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# *Instructions For Reporting State-Assessed Property*

## *Railcar Maintenance Facilities*

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## ***Foreword***

The State Board of Equalization (BOE) is required, under the provisions of section 19 of Article XIII of the California Constitution, to annually assess all property, other than franchises, owned or used by car companies.

This publication provides the instructions necessary to complete the Board-required annual property statement.

If you have any questions regarding the property statement forms or reporting instructions, contact the State-Assessed Properties Division, Railcar Maintenance Facility industry team lead person at 916-322-2323.

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## ***I. Property Statement***

### **A. General**

A sworn property statement shall be filed annually with the State-Assessed Properties Division, of the BOE by each person, corporation, or other entity owning, claiming, possessing, using, controlling, or managing any state-assessed property.

This statement shall consist of:

1. Declaration of Costs and Other Related Property Information
2. Statement of Land Changes and Land Identification Maps
3. Schedules of Leased Equipment
4. Such other information as is hereinafter directed or as may be from time to time requested by the Board.

Except as noted below, all parts of the property statement shall be filed not later than *March 1st* of each year. When there is nothing to report on a portion of the property statement, the state assessee must submit the appropriate form marked "None." Failure to respond to all parts of the Property Statement may subject the assessee to the penalties of section 830 of the Revenue and Taxation Code.

To meet unusual situations, exceptions to the requirements of these instructions may be granted in writing by the Chief of the State-Assessed Properties Division.

The Board, for good cause, may grant extensions as follows:

1. Up to 30 days for parts of the property statement describing specific operating or nonunitary property. This includes Declaration of Costs and Other Related Property Information, Statements of Land Change and Land Identification Maps, and Schedules of Leased Equipment. It also includes studies and other voluntary information that the assessee believes affects the value of their property.
2. An additional 15-day extension may be granted upon the showing of extraordinary circumstances which prevent filing the statement within the first extension.

Supplemental reporting instructions may be issued to individual companies when additional data is needed or to clarify these instructions concerning specific issues. These supplemental instructions will be mailed at least 20 days prior to the extended reporting deadline.

Portions of the State Constitution, Revenue and Taxation Code, and other codes have pertinent information relating to the instructions contained in this publication. All of the codes and portions of the State Constitution pertaining to property tax laws are contained in a publication of the BOE titled "Property Taxes Law Guide." To find out more about purchasing the "Property Taxes Law Guide" visit the internet site of the BOE at [www.boe.ca.gov](http://www.boe.ca.gov).

This publication and all property statement forms and publications may be obtained from the Internet site of the BOE at [www.boe.ca.gov](http://www.boe.ca.gov). For publication information, please telephone 916-445-2003.

*All information provided in the Property Statement declaration is subject to audit.*

## **B. Declaration of Costs and Other Related Property Information (BOE-517)**

### **1. General.**

This property statement must be signed by the owner or partner of the business, a duly appointed fiduciary, or an agent. When signed by an agent or employee other than a member of the bar, a certified public accountant, a public accountant, or a duly appointed fiduciary, the assessee's written authorization of the agent or employee to sign the statement on behalf of the assessee should be on file with the State-Assessed Properties Division. The entry on the line "title" should clearly indicate whether or not written authorization is required to be filed with the Board.

In the case of a corporation the property statement must be signed by an employee or agent whom the board of directors has designated in writing (other than those excepted above), by name or by title, to sign such statements on behalf of the corporation, or by an officer of the corporation. The board of directors may appoint a person or persons to designate such employee or agent. The name of the corporation should be entered on the line provided.

You must sign the property statement in accordance with the requirements listed above. Title 18, section 172 of the California Code of Regulations provides that statements not properly signed have not been properly submitted.

It should be noted that state-ASSESSEES will receive a BOE-517 that is designed for the specific type of industry being reported. These forms have alphabetic suffixes designating the industry type.

### **2. Instructions for Schedule B — Plant & Equipment with Fixed Situs in California**

All state-assessed property in California shall be listed in Schedule B — Plant & Equipment with Fixed Situs in California. Schedule B shall accurately describe the property as it exists at 12:01 a.m. on the first day of January.

Undepreciated original cost (100 percent of actual cost) shall be associated with each item listed. These costs should be grouped by location and subtotaled, with a grand total for all items in the county. Include excise, sales and use taxes, freight-in, installation charges, and all other relevant costs. Include finance charges during the period of construction, where applicable, for self-constructed equipment, and construction financing for buildings. Do not include finance charges for purchased equipment or buildings. *Do not include land or motor vehicle costs.*

Improvements and personal property shall be listed on Schedule B as separate items, which shall be grouped by location within each county.

