May 14, 2021

TO COUNTY ASSESSORS:

ALPINE COUNTY
ASSESSMENT PRACTICES SURVEY

A copy of the Alpine County Supplemental Assessment Practices Survey Report is enclosed for your information. The State Board of Equalization (BOE) completed this survey in fulfillment of the provisions of sections 15640-15646 of the Government Code. These code sections provide that the BOE shall make surveys in specified counties to determine that the practices and procedures used by the County Assessor in the valuation of properties are in conformity with all provisions of law. The Honorable Donald O'Connor, Alpine County Assessor-Recorder, was provided a draft of this report and given an opportunity to file a written response to the findings and recommendations contained therein. The report, including the Assessor's response, constitutes the final survey report, which is distributed to the Governor, the Attorney General, and the State Legislature; and to the Alpine County Board of Supervisors, Grand Jury, and Assessment Appeals Board.

Fieldwork for this supplemental survey was performed by the BOE's County-Assessed Properties Division during September 2020. The report does not reflect changes implemented by the Assessor after the fieldwork was completed.

Mr. O'Connor and his staff gave their complete cooperation during the survey. We gratefully acknowledge their patience and courtesy during the interruption of their normal work routine.

Sincerely,

/s/ David Yeung

David Yeung
Deputy Director
Property Tax Department

DY:dcl
Enclosure
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INTRODUCTION

Although county government has the primary responsibility for local property tax assessment, the State has both a public policy interest and a financial interest in promoting fair and equitable assessments throughout California. The public policy interest arises from the impact of property taxes on taxpayers and the inherently subjective nature of the assessment process. The financial interest derives from state law that annually guarantees California schools a minimum amount of funding, to the extent that property tax revenues fall short of providing this minimum amount of funding, the State must make up the difference from the general fund.

The assessment practices survey program is one of the State's major efforts to address these interests and to promote uniformity, fairness, equity, and integrity in the property tax assessment process. Under this program, the State Board of Equalization (BOE) periodically reviews the practices and procedures (surveys) of specified County Assessors' offices. This report reflects the BOE's findings in its current survey of the Alpine County Assessor-Recorder's Office.¹

The Assessor is required to file with the board of supervisors a response that states the manner in which the Assessor has implemented, intends to implement, or the reasons for not implementing the recommendations contained in this report. Copies of the response are to be sent to the Governor, the Attorney General, the BOE, and the Senate and Assembly; and to the Alpine County Board of Supervisors, Grand Jury, and Assessment Appeals Board. That response is to be filed within one year of the date the report is issued and annually thereafter until all issues are resolved. The Honorable Mr. O'Connor, Alpine County Assessor-Recorder, elected to file his initial response prior to the publication of our survey; it is included in this report following the Appendixes.

¹ This report covers only the assessment functions of this office.
OBJECTIVE

The survey shall "...show... the extent to which assessment practices are consistent with or differ from state law and regulations." The primary objective of a survey is to ensure the Assessor's compliance with state law governing the administration of local property taxation. This objective serves the three-fold purpose of protecting the state's interest in the property tax dollar, promoting fair treatment of taxpayers, and maintaining the overall integrity and public confidence in the property tax system in California.

The objective of the survey program is to promote statewide uniformity and consistency in property tax assessment by reviewing each specified county's property assessment practices and procedures, and publishing an assessment practices survey report. Every Assessor is required to identify and assess all properties located within the county – unless specifically exempt – and maintain a database or "roll" of the properties and their assessed values. If the Assessor's roll meets state requirements, the county is allowed to recapture some administrative costs.

SCOPE AND METHODOLOGY

Government Code sections 15640 and 15642 define the scope of an assessment practices survey. As directed by those statutes, our survey addresses the adequacy of the procedures and practices employed by the Assessor in the valuation of property, the volume of assessing work as measured by property type, and the performance of other duties enjoined upon the Assessor.

Pursuant to Revenue and Taxation Code section 75.60, the BOE determines through the survey program 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. Such certification is obtained either by satisfactory statistical result from a sampling of the county's assessment roll, or by a determination by the survey team – based on objective standards defined in regulation – that there are no significant assessment problems in the county.

The BOE has elected to conduct a supplemental survey for Alpine County. The supplemental survey includes a review of the recommendations contained in the prior survey report, the Assessor's written response to the recommendations, the Assessor's current records pertaining to those recommendations, and interviews with the Assessor and his staff. This supplemental survey is made to determine the extent to which the Assessor has implemented the recommendations contained in the prior survey report and to identify areas where problems still exist.

This supplemental survey examined the assessment practices of the Alpine County Assessor's Office for the 2018-2019 assessment roll. Since this survey did not include an assessment sample pursuant to Government Code section 15640(c), our review included an examination to determine whether "significant assessment problems" exist, as defined by Rule 371.

