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# *Instructions For Reporting State-Assessed Property*

## *Railroad Companies*

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## ***Foreword***

The State Board of Equalization is required, under the provisions of section 19 of Article XIII of the Constitution, to assess annually all property, other than franchises, owned or used by regulated railroad companies. These instructions are for the direction of those persons responsible for reporting such property. If you have any questions regarding the property statement forms or reporting instructions, contact the State-Assessed Properties Division, Railroad 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 Board of Equalization 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. Tangible Property List
3. Statement of Land Changes and Land Identification Maps
4. Schedules of Leased Equipment
5. 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 45 days for parts of the property statement relating to development of unitary value indicators. This includes all financial schedules, the summary control, and any supplemental data requested by the Board. It also includes studies and other voluntary information that the assessee believes affects the value of their property.
2. Up to 30 days for parts of the property statement describing specific operating or nonunitary property. This includes Tangible Property Lists, Statements of Land Change and Land Identification Maps, and Schedules of Leased Equipment.
3. An additional 15 day extension may be granted for either category above 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 State Board of Equalization titled "Property Taxes Law Guide." This publication and all other property statement forms and publications may be purchased from the State Board of Equalization, Publications Order Desk, 3920 West Capitol Avenue, West Sacramento, CA 95691. This publication may also be obtained from the Internet site of the Board of Equalization at **[www.boe.ca.gov](http://www.boe.ca.gov)**.

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

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

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.

*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.*

### **1. Financial Schedules A to H.**

These schedules shall be used to show the taxpayer's balance sheet, income and expense statement, and such other information as is required on forms (form BOE-517 and applicable inserts) supplied by the State-Assessed Properties Division.

### **2. Statement of Authorization.**

In the cases where a company is assigning an agent or authorized representative other than the owner or a corporate officer to act as agent for Property Taxes matters with the Board of Equalization, a Statement of Authorization (BOE-892) must be filed with the State-Assessed Properties Division. The filing must be submitted annually in order for the agent or representative's status to remain current.

## **C. Tangible Property List**

### **1. General.**

All nonunitary improvements including nonunitary track miles and nonunitary personal property should be reported on the tangible property list (TPL). In addition, unitary railroad qualified property as described in Revenue and Taxation Code section 100.11 should be reported on the TPL using the electronic filing format described below.

Unitary railroad track miles should be reported as described in section *II. Track*.

### **2. Nonunitary Property.**

All nonunitary improvements including nonunitary track mileage and nonunitary personal property should be reported using the electronic TPL format described below.

### **3. Railroad Qualified Property.**

Railroad qualified property is defined as any unitary building, automobile or container loading and unloading facility, or transload facility constructed after January 1, 2007 where the original cost of the completed facility, including land but not including track and track materials, is equal to or exceeds one hundred million dollars.

Unitary railroad qualified property should be separately identified and reported to the Board of Equalization. Report all qualified property, except land, using the electronic TPL format

described below. Land should be reported on the Statement of Land Changes form BOE-551. Check **R** on form BOE-551 under the **Qualified Property** column to identify railroad qualified land.

#### **4. Electronic TPL Filing Format.**

A 3.5-inch diskette or compact disc should be used to file a BOE-533-E TPL in a template approved by the State-Assessed Properties Division. In order to facilitate an acceptable electronic filing, please request an electronic TPL template and instructions from Mr. Jim Santillan by e-mail at Jim.Santillan@boe.ca.gov. The template is in an Excel spreadsheet format and it contains detailed instructions. A hardcopy printout of the TPL must be included with the diskette to constitute a proper filing. See Appendix C — Sample Form BOE-533-E Electronic Tangible Property List Data for an example of the printed file. Once an acceptable electronic TPL has been filed with the State-Assessed Properties Division, that electronic template may be used to file an acceptable TPL in succeeding years.

