

# KERN COUNTY SUPPLEMENTAL ASSESSMENT PRACTICES SURVEY

**SEPTEMBER 2025**

---

## CALIFORNIA STATE BOARD OF EQUALIZATION

TED GAINES, SACRAMENTO

SALLY J. LIEBER, SAN FRANCISCO

ANTONIO VAZQUEZ, SANTA MONICA

MIKE SCHAEFER, SAN DIEGO

MALIA M. COHEN

FIRST DISTRICT

SECOND DISTRICT

THIRD DISTRICT

FOURTH DISTRICT

STATE CONTROLLER

---

YVETTE M. STOWERS, EXECUTIVE DIRECTOR





STATE BOARD OF EQUALIZATION  
PROPERTY TAX DEPARTMENT  
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064  
1-916-274-3350 • FAX 1-916-285-0134  
[www.boe.ca.gov](http://www.boe.ca.gov)

TED GAINES  
First District, Sacramento  
  
SALLY J. LIEBER  
Second District, San Francisco  
  
ANTONIO VAZQUEZ  
Third District, Santa Monica  
  
MIKE SCHAEFER  
Fourth District, San Diego  
  
MALIA M. COHEN  
State Controller  
  
YVETTE M. STOWERS  
Executive Director

September 3, 2025

TO COUNTY ASSESSORS:

**KERN COUNTY  
SUPPLEMENTAL ASSESSMENT PRACTICES SURVEY**

No. 2025/024

A copy of the Kern 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 Laura Avila, Kern 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 Kern County Board of Supervisors, Grand Jury, and Assessment Appeals Board.

Fieldwork for this supplemental survey was performed by the BOE's Assessment Practices Survey Division during July through October 2024. The report does not reflect changes implemented by the Assessor after the fieldwork was completed.

Ms. Laura Avila and 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:gdc  
Enclosure

# TABLE OF CONTENTS

<b>INTRODUCTION.....</b>	<b>1</b>
<b>OBJECTIVE .....</b>	<b>2</b>
<b>SCOPE AND METHODOLOGY .....</b>	<b>2</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>4</b>
<b>OVERVIEW OF KERN COUNTY .....</b>	<b>5</b>
<b>ADMINISTRATION: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS.....</b>	<b>6</b>
DISASTER RELIEF .....	6
ASSESSMENT ROLL CHANGES.....	6
EXEMPTIONS .....	8
<b>ASSESSMENT OF REAL PROPERTY: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS.....</b>	<b>11</b>
CHANGE IN OWNERSHIP .....	11
NEW CONSTRUCTION .....	12
DECLINES IN VALUE .....	13
MINERAL PROPERTY .....	14
<b>ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS .....</b>	<b>18</b>
AUDIT PROGRAM .....	18
BUSINESS PROPERTY STATEMENT PROGRAM.....	19
BUSINESS EQUIPMENT VALUATION .....	21
<b>APPENDIX A: STATISTICAL DATA .....</b>	<b>23</b>
TABLE 1: ASSESSMENT ROLL .....	23
TABLE 2: CHANGE IN ASSESSED VALUES .....	23
TABLE 3: GROSS BUDGET AND STAFFING .....	24
TABLE 4: ASSESSMENT APPEALS .....	24
TABLE 5: EXEMPTIONS – WELFARE .....	25
TABLE 6: CHANGE IN OWNERSHIP .....	25
TABLE 7: NEW CONSTRUCTION .....	26
TABLE 8: DECLINES IN VALUE .....	26
TABLE 9: AUDITS.....	27

<b>APPENDIX B: ASSESSMENT PRACTICES SURVEY DIVISION / PROPERTY TAX DEPARTMENT SURVEY GROUP .....</b>	<b>28</b>
<b>ASSESSOR'S RESPONSE TO BOE'S FINDINGS .....</b>	<b>29</b>

## 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 Kern County Assessor-Recorder's Office.<sup>1</sup>

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 Kern 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 Laura Avila, Kern County Assessor-Recorder, elected to file their initial response prior to the publication of our survey; it is included in this report following the Appendices.

---

<sup>1</sup> This review covers only the assessment functions of the office.

## OBJECTIVE

The survey shall "...show the extent to which assessment practices are consistent with or differ from state law and regulations."<sup>2</sup> 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<sup>3</sup> 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 Kern 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 their 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 Kern County Assessor's Office for the 2023-24 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.

---

<sup>2</sup> Government Code section 15642.

<sup>3</sup> 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 Kern County Assessor-Recorder's Office included reviews of the Assessor's records, interviews with the Assessor and staff, and contacts with officials in other public agencies in Kern County who provided information relevant to the property tax assessment program.

For a detailed description of the scope of our review of county assessment practices, please refer to the BOE's website at <https://www.boe.ca.gov/proptaxes/assessment-practices-survey-division/scope.htm>. Additionally, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found at <https://www.boe.ca.gov/proptaxes/assessment-practices-survey-division/survey.htm>.

## **EXECUTIVE SUMMARY**

The BOE has elected to perform a supplemental survey of the Kern County Assessor's Office, addressing only the recommendations from the prior survey and whether the Assessor has implemented those recommendations. In the 2020 Kern County Assessment Practices Survey Report, there were a total of ten recommendations.

In the area of administration, which affect both the real property and business property assessment programs, we reviewed three prior recommendations identified in the Assessor's disaster relief, assessment roll changes, and exemptions programs. The Assessor has implemented the recommendations related to the disaster relief and assessment roll changes programs, and has partially implemented the recommendation related to the exemptions program.

