in the assessor's records. If the county auditor prepares a separate roll on which to extend taxes, however, the address need not be shown on the roll prepared by the assessor.
- (9) The separately stated assessed values of all land, improvements, and personal property subject to taxation at general property tax rates (or payments in lieu of property tax computed by applying general property tax rates to fixed or variable "assessed values"), and of any privately owned land, improvements, and personal property of a type that is exempt from taxation, but is subject to ad valorem special assessments when within a district levying such assessments. If real property is situated within a resource conservation district that is levying a special assessment, the assessed value of standing trees, timber, and mineral rights must be separated from the land value.
- (10) The penalties imposed upon such assessments, in the form required by section 261, Title 18 (Rule 261) of this code.
- (11) The assessed value of any property that escaped assessment in a prior year, together with the notation required by section 533 of the Revenue and Taxation Code.
- (12) The exempt amount of any assessed values required by paragraph (a)(9) to be enrolled, with identifying legends or distinctive positions for amounts allowed

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pursuant to the inventory exemption, the homeowner's exemption, and any other reimbursable exemptions.

- (13) The total net taxable value.
- (14) In a separate section of the unsecured roll, the assessed value of any personal property subject to taxation at a rate which is uniform throughout the state (e.g., general aircraft).
- (15) On the secured roll, a cross-reference notation adjacent to the assessment of any taxable land when a possessory interest in such land or an improvement thereon is separately assessed to another owner pursuant to section 2188.2 of the Revenue and Taxation Code.

(b) EXEMPT VALUES NOT REQUIRED TO BE ENROLLED. Parcel numbers or other legal descriptions of other exempt real property may be entered on the roll without values. Alternatively, such exempt real property may be listed with values shown in a separate column (e.g., the remarks column) or in the exemption column on lines that are coded in such manner as to preclude the addition of the values when the exemption column is totaled; the exempt values shall not be shown in land or improvement columns.

(c) MARKET VALUES OF PROPERTY TAXABLE ON OTHER THAN MARKET VALUE BASIS. Neither the market value of property taxable on a basis other than market value (e.g., open-space lands and nonprofit golf courses) nor 25 percent of market values and the assessed values may be shown in a separate column (e.g., the remarks column) or in the exemption column on lines that are coded in such manner as to preclude the addition of the values when the exemption column is totaled; the differences shall not be shown in land or improvement columns.

(d) CONTENT OF EXTENDED ROLL. The extended assessment roll prepared by the county auditor shall contain, in addition to all of the contents required by paragraph (a) preceding, at least the following:

- (1) The address, if known, of the assessee.
- (2) The tax-rate area number for each group if assessments are grouped by tax-rate area, and for each assessment if assessments are not so grouped.
- (3) All tax and ad valorem special assessment extensions required by law.
- (4) At the beginning of the roll, or at the beginning of each tax-rate area grouping on the roll, a list of all revenue districts levying taxes within each tax-rate area in the county.

- (5) An identification of each tax-sold property as such, with the date of sale.
- (e) MINIMUM CONTENTS OF LOCAL ROLLS NOT “MACHINE-PREPARED”.**
 - (1) The local roll of each county utilizing a roll that is not “machine-prepared” within the meaning of Revenue and Taxation Code section 109.5 shall have the contents specified in subdivisions (a) and (d) of this section.
 - (2) The secured assessments shall be arranged in ascending parcel number order within tax-rate area groupings, with unparceled properties at the end of each tax-rate area group if there are both parceled and unparceled properties in the tax-rate area.
- (f) APPROVAL OF ROLL FORMS.**
 - (1) Whenever the local assessment roll is to be prepared in a form other than that previously approved by the board, the assessor, and in the case of a machine prepared extended roll, the auditor, shall submit to the board for approval in duplicate by March 1 the forms to be used for the succeeding fiscal year.
 - (2) Forms to be submitted include, but are not necessarily limited to, the following:
 - a. Secured roll prepared by the assessor.
 - b. Secured roll alphabetical index.
 - c. Unsecured roll prepared by the assessor.
 - d. Unsecured roll alphabetical index.
 - (3) When submitted for approval, each roll form listed in (2) shall be filled out with examples sufficient to illustrate its completed appearance, except that totals and summaries need not be shown.