The TPL shall accurately describe the nonunitary property as it exists at 12:01 a.m. on the first day of January. Nonunitary improvements and personal property shall be listed on the TPL as separate items. Each entry on the TPL must include the following data elements:

- a. Assessee Name** — Each TPL page shall be completed with the name of your business entity.
- b. SBE Number** — Each TPL item shall be completed with your SBE assigned assessee number.
- c. County Number** — Each TPL item shall be completed with the numerical equivalent for county name. A listing of county names and county numbers is provided in Appendix B.
- d. Identification Number** — Each TPL item should be assigned an identification number 1 to 6 digits that is unique in each county. The same item located in the same county reported in subsequent years should use the same identification number.
- e. Description** — 41 spaces are available to describe each item. Conspicuous structures, such as individual buildings, shall be separately described by giving their street address if one is assigned and their function, i.e., office building or warehouse. The improvements must be further identified by stating the SBE land parcel on which it is situated.
- f. Tax Rate Area** — All items must be listed in a specific Tax Rate Area within the county. See Section I. Tax Rate Area for an explanation of Tax Rate Areas.
- g. TPL Item** — TPL items shall be numbered consecutively beginning with item one (1) to the end of each county.
- h. Account Prefix** — For railroads always use the letter “R.”
- i. Account Number** — The account number to be applied for nonunitary property is 737.00.
- j. Amount** — Original cost (100 percent of acquisition cost without depreciation) shall be reported for each item listed. Include all costs required to place the property in service. For self-constructed property, impute an amount for items of cost not directly incurred. All costs should be expressed in whole dollars. Leased property should be listed on the TPL with no dollar amounts shown.

**Note:** Nonunitary track must be included on the electronic TPL and identified by tax rate area location and track mileage. Nonunitary track should not be reported on the form BOE-569-RR Tangible Property List — Railroad Track.

#### **D. Statement of Land Changes (form BOE-551)**

All land owned or used by state-assesseees (including gas transmission companies), other than land associated with intercounty pipelines, must be reported to the Board. The term

“used by” includes properties leased by the state-assessee from private parties (Leased) and government agencies (Possessory Interests). The Board may delegate assessment responsibility to local assessors when state-assesseees use only a small part of a leased property, and the taxes are to be paid by a local assessee.

Assesseees that own, lease, or use a fiber optic cable right of way must report the number of miles of right of way on the Schedule of Fiber Optic Right of Way Miles, form BOE-534-FO.

### **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 last previous property statement. The SLC must be filed with the property statement or within 60 days of acquisition or disposal, whichever is earlier. State-assesseees 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 prior property statement, a SLC should be filed and marked “None” or “No Changes.”

The SLC requests the following information:

- a. Tax rate area.
- b. Map and parcel numbers (see land identification map section on page 6).
- c. Area (acres or square feet) of parcel or mileage if a right of way parcel.
- d. Both old and new parcel numbers in the case of reparcelling.
- 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).
  1. Purchase price
  2. Sale price
  3. Monthly/Annual rental at start of lease
  4. Current rental
- j. County assessor’s parcel number.
- k. Lease information.

### **2. Railroad Qualified Property.**

Unitary railroad qualified property should be separately identified and reported to the Board of Equalization. Report all qualified property, except land, using the electronic TPL. Land should be reported on the SLC form BOE-551. Check **R** on Form BOE-551 under the **Qualified Property** column to identify railroad qualified land.

Railroad qualified property is defined as any unitary building, automobile or container loading and unloading facility, or transload facility constructed after January 1, 2007 where the original cost of the completed facility, including land but not including track and track materials, is equal to or exceeds one hundred million dollars.

### **3. 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 Board, 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 Board on a Statement of Land Changes (form BOE-551). Three copies of land identification maps must be included.

If one state assessee (lessee) leases property from another state assessee, the lessee shall report the leased property on a SLC.

A ground lease for a portion of a legal land 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 unless the leased portion is from a tax exempt lessor.

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 unless the lease option is from a tax exempt lessor. State assessee owned or used equipment at these locations shall be reported on the TPL.

### **4. 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 (or length) and type of use must be stated.

### **5. 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.

## **6. Nonoperating Land Parcels.**

Land parcels that are carried on the books of the assessee in nonoperating accounts or that were classified by the State-Assessed Properties Division as wholly or partially nonoperating the prior year must be reported by tax rate area. If the tax rate area code differs from that of prior year, the change must be reported to the Board. If a changed tax rate area boundary splits an existing nonoperating parcel, the parcel must be split accordingly and a new parcel map filed. The standard SLC shall be used for this type of transaction. If the changed tax rate area boundary encompasses an entire parcel, only the changed tax rate area code number need be reported. A special SLC (form BOE-551-TRA) may be used to report this change, and no new map need be filed.