In the area of real property assessment, we reviewed four prior recommendations identified in the Assessor's change in ownership, new construction, declines in value, and mineral property programs. The Assessor has implemented the recommendations related to the declines in value and mineral property programs. However, the Assessor has not implemented the recommendations related to the change in ownership and new construction programs.

In the area of personal property and fixtures, we reviewed three prior recommendations identified in the Assessor's audit, business property statement, and business equipment valuation programs. The Assessor has implemented the recommendations related to the business property statement and business equipment valuation programs, and has partially implemented the recommendation related to the audit program.



## OVERVIEW OF KERN COUNTY

Kern County is located in southern California and was created in 1866. The county encompasses a total area of 8,162.63 square miles, consisting of 8,131.91 square miles of land area and 30.72 square miles of water area. Kern County is bordered by Kings, Tulare, and Inyo Counties to the north, San Bernardino County to the east, Ventura and Los Angeles Counties to the south, and San Luis Obispo and Santa Barbara Counties to the west.

As of 2023, Kern County had an estimated population of 913,820. There are 11 incorporated cities in Kern County. The county seat is Bakersfield.

The Kern County local assessment roll ranks 13th in value of the 58 county assessment rolls in California.<sup>4</sup>



---

<sup>4</sup> Statistics provided by the BOE Open Data Portal dataset - [County Assessed Property Values, by Property Class and County \(Table 7\)](#), for year 2023-24.

## ADMINISTRATION: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS

Following are the recommendations included in our October 2020 Assessment Practices Survey Report that relate to administrative policies and procedures, 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.

### **Disaster Relief**

**RECOMMENDATION 1:** Update the procedures manual to conform to changes in section 170(b).

#### **Original Findings:**

We found that although the county's disaster relief ordinance has been updated to conform to the change to section 170, the procedures manual utilized by the appraisers has not been updated accordingly. The Assessor's procedures manual, *Annual Appraisal Responsibilities Disaster Relief Procedures*, states that the minimum property loss to qualify for calamity relief is \$5,000. However, section 170 was amended and this amount was increased to \$10,000 effective January 1, 2002.

The manual also fails to state that only partial relief is available if the value of the replacement property exceeds 120 percent of the market value of the pre-damaged property and that the replacement property must be purchased or newly constructed within five years of the disaster.

#### **Original Assessor's Response:**

The Assessor has updated all relevant department procedures manuals to conform to R&T Code §170(b).

#### **Current Status:**

We found that the Assessor has implemented this recommendation. The Assessor's procedures have been updated to conform to section 170(b).

### **Assessment Roll Changes**

**RECOMMENDATION 2:** Improve the assessment roll changes program by: (1) correctly notating penalties on the assessment roll, as required by Rule 261, and (2) developing procedures that require an independent verification of assessment roll changes entered into the system.

**(1) Correctly notate penalties on the assessment roll, as required by Rule 261.**

**Original Findings:**

We found that the Assessor does not notate section 463 penalties on the assessment roll as required by Rule 261.

**Original Assessor's Response:**

We concur with part one the BOE's recommendation to correctly notate penalties on the assessment roll as required by Property Tax Rule 261. Changes will be made to the local assessment roll to separately reflect the amount of the penalty imposed per R&T Code §463.

**Current Status:**

We found that the Assessor has implemented this portion of the recommendation. The Assessor requires the notation of penalties on the assessment roll as required by Rule 261.

**(2) Develop procedures that require an independent verification of assessment roll changes entered into the system.**

**Original Findings:**

We found that the Assessor has no procedure in place that requires an independent verification of the information entered for assessment roll changes entered into the county's property tax system. Although we did not find any instances where an assessment roll change was incorrectly entered into the system, the lack of a procedure that requires an independent verification of assessment roll changes entered into the system leaves the Assessor vulnerable to unwarranted changes and keying errors.

Currently, the Assessor's office uses a single-entry keying system to enter assessment roll changes into the county's property tax system. A support clerk or a support supervisor enters assessment roll changes into the system from information contained in the appraisal or audit record and there is no independent verification of the information entered.

**Original Assessor's Response:**

We respectfully disagree with part two of this recommendation. We do have a procedure in place to independently review changes to the assessment roll weekly. Each week, a report is automatically generated by our system listing changes in value of more than 30% on properties with an assessed value of less than \$1 million and .1% change in value for properties with an assessed value of \$1 million or more. All corrections are notated separately on this report to be able to evaluate their correctness.

**Current Status:**

We will not be repeating this recommendation. The Assessor's practice is to conduct an independent verification of assessment roll changes entered into the system.

## **Exemptions**

**RECOMMENDATION 3:** Improve the administration of the exemptions program by:  
(1) requiring claimants to submit a separate welfare exemption claim form for each year the welfare exemption is claimed, (2) granting the welfare exemption only on property that is held in the name of the organization issued the OCC, (3) properly applying late-filing provisions for welfare exemption claim forms that are not filed timely, and (4) notifying all claimants and include statutorily required language pursuant to section 254.5 when all or a portion of property is denied the welfare exemption.

**(1) Require claimants to submit a separate welfare exemption claim form for each year the welfare exemption is claimed.**

### **Original Findings:**

During our review, we found instances when the Assessor granted the welfare exemption for years for which the claimant had not submitted a claim form. These instances included a first-time claimant who filed a claim form requesting the exemption for the initial fiscal year of 2018-19 but was granted the exemption for several years prior to 2018-19 and claimants who were granted the exemption in years for which they failed to file an annual claim form.

