

INYO COUNTY ASSESSMENT PRACTICES SURVEY

SEPTEMBER 2017

CALIFORNIA STATE BOARD OF EQUALIZATION

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Executive Director

No. 2017/034

September 11, 2017

TO COUNTY ASSESSORS:

**INYO COUNTY
ASSESSMENT PRACTICES SURVEY**

A copy of the Inyo County Assessment Practices Survey Report is enclosed for your information. The 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 Dave Stottlemyre, Inyo County Assessor, 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 Inyo County Board of Supervisors and Grand Jury.

Fieldwork for this survey was performed by the BOE's County-Assessed Properties Division from September through November 2015. The report does not reflect changes implemented by the assessor after the fieldwork was completed.

Mr. Stottlemyre 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 for

Dean R. Kinnee
Deputy Director
Property Tax Department

DRK:dcl
Enclosure

TABLE OF CONTENTS

INTRODUCTION..... 1

OBJECTIVE 2

SCOPE AND METHODOLOGY 2

EXECUTIVE SUMMARY 4

OVERVIEW OF INYO COUNTY..... 5

FINDINGS AND RECOMMENDATIONS 6

ADMINISTRATION 7
 EXEMPTIONS 7

ASSESSMENT OF REAL PROPERTY 10
 NEW CONSTRUCTION 10
 MINERAL PROPERTY 10

ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES..... 12
 AUDIT PROGRAM 12

APPENDIX A: STATISTICAL DATA 14
 TABLE 1: ASSESSMENT ROLL 14
 TABLE 2: CHANGE IN ASSESSED VALUES 14
 TABLE 3: GROSS BUDGET AND STAFFING 15
 TABLE 4: ASSESSMENT APPEALS 15
 TABLE 5: EXEMPTIONS – WELFARE 16
 TABLE 6: CHANGE IN OWNERSHIP 16
 TABLE 7: NEW CONSTRUCTION 17
 TABLE 8: DECLINES IN VALUE 17

APPENDIX B: COUNTY-ASSESSED PROPERTIES DIVISION SURVEY GROUP 18

APPENDIX C: RELEVANT STATUTES AND REGULATIONS 19

ASSESSOR'S RESPONSE TO BOE'S FINDINGS 20

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 Inyo County Assessor's Office.

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 Inyo County Board of Supervisors and Grand Jury. 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 Dave Stottlemyre, Inyo County Assessor, elected to file his initial response prior to the publication of our survey; it is included in this report following the Appendixes.

OBJECTIVE

The survey shall "...show the extent to which assessment practices are consistent with or differ from state law and regulations."¹ 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 Code² 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.

This survey examined the assessment practices of the Inyo County Assessor's Office for the 2015-16 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.

Our survey methodology of the Inyo 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 Inyo County who provided information relevant to the property tax assessment program.

¹ Government Code section 15642.

² 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.

For a detailed description of the scope of our review of county assessment practices, please refer to the BOE's website at <http://www.boe.ca.gov/Assessors/pdf/Scopemaster.pdf>. In addition, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found at <http://www.boe.ca.gov/proptaxes/apscont.htm>.

We conducted reviews of the following areas:

- Administration

We reviewed the assessor's administrative policies and procedures that affect both the real property and business property assessment programs. Specific areas reviewed include the assessor's budget and staffing, workload, assessment appeals, disaster relief, and welfare exemptions.

- Assessment of Real Property

We reviewed the assessor's program for assessing real property. Specific areas reviewed include properties having experienced a change in ownership, new construction assessments, properties experiencing a decline in value, and certain properties subject to special assessment procedures, such as taxable government-owned property, taxable possessory interests, and mineral property.

- Assessment of Personal Property and Fixtures

We reviewed the assessor's program for assessing personal property and fixtures. Specific areas reviewed include conducting audits, processing business property statements, business equipment valuation, manufactured home assessments, aircraft assessments, and vessel assessments.

