

# California State Board of Equalization

## FACT SHEET

The State Board of Equalization (BOE) was created in 1879 by constitutional amendment and charged with the responsibility for ensuring that county property tax assessment practices were equal and uniform throughout the state. Through the years, legislative changes expanded the BOE's role to administer additional taxes and fees. Effective July 1, 2017, the BOE returned to its Constitutional responsibilities. The BOE is responsible for property tax programs, alcoholic beverage tax, tax on insurers, and private railroad car tax.

BOE Publication 72, *Summary of Constitutional and Statutory Authorities*, summarizes the constitutional and statutory basis for the BOE responsibilities.

### MAJOR BOARD FUNCTIONS

#### ***PROPERTY TAXES – (\$66.5 billion in property tax levies)***

The BOE has a major role in California's property tax system. The BOE is responsible for assessing property owned or used by railroads and privately-held public utilities, and for ensuring statewide uniformity in the assessment of properties by the 58 county assessors. Properties assessed by the BOE and properties assessed locally by county assessors comprise California's property tax base.

California property tax levies for fiscal year 2016-17 totaled \$62.1 billion, an increase of 5.7% from the previous year's total of \$58.7 billion. In 2017-18, property tax levies increased to approximately \$66.5 billion, an increase of 7%.

#### ***State-Assessed Properties (\$105.5 billion in value, \$1.48 billion in local property tax levy)***

The BOE is responsible for the appraisal and audit of state-assessed public utility companies and railroad companies. For 2017-18, the assessed value for state assessed properties was \$105.5 billion, an increase of \$2.1 billion from 2016-17 values. State-assessed properties produced an estimated \$1.48 billion in local property tax revenues for the state's 58 counties in 2016-17. The BOE hears appeals of state-assessments.

#### ***County-Assessed Properties (\$5.7 trillion in value, \$60.62 billion in general property tax levies)***

The BOE is responsible for oversight of the 58

elected county assessors in the state. For 2017-18, county assessed property values reached \$5.7 trillion, an increase of \$388.1 billion from 2016-17. County-assessed properties produced an estimated \$60.62 billion in local property tax revenues in 2016-17.

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. Uniformity is important both within and among counties because:

- Cost-sharing provisions for funding public schools require the state to make up the difference between statutory revenue guarantees and property tax proceeds. Therefore underassessments increase the required state subsidy from the general fund.
- Assessments at more or less than full taxable value result in a misallocation of revenues.

Standards for proper assessment practices statewide are established and compliance measured by:

- Adoption of property tax rules and regulations to govern assessors and local boards of equalization.
- Issuance of the Assessors' Handbook, a series of manuals on various assessment and appraisal topics, including annual publication of building costs and equipment factors.
- Issuing advisory letters, referred to as Letters to Assessors, providing staff interpretation of rules, laws, court decisions, or general information relating to property tax assessment and exemptions.
- Responding to individual inquiries from assessors, taxpayers, legislators, and the business community on property tax matters.

- Prescribing forms for use by assessors statewide in the assessment and exemption of property.
- Certifying persons performing the duties of an appraiser or an assessment analyst for property tax purposes, providing training on appraisal related topics, and monitoring continuing education requirements.
- Conducting assessment practices surveys of county assessors' offices to determine the adequacy of the procedures and practices the county assessor uses in valuing property and to evaluate the assessor's performance of mandated duties.

The BOE has several key roles in property tax exemptions and exclusions from reassessment aiding county assessors by:

- Acting as a statewide clearinghouse to prevent multiple claims for the homeowners' exemption and disabled veterans' exemption to ensure a person is only granted exemption on one residence in the state.
- Monitoring claims for exclusion from reassessment under parent-child transfers, grandparent-grandchild exclusion, persons over 55, and disabled persons to ensure statutory limits are not exceeded.
- Co-administering the welfare exemption and veterans' organization exemption with county assessors; the BOE issues an Organizational Clearance Certificate to qualifying organizations. The BOE hears appeals for denials of certificate claims.

The BOE assists county assessors in discovering re-assessable events that have not been captured by a county's own discovery system by:

- Gathering and disseminating information to assessors on legal entities that have experienced a change in control or change in ownership not involving the transfer of title to property.
- Processing statement of change in control and ownership filings reporting information on transfers of corporate voting stock, membership interests, or partnership interests where a directly or indirectly acquired entity holds California real property.

The BOE maintains the tax-rate area mapping for each geographic area in the state with a different distribution of revenues among taxing jurisdictions. County auditors use these tax-rate areas to allocate

property tax revenues to the appropriate taxing jurisdictions. And the tax-rate areas are used to allocate the value of the state-assessed properties to their appropriate taxing jurisdictions.

### ***OTHER TAXES –***

#### ***Alcoholic Beverage Tax –***

The alcoholic beverage tax is a per-gallon excise tax collected on the sale, distribution, or importation of alcoholic beverages in California; by parties licensed with the Department of Alcoholic Beverage Control Board. As part of an interagency agreement, the California Department of Tax and Fee Administration (CDTFA) collects the tax and administers the program in cooperation with the BOE. The BOE hears appeals of denials of claims for refund.

#### ***Insurance Tax –***

The insurance tax is measured by gross premiums received by insurance companies upon their business done in California. Tax assessments are issued against insurance companies based on the data they report on their insurance tax returns. As part of an inter-agency agreement, the CDTFA issues deficiency assessments and refunds for the tax. The BOE hears appeals of denials of claims for refund.

#### ***Private Railroad Car Tax – (\$9.2 million in tax)***

The private railroad car tax is a tax retained by the state and is in lieu of all local ad valorem property taxes. Private railcar owners pay the private railroad car tax on railcars operated in California. The BOE makes annual assessments of privately-owned railroad cars operating within the state, levies, and collects the tax. For 2017-18, the assessed value for private railroad cars totaled \$844.6 million. The private railroad car tax produced an estimated \$9.2 million in property tax revenues for the state's 2017-18 General Fund.

### **WHERE TO FIND ADDITIONAL INFORMATION:**

Visit the State Board of Equalization's website  
([www.boe.ca.gov](http://www.boe.ca.gov))