### **Original Assessor's Response:**

We agree with Recommendation 3 and have made appropriate changes to our process to address all aspects of this recommendation.

### **Current Status:**

We found that the Assessor has implemented this portion of the recommendation. The Assessor requires claimants to submit a separate welfare exemption claim form for each year the welfare exemption is claimed as required by section 254.

**(2) Grant the welfare exemption only on property that is held in the name of the organization issued the OCC.**

### **Original Findings:**

We found instances where the Assessor granted the welfare exemption on property that was not held in the name of the claimant. This included cases when the exemption was granted on real property leased by claimants but owned by for-profit entities, when only the personal property owned by the claimant qualified for the exemption. We also found one instance when the organization claiming the exemption had undergone a name change and obtained a new OCC under the new name. The organization was granted the exemption on property held in the prior name of the organization which no longer agreed to the name on the organization's OCC.

**Original Assessor's Response:**

We agree with Recommendation 3 and have made appropriate changes to our process to address all aspects of this recommendation.

**Current Status:**

We found that the Assessor has implemented this portion of the recommendation. The Assessor grants the welfare exemption only on property held in the name of the organization issued the *Organizational Clearance Certificate* (OCC) as required by section 254.5.

**(3) Properly apply late-filing provisions for welfare exemption claim forms that are not filed timely.****Original Findings:**

We found that the Assessor does not properly apply late-filing provisions when a welfare exemption claim form is filed after the annual February 15 deadline. In some instances, the Assessor was allowing a full exemption rather than a partial exemption of the property for a claim form filed late. In other instances, the Assessor applied late-filing provisions by applying a negative \$25,000 assessed value exemption to a secured escape tax bill for the property, rather than allowing only a partial exemption for the property.

**Original Assessor's Response:**

We agree with Recommendation 3 and have made appropriate changes to our process to address all aspects of this recommendation.

**Current Status:**

We found that the Assessor has not implemented this portion of the recommendation. We found instances where the Assessor is not applying late filing provisions for the welfare exemption claim forms that are not filed timely.

Section 271(a) provides that a welfare exemption claim filed on property acquired after the lien date is considered filed timely if filed within 90 days from the first day of the month following the month in which the property was acquired or by February 15 of the following calendar year, whichever occurs earlier. If the claimant does not file within the prescribed time period, but files late, then 85 percent of any tax, penalty, or interest is cancelled or refunded. In addition, section 271(c) provides that any tax, penalty, or interest imposed may not exceed \$250.

Section 255(a) provides that annual claims for the welfare exemption must be filed with the Assessor between the lien date, which is January 1, and 5:00 p.m. on February 15. Section 270(a)(1) states that 90 percent of any tax, penalty, or interest will be cancelled or refunded if the claim is filed on or before the lien date in the calendar year succeeding the calendar year in which the exemption was not claimed by a timely application. If a claim is filed after this specified time period in section 270(a)(1), then 85 percent of any tax, penalty, or interest shall be

cancelled or refunded, as specified in section 270(a)(2). However, section 270(b) provides that any tax, penalty, or interest may not exceed \$250.

By not properly applying late-filing provisions for welfare exemption claims, the Assessor is not in compliance with statutory requirements.

**(4) Notify all claimants and include statutorily required language pursuant to section 254.5 when all or a portion of property is denied the welfare exemption.**

**Original Findings:**

During our review, we found instances where welfare exemption claimants were not properly notified when all or a portion of their property had been denied the exemption. For example, the Assessor used a *Notice of Proposed Escaped Assessment* to notify claimants of a partial exemption due to late-filed exemption claim. We found the Assessor's notice did not include the statutorily required language that informs claimants of certain rights. We also found instances where letters generated by staff were used to notify claimants that the exemption had been fully denied. Neither the *Notice of Proposed Escaped Assessment* nor the staff-generated letters included the statutorily required language that provides notification to the claimant of certain rights and the staff-generated letters also did not specify the fiscal year for which the exemption or partial exemption was denied.

**Original Assessor's Response:**

We agree with Recommendation 3 and have made appropriate changes to our process to address all aspects of this recommendation.

**Current Status:**

We found that the Assessor has implemented this portion of the recommendation. The Assessor uses form BOE-267-F, *Welfare or Veteran's Organization Exemption Assessor's Findings on Qualification of Property Use* to notify claimants when all or a portion of property is denied the welfare exemption. The BOE-267-F includes statutorily required language pursuant to section 254.5 when all or a portion of property is denied the welfare exemption.

## **ASSESSMENT OF REAL PROPERTY: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS**

Following are the recommendations included in our October 2020 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 4:** Properly assess penalties in accordance with section 482(b).

#### **Original Findings:**

We found instances where the Assessor did not apply a penalty when a legal entity failed to file a BOE-100-B or failed to timely file a BOE-100-B, due to a change in control or ownership in accordance with section 482(b).

#### **Original Assessor's Response:**

We concur and are in the process of implementing Recommendation 4.

#### **Current Status:**

We found that the Assessor has not implemented this recommendation. We found several instances where the Assessor did not apply a penalty when a legal entity failed to file or failed to file timely a BOE-100-B, *Statement of Change in Control and Ownership of Legal Entities*, even though the Assessor had been notified by the BOE's Legal Entity Ownership Program (LEOP) section that the penalty applied.

Section 482(b) states that if a legal entity required to file a statement described in section 480.1 or 480.2 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, a 10 percent penalty shall be applied.