2 Government Code section 15642.
3 Unless otherwise stated, all statutory references are to the California Revenue and Taxation Code and all rule references are to sections of California Code of Regulations, Title 18, Public Revenues.
Our survey methodology of the Alpine County Assessor's Office included reviews of the Assessor's records, interviews with the Assessor and his staff, and contacts with officials in other public agencies in Alpine County who provided information relevant to the property tax assessment program.

EXECUTIVE SUMMARY

The BOE has elected to perform a supplemental survey of the Alpine County Assessor's Office, addressing only the recommendations from the prior survey and whether the Assessor has implemented those recommendations. In the 2015 Alpine County Assessment Practices Survey report, there were a total of 11 recommendations.

In the area of real property assessment, we reviewed seven prior recommendations identified in the Assessor's change in ownership, declines in value, California Land Conservation Act (CLCA), and taxable possessory interests programs. The Assessor has implemented the recommendations that relate to declines in value, and he has partially implemented the recommendations that relate to the change in ownership and taxable possessory interests programs. However, the Assessor has not implemented the recommendations that relate to the CLCA program.

In the area of personal property and fixtures, we reviewed four prior recommendations identified in the Assessor's audit, business property statement, business equipment valuation, and manufactured homes programs. The Assessor has implemented the recommendations related to the business property statement and business equipment valuation programs. However, the Assessor has not implemented the recommendations that relate to audits and manufactured homes.
OVERVIEW OF ALPINE COUNTY

Alpine County is located in eastern California, and encompasses a total area of 743.18 square miles, consisting of 738.33 square miles of land area and 4.85 square miles of water area. Created in 1864, Alpine County is bordered by the state of Nevada to the north, El Dorado County to the northwest, Amador County to the west, Calaveras County to the southwest, Tuolumne County to the south, and Mono County to the east.

As of 2019, Alpine County was estimated to have a population of 1,129. There are no incorporated cities in Alpine County; however, the county seat is Markleeville.

The Alpine County local assessment roll ranks 57th in value out of the 58 county assessment rolls in California.4

4 State Board of Equalization Annual Report, Table 7 – Assessed Value of County Assessed Property Subject to General Property Taxes, for year 2018-19.
ASSESSMENT OF REAL PROPERTY: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS

Following are the recommendations included in our December 2015 Assessment Practices Survey Report that relate to the assessment of real property and the Assessor's response to the recommendations. After each recommendation, we report the current status of the Assessor's effort to implement the recommendation, as noted during our supplemental survey fieldwork.

Change in Ownership

RECOMMENDATION 1: Properly document nonreappraisable transfers.

Original Findings:

We found in some cases, the Assessor's records did not adequately detail the parties, individuals, or interests involved in nonreappraisable transfers. We discovered the Assessor enters the recorded document number into the computer and inconsistently updates the names and percentages of the parties holding title in accordance with the recorded document. For example, we found instances where the Assessor's records did not indicate the members of LLCs and the respective percentages of ownership for each member to be able to determine whether a transfer was reappraisable or not. Other records did not indicate the beneficiaries and the percentages of ownership for each trust beneficiary. Additional records showed transfers involving parent-child exclusions and interspousal exclusions that were not documented with enough detail to provide the complete identification of the interested parties.

Original Assessor's Response:

The Assessor concurs and procedures for this recommendation have been implemented to better document the transfers of non reappraisable documents.

Current Status:

We found that the Assessor has implemented this recommendation. We reviewed a number of nonreappraisable and reappraisable events and found that all the files were properly documented. All records reviewed included the correct percentages of ownership and owner names whether it was an event involving a parent-child exclusion, partial interest transfer, or a legal entity.

RECOMMENDATION 2: Correctly implement the penalty process in accordance with section 482(a).

Original Findings:

It is the Assessor's practice not to apply penalties when a property owner fails to return a COS or fails to return a COS timely. In addition, the Assessor does not have an effective tracking system in place to monitor whether a COS has been filed timely.
Original Assessor's Response:

The Assessor concurs and procedures for this recommendation have been implemented. We will apply appropriate penalties for Change in Ownership Reports as required by section 482(a).

Current Status:

We found that the Assessor has implemented this recommendation by changing the procedure so that the Assessor no longer issues a BOE-502-AH, Change of Ownership Statement (COS), when a property owner fails to file a BOE-502-A, Preliminary Change of Ownership Report (PCOR). Under the new procedure, if a PCOR is not received at the time of recording for a document, the Assessor sends a PCOR to the property owner, along with a form letter requesting the property owner to complete and return the PCOR within 15 days. If the PCOR is not returned to the Assessor within 15 days, a second PCOR and form letter are sent to the property owner. If the property owner fails to return the second PCOR, no further action is taken by the Assessor.

Unlike a COS, failure to file a PCOR as requested by the Assessor does not require the Assessor to apply a penalty. By changing their procedure, the Assessor is no longer out of compliance.

RECOMMENDATION 3: Apply appropriate penalties as required by section 482(b) if BOE-100-B, Statement of Change in Control and Ownership of Legal Entities, is not filed timely.

Original Findings:

The BOE advised the Assessor of two entities subject to penalty for late filing; however, the Assessor did not apply a penalty.