Rule 253. MACHINE-PREPARED ROLL; CONTROLS.

In any county utilizing a machine-prepared roll whose county auditor prepares a new local assessment roll on which to extend taxes, the following controls shall be maintained:

- (a) Columnar totals for land, improvements and personal property, the columnar total of allowable exemptions, with separate subtotals for the homeowner’s exemption, and the columnar total of the net assessed value shall be computed and made a part of both the unextended roll and the extended roll.

- (b) A tabulation showing the totals of the net assessed values and the tax extensions for each tax area shall be prepared and made a separate portion of the extended roll.
- (c) A tabulation of any changes made by the county board of equalization, together with a reconciliation of the totals to the totals of the original assessment roll, shall be added to and made a part of the extended assessment roll each month. The tabulation shall show the roll column totals as of the beginning of the month, each change during the month, including penalties, and the roll column totals as of the end of the month.
- (d) The extended assessment roll shall incorporate all changes and orders made by the county board and all changes, cancellations, or corrections made pursuant to law. The nature and amount of the changes, cancellations, or corrections shall be kept as a separate part of the roll.

Rule 254. USE OF BOARD-PREPARED ROLL AS UNEXTENDED ROLL.

Any county utilizing a machine-prepared roll whose county auditor prepares a new assessment roll on which to extend taxes may use the roll prepared by the state board for state-assessed properties as the unextended assessment roll. In such case, the assessments of state-assessed properties shall be kept in a separate volume or volumes of the extended roll, and the values shall be separately totaled.

Prior to delivery of the extended roll to the tax collector, the auditor shall affix to the volume or volumes of the extended roll containing state-assessed property an affidavit subscribed by him as follows:

I, _____, Auditor of _____ County, swear that the attached roll is a reproduction of the assessments of state-assessed properties in this county as prepared and corrected by the State Board of Equalization, together with the extensions required by law.

Rule 256. TAPE STORAGE OF ROLL DATA.

Nothing in sections 252 to 255, inclusive, is meant to alter the intent of section 109.6 of the Revenue and Taxation Code.

APPENDIX 6: COURT DECISIONS

(These are synopses. The legal reference provided should assist you if you wish to read an entire case.)

Abrams v. San Francisco, 48 Cal. App. 2d 1 (11/41) article XIII, section 12 of the Constitution. TAX RATE ON UNSECURED PROPERTY. CONSTRUCTION. CONSTITUTIONALITY. The last sentence of section 12 means that the assessed value of the property referred to shall be equalized in the same manner as other property, in accordance with the present value of the property. It does not mean that the rate shall be adjusted to the rate for the current year on other property. As so construed the section is valid.

Anaheim Sugar Co. v. Orange Co., 18 Cal. 212 (9/19) article XIII, section 1 of the Constitution. PROPERTY SUBJECT TO TAXATION. General taxes are levies imposed on all the property within the jurisdiction of the taxing agency for ordinary governmental purposes.. No special benefit to the taxpayer need be shown, nor need the revenue be spent only for particular governmental functions.

Special taxes are like general taxes except that they are levied for a designated purpose upon all property within a certain district. The fact that some property benefits more than other property does not prevent the levy from being a tax.

Beery v. Los Angeles Co., 116 Cal. App. 2d 290 (2/53) section 212, Revenue and Taxation Code. INTANGIBLES. FEDERAL RESERVE AND NATIONAL BANK NOTES. Federal reserve notes and national bank notes are not exempted by this section.

California Domestic Water Co. v. Los Angeles Co., 10 Cal. App. 185 (3/09) section 602, Revenue and Taxation Code. The erroneous listing of improvements as personal property is cured by section 24.

Cedars of Lebanon Hospital v. Los Angeles Co., 35 Cal. 2d 729 (8/50). The real property of institutions qualifying for the welfare exemption from taxation, under article XIII, section 1 3/4 is not exempt from special assessments, such as for flood control, etc.