#### **a) Column A — Location.**

(1) Enter the city in which the physical property is located.

#### **b) Column B — County.**

(1) Enter the County Number in which the property is located, i.e., if located in Riverside County enter 33.

(2) See Appendix B of instructions for California County Numbers.

#### **c) Column C — Tax Rate Area Code**

(1) Enter the Tax Rate Area Code in which the property is located. (See Appendix A of instructions for details on Tax Rate Areas.)

(2) *Do not use the county-wide Tax Rate Area Code.*

- d) Column D — Description.
  - (1) Enter description of item.
- e) Column E — Year.
  - (1) Enter the Year the property was first placed in service.
- f) Column F — Original Cost.
  - (1) Enter the original cost of the property.
  - (2) Report book cost (100 percent of actual cost). Include excise, sales and use taxes, freight-in, installation charges, finance charges during construction, and all other relevant costs required to place the property in service. Do not reduce costs for depreciation (which must be reported separately). Report separately the details of any write-downs of cost, extraordinary damage or obsolescence, or any other information that may help the Board in estimating fair market value.
  - (3) Do not include recurring finance charges for purchased equipment or buildings.
  - (4) Costs should be grouped by location and subtotaled, then grand total all items within the county.
- g) Construction Work in Progress (CWIP) and Material & Supplies.
  - (1) Clearly identify on Schedule B if Property is either CWIP or Material and Supplies.
  - (2) Report Material & Supplies as indicated in the above steps a through f.
  - (3) Report CWIP as indicated in the above steps a through e.
  - (4) Cost of CWIP should be reported as follows:
    - (a) Preliminary Engineering Costs as part of Taxable CWIP.

Preliminary Engineering Costs are those costs incurred prior to the commencement of a construction project such as feasibility studies, architectural drawings, and engineering studies. Preliminary Engineering Costs may also include architectural and Engineering Costs incurred during the construction phase of the project, providing they relate to the overall project rather than to the portion of the project currently being constructed. These costs should be metered in as part of taxable CWIP based on the percentage of completion as of January 1. Ideally, this completion percentage should be based on an engineering estimate. However, if an engineering estimate is not obtainable, a completion percentage based on the incurred costs of construction including overhead to January 1, divided by the estimated total costs for the project will be accepted.
    - (b) Overhead Costs as part of Taxable CWIP.

The reported amount for CWIP should include the proper loading for overhead costs. Overhead Costs are indirect labor, injuries and damages, taxes, general and administrative expenses, and overhead loading such as Allowance for Funds Used During Construction (AFUDC). The reported CWIP for California is considered to be properly loaded with its respective amount of taxable overhead costs when:

- (i) The taxable overhead costs are traceable to the taxable property *OR*
- (ii) The taxable CWIP is loaded with its proportionate share of overhead costs based on the percentage of the job's incurred taxable costs including the metered in preliminary engineering costs to the total expenditures as of January 1. This percentage is expressed as:

*Taxable costs to date before overhead loading (See Note 1)*

*Divided by*

*Total costs to date before overhead loading*

Note 1. Taxable costs to date before overhead loading = (Taxable costs to date, less nontaxable preliminary engineering and less any other nontaxable such as prepayments for out-of-state equipment).

### **C. Statement of Land Changes**

All land owned or used by car companies must be reported to the BOE. The term "used by" includes properties leased by the car company from private parties (Leased) or government agencies (Possessory Interests). The BOE may delegate assessment responsibility to local assessors when state assessees use only a small part of a leased property and a local assessee is contractually responsible for payment of taxes.

#### **1. General.**

The Statement of Land Changes (SLC), form BOE-551, shall list all lands which have been acquired or disposed of (including partial sales or leases) since the date of the previous property statement. The SLC must be filed with the property statement. State assessees filing a property statement for the first time must file a SLC for each land parcel in which they have an interest. The SLC must be completed in its entirety. If a section of the SLC does not apply to the parcel being reported, it should be marked "Not Applicable" or "N/A." If no transactions involving land have occurred since the last property statement, a SLC should be filed marked "None" or "No Changes."

The SLC requests the following information:

- a. Tax Rate Area.
- b. Area (acres or square feet) of parcel.
- c. Both old and new parcel numbers in the case of reparceling.
- d. Map and parcel numbers (see below for guidelines).
- e. Name and address of grantor or grantee (lessor or lessee if leased land).
- f. Type of instrument and date of agreement.
- g. Recording reference and date.
- h. Description of improvements included.