Original Assessor's Response:

The Assessor concurs and procedures for this recommendation have been implemented. We will apply appropriate penalties as required by section 482(b).

Current Status:

We found that the Assessor has not implemented this recommendation. The Assessor does not apply a penalty when a BOE-100-B is either filed late or not filed at all, as required by section 482(b). The BOE had notified the Assessor of a legal entity subject to penalty for late-filing; however, the Assessor did not apply a penalty.

Sections 480.1 and 480.2 require the filing of a signed BOE-100-B whenever a legal entity has undergone a change in control or ownership. Section 482(b) states that if a legal entity required to file a BOE-100-B fails to do so within 90 days from the earlier of (1) the date of the change in control or the change in ownership of the legal entity, or (2) the date of a written request by the BOE, whichever occurs earlier, a specific penalty shall be applied.

The BOE provides the Assessor with several reports, as well as copies of BOE-100-Bs, indicating whether a penalty applies. The Assessor should review these reports and BOE-100-Bs
to identify legal entities with late-filings or failures to file and apply a penalty accordingly. By failing to apply the required section 482(b) penalty, the Assessor is not following statutory requirements and is not treating all taxpayers equitably.

**RECOMMENDATION 4:** Follow proper enrollment procedures for escape assessments.

**Original Findings:**

The Assessor does not properly notify taxpayers of the enrollment of an escape assessment and fails to allow the statutorily required minimum of ten days to elapse between notifying the assessee of the proposed escape assessment and the enrollment of the assessment. The Assessor has modified BOE-66-A, *Notice of Enrollment of Escape Assessment*, and is using this form as his *Notice of Proposed Escape Assessment*. This is the only notice taxpayers receive from the Assessor related to escape assessments. Taxpayers do not receive a *Notice of Enrollment of Escape Assessment*.

**Original Assessor's Response:**

*The Assessor concurs and a new form and procedure for this recommendation have been implemented.*

**Current Status:**

We found that the Assessor has implemented this recommendation. The Assessor currently notifies taxpayers of the proposed enrollment of an escape assessment, using a *Notice of Proposed Escape Assessment*. Then, a statutorily required minimum of ten days is allowed to elapse before sending a *Notice of Enrollment of Escape Assessment* to the assessee, as required in statute.

**Declines in Value**

**RECOMMENDATION 5:** Improve the decline-in-value program by sending value notices to property owners as required by section 619.

**Original Findings:**

In Alpine County, it is the Assessor's practice to use the tax bill as notice to the property owners for decline-in-value properties that have been fully or partially restored to factored base year value. The property tax bills in Alpine County do not include a statement of the assessment appeals filing period, an explanation of the stipulation procedure, or the FBYV of the property when fair market value is enrolled.

**Original Assessor's Response:**

*The Assessor concurs and procedures for this recommendation have been implemented. We will comply with section 619, especially since it's for the public's best interest to be informed if their property's full value increases.*
Current Status:

We found that the Assessor has implemented this recommendation. The Assessor currently sends out annual value notices to property owners, as required by section 619. The notices now include a statement of the assessment appeals filing period, an explanation of the stipulation procedure, and the factored base year value (FBYV) of the property when the fair market value has been enrolled.

**California Land Conservation Act Property**

**RECOMMENDATION 6:** Improve the CLCA assessment program by: (1) sending CLCA questionnaires to property owners and (2) deducting operating expenses from gross income.

(1) Send CLCA Questionnaires to property owners.

**Original Findings:**

We found the Assessor does not send CLCA questionnaires to property owners to obtain rental and expense information.

**Original Assessor's Response:**

*The Assessor concurs and procedures for this recommendation have been implemented.*

**Current Status:**

We found that the Assessor has not implemented this recommendation. The Assessor does not send CLCA questionnaires to property owners to obtain rental and expense information.

Section 423(a)(1) provides that the annual income to be capitalized shall be determined, where sufficient rental information is available, by using the fair rent which can be imputed to the land being valued based upon rent actually received for the land by the owner and upon typical rentals received in the area for similar land in similar use. Accurate assessment of lands under CLCA contracts depends on accurate estimates of net income attributable to the land.

By not sending CLCA questionnaires to property owners, the Assessor is not able to properly determine an income attributable to the land and, therefore, the Assessor is not able to accurately assess lands under CLCA contracts. Additionally, without the questionnaire, the Assessor may fail to discover income from compatible uses for CLCA lands.

(2) Deduct operating expenses from gross income.

**Original Findings:**

The Assessor does not deduct operating expenses from gross income when valuing CLCA property.
Original Assessor's Response:

The Assessor concurs and procedures for this recommendation have been implemented.

Current Status:

We found that the Assessor has not implemented this recommendation. The Assessor does not deduct allowable expenses from the gross income when valuing CLCA properties.