City of Los Angeles v. County of Inyo, 167 Cal. App. 2d 736 (2/59) section 533, Revenue and Taxation Code. FAILURE TO MAKE ENTRY ON ROLL. Where the assessor treated city owned water rights as having escaped assessment but did not make the entry on the roll as required by this section, assessment of these water rights was not permitted.

City of San Diego v. Linda Vista Irrigation District, 108 Cal. 189 (7/95). Special assessments are not taxes in the constitutional sense at all, although sometimes spoken of as taxes.

Clayton v. Schultz, 4 Cal. 2d 425 (9/35) section 613, Revenue and Taxation Code. An assessment is not invalid or irregular because it was not made in the name of the remainderman as well as in the name of the holder of the life estate.

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Clunie v. Siebe, 112 Cal. 593 (5/96) section 441, Revenue and Taxation Code. VALUATION NOT REQUIRED. The taxpayer is not required to affix a valuation to any part of his property.

County of Los Angeles v. Hartford Accident and Indemnity Company, 3 Cal. App. 3d 809. Unlike a normal subdivision where separate assessments of individual units is automatic in years after the year in which the tract map is filed, condominiums, owned in fee, are separately assessed only after the sale of at least one unit.

Davis v. Day, 98 Cal. App. 557 (4/29) section 602, Revenue and Taxation Code. IDENTICAL OWNERSHIP OF SEVERAL PARCELS. When a person owns several parcels, it is sufficient if his name appears but once, followed by the description and valuation of each parcel.

Davis v. Pacific Improvement Co., 137 Cal. 245 (9/62) section 1823, Revenue and Taxation Code. CHARACTER OF EQUALIZATION. The action of the State Board in transmitting the changes cannot be regarded as an "assessment." It is merely a direction to the county auditor to add to the various assessments such an amount as will have the effect in the aggregate of making the entire assessment roll of the county correspond in value with the assessment rolls in other counties.

Delaney v. Lowery, 25 Cal. 2d 561 (12/44) article XIII, section 12 of the Constitution. Under this section, the Legislature may determine what interests constitute sufficient security, as long as they are such that they can reasonably fall within the term "land." The 1943 amendment to section 107 of the Revenue and Taxation Code, providing that leasehold estates for the production of oil and gas shall be placed on the secured roll, does not violate this section.

De Luz Homes, Inc. v. San Diego Co., 45 Cal. 2d 546 (11/55) section 531 Revenue and Taxation Code. DELAYED ASSESSMENT. An assessment entered by the assessor on July 31, after the regular assessment period for the tax year was proper as an "escaped assessment" under this section where there was no indication either that the delayed assessment was caused by the assessor's negligence or that the taxpayer acted to its detriment in reliance on the fact that it was not assessed during the regular assessment period. Also, *Western Title Guaranty Company v. Stanislaus Co.*, 41 Cal. App. 3d 733.

Forster Shipbuilding Co. v. Los Angeles Co., 54 Cal. 2d 450 (7/60) article XIII, section 2, Constitution. A leasehold interest in tax-exempt land is not personal property within the meaning of this section.

Fresno Co. v. Commodity Credit Corp., 112 Fed. 2d 639 (6/40) section 2189, Revenue and Taxation Code. NO LIEN ON PERSONALTY. Failure of the assessor to notify the assessee of an increase in assessed value as required by this section voided that portion of the tax based on the increased assessment in absence of the taxpayer's participation in an equalization proceeding. (See *Attorney General Opinion No. 68/272*, 4/4/69.)

Gottstein v. Kelly, 206 Cal. 742 (3/69) section 602, Revenue and Taxation Code. See *Davis v. Day*.

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R.E. Hanson, Jr. Mfg. v. Los Angeles County, 27 Cal. 3d 870 (8/80), article XIII, section 12(b), Constitution. The purpose of subdivision (b) is to assure that in any year in which the assessment ratio is changed, taxes on the unsecured roll are fairly assessed by adjusting the current rate for the unsecured roll to accurately reflect the rate for the prior year's secured roll. The subdivision is in furtherance of the principle of successive year equality between the rolls, but it may not be used to compel roll uniformity in the same year.

