

# County-Assessed Properties Division Assessment Practices Survey Program

California State Board of Equalization  
June 25, 2019 Board Meeting  
Sacramento, CA

ITEM K3a  
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# Objectives of the Presentation

- Goals, Overview and Scope of the Program.
- Authority Governing the Program.
- History of the Program.
- How the Program Works Today.

# Assessment Practices Survey Program - Goals

- Protect the State General Fund.
- Promote fair treatment of all taxpayers.
- Maintain the overall integrity and public confidence in California's property tax system.

# Assessment Practices Survey Program - Overview

- Provides independent oversight of the 58 county assessors.
  - Compliance audit.
  - Periodic review of a county assessor's practices and procedures (survey) and/or sampling of assessments on the local assessment roll (sample).
  - Publishes a report of findings and recommendations.

# Assessment Practices Survey Program - Scope

- Focuses on the following:
  - Uniform treatment for all classes of property.
  - Adequacy of the procedures and practices employed by a county assessor in the valuation of property.
  - The volume of assessing work as measured by property type.
  - The performance of other duties enjoined upon the assessor.

# Authority – California Constitution

- While the county assessor determines the value of locally assessed property for taxation purposes, the BOE has a vested interest in the valuation by virtue of its constitutional responsibility to promote uniformity in property assessment throughout the state.

# Authority - Government Code

- Sections 15640 through 15646.
  - Mandates the Assessment Practices Survey Program.
  - Provides that the Board shall make surveys in each county and city and county to determine if the practices and procedures of a county assessor conform with all provisions of the law.

# Authority – Revenue & Taxation Code

- Section 75.60.
  - Board determines whether a county assessment roll meets the standards for purposes of certifying the eligibility of the county to continue to recover costs associated with administering supplemental assessments.

# Original State Board of Equalization

- Created by Legislature in 1870.
- State Controller and two members appointed by the governor.
- Goals:
  - Investigate the mode and manner in which county assessors and tax collectors were performing their duties.
  - Discover if assessments were equal and uniform.

# The Year Was ... 1879

- The current Constitution of California was ratified.
  - The basic law that still governs California today.
  - State Board of Equalization (BOE) became a constitutional agency.

# Evolution of Property Tax Surveys

- Legislature enacted statutes requiring the BOE to survey assessment procedures in every county.
  - Interim surveys completed for all 58 counties in 1950.
  - Final surveys completed for all 58 counties in 1956.

# Prior to January 1, 2016

- 58 counties divided into a five-year survey cycle.
  - 11 to 12 counties surveyed each year, of which, five to six counties were also sampled.
- BOE given 24 months from the start of fieldwork to publish a final survey report.

# Today's Assessment Practices Survey Program – AB 681

- Effective January 1, 2016.
- Amended sections 15643 and 15645 of the Government Code.
- Counties placed into 3 groupings.
- Changes report publishing deadlines.
  - 24 months for start date prior to 7-1-2016.
  - 15 months for start date on or after 7-1-2016 to 6-30-2017.
  - 12 months for start date on or after 7-1-2017.

# AB 681 - County Selection

- 58 counties still divided into five-year survey cycle.
- Ten largest counties (Group 1)
  - Surveyed at least once every five years.
  - Each survey includes sampling.
- 11<sup>th</sup> through 20<sup>th</sup> largest counties (Group 2)
  - Each year, one county surveyed and one county sampled.
- 21<sup>st</sup> through 58<sup>th</sup> largest counties (Group 3)
  - Each year, three counties surveyed and two counties sampled.

# AB 681 - County Selection (continued)

- Random selection for Groups 2 and 3 conducted annually.
- This selection scheme will sunset January 1, 2021.
  - Reverts back to 11 to 12 counties surveyed and five to six counties sampled in a cycle year.
  - 12 month publishing deadline remains in place.

# AB 681 - County Selection (continued)

2016-17		2017-18		2018-19		2019-20		2020-21	
County	Group	County	Group	County	Group	County	Group	County	Group
Humboldt	3	Contra Costa	1	Alpine	3	Alameda	1	Amador	3
Kings	3	Fresno	2	Butte	3	Calaveras	3	Inyo	3
Marin	2	Mariposa	3	Colusa	3	El Dorado	3	Los Angeles	1
Modoc	3	Merced	3	Del Norte	3	Imperial	3	Madera	3
Monterey	2	Placer	2	Glenn	3	Mendocino	3	Mono	3
Napa	3	San Bernardino	1	Kern	2	Nevada	3	San Francisco	1
Riverside	1	San Luis Obispo	3	Lake	3	Orange	1	San Joaquin	2
San Benito	3	Sutter	3	Lassen	3	Plumas	3	Santa Cruz	3
Santa Clara	1	Trinity	3	San Diego	1	Sacramento	2	Shasta	3
Siskiyou	3	Tuolumne	3	San Mateo	1	Sonoma	2	Sierra	3
Solano	3	Yolo	3	Santa Barbara	2	Stanislaus	3	Tulare	3
				Yuba	3	Tehama	3	Ventura	2

# How the Program Works Today- Planning

- Selection of Survey Topics for Each County in the Annual Cycle.
- Staff Assignments.
- Preparation for Fieldwork – Initial Contacts.
- Preparation for Fieldwork - Pre-Survey Week.