## **7. Land Identification Maps.**

Each statement 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 described 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 Interstate Commerce Commission 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. In the first example, 872 is the code number assigned to the assessee; 34 is the SBE 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 on Map 6 after it was originally filed, requiring reparcelling as shown in Map 6A, and further reparcelling 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 new map showing the reparceling of parcels on a previously filed map shall be given the same number as the original map with the suffix "A" (or "B", "C", etc., when more than one supplementary map is filed). No land which remains correctly described by the original map shall be shown as parcels on the new map with the suffix.*

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 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. In these cases, the State-Assessed Properties Division should be contacted in advance.

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

## **E. Schedule of Intangible Information**

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

If no intangibles are declared, 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.

## **F. Schedule of Cost Detail of Depreciable Property**

The Schedule of Cost Detail of Depreciable Property, form BOE-517-RB1, shall be used to report fixed property costs. Costs should be reported by account by year of acquisition. The cost shall be book cost as described in section I. 4. The account totals reported on this schedule should agree with the account totals reported on Schedule B of the Property Statement form BOE-517-RR. This filing requirement is for Short Line Railroad companies only.

## **G. Schedule of Leased Equipment (forms BOE-600-R and BOE-600-B)**

Personal property or equipment with fixed situs (not rolling stock) in the possession of the assessee which is rented or leased is to be reported on forms BOE-600-R 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 form BOE-600-R for railroads. 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-R. Property leased from an entity described in Revenue and Taxation Code Section 235 (financial corporation) must be reported on BOE-600-R notwithstanding the terms of the lease with respect to payment of the property taxes. All equipment listed on form BOE-600-R is also to be included in the Tangible Property List.

All equipment which, either by the terms of the lease or by a written understanding between the state assessee and the lessor, the lessor is to report to the local assessor for assessment to the lessor on form BOE-600-B and shall NOT be included in the Tangible Property List. Forms BOE-600, R 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.

## **H. Fiber Optic Miles of Right of Way**

Form BOE-534-FO, ***Schedule of Fiber Optic Miles of Right of Way***, should be used to report annually to the State-Assessed Properties Division the number of miles of California fiber optic right of way (ROW)/easements. The assessee is not required to report fiber optic ROW on form BOE-551, ***Statement of Land Changes***. Please contact Mr. Daniel Sakai at (916) 324-2968 if you need assistance completing this form.

For purposes of this publication, right of way is defined as any land or partial interest in land owned or used for the purpose of laying or placing fiber optic cable in order to transmit voice, data, or video signals. The term “used by” shall include land leased by a state assessee from private parties (leased) or government agencies (possessory interest). A right of way is created when fiber optic cable is installed on a pole, buried in the ground, or laid on the surface of the ground.

If you do not own or use any fiber optic ROW, check the box titled ***No Property Interest***, on form BOE-534-FO.

When completing form BOE-534-FO, the following information should be provided.

- Lien date (year)
- Assessee Name
- SBE Number assigned to your company
- Number of miles, by county, of public ROW located in a public street or highway
- Number of miles, by county, of private shared ROW.
- Number of miles, by county, of private ROW (Not Shared) and any taxable possessory interest (PI) not located in a public street or highway.
- Number of miles of local assessed ROW, by county
- Total number of miles, by county
- Grand total of California ROW miles

Provide one copy of a ROW route map or “As Built” drawing from your engineering department in sufficient detail to locate on the ground. This is not a request for assessor parcel maps. All maps should be to scale to allow verification of the miles of ROW.

### ***Classification of Fiber Optic Right of Way***

Each mile of ROW shall be classified as public, private shared, private not shared, or locally assessed.

ROW located above, below, or along a public street or highway shall be classified as public. ROW assessed by the county assessor with the larger parcel from which the easement originated shall be classified as locally assessed. Private ROW shall be any remaining miles. Report only permanent ROW. Do not report any temporary parcels used for construction of the fiber optic system.