Houser etc. Mfg. Co. v. Hargrove, 129 Cal. 90 (6/00) section 405, Revenue and Taxation Code. An assessment of personal property to a conditional vendee is valid.

Hoyt v. Woody, 25 Cal. 2d 947 (12/44) article XIII, section 12, Constitution. See *Delaney v. Lowery*.

Jensen v. Byram, 229 Cal. App. 2d 651 (9/64) section 531, Revenue and Taxation Code. Assessment on land only does not prevent escape assessment on improvements subsequently discovered.

Lahman v. Hatch, 124 Cal. 1 (3/99) section 602, Revenue and Taxation Code. IMPROVEMENTS. No description of improvements is necessary; a description of the land sufficiently identifies the improvements.

Lawrence v. F. W. Woolworth Co., 63 Cal. 2d 119 (8/65), section 607, Revenue and Taxation Code. A tenant, under a lease which does not provide for tax payment and which authorizes the tenant to construct improvements upon the property which the tenant may remove during the term of the lease, is liable for the increased taxes caused by the improvements.

Mattson v. Contra Costa Co., 258 Cal. App. 2d 205 (1/68) section 107, Revenue and Taxation Code. An operator of a restaurant at a municipal golf course was held to have a taxable interest where his possession was marked by independence, durability and exclusiveness even though the basis of his rights was a contract rather than a lease.

McCaslin v. DeCamp, 248 Cal. App. 2d 13 (1/67) section 107, Revenue and Taxation Code. The exclusive right to the use of a house furnished by a tax-exempt irrigation district to its employee on a month-to-month basis was a taxable possessory interest even though the right was terminable with the termination of employment.

Orena v. Sherman, 61 Cal. 101 (7/82) section 501, Revenue and Taxation Code. CONSTITUTIONALITY. Under prior law, an arbitrary assessment after refusal of the taxpayer to file the property statement does not violate article XIII, section 16 of the Constitution.

RCA Photophone Inc. v. Huffman, 5 Cal. App. 2d 401 (3/35) section 405, Revenue and Taxation Code. An assessment of personal property to a lessee in possession thereof is valid.

Red Bluff Developers v. Tehama County, 258 Cal. App. 2d 668. An assessment based on a value that results in a tax equal to the costs of assessment and collection rather than based on recognized appraisal methods is not made "in proportion to its value."

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Roehm v. Orange Co., 32 Cal. 2d 280 (7/48) article XIII, section 2, Constitution. INTANGIBLE PERSONAL PROPERTY. Excludes items not listed in article XIII, section 2, and Revenue and Taxation Code, section 111. Liquor licenses not included in the list of taxable intangibles. (See also section 212.)

Sacramento Co. v. Hickman, 66 Cal. 2d 841 (1967), section 401, Revenue and Taxation Code. CONSTITUTIONALITY. Fractional assessments as required by the 1966 amendment to this section are not violative of California Constitution, article XIII, section 1, which requires property to be assessed “at its full cash value.” This phrase is a term of art and authorizes assessments at a uniform fraction of full cash value.

S & G Gump Co. v. San Francisco, 18 Cal. 2d 129 (6/41) section 405, Revenue and Taxation Code. An assessment of personal property to a consignee for sale is valid.

San Gabriel etc. Co. v. Witmer etc. Co., 96 Cal. 623 (12/92) section 2634, Revenue and Taxation Code. In the absence of evidence to the contrary, the roll constitutes sufficient evidence of the validity of the tax.

San Mateo County v. Maloney, 71 Cal. 205. Discretion of the assessor cannot be reviewed when, in his judgment, a lien against real property is insufficient to secure payment of taxes.

Savings & Loan Society v. San Francisco, 146 Cal. 673, 676 (5/05) section 617, Revenue and Taxation Code. DELIVERY OF ROLL TERMINATES ASSESSOR’S POWER TO MAKE CHANGES. After delivery of the roll to the Board of Equalization, the assessor has no power to change any assessment unless authorized by the board of supervisors or the district attorney under sections 1613 and 4834.