EXECUTIVE SUMMARY

We examined the assessment practices of the Inyo County Assessor's Office for the 2015-16 assessment roll. This report offers recommendations to help the assessor correct assessment problems identified by the survey team. The survey team makes recommendations when assessment practices in a given area are not in accordance with property tax law or generally accepted appraisal practices. An assessment practices survey is not a comprehensive audit of the assessor's entire operation. The survey team does not examine internal fiscal controls or the internal management of an assessor's office outside those areas related to assessment. In terms of current auditing practices, an assessment practices survey resembles a compliance audit – the survey team's primary objective is to determine whether assessments are being made in accordance with property tax law.

In the area of administration, the assessor is effectively managing the staffing, workload, assessment appeals, and disaster relief programs. However, we made a recommendation for improvement in the welfare exemptions program.

In the area of real property assessment, the assessor has effective programs for change in ownership, declines in value, taxable government-owned property, and taxable possessory interests. However, we made recommendations for improvement in the new construction and mineral property programs.

In the area of personal property and fixtures assessment, the assessor has effective programs for business property statement processing, business equipment valuation, as well as assessing manufactured homes, aircraft, and vessels. However, we made recommendations for improvement in the audit program.

Despite the recommendations noted in this report, we found that most properties and property types are assessed correctly, and that the overall quality of the assessment roll meets state standards.

We found no significant assessment problems as defined in Rule 371. Since Inyo County was not selected for assessment sampling pursuant to Government Code section 15643(b), this report does not include the assessment ratios that are generated for surveys that include assessment sampling. Accordingly, pursuant to section 75.60, Inyo County continues to be eligible for recovery of costs associated with administering supplemental assessments.

OVERVIEW OF INYO COUNTY

Inyo County lies along the eastern edge of California in the Eastern Sierra Nevada region. The county encompasses a total area of 10,227 square miles, which consists of 10,181 square miles of land and 46 square miles of water. Established in 1866, Inyo County is the second largest county by area in California; however, it has the lowest population density of any of the counties in California. Inyo County is bounded on the north by Mono County, on the west by Fresno and Tulare Counties, on the south by Kern and San Bernardino Counties, and on the east by the state of Nevada.



As of 2015, Inyo County's population was 18,260. Inyo County has only one incorporated city, Bishop. The county seat is Independence. Some points of interest located in Inyo County are the Badwater Basin in the Death Valley National Park, which is the lowest point in North America at an elevation of 282 feet below sea level; and Mount Whitney, which is the highest peak in the contiguous United States at an elevation of 14,505 feet.

Inyo County's local assessment roll value ranked 48 among the 58 counties in California for the 2015-16 roll year, with a total assessed value of \$3,950,593,000.³

³ Information provided by the California State Board of Equalization Annual Report, Table 7, for year 2015-16.

FINDINGS AND RECOMMENDATIONS

As noted previously, our review concluded that the Inyo County assessment roll meets the requirements for assessment quality established by section 75.60. This report does not provide a detailed description of all areas reviewed; it addresses only the deficiencies discovered.

Following is a list of the formal recommendations contained in this report.

RECOMMENDATION 1: Improve the administration of the welfare exemption by: (1) properly notifying claimants when all or a portion of the property is denied the welfare exemption, and (2) granting the welfare exemption only when the proper supplemental affidavit is submitted with the annual claim form.8

RECOMMENDATION 2: Classify wells as land.....10

RECOMMENDATION 3: Apply the same rate to estimate the return on working capital as the discount rate applied to the other portions of a mining property.11

RECOMMENDATION 4: Perform the minimum number of audits of professions, trades, and businesses pursuant to section 469.12

ADMINISTRATION

Exemptions

Article XIII, section 1 of the California Constitution sets forth the general principle that all property is taxable unless otherwise provided. Section 3 of article XIII authorizes exemption of certain types of property from property taxation and section 4 authorizes the Legislature to exempt certain other types of property from property taxation.⁴

Our review of the assessor's exemptions program focused on the welfare exemption.