The BOE provides the Assessor with several reports, as well as copies of BOE-100-B filing, indicating whether a penalty applies. The Assessor should utilize these reports and the BOE-100-B filings to identify entities that have failed to file, or failed to file timely, and apply penalties accordingly.

By failing to apply the required penalty, the Assessor is not following statutory requirements and is not treating taxpayers equitably.

**New Construction**

**RECOMMENDATION 5:** Value and enroll all assessable low value new construction when part of a larger structure, unless the aggregate base year value of the whole structure is less than \$5,000.

**Original Findings:**

We found the Assessor does not value and enroll low value new construction when part of a larger structure when the permit value is less than \$5,000. The Assessor notes the file as "No Value Added" and lists the date and general description of the improvement. The Assessor, by policy, does not field inspect the new structure or document property characteristics needed to value the improvement, such as dimensions.

**Original Assessor's Response:**

The summarization references Section 155.20 that allows a county board of supervisors to exempt from property tax real property in which the total new base year value is \$10,000 or less. The contention is that the Assessor's practice of not enrolling low-value new construction is contrary to statute. The examples cited are all residential properties in which the new construction was a patio. The appraiser indicated there was "No Value Added."

Assessors' Handbook Section 410, Assessment of Newly Constructed Property, states that, when valuing new construction, the appraiser uses one or more of the three approaches to value. Based on Rule 4, the comparative sales approach to value is the preferred method when adequate market data are available. The handbook describes how to value new construction by this method:

*To value newly constructed property by this method, the property is appraised with and without the new construction as of the date of completion, using the selling prices of comparable properties. The difference between the appraised values is an indicator of the value of the new construction.*

The Assessor's practice of indicating "No Value Added" to certain new construction events stems from a lack of evidence of market value increase for what might be termed marginal new construction and is unrelated to the low-value property tax exemption.

**Current Status:**

We found that the Assessor has not implemented this recommendation. We found examples where the Assessor determined that the new construction being added was of an insignificant value and, therefore, did not add any value for the new construction, even though the new construction was considered to be assessable.

While section 155.20 does allow the Kern County Board of Supervisors to adopt a low-value ordinance that exempts real and personal property having a market value of \$10,000 or less, section 155.20(e) provides that a county board of supervisors does not have the authority to exempt new construction from property taxation, unless the new total base year value of the



property, including the new construction, is \$10,000 or less. Therefore, when part of a larger structure, low-value new construction must be valued and enrolled.

The Assessor's practice of not enrolling all assessable new construction may result in escaped assessments of certain low-value projects and cause unequal treatment of taxpayers.

### ***Declines in Value***

**RECOMMENDATION 6:** Send value notices to property owners and include statutorily required language pursuant to section 619.

#### **Original Findings:**

Kern County does not send value notices to owners of decline-in-value properties that have been fully or partially restored to FBVVs. Instead, the Assessor uses tax bills and their website to post parcel values to inform taxpayers. The property tax bills include a statement of the assessment appeals filing period. However, the information on the tax bill combined with the information posted on the Assessor's website provides neither an explanation of the process for submitting a written stipulation in place of appearance or testimony to the assessment appeals board (stipulation) nor the FBVV of the property. The Kern County Board of Supervisor's Resolution 2011-098 authorizes the Assessor to provide information described in section 619 on the Assessor's website.

#### **Original Assessor's Response:**

We respectfully disagree with this recommendation. All property owners are notified of their values annually on the Assessor's website in accordance with R&T Code § 619. If the property is subject to RTC section 51, the reduced value (current assessed value) and the factored base year value are both listed on the site. Additionally, language addressing the stipulation process, in accordance with R&T Code § 1607, can be found on the Assessor's website below the current assessed value. The Assessor's website address, found on the back of the property tax bill, enables taxpayers to access the most current assessment information.

The Kern County 2018-2019 annual tax bill, the billing year at the time of the BOE survey, referenced the wrong website address for the Assessor's office. However, prior and subsequent to the 2018-2019 bill, the website information was correct. We agree that the incorrect reference on the 2018-2019 tax bill may have caused confusion for taxpayers, and that taxpayers may therefore have lacked access to pertinent and perhaps vital information. The error, made by the Treasurer-Tax Collector in the 2018-2019 billing cycle, is not the responsibility of the Assessor.

#### **Current Status:**

We will not be repeating this recommendation. The Assessor properly informs property owners, including owners of decline-in-value properties that have been fully or partially restored to factored base year values (FBVV), of value changes on their website in lieu of a value change notice in accordance with section 619.

## Mineral Property

**RECOMMENDATION 7:** For purposes of establishing the lien date value of new reserves to add to the base year value of the property, use the value of new reserves based on the values used to enroll supplemental assessments for new wells.

### Original Findings:

During our review of mineral properties in Kern County, we found that the Assessor's practice is to use the full cost of new wells when enrolling supplemental assessments. The practice was litigated in *Chevron v. County of Kern* and determined by the courts to be an acceptable appraisal practice.<sup>5</sup> However, we found that the Assessor uses the replacement cost new less depreciation (RCNLD) of all wells associated with a mineral property, including the new wells, to calculate the current market value of the new mineral reserves associated with the property that are to be added to the base year value.