Assessors' Handbook Section 521, *Assessment of Agricultural and Open-Space Properties*, provides that all allowed expenses should be deducted from the estimated economic rent. Since the income to be capitalized in the valuation of open-space properties is the net income attributable to the land, the expenses necessary to maintain this income and the portion of the income attributable to improvements must be subtracted from the expected gross income prior to capitalization. All properties, including grazing lands, will incur some expenses. Such expenses may include repair of fencing, management, insurance, veterinarian care, and supplemental feed expenses.

Failing to deduct allowable expenses from the gross income in the valuation of restricted properties may lead to overassessments.

**Taxable Possessory Interests**

RECOMMENDATION 7: Improve the taxable possessory interest program by:

1. Periodically reviewing all taxable possessory interests with stated terms of possession for declines in value,
2. Properly calculating supplemental assessments on newly created taxable possessory interests, and
3. Adding the present worth of unpaid future contract rents to the sale price of a taxable possessory interest.

(1) Periodically review all taxable possessory interests with stated terms of possession for declines in value.

Original Findings:

We reviewed several taxable possessory interest files indicating a stated term of possession. We found the taxable possessory interests are not reviewed periodically for declines in value. Instead, the Assessor has enrolled the factored base year value (FBYV) over the years or the values have remained constant.

Original Assessor's Response:

The Assessor concurs and I have already implemented new procedures to address these issues.
Current Status:

We found that the Assessor has not implemented this recommendation. We reviewed several taxable possessory interest files indicating a stated term of possession. We found that the taxable possessory interests are not periodically reviewed for declines in value. The Assessor has continued to enroll the factored base year value (FBYV).

Rule 21(d)(1) states, in part, "The stated term of possession shall be deemed the reasonably anticipated term of possession unless it is demonstrated by clear and convincing evidence that the public owner and the private possessor have reached a mutual understanding or agreement, whether or not in writing, such that the reasonably anticipated term of possession is shorter or longer than the stated term of possession. If so demonstrated, the term of possession shall be the stated term of possession as modified by the terms of the mutual understanding or agreement."

Rule 21(a)(6) defines the stated term of possession for a taxable possessory interest as of a specific date as "...the remaining period of possession as of that date as specified in the lease, agreement, deed, conveyance, permit, or other authorization or instrument that created, extended, or renewed the taxable possessory interest, including any option or options to renew or extend the specified period of possession if it is reasonable to assume that the option or options will be exercised." Therefore, the stated term of possession declines each year. This may or may not have a material effect on the market value of the possessory interest. Thus, absent clear and convincing evidence of a mutual understanding or agreement as to a shorter or longer term of possession, the Assessor must estimate the current market value of the taxable possessory interest on lien date based on the remaining stated term of possession, compare this value to the factored base year value, and enroll the lower of the two values.

Although the Assessor is not required to reappraise all properties each year, the Assessor should develop a program to periodically review assessments of taxable possessory interests with stated terms of possession to ensure declines in value are consistently recognized. Failure to periodically review taxable possessory interests for possible declines in value may cause the Assessor to overstate the taxable value of a taxable possessory interest.

(2) Properly calculate supplemental assessments on newly created taxable possessory interests.

Original Findings:

We discovered several taxable possessory interests where the Assessor improperly calculated the supplemental assessment by offsetting the fair market value against the prior value on the regular roll.

Original Assessor's Response:

The Assessor concurs and I have already implemented new procedures to address these issues.
Current Status:

We found that the Assessor has implemented this recommendation. During our review, we found that the Assessor properly calculated the supplemental assessment and based the value on its fair market value without including an offset from the prior year's value on the regular roll.

(3) Add the present worth of unpaid future contract rents to the sale price of a taxable possessory interest.

Original Findings:

Upon the sale of a United States Forest Service (USFS) cabin, it is the Assessor's practice to enroll the sale price of the cabin as market value, allocating the total between land and improvements. The Assessor does not add to the reported sale price the present value of unpaid future contract rent for the term of possession.

Original Assessor's Response:

The Assessor concurs and I have already implemented new procedures to address these issues.

Current Status:

We found that the Assessor has not implemented this recommendation. Upon the sale of a USFS cabin, the Assessor's current practice is to enroll the sale price of the cabin as market value, allocating the total sale price between land and improvements. The Assessor does not add to the reported sale price the present value of unpaid future contract rent for the term of possession.

Under Rule 21(e)(1)(A), the direct method of the comparative sales approach is one of the generally accepted methods for valuing a taxable possessory interest. In this method, an important adjustment to the reported sale price is the addition of the present value of the unpaid future contract rent over the remaining term of possession. It is also important to consider the cost of site restoration, if any, at the end of the term of possession.

When determining the value of a taxable possessory interest, the Assessor must include the total consideration paid for the taxable possessory interest. To arrive at the total consideration, the Assessor must add the present value of the unpaid future contract rents (reduced by any allowable expenses) for the reasonably anticipated term of possession to the sale price. If this adjustment is not made, the value indicator does not reflect the full value of the taxable possessory interest. Failure to make this adjustment may result in the full value of the taxable possessory interest not being reflected, which may result in incorrect assessments.
ASSessment of Personal Property and Fixtures: Prior Recommendations, Responses, and Current Status

Following are the recommendations included in our December 2015 Assessment Practices Survey Report that relate to the assessment of personal property and fixtures and the Assessor's response to the recommendations. After each recommendation, we report the current status of the Assessor's effort to implement the recommendation, as noted during our supplemental survey fieldwork.