All miles are route (not fiber) miles and should be the total linear miles in, on, or along the ground. Do not include any miles located in a building.

The following table should be used as a general guideline in classifying ROW. It does not represent a complete list of the numerous and varied land rights and agreements. Please check with your engineering and/or real estate staff for assistance in classifying ROW miles.

Type of Property	Public Street/Hwy	Private Shared	Private Not Shared	Locally Assessed
Fee Simple		YES	YES	
Leased		YES	YES	
ROW and Easement Agreement		YES	YES	
Taxable PI ( <i>in public street or hwy</i> )	YES			
Taxable PI ( <i>not in public street or hwy</i> )			YES	
ROW/Easement Valued by County Assessor ( <i>Value of ROW/easement is included in the value of the larger parcel from which the easement originated</i> )				YES
Indefeasible Right to Use (I.R.U.) Agreement	YES	YES		
Fiber Swaps or Exchange of Capacity Agreement ( <i>Report owned ROW only. Do not report used ROW.</i> )		YES	YES	

## I. Other Information

### 1. Stockholder's Reports and Reports to Regulatory Agencies.

Copies of reports to stockholders and reports to regulatory agencies shall be submitted to the State-Assessed Properties Division as set forth in the instructions to state assessees included with Property Statement form BOE-517.

### 2. 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.

### 3. Construction Work in Progress.

Construction Work in Progress (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:

- (1) The taxable Overhead Costs are traceable to the taxable property; or
- (2) 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 the lien date. This percentage is expressed as:

*Taxable costs to date before overhead loading*<sup>1</sup>

Total costs to date before overhead loading

- c. CWIP should be reported in two categories:

- (1) CWIP representing construction of new facilities
- (2) CWIP representing replacement of existing facilities

If precise dollar amounts for the two categories of CWIP are not available, percentages may be reported with an explanation of how the percentages were derived.

- d. All CWIP must be included in the TPL.

#### **4. 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.
- g. Engineering and design 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.

#### **5. 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.

<sup>1</sup>Taxable costs to date, less nontaxable preliminary engineering, less any other nontaxables such as prepayments for out-of-California equipment.

## **6. Average Inventories.**

If property is held for resale, report the average inventory of such property for the prior calendar year as well as year end balances.

## **7. 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 Board of Equalization 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.”

## **J. Tax Rate Areas.**

### **1. General.**

Taxing districts or combinations of overlapping taxing districts divide each county into areas (called tax rate areas) within each of which the same combination of tax levies is applicable to a given class of property. Such area of uniform tax levies are inclusive of the total area of the county without overlap. Property reported by these areas is reported but once, yet it is properly segregated for taxing purposes. These areas have been assigned tax rate numbers designated by the Tax Area Services Section (TASS) of the State-Assessed Properties Division, and in this publication, are referred to as Tax Rate Areas. Maps showing these Tax Rate Areas are available for use in the offices of the State-Assessed Properties Division at Sacramento, and for each individual county, in the office of the county assessor. Copies of these maps may be purchased from the Tax Area Services Section of the State-Assessed Properties Division. These tax area maps are kept up to date, and information as to revisions is furnished to subscribers to the available subscription service.

Information regarding the Tax Rate Area number for a specific location can be obtained from TASS for a small fee. Large users of the service may find it more convenient to subscribe to the service on a continuing basis. Information regarding the subscription service can be obtained by contacting TASS, PO Box 942879, Sacramento, California 94279-0059, or by telephone at (916) 322-7183.

## **2. Railroad Company Forms.**

Each of the railroad forms is designed so that the Tax Rate Areas may be listed in the left hand column, and the number of units of each category of property in that Tax Rate Area may be listed on the same line in the appropriately labeled column. The Tax Rate Area numbers must be listed in ascending order, without duplication, and must contain eight digits.

## ***II. Track***

### **A. General.**

Section 100.11 of the Revenue and Taxation Code requires that the unitary assessed value of regulated railway companies (railroads) be allocated to each county in California according to track mileage. In effect, a base was created using the 1987-88 allocations by TRA, and all future allocations will be made using this base, as adjusted for changes in track mileage.