Welfare Exemption

Article XIII, section 4(b) of the California Constitution authorizes the Legislature to exempt property owned and used exclusively for religious, hospital, or charitable purposes by organizations formed and operated exclusively for those purposes. When the Legislature enacted section 214 to implement this constitutional provision, a fourth purpose (scientific) was added. Both the organizational and property use requirements must be met for the exemption to be granted.

The welfare exemption is co-administered by the BOE and county assessors.⁵ The BOE is responsible for determining whether an organization itself is eligible for the welfare exemption and for issuing either *Organizational Clearance Certificates* (OCCs) to qualified organizations or *Supplemental Clearance Certificates* (SCCs) to limited partnerships, which have a qualified organization as the managing general partner, that own and operate low-income housing. The assessor is responsible for determining whether the use of a qualifying organization's property is eligible for exemption and for approving or denying exemption claims.

The assessor may not grant a welfare exemption on an organization's property unless the organization holds a valid OCC issued by the BOE or a valid SCC issued by the BOE if the property is a low-income housing property owned and operated by a limited partnership, which has a qualified organization (OCC holder) as the managing general partner. The assessor may, however, deny an exemption claim based on non-qualifying use of the property, notwithstanding that the BOE has issued an OCC or SCC to the claimant.

We reviewed a variety of welfare exemption claims and found areas in need of improvement.

⁴ For a detailed description of the scope of our review of the Exemptions topic, please refer to the BOE's website at http://www.boe.ca.gov/Assessors/pdf/exemptions_general.pdf. In addition, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found <http://www.boe.ca.gov/proptaxes/apscont.htm>.

⁵ Effective July 1, 2017, Assembly Bill 102, the Taxpayer Transparency and Fairness Act of 2017, restructured the BOE into three separate agencies: BOE, California Department of Tax and Fee Administration (CDTFA), and the Office of Tax Appeals. The welfare exemption function of determining an organization's eligibility for an OCC/SCC is part of CDTFA.

RECOMMENDATION 1: Improve the administration of the welfare exemption by: (1) properly notifying claimants when all or a portion of the property is denied the welfare exemption, and (2) granting the welfare exemption only when the proper supplemental affidavit is submitted with the annual claim form.

Properly notify claimants when either all or a portion of the property is denied the welfare exemption.

We found that when a property is denied the welfare exemption, the assessor sends an email notifying the claimant of the denial, but the email does not contain the required language as provided in section 254.5(c). For properties given only a partial exemption due to a partial denial or to a late filing of the claim form, the assessor does not notify the claimant of the partial denial.

Section 254.5(c)(2) provides that if the assessor finds the claimant's property ineligible for the welfare exemption, the assessor must notify the claimant in writing of that finding. The assessor must also provide notification that the claimant may seek a refund of property taxes by filing a claim for refund with the county board of supervisors. If the claim for refund is denied, the organization may file a refund action in superior court.⁶

By not properly notifying claimants when a property does not qualify for an exemption, the assessor is not in compliance with statute.

Grant the welfare exemption only when the proper supplemental affidavit is submitted with the annual claim form.

We found instances where the assessor granted the welfare exemption on property used for low-income rental housing owned and operated by a qualifying nonprofit organization even though the claimant failed to file supplemental affidavit BOE-267-L, *Welfare Exemption Supplemental Affidavit, Housing – Lower Income Households*, with claim form BOE-267-A, *Claim For Welfare Exemption (Annual Filing)*, or filed an incorrect supplemental affidavit, BOE-236-A, *Supplemental Affidavit For BOE-236 Housing – Lower-Income Households Eligibility Based On Family Household Income (Yearly Filing)*.

Section 254 provides, in part, that any person claiming the welfare exemption must submit to the assessor annually an affidavit giving any information required by the BOE. Annual claim form BOE-267-A instructs the claimant that if any portion of the property is being used as low-income housing, and is owned by a nonprofit organization or an eligible limited liability company, BOE-267-L must also be submitted. Supplemental affidavit BOE-267-L requires the claimant to self-certify to statutory and regulatory requirements for exemption of low-income housing property. The exemption cannot be granted unless all information requested in the affidavit is provided and the signed affidavit is filed with the assessor.