- i. The consideration (if any).
  - i) Purchase price
  - ii) Sale price
  - iii) Monthly/Annual Rental at start of lease
  - iv) Current rental
- j. County assessor's parcel number of the subject property.
- k. Lease information.

## **2. Leased Properties.**

In the case of a new lease, a description of the terms of the lease shall be given, including the amount of the current rental, the term of lease, and renewal options, if any. If the terms of the lease are complex, or cannot be fully described in the space provided, attach a copy of the lease. Leased properties include property leased to or from another person. The improvements being leased shall be itemized. A copy of the building plan should be included for newly leased structures.

Whenever there is a renewal of the lease on real property which is reported to the BOE, a SLC shall be filed with the State-Assessed Properties Division. A brief description of the terms of the renewal shall be given, including the amount of the rental and the new expiration date. The SLC should be clearly marked "Lease Renewal."

Legal parcels which are entirely leased by a state assessee must be reported to the BOE on a Statement of Land Changes (BOE-551). Three copies of land identification maps must be included.

If one state assessee (sublessee) leases property from another state assessee, the sublessee shall report the leased property on a SLC. The property will not be assessed to the sublessee.

A ground lease for a portion of a legal parcel (partial lease) for facilities such as cellular telephone sites, microwave sites (passive or active), repeater sites, substations, etc., shall be reported.

A ground lease for a portion of a legal parcel (partial lease) for a regeneration site or for a communications tower in which the equipment is located within a portion of a building should not be reported.

A lease of a portion of office or commercial space within an existing building, roof-top space for communications equipment, or vault space within an existing privately owned communications facility (partial leases) should not be reported. State assessee owned or used equipment at these locations shall be reported on the Tangible Property List (TPL).

## **3. Possessory Interests.**

Taxable possessory interest means a possessory interest in nontaxable publicly owned real property, as such property is defined in section 107 of the California Revenue and Taxation Code, and in taxable publicly owned real property subject to the provisions of sections 3(a), (b) and 11, Article XIII of the Constitution. For further definitions of possessory interests see Property Tax Rule 20, Title 18, California Code of Regulations. It should be noted that the partial lease provisions of item 2 above do not apply to possessory interests.

In listing a possessory interest in a parcel owned by a tax-exempt government agency, the name of the agency shall be shown, and the expiration date of the agreement shall be stated. If the possessory interest is derived from a permit or license, the area and type of use must be stated.

#### **4. Partial Interests.**

The following variations are applicable to particular kinds of partial interests in land:

- a. In listing an undivided interest in a parcel, the total area of the parcel shall be shown, together with the nature and extent of the assessee's interest, and the names of the other owners.
- b. In listing a special interest in a parcel, such as oil rights only, or a full interest except for oil rights, the nature and extent of the interest shall be shown.
- c. In listing water rights, descriptions shall include the name of the granting agency, the tax situs, the quantity of water use allowed by the water right, the use to which the water will be put, and any other information deemed necessary. The Land Identification Map and parcel number shall be shown if the situs is at a parcel.
- d. In listing miscellaneous rights in land not covered above, the rights shall be fully described.

#### **5. Land Identification Maps.**

Statements of land changes, except those related solely to a rental increase or a rental extension, shall be accompanied by Land Identification Maps (Maps). Land Identification Maps shall be filed in triplicate, with the name of the company and the name of the county on each map. The Map shall be assigned map and parcel numbers as outlined below. Each Map shall show such information as will clearly describe and locate the property with respect to:

- Officially established lines such as section lines, parcel lines, parcel centerlines and intersection lines.
- Reference points shown on maps of record such as township and range.
- Assessor parcel number as it pertains to the parcel being reported.

This information shall include, if necessary, legal descriptions or references to maps filed with the county recorder under the provisions of Division 3, commencing with section 66499.50 of Title 7 of the Government Code. Maps showing information other than land location matters may be used, but such other information will not be considered a part of the description for purposes of assessment.

When Maps are prepared, they shall be 20" x 30" in overall dimensions, with a 1-3/4" margin on the left 20" side. The scale of the map and the direction of North shall be shown on all Maps. Previously prepared maps, such as I.C.C. valuation maps, will be accepted up to a maximum overall size of 24" x 56". County assessor's parcel maps will be acceptable, provided they meet the previously stated tests for clarity of description, and if they have the parcel being described clearly delineated.