Audit Program

RECOMMENDATION 8: Establish an audit program and audit the books and records of professions, trades, or businesses, pursuant to section 469.

Original Findings:

No formal property tax audits have been performed by the Assessor's office for a number of years.

Original Assessor's Response:

The Assessor concurs and our office is implementing the recommendation.

Current Status:

We found that the Assessor has not implemented this recommendation. No formal property tax audits have been performed by the Assessor in many years. The Assessor is out of compliance with the minimum audit workload requirements of section 469.

An audit program is an essential component of an equitably administered assessment program. An effective audit program verifies the reporting of business property accounts and helps to prevent any potential errors or escape assessments. When audits are not conducted, or not conducted timely, it is more difficult to obtain the records necessary to substantiate accurate reporting the further removed the audit is from the year being audited. Therefore, timeliness of the audit is an important factor in an effective audit program and ultimately a well-managed assessment program.

By failing to conduct the required number of audits, the Assessor is out of compliance with the minimum audit workload requirements of section 469 and risks the possibility of allowing taxable property to escape assessment permanently. Escaped assessments and errors not discovered and rectified during the audit process can represent a loss of revenue to the county and special tax districts.
**Business Property Statement Program**

**RECOMMENDATION 9:** Improve the BPS program by conducting an audit or a field review when property owners fail to file a BPS for three or more consecutive years.

**Original Findings:**

We found the Assessor sets no formal limits on the number of consecutive years a business property owner may fail to file a BPS before either visiting the location of the taxable property or conducting an audit.

**Original Assessor's Response:**

*The Assessor concurs and our office is implementing the recommendation.*

**Current Status:**

We found that the Assessor has implemented this recommendation. Annually, the Assessor conducts site visits to both new businesses in the county and to non-filers. During the site visits, the Assessor helps taxpayers fill out their BPS and to understand the importance of filing the BPS.

**Business Equipment Valuation**

**RECOMMENDATION 10:** Improve the business equipment valuation program by correctly classifying machinery and equipment reported on business property statements.

**Original Findings:**

We found the Assessor is not prorating machinery and equipment costs between personal property and fixtures on the assessment roll. We observed a number of cases where all reported costs were enrolled as personal property.

**Original Assessor's Response:**

*The Assessor concurs and new procedures for this recommendation have been implemented. We will review the 571 returns in more detail and correct as needed.*

**Current Status:**

We found that the Assessor has implemented this recommendation. The Assessor has properly prorated personal property and fixtures reported on the business property statement. If the Assessor suspects that personal property value includes fixtures that are not reported on the business property statement, the Assessor will reach out to the taxpayer for further clarification.
**Manufactured Homes**

**RECOMMENDATION 11:** Improve the assessment program for manufactured homes by:
(1) enrolling supplemental assessments for changes in ownership and (2) properly assessing manufactured homes for declines in value.

(1) Enroll supplemental assessments for changes in ownership.

**Original Findings:**

In accordance with section 5802, the Assessor properly values and establishes a base year value for a manufactured home upon a change in ownership. However, we found that the Assessor did not issue supplemental assessments for these events.

**Original Assessor's Response:**

*The Assessor concurs. After I took office, I implemented new procedures to address this issue.*

**Current Status:**

We found that the Assessor has not implemented this part of the recommendation. We reviewed all the manufactured homes in the county and found that the Assessor has not been issuing supplemental assessments when a manufactured home undergoes a change in ownership.

Manufactured homes are subject to supplemental assessments under section 75.5, which defines "property" for supplemental assessment purposes as real property, other than fixtures that are normally valued as a separate appraisal unit from a structure, and manufactured homes subject to taxation under Part 13 (commencing with section 5800). Therefore, section 75.5 specifically requires that the Assessor enroll supplemental assessments on manufactured homes whenever there is a change in ownership or completed new construction.

The Assessor's current practice of not enrolling supplemental assessments for manufactured homes, when appropriate, is contrary to statute and may incorrectly allow some taxpayers to avoid supplemental assessment, causing an unequal treatment of taxpayers.

(2) Properly assess manufactured homes for declines in value.

**Original Findings:**

The Assessor correctly establishes the base year value of a manufactured home upon a change in ownership or completed new construction. For the 2002 roll year, the Assessor reviewed and revalued all seven of the manufactured homes using the National Automobile Dealer Association (NADA) cost guide. However, for subsequent lien dates, the Assessor incorrectly depreciated the prior year's value and enrolled it as the assessed value.
Original Assessor's Response:

_The Assessor concurs. New procedures for this recommendation have been implemented._

Current Status:

We found that the Assessor has not implemented this part of the recommendation. When assessing manufactured homes for declines in value, the Assessor does not properly determine the current market value of the manufactured home in order to compare it to its factored base year value (FBYV), as required in statute. Rather than determine current market value and enroll the lesser of the two values, the Assessor simply applies a depreciation percentage to the prior year's value and enrolls that depreciated value as the manufactured home's assessed value.