⁶ Refer to Letter To Assessors (LTA) 2014/058, *Effective Administrative Practices – Welfare Exemptions*, for further discussion.

By accepting an annual exemption claim for a low income housing rental property with an incorrect supplemental affidavit, or no supplemental affidavit, the assessor may be improperly granting the exemption.

ASSESSMENT OF REAL PROPERTY

New Construction

Section 70 defines newly constructed property, or new construction, as (1) any addition to real property since the last lien date, or (2) any alteration of land or improvements since the last lien date that constitutes a major rehabilitation of the property or converts the property to a different use. Further, section 70 establishes that any rehabilitation, renovation, or modernization that converts an improvement to the substantial equivalent of a new improvement constitutes a major rehabilitation of the improvement. Section 71 provides that the assessor must determine the new base year value for that portion of any newly constructed taxable real property. New construction in progress on the lien date shall be appraised at its full value as of the lien date and each lien date thereafter until the date of completion. At the time of completion, the entire portion of newly constructed property shall be reappraised at its full value.⁷

We reviewed several property record files involving recent new construction and found the assessor's program for the discovery and assessment of new construction to be generally well administered. The assessor's property records were well documented, showing construction in progress assessed as of the lien date, completed new construction assessed as of the date of completion, and supplemental assessments issued as of the date of completion, when appropriate. However, we found an area in need of improvement.

RECOMMENDATION 2: Classify wells as land.

It is the assessor's policy to classify all wells as structural improvements. Rule 124 requires that oil and water wells be classified as land. By not attributing value to the land for value added by the new construction of water wells, the assessor is underassessing the land and overassessing the improvements, which may result in incorrect special assessments.

Mineral Property

By statute and case law, mineral properties are taxable as real property. They are subject to the same laws and appraisal methodology as all real property in the state. However, there are three mineral-specific property tax rules that apply to the assessment of mineral properties. They are Rule 468, *Oil and Gas Producing Properties*, Rule 469, *Mining Properties*, and Rule 473, *Geothermal Properties*. These rules are interpretations of existing statutes and case law with respect to the assessment of mineral properties.⁸

⁷ For a detailed description of the scope of our review of the New Construction topic, please refer to the BOE's website at http://www.boe.ca.gov/Assessors/pdf/newconstruction_general.pdf. In addition, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found at <http://www.boe.ca.gov/proptaxes/apscont.htm>.

⁸ For a detailed description of the scope of our review of the Mineral Property topic, please refer to the BOE's website at http://www.boe.ca.gov/Assessors/pdf/mineralprop_general.pdf. In addition, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found at <http://www.boe.ca.gov/proptaxes/apscont.htm>.

Inyo County has several large mining operations. We reviewed the assessor's mineral property program and found the following area in need of improvement:

RECOMMENDATION 3: Apply the same rate to estimate the return on working capital as the discount rate applied to the other portions of a mining property.

When using a discounted cash flow (DCF) analysis to value mining properties, we found that the assessor applies a significantly lower rate when estimating the return on working capital than the discount rate applied to the other portions of the mining property. The assessor's procedure for determining the rate to be applied to estimate the return on working capital in order to deduct it as an expense from the cash flow is to use the short term London Interbank Offered Rate (LIBOR) plus 0.5 percent. While treating the return on working capital as a deduction from the cash flow is a proper procedure, using this short-term rate is contrary to the recommended procedures provided in Assessors' Handbook section 560, *Assessment of Mining Properties*.

Rule 8(e) provides that when income from operating a property is used, sufficient income shall be excluded to provide a return on working capital and other nontaxable operating assets. For property tax purposes, working capital is the amount of cash needed to meet operating expenses and maintain minimum bank balances during the period expenditures have been made but revenues have not yet been received. The rate of return on working capital should be the same as the discount rate.