Land Identification Maps shall be assigned a three part number; for example, 872-34-6B or 1284-34-7. In the first example, 872 is the SBE number assigned to the assessee; 34 is the code number of the county, being the county's position in an alphabetical tabulation of counties; 6 means that the Map is number 6 in a series of Maps for that county; 6B indicates that changes

occurred as shown on Map 6 after it was originally filed, requiring re-parcelling as shown in Map 6A, and further re-parcelling as shown on 6B. Parcel numbers shall be assigned consecutively beginning with Parcel 1 for each map. Parcel numbers shall restart with number 1 on each subsequent revision to the base map.

Each parcel shall be entirely within one Tax Rate Area, and no parcel shall extend beyond the limits of one map. It is not necessary to show Tax Rate Area numbers on the map. A map may contain more than one parcel in the same county. Maps of parcels may contain more than one Tax Rate Area, as long as each parcel is totally included in one Tax Rate Area. Additional parcels cannot be shown using the same map number in a subsequent year; letter suffixes must be added.

Maps shall not be refiled annually. New maps shall be filed only under the following circumstances:

- a. When it is necessary to show new parcels acquired subsequent to the prior year lien date property statement.
- b. When new parcelling of previously reported parcels is necessary; for example, new Tax Rate Area boundary lines splitting a parcel, or when a portion of a previously reported parcel is disposed of. In the latter case, only the portion retained is to be shown on the new map.

Changes such as disposal of an entire parcel, changes in the nonfee status that do not affect the boundaries of the parcel, lease renewals, etc., do not require the submission of new maps.

When a new parcel is acquired that is contiguous to an existing parcel, it is desirable to consolidate the parcels into one (providing they are in the same Tax Rate Area). At other times it may be desirable to consolidate or modify parcel boundaries or descriptions.

*Any deviations from the above standards must be approved by the State-Assessed Properties Division in advance, and in writing.*

#### **D. Schedule of Intangible Information**

The Schedule of Intangible Information, BOE 529-I, shall be used to declare intangibles. If you are declaring intangibles, they should be itemized and include a corresponding value. The basis of each value should also be described on the form.

If you declare no intangibles, check the box titled **No Reportable Intangibles**, or mark the “**N/A**” box on the front of the BOE-517 indicating nothing to be reported.

#### **E. Schedule of Leased Equipment**

Personal property or equipment in the possession of the assessee which is rented or leased is to be reported on BOE-600-A, or, in duplicate, BOE-600-B. All equipment which the state assessee (lessee) is obligated by the terms of the lease to report for ad valorem tax purposes shall be listed on BOE-600-A. Equipment for which there is not a written understanding between the state assessee and the lessor as to which one is to report the property for assessment shall also be included on BOE-600-A. Property leased from an entity described in Revenue and Taxation Code section 235 (financial corporation) must be reported on BOE-600-A notwithstanding the terms of the lease with respect to payment of the property taxes. *All equipment listed on BOE-600-A is also to be included on the Schedule B.*

All equipment which, either by the terms of the lease or by a written understanding between the state assessee and the lessor, except as noted above, the lessor is to report to the local assessor for assessment to the lessor shall be included on BOE-600-B and shall NOT be included on Schedule B. BOE-600-A or B for reporting leased personal property or equipment may be obtained from the State-Assessed Properties Division.

Additional instructions are printed on the reverse side of each form.

## **F. Other Information**

### **1. Foreign Improvement Lists.**

Each state assessee shall annually file a statement attesting to the separate ownership of improvements located on land owned by the assessee, with the assessor of each county where such property is located, and shall furnish a copy of the statement to the State-Assessed Properties Division.

### **2. Book Cost.**

The book cost of an asset should include all the capitalized costs of placing an asset into service. These costs include but are not limited to:

- a. Purchase price.
- b. Sales and use taxes.
- c. Transportation charges.
- d. Installation charges.
- e. Construction period finance charges.
- f. Construction period opportunity costs.

If the book cost being reported does not include these capitalized costs or other capitalized costs that were incurred in order to place assets into service, report such costs on a separate schedule.

If any of the costs referred to above are being expensed, report such costs on a separate schedule.

Self-constructed equipment and buildings:

The book cost of self-constructed equipment and buildings should include all the costs referred to above. The book cost should be the cost that an unrelated party, bearing the full economic burden, would charge to place an asset into service on a turnkey basis. If any of these costs were not incurred as a cash expenditure, impute an economic (prevailing rate at the time of construction) dollar amount and report such amounts on a separate schedule.