When the Assessor uses the full value of new wells when enrolling supplemental assessments, that same value is not used to determine the current market value allocated to new reserves for the property. The RCNLD of a well that is calculated by the Assessor is based on the ratio of remaining reserves to estimate ultimate recovery of the property. In some cases, the calculated RCNLD for a new well is 80 percent lower than the full cost of the well. Thus, when allocating value to the new reserves, using the RCNLD of wells associated with a property results in significantly more value allocated to the new reserves for the property than would be the case if the full cost of new wells that have already been added to the base year were used instead.

### Original Assessor's Response:

The Kern County Assessor's Office respectfully disagrees with the findings and recommendations regarding mineral property. As admitted in the Recommendation, *Chevron USA v. County of Kern* (2014) 230 Cal.App.4th 1315 ("*Chevron*") upheld the use of the cost approach as a valid method in valuing new wells. In addition to this guidance, Assessor's Handbook 566 gives the following instructions for the lien date valuation of wells: Page 7-1 provides that wells and other equipment must be "*listed, appraised, and assessed separately from the mineral rights*", and although wells are classified as land, they are subject to depreciation. Page 7-2 further states "*Common practice for the appraisal of the well and production equipment is to tie the value directly to its estimated utility to extract petroleum. A remaining reserve factor is determined by taking the estimate of proved reserves and dividing by the total ultimate recovery.*" In assessing new wells at reported cost as of the date of completion the Assessor is following the practice authorized by the 5<sup>th</sup> District Court of Appeals in the *Chevron* decision, and in using the reserve factor to depreciate the wells' offset value to determine the value of reserves, the Assessor is also following the BOE's guidance in AH566.

It is unclear whether the Recommendation is addressing lien date assessments or supplemental assessments. Presumably, it is addressing a supplemental assessment because, by the lien date,

---

<sup>5</sup> *Chevron USA, Inc. v. County of Kern* (2014), Cal.App.5d F066273

the well is no longer considered a "new well." If addressing the Assessor's methods on supplemental assessment, the Recommendation ignores the fact that reserves cannot be supplementally assessed unless they are a new discovery. In Recommendation number 7, the SBE states, "The RCNLD of a new well that is calculated by the Assessor is based on the remaining reserves of the property unit." This is patently false.

Revenue & Taxation Code Section 75.10 provides that only "actual physical new construction" is subject to supplemental assessment. (R&T Code, § 75.10(a)) That section goes on to define "actual physical new construction" as only those mineral rights which "include[s] the discovery of previously unknown reserves of oil or gas." R&T Code, § 75.10(c). Thus, the remaining reserves never come into consideration at the time of supplemental assessment.

If Recommendation 7 is addressing a subsequent lien date analysis, the Board's suggestion that *"The Assessor's use of the depreciated well value to calculate new reserve value, results in an over-allocation of the value to the new reserves. Specifically, part of the value allocated to new reserves has already been added to the base year value of the property when the well was supplementally assessed"* is erroneous on two levels:

First, a well placed into service on June 30<sup>th</sup> of the prior year will have been in production for six months prior to the following lien date and would no longer be a new well. The value of a new well and the value of a well that has produced reserves for six months would not typically be equal and some depreciation will exist. The Board admits to having no way of determining what specific amount of depreciation the Assessor is allocating to the well on lien date. To assert that the value of the well on lien date would be the same as the new well at the time of construction would be incorrect.

Second, the lien date current market allocation includes all wells on the property and is a combination of newer and older wells. The Board states: *"In some cases, the RCNLD of a new well is 80 percent lower than the full cost of the well."* This **assumption** is incorrect: The RCNLD number also includes wells that are much older than the newer wells in question and may contribute to the overall reserve factor to a much lesser degree than the newer wells. The Assessor does not contend that each well contributes equally to the RCNLD but only that the RCNLD represents the total value of all wells on the property. The Board admits to having no evidence to indicate what percentage the new wells contribute to the overall reserve factor and simply assumes that all wells contribute equally.

The Board's reliance on Letter to the Assessor ("LTA") 87/40, Assessment of Dry Hole Wells, is erroneous as applied to Kern County. The LTA is specifically applicable only to dry hole wells. As the court noted in Chevron, the Assessor excluded dry holes from supplemental assessment.

*" [Appraiser] Hammond's normal practice is to make adjustments if it is reported to him that the actual cost to drill the well exceeded the anticipated cost. This has happened in the past with Chevron, where Chevron provided him with evidence that the lower portion of a very expensive well was lost; in that case, Hammond apportioned the cost and assumed the lower part of the well was a dry hole, which Kern does not assess. [Emphasis added] (Chevron at 1339)*

As Recommendation 7 addresses all wells, not just dry holes, citing to LTA 87/40 is inappropriate at best. Further, although LTA was issued in 1987, it does not consider the restriction imposed by Section 75.10, whose last significant amendment was made in 1985. That restriction removes reserves from supplemental assessment unless those reserves are newly discovered. Unless LTA 87/40 was written in response to a question about a dry hole in a newly discovered field, it is legally incorrect given Section 75.10. Nor is the LTA applicable to lien date valuations.