Section 5813 states that for each lien date after the lien date for which the base year value is determined, the taxable value of a manufactured home shall be the lesser of its FBYV value or its full cash or market value as of the lien date. In determining the market value of a manufactured home, the cost approach is the preferred method because its use eliminates any site influence. Therefore, the proper method to estimate a manufactured home's current market value is to use a published cost guide, such as NADA or the Assessors' Handbook Section 531, _Residential Building Costs_. After determining cost, the Assessor should apply the appropriate percentage depreciation to arrive at an indicator of market value. The Assessor should then compare the indicated current market value to the FBYV and enroll the lower of the two values.

The Assessor's current practice may result in the incorrect assessment of these properties.
APPENDIX A: STATISTICAL DATA

Table 1: Assessment Roll

The following table displays pertinent information from the 2018-2019 assessment roll.5

<table>
<thead>
<tr>
<th>PROPERTY TYPE</th>
<th>ENROLLED VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Secured Roll</strong></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$226,242,086</td>
</tr>
<tr>
<td>Improvements</td>
<td>$462,823,552</td>
</tr>
<tr>
<td>Fixtures</td>
<td>$102,739</td>
</tr>
<tr>
<td>Personal Property</td>
<td>$1,221,372</td>
</tr>
<tr>
<td><strong>Total Secured</strong></td>
<td>$690,389,749</td>
</tr>
<tr>
<td><strong>Unsecured Roll</strong></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$9,351,446</td>
</tr>
<tr>
<td>Improvements</td>
<td>$10,719,309</td>
</tr>
<tr>
<td>Fixtures</td>
<td>$10,051,230</td>
</tr>
<tr>
<td>Personal Property</td>
<td>$12,444,409</td>
</tr>
<tr>
<td><strong>Total Unsecured</strong></td>
<td>$42,566,394</td>
</tr>
<tr>
<td><strong>Exemptions</strong></td>
<td>($625,311)</td>
</tr>
<tr>
<td><strong>Total Assessment Roll</strong></td>
<td>$732,330,832</td>
</tr>
</tbody>
</table>

Table 2: Change in Assessed Values

The following table summarizes the change in assessed values over recent years: 7

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL ROLL VALUE</th>
<th>CHANGE</th>
<th>STATEWIDE CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>$732,331,000</td>
<td>3.0%</td>
<td>6.5%</td>
</tr>
<tr>
<td>2017-18</td>
<td>$710,677,000</td>
<td>1.2%</td>
<td>6.3%</td>
</tr>
<tr>
<td>2016-17</td>
<td>$702,474,000</td>
<td>1.6%</td>
<td>5.5%</td>
</tr>
<tr>
<td>2015-16</td>
<td>$691,594,000</td>
<td>0.9%</td>
<td>6.0%</td>
</tr>
<tr>
<td>2014-15</td>
<td>$685,436,000</td>
<td>0.6%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

---

5 Statistics provided by BOE-822, Report of Assessed Values By City, Alpine County for year 2018.
6 The value of the Homeowners’ Exemption is excluded from the exemptions total.
7 State Board of Equalization Annual Report, Table 7- Assessed Value of County Assessed Property Subject to General Property Taxes, for years 2014-15 through 2018-19.
Table 3: Gross Budget and Staffing


As of the date of our survey, the Assessor had 3.15 budgeted permanent staff. With staff filling multiple positions, these positions consist of 0.75 Assessor, 1.0 real property appraiser, 0.40 real property auditor appraiser 0.10 cadastral draftsperson, and 0.90 support staff.

The following table identifies the Assessor's budget and staffing over recent years:

<table>
<thead>
<tr>
<th>BUDGET YEAR</th>
<th>GROSS BUDGET</th>
<th>PERCENT CHANGE</th>
<th>PERMANENT STAFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>$318,137</td>
<td>-9.9%</td>
<td>3.15</td>
</tr>
<tr>
<td>2017-18</td>
<td>$353,120</td>
<td>13.9%</td>
<td>3.15</td>
</tr>
<tr>
<td>2016-17</td>
<td>$310,040</td>
<td>-6.1%</td>
<td>3.15</td>
</tr>
<tr>
<td>2015-16</td>
<td>$346,824</td>
<td>14.8%</td>
<td>3.40</td>
</tr>
<tr>
<td>2014-15</td>
<td>$302,016</td>
<td>6.3%</td>
<td>3.40</td>
</tr>
</tbody>
</table>