# Selection of Survey Topics

- Typical Core topics
  - Change in Ownership.
  - New Construction.
  - Audit Program.
  - California Land Conservation Act Property.
  - Taxable Possessory Interests.
  - Mineral Property.
  - Decline in Value.
  - Assessment Appeals.
- Optional topics
  - Chosen at management discretion.

# Staff Assignments

- Survey team: Supervisor, team lead, and team members assigned to each county.
- Individual survey topics assigned to team members.

# Preparation – Initial Contacts

- At least two months in advance:
  - Supervisor contacts assessor to schedule start date of the survey.
  - Pre-survey letter sent to assessor requesting specific data.
- At least two weeks in advance:
  - Team lead meets with assessor.
    - Discuss needs of survey team.
    - Collect requested data.

# Preparation - Pre-Survey Week

- One week prior to survey commencement:
  - Team prepares for fieldwork portion of the survey.
  - Review resources.
    - Data collected from the assessor.
    - County website.
    - Information collected by the BOE, specific to the county.
    - Prior survey report.
    - Authoritative Citations.
  - Prepare workpapers for assigned topics.

# Fieldwork Portion of Survey

- Two to Four weeks in the assessor's office.
- Core focus of the survey process.
- Survey team:
  - Interviews assessor's staff on various topics.
  - Reviews assessor's records and files.
  - Identifies assessor's practices and procedures.
  - Collects evidence to support findings and recommendations.

# Post-Fieldwork - Report Creation

- Survey team:
  - Attends staff meeting to discuss findings and potential recommendations.
  - Assembles evidence gathered in the assessor's office.
  - Drafts topic report.
  - Submits report and evidence to supervisor.
- Survey supervisor approves topic reports.
- All topic reports combined to create the Supervisor's Draft.

# Sampling Component

- A review of a random representative sampling of assessments making up the local assessment rolls.
  - Secured
  - Unsecured
- Determines how effectively the assessor identifies property subject to revaluation.
- Determines how well the assessor is performing the valuation function.

# Sample Selection and Set Up

- Research and Statistics Section compiles listing of randomly selected properties to be sampled.
- BOE collects records and documents from the assessor's office for each selected sample.

# Sample Process

- Appraisers and Auditor/Appraisers:
  - Conduct appraisal review of assigned properties.
  - Determine if BOE agrees or disagrees with the value determined by the assessor for a specified lien date.
- Results of the samples are reported to the assessor.
  - Survey supervisor and assessor discuss results.
  - Assessor may provide additional evidence to support any contentions.

# Assessment Ratio

- Research and Statistics Section compiles the data to calculate the assessment ratio for the county.
- The assessment ratio measures how close the assessor has come to the optimal ratio of 100%.
  - Ratio less than 100% represents underassessment.
  - Ratio greater than 100% represents overassessment.

# Assessment Ratio (continued)

- Results are incorporated into the published Assessment Practices Survey Report or published as a stand-alone report.

# Survey Report Review Process

- Supervisor's Draft.
- Quality Control Draft.
- Preconference Draft.
- Conference Draft.
- Post-Conference Draft.
- Final Draft.
- Publishing.

# Supervisor's Draft

- Survey supervisor reviews entire draft report.
- Survey supervisor adds suggested edits to the draft report.
- Quality Control Draft is created once survey supervisor's review is complete.

# Quality Control Draft

- Quality Control Staff:
  - Confirms the draft is technically accurate.
  - Verifies all statistics and sources are correct.
  - Certifies the draft does not include any conflicting or inaccurate statements.
  - Checks formatting, spelling and grammar.
- Preconference Draft created.

# Preconference Draft

- Reviewed by subject matter experts, Chief, Manager, and BOE Legal Department.
  - Each reviewer makes suggested edits and comments.
- Quality Control makes necessary edits and creates the Conference Draft.

# Conference Draft

- Sent to the Assessor.
  - Assessor allowed 15 days to review the draft.
- After 15 days:
  - Survey supervisor and the Assessor discuss the draft.
    - Determine if any changes need to be made to the report.
    - Assessor may provide additional evidence to support any contentions.

# Conference Draft

- Necessary edits made to the draft report.
  - Edits agreed upon at the conference.
  - Edits based on evidence submitted by the assessor that supports contentions.
- Post Conference Draft created.

# Post Conference Draft

- Supervisor confirms conference edits were made to the draft.
- Transmitted to the Assessor.
  - Assessor allowed 30 days to file with the BOE a written response to the findings and recommendations.
- Quality Control incorporates assessor's written response into the final survey report.
- Final Draft created.

# Final Draft

- Reviewed by all levels of management.
- Letter to Assessors created.
- Supervisor identifies if any final edits submitted by the reviewers should be made to the draft.
- Creates final survey report that is ready for publishing.

# Publishing

- Draft converted to ADA compliant PDF.
- Final survey report sent to printing.
- Notification and copies are sent to Board Members prior to release.
- Final survey report distributed via a Letter to Assessors.

# Publishing

- Final survey report filed with:
  - Governor.
  - Attorney General.
  - County Boards of Supervisors.
  - Grand Juries.
  - County Assessment Appeals Boards.
  - County Assessors.
  - The Senate and Assembly on opening day of each regular session.

# Additional Information

- **BOE.ca.gov**
  - Current and Prior Assessment Practices Survey Reports.
  - Scope of Assessment Practices Survey.
  - Assessment Sampling Program.
  - Survey Cycle.