Finally, the Board states: *"In cases when the total value (of a well) is less than cost, the Assessor must devise an allocation procedure that takes reserves into account."* The only known method for accomplishing this is to value each well individually. Requiring the Assessor to value newer wells individually suggests that all wells on the property should be valued individually in order to arrive at a correct value. This issue was also addressed in the *Chevron v. County of Kern* decision which states: *"Finally, as Kern points out, the application of Chevron's proposed method of valuation would be virtually impossible. Under that method, the Assessor would have to compare the value of the relevant oil field at the lien date with its value after each well was completed to determine whether each well added value in some way and, if so, how much, which Kern asserts would involve individual valuation determination of hundreds, if not thousands, of wells each year. Chevron's counsel admitted before the Board that Chevron's expert had not appraised the whole unit, stating: 'No one has done what I think would be a Herculean task. Given the number of wells we have, in order to demonstrate if there were a value added by this process, and in order to demonstrate what that value was, you would have had to have hundreds of cash flows done, because you'd have to do a cash flow after each one of these wells was drilled. And it would have been impossible to do.'" Chevron's counsel further admitted that "it would have been virtually impossible for either Mr. Miller or Mr. Bertholf to have run a cash flow for each of the wells."* Practical considerations may have an impact on the Assessor's choice of valuation method. For example, in *Bret Harte Inn, Inc. v. City & County of San Francisco* (1976) 16 Cal.3d 14, our Supreme Court considered the valuation of "merchandise, equipment and cash located in [a] hotel." (Id. at p. 18.) The Court noted that *"[s]ince it is impracticable to attribute specific income to the type of property here in question the income method does not easily lend itself to the appraisal here before us. Out of substantial necessity, then, the Assessor in this case resorted to the so-called cost method, under which the Assessor subtracts depreciation from a figure reflecting cost."* (Id. At p. 24, fn. omitted.) Similarly, Flavin states that Assessors use the cost method to value newly constructed property for supplemental assessment purposes, even where the property is income-producing, for *"practical reasons."* (2 Flavin, Proposition 13 impact § 17:30.) The same *"practical reasons"* require adoption of the cost method in this case. The individual valuation of wells is not practical and an unreasonable burden on the Assessor given available staff, time constraints imposed by State Board form filing deadlines and roll close dates. **For the Board to require the Assessor to "devise" a method of allocation which the Board itself cannot articulate would put an unreasonable burden on the Assessor and is inappropriate.**

For these reasons, Recommendation number 7 is legally incorrect, factually incorrect, and inappropriate. This recommendation should be removed from the Kern County Assessor's Assessment Practices Survey.

**Current Status:**

We will not be repeating this recommendation. Further review of the *Chevron v. County of Kern* Court case and provisions of Rule 463, *Newly Constructed Property*, indicate that the Assessor's procedures are within the guidelines of new construction assessment. The BOE's original concern was that for true replacement wells, the addition of the total value of the new well would not reflect a proper allocation to existing reserves resulting in a base year value overassessment of reserves. However, the market value procedures outlined in Rule 468 will correct for the potential of over assessment on the base year mineral interests.

## **ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS**

Following are the recommendations included in our October 2020 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:** Perform the minimum required number of audits of professions, trades, and businesses pursuant to section 469.

#### **Original Findings:**

We found that the Assessor did not complete the required numbers of significant audits for any of the years under the scope of this survey. This includes years for which the Assessor did not complete the total required number of audits, the total required number of audits from those taxpayers with the largest assessments of personal property and fixtures, and/or the total required number of audits from all other taxpayers.

#### **Original Assessor's Response:**

We concur with the BOE's recommendation to perform the minimum required number of audits of professions, trades and businesses pursuant to Section 469. Over the last few years, the Kern County Assessor's Office has had a significant turnover in the Auditing staff. As new staff is trained and gains the experience to handle the more complex audits this will help to insure that the minimum number of mandatory audits will be completed.

#### **Current Status:**

We found that the Assessor has partially implemented this recommendation. The Assessor completed a total of 178 audits for the 2018-19 fiscal year, exceeding the required 139 audits. However, the Assessor did not meet the minimum number of audits required by section 469 for the four-year fiscal period beginning with the 2019-20 fiscal year and ending with the 2022-23 fiscal year. The Assessor completed a total of 443 audits for the four-year fiscal period, falling short of the required total of 556 audits.

Prior to January 1, 2019, County Assessors were required to annually conduct a significant number of audits as specified in section 469. The significant number of audits required was 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. However, effective January 1, 2019, Senate Bill 1498 (Stats. 2018, Ch. 467) amended section

469 to provide County Assessors flexibility in meeting this annual audit requirement. Thus, beginning with the 2019–20 fiscal year, Assessors may also meet the requirements of section 469 by completing the four-year total of required annual audits within that four-year period. The first four-year period began with the 2019–20 fiscal year and ends with the 2022–23 fiscal year.

By failing to conduct the minimum number of audits for the four-year fiscal period, the Assessor was not in compliance with section 469 and risked the possibility of allowing taxable property to permanently escape assessment.

### **Business Property Statement Program**

**RECOMMENDATION 9:** Improve the business property statement program by:  
(1) accepting only properly signed BPSs, and (2) correctly applying penalties when BOE-577, *Aircraft Property Statement*, is not returned.

#### **(1) Accept only properly signed BPSs.**

##### **Original Findings:**

We found instances where the Assessor accepted BPSs that were digitally signed, but which had not been filed electronically and authenticated with an approved method.

##### **Original Assessor's Response:**

The Kern County Assessor's Office respectively disagrees with the BOE's assumption that it is the Assessor's practice is to accept improperly signed business property statements for which there is no valid signature. By accepting business property statements that are signed through DocuSign or accepting business property statements in which the signature is a stamp of an original signature in no way constitutes and invalid filing nor do they meet the definition of a digital signature. The definition of a signature is as follows:

*A mark or sign made by an individual on an instrument or document to signify knowledge, approval, acceptance, or obligation.*

*The term signature is generally understood to mean the signing of a written document with one's own hand. However, it is not critical that a signature actually be written by hand for it to be legally valid. It may, for example, be typewritten, engraved, or stamped. The purpose of a signature is to authenticate a writing, or provide notice of its source, and to bind the individual signing the writing by the provisions contained in the document.*

The Kern County Assessor's Office makes every effort to comply with Sections 441 and 441.5 of the Revenue and Taxation Code by only accepting properly signed business property statements.

