



STATE BOARD OF EQUALIZATION
PROPERTY AND SPECIAL TAXES DEPARTMENT
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October 13, 2004

TO INTERESTED PARTIES:

RESCHEDULED MEETING –
PROPERTY TAX RULE 461, REAL PROPERTY VALUE CHANGES

The Board's Property Tax Committee (PTC) was scheduled on October 19, 2004 to review a petition submitted by the California Assessors' Association (CAA) to amend Property Tax Rule 461, *Real Property Value Changes*. The CAA has recently revised its proposed amendment language. Therefore, Rule 461 has been removed from the October 19 meeting to allow interested parties to discuss the CAA's revised language. Rule 461 will be rescheduled for a later PTC date.

Enclosed is the revised language submitted by the CAA. If you have comments about the proposed amendments, please submit them by November 2, 2004 to Mr. David Yeung in the Property and Special Taxes Department. You may email your submission to david.yeung@boe.ca.gov.

An interested parties meeting has been scheduled for Wednesday, November 10, 2004, to discuss the CAA revised language. The meeting will be held at the Board's headquarters in Sacramento, 450 N Street, Room 122. It will begin at 9:30 a.m. and end by 12:00 noon.

All documents regarding this project will be posted to the Board's Web site at www.boe.ca.gov/proptaxes/ptcwplan05.htm. If you have questions regarding this project, you may contact Mr. Yeung at (916) 324-2812.

Sincerely,

/s/ Dean R. Kinnee

Dean R. Kinnee, Chief
Assessment Policy and Standards Division

DRK:sk
Enclosures

**CALIFORNIA ASSESSORS' ASSOCIATION
ALTERNATIVE LANGUAGE
PROPERTY TAX RULE 461**

(e) Declines in value will be determined by comparing the current lien date full value of the appraisal unit to the indexed base year full value of the same unit for the current lien date. Land and improvements constitute an appraisal unit except when measuring declines in value caused by disaster, in which case land shall constitute a separate unit. For purposes of this subsection fixtures and other machinery and equipment classified as improvements **are rebuttably presumed to** constitute a separate appraisal unit. **In overcoming this presumption, consideration must be given, but is not limited to, the following factors:**

(1) When the land and improvements including fixtures and other machinery and equipment classified as improvements are under common ownership or control and typically transfer in the marketplace as one economic unit.

(2) When the fixtures and other machinery and equipment classified as improvements are functionally and physically integrated with the realty and operate together as one economic unit.

(3) When it is recognized in the marketplace that the income approach is the primary method for valuation of the subject property, and the income approach is utilized on a total property basis.

(4) When fixtures and other machinery and equipment classified as improvements cannot be accurately valued independently using any of the approved valuation methods.

(f) For purposes of overcoming the presumption of subsection (e) of this rule, the marketplace recognizes certain examples of economic units that are valued as a single appraisal unit, including but not limited to, the type of properties set forth below:

(1) oil producing property

(2) gas producing property

(3) mining property (See Rule 469 (e)(2)(C))

(4) petroleum refineries

(5) electrical generation

(6) geothermal properties (See Rule 473 (e)(4)(C))

~~(f)~~**(g)** When the current full value of property is less than its base year full value indexed to the current lien date, the full value shall be enrolled as the current taxable value.