Table 4: Assessment Appeals

The following table shows the number of assessment appeals filed in recent years:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ASSESSMENT APPEALS FILED</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>5</td>
</tr>
<tr>
<td>2017-18</td>
<td>6</td>
</tr>
<tr>
<td>2016-17</td>
<td>11</td>
</tr>
<tr>
<td>2015-16</td>
<td>11</td>
</tr>
<tr>
<td>2014-15</td>
<td>10</td>
</tr>
</tbody>
</table>

---

Table 5: Exemptions – Welfare

The following table shows welfare exemption data for recent years:\textsuperscript{10}

<table>
<thead>
<tr>
<th>YEAR</th>
<th>WELFARE EXEMPTIONS</th>
<th>EXEMPTED VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2017-18</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2016-17</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2015-16</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2014-15</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Table 6: Change in Ownership

The following table shows the total number of transfer documents received and the total number of reappraisals due to changes in ownership processed in recent years:\textsuperscript{11}

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL TRANSFER DOCUMENTS RECEIVED</th>
<th>REAPPRAISABLE TRANSFERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>740</td>
<td>N/A</td>
</tr>
<tr>
<td>2017-18</td>
<td>686</td>
<td>N/A</td>
</tr>
<tr>
<td>2016-17</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2015-16</td>
<td>689</td>
<td>N/A</td>
</tr>
<tr>
<td>2014-15</td>
<td>834</td>
<td>N/A</td>
</tr>
</tbody>
</table>

\textsuperscript{10} Statistics provided by BOE-802, \textit{Report on Exemptions}, for years 2014 through 2018. The Assessor did not provide all requested data in the report, nor did he provide the missing data to BOE staff during the survey.

\textsuperscript{11} Statistics provided by \textit{A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors’ Offices}, for years 2014-15 through 2018-19. The Assessor did not provide all requested data in the report, nor did he provide the missing data to BOE staff during the survey.
Table 7: New Construction

The following table shows the total number of building permits received and the total number of new construction assessments processed in recent years:\textsuperscript{12}

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL BUILDING PERMITS RECEIVED</th>
<th>NEW CONSTRUCTION ASSESSMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2017-18</td>
<td>108</td>
<td>N/A</td>
</tr>
<tr>
<td>2016-17</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>2015-16</td>
<td>109</td>
<td>N/A</td>
</tr>
<tr>
<td>2014-15</td>
<td>112</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Table 8: Declines In Value

The following table shows the total number of decline-in-value assessments in recent years: \textsuperscript{13}

<table>
<thead>
<tr>
<th>YEAR</th>
<th>DECLINE-IN-VALUE ASSESSMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>830</td>
</tr>
<tr>
<td>2017-18</td>
<td>840</td>
</tr>
<tr>
<td>2016-17</td>
<td>885</td>
</tr>
<tr>
<td>2015-16</td>
<td>889</td>
</tr>
<tr>
<td>2014-15</td>
<td>882</td>
</tr>
</tbody>
</table>

\textsuperscript{12} Statistics provided by \textit{A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices}, for years 2014-15 through 2018-19. The Assessor did not provide all requested data in the report, nor did he provide the missing data to BOE staff during the survey.

\textsuperscript{13} Statistics provided by \textit{A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices}, for years 2014-15 through 2018-19.
Table 9: Audits

The following table shows the minimum number of audits required to be conducted and the total number of audits completed in recent years.\(^{14}\)

<table>
<thead>
<tr>
<th>MINIMUM NUMBER OF AUDITS REQUIRED(^{15})</th>
<th>2018-19</th>
<th>2017-18</th>
<th>2016-17</th>
<th>2015-16</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Largest Assessments</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>All Other Taxpayers</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Required</strong></td>
<td><strong>1</strong></td>
<td><strong>1</strong></td>
<td><strong>1</strong></td>
<td><strong>1</strong></td>
<td><strong>1</strong></td>
</tr>
<tr>
<td>NUMBER OF AUDITS COMPLETED</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Audits Completed</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Largest Assessments</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Over/(Under) Required</strong></td>
<td><strong>N/A</strong></td>
<td><strong>N/A</strong></td>
<td><strong>N/A</strong></td>
<td><strong>N/A</strong></td>
<td><strong>N/A</strong></td>
</tr>
<tr>
<td>All Other Taxpayers</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Over/(Under) Required</strong></td>
<td><strong>N/A</strong></td>
<td><strong>N/A</strong></td>
<td><strong>N/A</strong></td>
<td><strong>N/A</strong></td>
<td><strong>N/A</strong></td>
</tr>
<tr>
<td>CCCASE AUDITS</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Prepared for other County Assessors</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

\(^{14}\) Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors’ Offices*, for years 2014-15 through 2018-19. The Assessor did not provide all requested data in the report, nor did he provide the missing data to BOE staff during the survey.