Sections 441 and 441.5 only state that a property statement must be signed. The words must obtain an original/wet signature do not exist in these code sections. Sections 441 and 441.5 state:

*441. (a) Each person owning taxable personal property, other than a manufactured home subject to Part 13 (commencing with Section 5800), having an aggregate cost of one hundred thousand dollars (\$100,000) or more for any assessment year shall file a signed property statement with the Assessor. Every person owning personal property that does not require the filing of a property statement or real property shall, upon request of the Assessor, file a signed property statement. Failure of the Assessor to request or secure the property statement does not render any assessment invalid*

*441.5. (a) In lieu of completing the property statement as printed by the Assessor pursuant to Section 452, the Assessor may accept the information required of the taxpayer by any of the following methods: (1) Attachments to the property statement, provided that the attachments shall be in a format as specified by the Assessor and one copy of the property statement, as printed by the Assessor, is signed by the taxpayer and carries appropriate reference to the data attached. (2) An electronically filed property statement that is authenticated as provided in subdivision (k) of Section 441. (3) A property statement that is substantially similar to the property statement as printed by the Assessor that is signed by the taxpayer. (b) The Assessor may consider information provided by any of the methods specified in subdivision (a) as the property statement for purposes of this division. (Amended by Stats. 2009, Ch. 204, Sec. 4. (SB 822) Effective January 1, 2010.)*

In addition, Government Code Section 16.5 gives the Assessor the authority to accept digital signatures instead of manual signatures. It states:

*A digital signature may be optionally used instead of a manual signature in any written communication with a public entity and is acceptable provided that it is unique to the person using it, capable of verification, under the user's sole control, linked to data so that the signature will be invalidated should the data change, and conforms to the secretary of State regulations.*

Therefore, a digital/stamped signature is a valid signature. Furthermore, by signing the business property statement with a digital/stamped signature, in no way can the BOE assume that an authorized signer has not properly attested to the authenticity of the facts reported on the statement nor acknowledged any associated penalty for failure to comply with the filings.

#### **Current Status:**

We found that the Assessor has implemented this recommendation. The Assessor only accepts business property statements (BPS) that have been properly signed.



**(2) Correctly apply penalties when BOE-577, *Aircraft Property Statement*, is not returned.****Original Findings:**

During our review, we discovered that the Assessor did not apply any penalties to the assessments of taxpayers that did not file 2018 aircraft property statements with the Assessor. The omission was due to an error with the Assessor's computer system that resulted in the Assessor being unable to determine which taxpayers had been requested to return an aircraft property statement and, thus, were subject to a penalty under section 5367. Since the Assessor could not determine which taxpayers were subject to the section 5367 penalty, no penalties were applied, even though some of the affected taxpayers were subject to a penalty under section 463.

**Original Assessor's Response:**

We concur with the BOE's recommendation to apply penalties when BOE-577, *Aircraft Property Statements* are not returned timely. Our office experienced a problem unique to the 2018 lien date, wherein we were unable to determine if a particular aircraft property statement had been mailed out. As a result, no late penalties were applied some aircraft property statements for 2018 tax year. The issue that has caused this error has been corrected.

**Current Status:**

We found that the Assessor has implemented this recommendation. The Assessor correctly applies the penalties to aircraft assessments in accordance with section 5367 when the owner fails to return or timely submit a BOE-577.

***Business Equipment Valuation***

**RECOMMENDATION 10:** Improve the business equipment valuation program by:  
(1) exempting personal property owned and held by banks and financial corporations, and (2) applying appropriate percent good factors based on the purchase condition of mobile construction equipment.

**(1) Exempt personal property owned and held by banks and financial corporations.****Original Findings:**

During our review of business property accounts, we found instances where the Assessor did not exempt the personal property of banks from assessment.

**Original Assessor's Response:**

The Kern County Assessor's Office respectively disagrees with the BOE's findings and recommendations regarding bank owned personal property. It is not the policy or practice of Kern County to value personal property owned and held by banks and financial corporations. The examples of bank owned property cited by the BOE were misreported by the property owner

on their 571L. Our office makes every effort to comply with Section 23182 by exempting personal property owned and held by banks and financial corporations from our assessments.

**Current Status:**

We found that the Assessor has implemented this recommendation. The Assessor properly exempts personal property owned and held by banks and financial corporations.

**(2) Apply appropriate percent good factors based on the purchase condition of mobile construction equipment.**

**Original Findings:**

We found that the Assessor applies the percent good factors for new equipment to construction mobile equipment, regardless of whether the taxpayer reported that the equipment was purchased "new" or "used," and even if the taxpayer did not report the condition of the equipment at acquisition.

**Original Assessor's Response:**

The Kern County Assessor's Office concurs with the BOE's recommendation that when the purchase condition of the mobile construction equipment is unknown, an average of new and used factors are to be used.

**Current Status:**

We found that the Assessor has implemented this recommendation. The Assessor applies the appropriate percent good factors published in Table 5 of the Assessors' Handbook 581, *Equipment and Fixtures Index, Percent Good and Valuation Factors* based on the purchased condition of reported mobile construction equipment.