Working capital is a long-term investment in a mineral property, and is the same as any other capital investment for equipment or structures. It represents the cash invested at the beginning of the operation of the property to pay operating costs over the life of the property. If costs increase, investment in working capital increases over the years the property is in operation. If costs decrease, investment in working capital is returned to the investor as additional income from the operation. At the end of the property life, all of the invested working capital is returned as part of the income stream. Working capital, though it is cash on hand, does not represent a cash account and should not be evaluated as such. The assessor's procedure may lead to overassessments of the mining properties.

ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES

Audit Program

County assessors are required to annually conduct a significant number of audits as specified in section 469. The significant number of audits required is at least 75 percent of the fiscal year average of the total number of mandatory audits the assessor was required to have conducted during the 2002-03 fiscal year to the 2005-06 fiscal year, with 50 percent of those to be selected from a pool of those taxpayers with the largest assessments.⁹

For Inyo County, the minimum required number of audits to be conducted each year is 12, with the additional requirement that 50 percent of those audits are to be performed on taxpayers selected from a pool of those taxpayers that have the largest assessments of locally assessable trade fixtures and business tangible personal property in the county.¹⁰ Although the assessor has budgeted a full-time auditor-appraiser position, the auditor that serves in that role also serves as the assistant assessor.

The assessor completed a total of 8 audits for the 2011-12 fiscal year, 4 audits for the 2012-13 fiscal year, 7 audits for the 2013-14 fiscal year, 4 audits for the 2014-15 fiscal year, and 3 for the 2015-16 fiscal year.

RECOMMENDATION 4: Perform the minimum number of audits of professions, trades, and businesses pursuant to section 469.

We found that the assessor did not conduct the minimum number of audits required under the provisions of section 469 for the past four years. According to the assessor, this is due to insufficient staffing.

An effective audit program verifies the reporting of various business property accounts, from small to large, and helps prevent potential errors or escape assessments. An audit program is an essential component of an equitably administered assessment program. A weak audit program can leave a business property assessment program with no means of verifying the accuracy of taxpayer reporting or correcting noncompliant reporting practices. Furthermore, when audits are 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 also an important factor in an effective audit program and ultimately a well-managed assessment program. Assessors' Handbook section 506, *Property Tax Audits and Audit Program*, provides guidance in developing and improving a property tax audit and the audit program by

⁹ For a detailed description of the scope of our review of this topic, please refer to the document entitled *Audit Program*, available on the BOE's website at http://www.boe.ca.gov/Assessors/pdf/auditprogram_general.pdf. Additionally, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found at <http://www.boe.ca.gov/proptaxes/apscont.htm>.

¹⁰ Refer to Letter To Assessors LTA 2009/049, *Significant Number of Business Property Audits*.

presenting and discussing statutory provisions, suggested organizational tools, and audit practices and procedures.

By failing to conduct a significant number of audits, with fifty percent of those audits performed on taxpayers with the largest assessments, the assessor is not in compliance with section 469 and risks the possibility of allowing taxable property to permanently escape assessment.

APPENDIX A: STATISTICAL DATA

Table 1: Assessment Roll

The following table displays information pertinent to the 2015-16 assessment roll:¹¹

	PROPERTY TYPE	ENROLLED VALUE
Secured Roll	Land	\$2,462,637,379
	Improvements	\$997,862,995
	Fixtures	\$73,092,005
	Personal Property	\$44,182,815
	Total Secured	\$3,577,775,194
Unsecured Roll	Land	\$187,836,033
	Improvements	\$5,375,114
	Fixtures	\$190,669,751
	Personal Property	\$70,183,398
	Total Unsecured	\$454,064,296
Exemptions¹²		(\$81,246,009)
	Total Assessment Roll	\$3,950,593,481

Table 2: Change in Assessed Values

The next table summarizes the change in assessed values over recent years:¹³

ROLL YEAR	TOTAL ROLL VALUE	CHANGE	STATEWIDE CHANGE
2015-16	\$3,950,593,000	3.4%	6.0%
2014-15	\$3,820,145,000	2.1%	6.2%
2013-14	\$3,742,069,000	-4.7%	4.3%
2012-13	\$3,926,073,000	-1.0%	1.4%
2011-12	\$3,965,620,000	-1.2%	0.1%

¹¹ Statistics provided by BOE-822, *Report of Assessed Values By City*, 14 Inyo, for year 2015.