Simms v. Los Angeles Co., 35 Cal. 2d 303 (5/50) section 105, Revenue and Taxation Code. FIXTURES. In determining whether articles constitute fixtures, and therefore improvements, within the meaning of this section, the determining factor is whether there was an intention to make a permanent accession to the real property as reasonably manifested by outward appearances. Neither the status of the party by whom the articles have been installed, nor the length of the lease under which the party is in possession of the real property, is controlling. The fact that the fixtures are removable pursuant to express or implied contract between the landlord and tenant does not necessarily negate the element of permanence, nor is the contract binding upon the taxing authorities.

Smith v. Anderson, 67 Cal. 2d 635. Overrules *Attorney General Opinion 61/37*. Allows redemption of part of an assessment.

Statewide Homeowners, Inc. v. Williams, 30 Cal. App. 3d 567 (2/15/73) section 408, Revenue and Taxation Code. ASSESSOR’S RECORDS. The court ruled that documents such as photocopies of deeds with notations and other working papers making possible identification of sales transactions were not open to public inspection. (See section 408.1, Revenue and Taxation Code.)

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Tamco Development Co. v. Del Norte Co., 260 Cal. App. 2d 929 (4/68) section 619, Revenue and Taxation Code. Failure of the assessor to notify the assessee of an increase in assessed value as required by this section voided that portion of the tax based on the increased assessment in absence of the taxpayer's participation in an equalization proceeding. (See *Attorney General Opinion No. 68/272*, 4/4/69.)

Thompson v. Board of Supervisors, 13 Cal. App. 2d 134 (4/36) section 2189, Revenue and Taxation Code. The surviving partner is the "owner" of the partnership personal property, so that the tax thereon constitutes a valid lien on his real property.

Title Guaranty, etc., Co., v. Los Angeles County, 3 Cal. App. 619 (1906) section 405, Revenue and Taxation Code. An assessment of personal property to an escrow holder is valid.

Trabue Pittman Corp. v. Los Angeles Co., 29 Cal. 2d 385 (12/46) section 105, Revenue and Taxation Code. See *Simms v. Los Angeles County*, 35 Cal. 2d 303 (7/50).

Tuolumne Co. v. State Board of Equalization, 206 Cal. App. 2d 352 (8/62). Water rights outside boundaries of municipal corporation, acquired from private individuals, are taxable to the city.

Wells v. Union Oil Co., 25 Cal. App. 2d 165, 166 (2/38) article XIII, section 1, Constitution. Special taxes are levied on all the property, both real and personal, within the district subject to the tax; assessments are levied only on real property. The rate of a tax levy must be uniform on all of the taxable property of the district, while the rate of a special assessment may be uniform but generally varies, as it is supposed to be proportionate to benefits received.

YMCA v. Los Angeles County 35 Cal. 2d 760. YMCA PROPERTY. (See *Cedars of Lebanon Hospital v. Los Angeles County*.)

APPENDIX 7: ATTORNEY GENERAL'S OPINIONS

Attorney General Opinion No. 47/110 - 11/18/47

(10 Ops. Atty. Gen. 196)

Where a municipal corporation has not been assessed due to a court ruling that was later found erroneous, the assessor is under a duty to assess the property for the assessment years the property had escaped assessment.

Attorney General Opinion No. 57/205 - 1/14/58

(31 Ops. Atty. Gen. 17)

Defines possessory interests as (a) possession of, claim to, or right to the possession of land or improvements, except when coupled with ownership of the land or improvements in the same person, (b) taxable improvements on tax exempt land. (Revenue and Taxation Code, section 107.)

Attorney General Opinion No. 59/70 - 5/29/59

(33 Ops. Atty. Gen. 118)

If a person desiring to be assessed for a parcel of land has claimed the parcel of land in the property statement filed pursuant to section 441 of the Revenue and Taxation Code, he has an absolute right to have the parcel assessed to him. If claiming an exemption, he must show that his interest in the property is of record on the lien date.

Attorney General Opinion No. 68/64 - 8/5/69

(52 Ops. Atty. Gen. 150)

An assessor cannot impose a 25-percent penalty for failure to file the property statement unless the failure to file results in an escaped assessment and the assessor can establish that the assessee acted with fraudulent intent.