### **B. Nonunitary Track.**

Track on lines that have been abandoned, or for which abandonment proceedings have begun, must be reported separately. In addition, track segments that were designated as nonunitary the prior year by the State-Assessed Properties Division must be reported separately. These nonunitary track items must be included in the individual items section of the electronic TPL and identified as to their tax rate area location and track mileage in the TRA. In addition, the miles should be deleted from the appropriate tax rate area and track type reported on the form BOE-569-RR.

## ***III. Statistical Data***

A statement shall be submitted by **INTERSTATE** *railroads* as part of the property statement showing the following statistical information for the system as a *whole* and for *California*:

1. STB valuation plus A's and B's as of December 31st of the prior year
2. Ton miles revenue freight
3. Tons of freight originating and terminating
4. Tons of freight delivered to, and received from, connections
5. Miles of yard and way switching track

## ***IV. Rolling Stock***

The total owned and capitalized leased rolling stock of the system shall be reported as a separate statement, and no rolling stock shall be reported by Tax Rate Areas in the TPL *except* rolling stock that has been retired and is stored. The number of units, total cost, and total accrued depreciation in the respective accounts as of the lien date (January 1) shall be shown as follows:

Account No.	Account Name	No. of Units	Original Cost	Accrued Depreciation	Average Age (Years)
52	Owned Equipment Locomotives				
53	Freight train cars				
54	Passenger train cars				
*55	Highway revenue equipment				
57	Work equipment				

\*Must exclude licensed vehicles

### ***V. Rolling Stock—Noncapitalized Leases***

In addition to the above rolling stock statement, a statement is required for rolling stock leased to the railroad. The statement shall include a brief description of the equipment, number of units, original cost, ages, accrued depreciation, annual rental, lettering and numbering, name of owner, and general terms of the lease.

ALL NONCAPITALIZED leased equipment and machinery without fixed situs, (i.e., roadway machines, etc.), shall be included on this schedule in the same detail as required for rolling stock.

### ***VI. Appendices***

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

##### **Prefix Description**

- 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 on to the Board of Equalization Internet site at **[www.boe.ca.gov](http://www.boe.ca.gov)**.

## Appendix B. List of California Counties

County No.	County Name	County No.	County Name	County No.	County Name	County No.	County Name
1	Alameda	16	Kings	31	Placer	46	Sierra
2	Alpine	17	Lake	32	Plumas	47	Siskiyou
3	Amador	18	Lassen	33	Riverside	48	Solano
4	Butte	19	Los Angeles	34	Sacramento	49	Sonoma
5	Calaveras	20	Madera	35	San Benito	50	Stanislaus
6	Colusa	21	Marin	36	San Bernardino	51	Sutter
7	Contra Costa	22	Mariposa	37	San Diego	52	Tehama
8	Del Norte	23	Mendocino	38	San Francisco	53	Trinity
9	El Dorado	24	Merced	39	San Joaquin	54	Tulare
10	Fresno	25	Modoc	40	San Luis Obispo	55	Tuolumne
11	Glenn	26	Mono	41	San Mateo	56	Ventura
12	Humboldt	27	Monterey	42	Santa Barbara	57	Yolo
13	Imperial	28	Napa	43	Santa Clara	58	Yuba
14	Inyo	29	Nevada	44	Santa Cruz		
15	Kern	30	Orange	45	Shasta		

**TANGIBLE PROPERTY LIST - ELECTRONIC**

**Appendix C. Sample Form BOE-533-E Tangible Property List - Electronic**

Express Railroad Company

TANGIBLE PROPERTY LIST

1 of 1

<b>SBE No.</b>	<b>County No.</b>	<b>Ident No.</b>	<b>Description</b>	<b>TRA</b>	<b>Item</b>	<b>Amount</b>	<b>Account Prefix</b>	<b>Account No.</b>
803	10	1081	Miscellaneous Noncarrier Facility	012-031	1	30,000	R	0737.00
803	10	1082	Elm Street Building - Abandoned	102-033	2	8,630	R	9502.00
803	10	1084	Imp on Map 803-10-104 Int	007-001	4	510	R	0737.00
803	10	1083	Imp on Map 803-10-87A	121-012	3		R	9502.20
<b>10 Total</b>						<b>25,940</b>		
<b>Grand Total</b>						<b>25,940</b>		