¹² The value of the Homeowners' Exemption is excluded from the exemptions total.

¹³ Statistics provided by the California State Board of Equalization Annual Report, Table 7.

Table 3: Gross Budget and Staffing

The assessor's gross budget has fluctuated over recent years, with a low of \$679,831 in 2011-12 to a high of \$932,918 in 2013-14, before dropping significantly in 2014-15 to \$834,621. Most recently, the assessor's 2015-16 gross budget saw a slight increase from the prior year to \$857,475.

As of the date of our survey, the assessor had 7.5 budgeted permanent positions. These positions consisted of the assessor, assistant assessor, 1 administrative analyst, 2 appraisers, 1 cadastral technician, and 1.5 office technicians.¹⁴

The following table shows the assessor's gross budget and staffing over recent years:¹⁵

BUDGET YEAR	GROSS BUDGET	PERCENT CHANGE	PERMANENT STAFF
2015-16	\$857,475	2.7%	7.5
2014-15	\$834,621	-10.5%	7.5
2013-14	\$932,918	29.4%	7.0
2012-13	\$721,106	6.1%	8.0
2011-12	\$679,831	-4.6%	8.6

Table 4: Assessment Appeals

The following table shows the number of assessment appeals filed in recent years:¹⁶

ROLL YEAR	ASSESSMENT APPEALS FILED
2015-16	17
2014-15	14
2013-14	11
2012-13	31
2011-12	17

¹⁴ Information provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices*.

¹⁵ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices*.

¹⁶ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices*.

Table 5: Exemptions – Welfare

The following table shows welfare exemption data for recent years:¹⁷

ROLL YEAR	WELFARE EXEMPTIONS	EXEMPTED VALUE
2015-16	33	\$8,608,755
2014-15	39	\$9,497,753
2013-14	45	\$32,301,624 *
2012-13	41	\$27,493,459 *
2011-12	41	\$7,523,674

Table 6: Change in Ownership

The following table shows the total number of reappraisals due to changes in ownership processed in recent years:¹⁸

ROLL YEAR	REAPPRAISABLE TRANSFERS
2015-16	598
2014-15	637
2013-14	392
2012-13	536
2011-12	519

¹⁷ Statistics provided by BOE-802, *Report on Exemptions*, for years 2011 through 2015.

¹⁸ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices*.

* The count and value for welfare exemptions reported in BOE-802, *Report on Exemptions*, included amounts from the schools and universities exemptions.

Table 7: New Construction

The following table shows the total number of new construction assessments processed in recent years:¹⁹

ROLL YEAR	NEW CONSTRUCTION ASSESSMENTS
2015-16	150
2014-15	67
2013-14	30
2012-13	114
2011-12	142

Table 8: Declines In Value

The following table shows the total number of decline-in-value assessments in recent years:²⁰

ROLL YEAR	DECLINE-IN-VALUE ASSESSMENTS
2015-16	2,104
2014-15	1,783
2013-14	1,999
2012-13	1,876
2011-12	1,885

¹⁹ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices*.

²⁰ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices*.