\(^{15}\) See Letters To Assessor No. 2009/049, *Significant Number of Business Property Audits*, for the minimum number of annual audits required pursuant to the provisions of section 469.
APPENDIX B: COUNTY-ASSESSED PROPERTIES DIVISION
SURVEY GROUP

Alpine County

Chief
Patricia Lumsden

Survey Program Director
Diane Yasui Manager, Property Tax Department

Survey Team Supervisor:
David Dodson Supervisor, Property Tax Department

Survey Quality Control
Michael Dean Saunders Senior Specialist Property Appraiser

Survey Team Leader:
Tina Krause Senior Specialist Property Appraiser

Survey Team:
Isaac Cruz Senior Specialist Property Auditor-Appraiser
Nancy Le Associate Property Auditor-Appraiser
Jennifer Prince Associate Property Appraiser
Dany Lunetta Associate Governmental Program Analyst
ASSESSOR'S RESPONSE TO BOE'S FINDINGS

Section 15645 of the Government Code provides that the Assessor may file with the Board a response to the findings and recommendations in the survey report. The survey report, the Assessor's response, and the BOE's comments regarding the Assessor's response, if any, constitute the final survey report.

The Alpine County Assessor's response begins on the next page. The BOE has no comments regarding the response.
April 2, 2021

Mr. David Yeung, Deputy Director
Property Tax Department
State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0064

Re: Alpine County Supplemental Assessment Practices Survey Report

Dear Deputy Director Yeung,

Enclosed is Alpine County's response to the State Board of Equalization's recent Supplemental Assessment Practices Survey and resulting recommendations. This response is made pursuant to section 15645 of the Government Code for inclusion with the final published survey report.

We enjoyed working with the staff from the State Board and would like to thank the survey team for their professionalism and courtesy during our audit. We appreciate the opportunity to collaborate closely with the State Board and receive constructive feedback on our practices and procedures. The positive interaction with the Board serves as a useful tool for ensuring the continual compliance of state laws by our office, and allows us to provide the utmost quality of service to our community.

I would like to express my deepest appreciation and thanks to the staff of the Alpine County Assessor's office. The results of this audit indicate their dedication and hard work to produce an accurate assessment roll and provide excellent service for our taxpayers. I am extremely proud to achieve our department goals with this highly committed and professional team.

Sincerely,

Donald O'Connor
Alpine County Assessor/Recorder

Enclosure
RECOMMENDATION 1: Properly document nonreappraisable transfers.
Response: None – Alpine County has implemented the recommendations.

RECOMMENDATION 2: Correctly implement the penalty process in accordance with section 482(a).
Response: None – Alpine County has implemented the recommendations.

RECOMMENDATION 3: Apply appropriate penalties as required by section 482(b) if BOE-100-B, Statement of Change in Control and Ownership of Legal Entity, is not filed timely.
Response: We concur and we will apply the appropriate penalties required by section 482(b) as we discover non-timely filers. We struggle with not having the date of change of control because people are not responding to requests and are not filing the BOE-100-B. This inhibits our ability to determine a new base year value and fulfilling section 482(b).

RECOMMENDATION 4: Follow Proper enrollment procedures for escape assessments.
Response: None – Alpine County has implemented the recommendations.

RECOMMENDATION 5: Improve the decline-in-value program by sending value notices to property owners as required by section 619.
Response: None – Alpine County has implemented the recommendations.

RECOMMENDATION 6: Improve the CLCA assessment program by (1) sending CLCA questionnaires to property owners and (2) deducting operator expenses from gross income.
Response: (1) & (2) Alpine County will continue to strive to improve our CLCA program by complying with the BOE’s recommendation.
RECOMMENDATION 7: Improve the taxable possessory interest program by: (1) periodically reviewing all taxable possessory interest with stated terms of possession for declines in value, (2) properly calculating supplemental assessments on newly created taxable possessory interest, and (3) adding the present worth of unpaid future contract rents to the sale price of a taxable possessory interest.

Response: (1) Since the government continually renews possessory interest properties leases, the sale prices in our local market of possessory interest properties do not appear to be affected by the stated terms of possession. We do annually review possessory interest properties for market decline in value and apply as needed.

(2) We concur and we will generate supplementals on newly created possessory interest.

(3) We concur and we will address this issue when we value taxable possessory interest.

RECOMMENDATION 8: Establish an audit program and audit the books and records of professions, trades, or businesses, pursuant to section 469.

Response: We concur. Due to our limited resources, we need to reach out and use the CCCASE program to help comply with section 469.

RECOMMENDATION 9: Improve the BPS program by conducting an audit or a field review when property owners fail to file BPS for three or more consecutive years.

Response: None – Alpine County has implemented the recommendations.

RECOMMENDATION 10: Improve the business valuation program by correctly classifying machinery and equipment reported on business property statements.

Response: None – Alpine County has implemented the recommendations.

RECOMMENDATION 11: Improve the assessment program for manufactured homes by: (1) Enrolling supplemental assessments for change of ownership and (2) properly assessing manufactured homes for decline in value.
Response: (1) The Assessor concurs and will apply supplemental assessments for change of ownership of manufactured homes.

Response: (2) The Assessor reviews each manufactured home every year for decline in value, but we do not use NADA as we have found their values do not reflect the values indicated by local sales. However, based on local sales, we apply a reduction in assessed value as needed.