### 3. Exempt Software

Pursuant to Revenue and Taxation Code section 995, storage media for computer programs, such as hard drives, shall be valued for property tax purposes as if there were no computer programs on such media other than basic operational programs. In other words, computer programs other than basic operational programs are not subject to property tax. Revenue and Taxation Code section 995.2 defines the term “basic operational program.” All software programs not considered “basic operational programs” may be referred to as “exempt software programs” or “nontaxable programs.” It is the assessee’s responsibility to identify and remove all exempt software program costs from taxable accounts and report these costs separately to the BOE on the Schedule B and Summary Control portions of the Property Statement.

All reported costs of exempt software programs are subject to audit. In support of an assessee’s claimed software exemption, Property Tax Rule 152 (f) states, “A person claiming that a single-price sale or lease includes charges for nontaxable programs and services should be required to identify the nontaxable property and services and supply sale prices, costs or other information that will enable the assessor to make an informed judgment concerning the proper value to be ascribed to taxable and nontaxable components of the contract.” *Other information* can include, but is not limited to, a detailed study from the manufacturer of the equipment. Property Tax Rule 152 (e) also states, in part, “the assessor, lacking evidence to the contrary, may regard the total amount charged as indicative of the value of taxable tangible property.”

## ***II. Appendices***

### **Appendix A. Tax Rate Areas**

Each county in California is divided into taxing districts, or a combination of taxing districts called Tax Rate Areas. Each Tax Rate Area within a county is assigned a unique Tax Rate Area number in that county. The Tax Area Services Section (TASS) of the State-Assessed Properties Division defines the boundaries of all Tax Rate Areas and assigns the Tax Rate Area numbers. The purpose of Tax Rate Areas is to help the local counties to determine the property tax amount by applying a specific tax rate, corresponding to the Tax Rate Area where the property is located, to the assessed value of that property.

Tax Rate Area maps are available for use by the taxpayer at the BOE headquarters office in Sacramento, or a taxpayer may inspect the maps at the local assessor's offices. Copies of these maps may be purchased from TASS.

Information regarding the Tax Rate Area number for a specific location can be obtained from TASS. A subscription service is available for a fee. Any questions or requests should be directed to TASS by contacting Tax Area Services Section, MIC:59, PO Box 942879, Sacramento, California 94279-0059, or by telephone at 916-322-7183.

## Appendix B. List of California Counties

COUNTY NUMBER	COUNTY NAME	COUNTY NUMBER	COUNTY NAME
1	ALAMEDA	30	ORANGE
2	ALPINE	31	PLACER
3	AMADOR	32	PLUMAS
4	BUTTE	33	RIVERSIDE
5	CALAVERAS	34	SACRAMENTO
6	COLUSA	35	SAN BENITO
7	CONTRA COSTA	36	SAN BERNARDINO
8	DEL NORTE	37	SAN DIEGO
9	EL DORADO	38	SAN FRANCISCO
10	FRESNO	39	SAN JOAQUIN
11	GLENN	40	SAN LUIS OBISPO
12	HUMBOLDT	41	SAN MATEO
13	IMPERIAL	42	SANTA BARBARA
14	INYO	43	SANTA CLARA
15	KERN	44	SANTA CRUZ
16	KINGS	45	SHASTA
17	LAKE	46	SIERRA
18	LASSEN	47	SISKIYOU
19	LOS ANGELES	48	SOLANO
20	MADERA	49	SONOMA
21	MARIN	50	STANISLAUS
22	MARIPOSA	51	SUTTER
23	MENDOCINO	52	TEHAMA
24	MERCED	53	TRINITY
25	MODOC	54	TULARE
26	MONO	55	TUOLUMNE
27	MONTEREY	56	VENTURA
28	NAPA	57	YOLO
29	NEVADA	58	YUBA

## **Appendix C. List of Available Publications**

<b>Prefix</b>	<b>Description</b>
67EG	Electric Generation Companies
67GE	Gas, Electric and Gas Transmission Companies
67LE	Telephone Companies—Local Exchange Carriers
67PL	Intercounty Pipelines and Watercourses
67RC	Telephone Companies—Radio Common Carriers
67RF	Railcar Maintenance Facilities
67RR	Railroad Companies
67TC	Telecommunication Carriers
67TR	Telecommunication Resellers
67WT	Telephone Companies—Wireless

Copies of the above listed publications may be obtained by writing to:

State Board of Equalization  
State-Assessed Properties Division  
PO Box 942879  
Sacramento CA 94279-0061

Or by logging onto the BOE website at [www.boe.ca.gov](http://www.boe.ca.gov).