APPENDIX B: COUNTY-ASSESSED PROPERTIES DIVISION SURVEY GROUP

Inyo County

Chief

David Yeung

Survey Program Director:

Diane Yasui

Manager, Property Tax

Survey Team Supervisor:

David Dodson

Supervisor, Property Tax

Survey Team:

James McCarthy

Senior Petroleum and Mining Appraisal Engineer

Isaac Cruz

Senior Specialist Property Auditor-Appraiser

John Louden

Senior Specialist Property Auditor-Appraiser

Nancy Le

Associate Property Auditor-Appraiser

Michael Ash

Associate Property Appraiser

Jorge Torres

Assistant Property Appraiser

Dany Lunetta

Associate Governmental Program Analyst

APPENDIX C: RELEVANT STATUTES AND REGULATIONS

Reference	
<i>Government Code</i>	
§15640	Survey by board of county assessment procedures.
§15641	Audit of records; appraisal data not public.
§15642	Research by board employees.
§15643	When surveys to be made.
§15644	Recommendations by board.
§15645	Survey report; final survey report; assessor's report.
§15646	Copies of final survey reports to be filed with local officials.
<i>Revenue and Taxation Code</i>	
§75.60	Allocation for administration.
<i>Title 18, California Code of Regulations</i>	
Rule 370	Random selection of counties for representative sampling.
Rule 371	Significant assessment problems.

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 on the assessor's response, if any, constitute the final survey report.

The Inyo County Assessor's response begins on the next page. The BOE has no comments on the response.

Office of the Assessor

County of Inyo

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Dave Stottlemyre, Assessor

Thursday, July 27, 2017

David Yeung, Chief
County-Assessed Properties Division
Property Tax Department
State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0064

Subject: Inyo County Assessment Practices Survey

Dear Mr. Yeung,

Pursuant to Section 15645 of the California Government Code, I am pleased to respond in writing to the State Board of Equalization's Assessment Practices Survey of Inyo County's 2015-16 assessment roll. I have reviewed your draft and fully agree with your findings. I note there are only four (4) recommendations resulting from this Survey, down from 11 previously. On behalf of my staff, I want to acknowledge the favorable comments contained in the Survey.

Survey Supervisor David Dodson and all the members of the team accomplished their review in an efficient manner during September and October 2015 with minimal interruption of our operations. My staff and I appreciate the stimulating conversations with the Survey team during the fieldwork and post-conference process.

I want to acknowledge the excellent working relations we have with the staff of our Treasurer-Tax Collector, Auditor-Controller, Clerk-Recorder, County Counsel and Clerk of the Local Board of Equalization. All these agencies contribute to an efficient and cost-effective property tax system for the residents of Inyo County.

I especially want to recognize the dedication and professionalism of my staff and their commitment to providing fair and accurate assessments to the property owners of our wonderful county.

Cordially,

Dave

Dave Stottlemyre
Inyo County Assessor

Attachment

Response to Inyo County Assessment Practices Survey Recommendations

RECOMMENDATION 1:

Improve the administration of the welfare exemption by: (1) properly notifying claimants when all or a portion of the property is denied the welfare exemption, (2) granting the welfare exemption only when the proper supplemental affidavit is submitted with the annual claim form, and (3) granting the welfare exemption for qualifying living quarters.

Assessor's Response:

We concur. Procedures to comply with this recommendation are being implemented.

RECOMMENDATION 2:

Classify wells as land.

Assessor' Response:

We concur. Historically we have classified construction to land as "land" if the land improvement had an unlimited expected life, and we classified wells as improvements because (1) they have a limited life, and (2) it allowed us to perform more accurate appraisals when using comparable sales. My staff and I will explore your recommendation for possible implementation.

RECOMMENDATION 3:

Apply the same rate to estimate the return on working capital as the discount rate applied to the other portions of a mining property.

Assessor's Response:

We concur. Our appraisals going forward will utilize a single rate.

RECOMMENDATION 4:

Perform the minimum number of audits of professions, trades, and businesses pursuant to section 469.

Assessor's Response:

Staffing has been an ongoing issue for several years and is the foundation for receiving this recommendation. Each year since assuming office in 2015, I have requested funding for the appropriate staffing through the annual budget process. The upcoming 2017/2018 annual budget again includes a request for fully funding Auditor-Appraiser I and II positions for this department.