## APPENDIX A: STATISTICAL DATA

**Table 1: Assessment Roll**

The following table displays pertinent information from the 2023-24 assessment roll.<sup>6</sup>

	PROPERTY TYPE	ENROLLED VALUE
<b>Secured Roll</b>	Land	\$35,305,154,294
	Improvements	\$64,903,914,414
	Fixtures	\$8,981,981,490
	Personal Property	\$1,393,930,713
	Total Secured	\$110,584,980,911
<b>Unsecured Roll</b>	Land	\$124,172,440
	Improvements	\$412,646,798
	Fixtures	\$8,037,450,403
	Personal Property	\$2,694,382,468
	Total Unsecured	\$11,268,652,109
<b>Exemptions<sup>7</sup></b>		(\$3,294,401,426)
	<b>Total Assessment Roll</b>	\$118,559,231,594

**Table 2: Change in Assessed Values**

The following table summarizes the change in assessed values over recent years.<sup>8</sup>

ROLL YEAR	TOTAL ROLL VALUE	CHANGE	STATEWIDE CHANGE
2023-24	\$118,559,232,000	7.1%	6.7%
2022-23	\$110,704,161,000	11.8%	7.5%
2021-22	\$99,023,756,000	0.9%	4.1%
2020-21	\$98,120,790,000	2.9%	5.7%
2019-20	\$95,329,997,000	4.3%	6.1%

<sup>6</sup> Statistics provided by BOE-822, *Report of Assessed Values by City, County 15 Kern* for year 2023.

<sup>7</sup> The value of the Homeowners' Exemption is excluded from the exemptions total.

<sup>8</sup> Statistics provided by the BOE Open Data Portal dataset - [County Assessed Property Values, by Property Class and County \(Table 7\)](#).

**Table 3: Gross Budget and Staffing**

The Assessor's budget has grown from \$9,309,769 in fiscal year 2021-22 to \$13,046,364 in fiscal year 2022-23.

For fiscal year 2022-23, the Assessor had 85 budgeted permanent positions. This included the Assessor, 5 other managers, 34 real property appraisers, 11 business property auditor-appraisers, 3 drafting/mapping technicians, 1 computer programmer, 2 technical/professionals and 28 support staff.<sup>9</sup>

The following table identifies the Assessor's budget and staffing over recent fiscal years:<sup>10</sup>

FISCAL YEAR	GROSS BUDGET	PERCENT CHANGE	PERMANENT STAFF
2022-23	\$13,046,364	40.1%	85
2021-22	\$9,309,769	-12.9%	85
2020-21	\$10,686,389	8.1%	85
2019-20	\$9,889,782	-3.9%	85
2018-19	\$10,288,935	-17.2%	90

**Table 4: Assessment Appeals**

The following table shows the number of assessment appeals filed in recent fiscal years:<sup>11</sup>

FISCAL YEAR	ASSESSMENT APPEALS FILED
2022-23	1,109
2021-22	1,244
2020-21	1,214
2019-20	1,300
2018-19	1,511

<sup>9</sup> Statistics provided by the BOE Open Data Portal dataset – [Budgeted Permanent Positions](#).

<sup>10</sup> Statistics provided by the BOE Open Data Portal datasets – [Gross and Net Budget](#) and [Budgeted Permanent Positions](#).

<sup>11</sup> Statistics provided by the BOE Open Data Portal dataset – [Distribution of Assessment Appeals by Property Types](#).

**Table 5: Exemptions – Welfare**

The following table shows welfare exemption data for recent roll years:<sup>12</sup>

<b>ROLL YEAR</b>	<b>WELFARE EXEMPTIONS</b>	<b>EXEMPTED VALUE</b>
2023-24	2,033	\$2,293,872,577
2022-23	2,019	\$2,087,116,084
2021-22	2,039	\$2,123,577,442
2020-21	2,039	\$2,154,780,165
2019-20	1,979	\$2,004,194,444

**Table 6: Change in Ownership**

The following table shows the total number of transfer documents received and the total number of reappraisable transfers due to changes in ownership processed in recent roll years:<sup>13</sup>

<b>ROLL YEAR</b>	<b>TOTAL TRANSFER DOCUMENTS RECEIVED</b>	<b>REAPPRAISABLE TRANSFERS</b>
2023-24	32,015	21,461
2022-23	41,031	28,112
2021-22	37,507	25,046
2020-21	34,032	22,594
2019-20	70,655	35,624

<sup>12</sup> Statistics provided by BOE-802, *Report on Exemptions*.

<sup>13</sup> Statistics provided by the BOE Open Data Portal dataset – [Real Property Workload Data, Transfers](#).

**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 roll years:<sup>14</sup>

ROLL YEAR	TOTAL BUILDING PERMITS RECEIVED	NEW CONSTRUCTION ASSESSMENTS
2023-24	19,116	2,394
2022-23	19,226	2,515
2021-22	17,555	1,963
2020-21	13,488	2,773
2019-20	13,531	2,307

**Table 8: Declines In Value**

The following table shows the total number of decline-in-value assessments in recent roll years:<sup>15</sup>

ROLL YEAR	DECLINE-IN-VALUE ASSESSMENTS
2023-24	43,538
2022-23	53,155
2021-22	63,227
2020-21	70,027
2019-20	74,812

<sup>14</sup> Statistics provided by the BOE Open Data Portal dataset – [Real Property Workload Data, New Construction](#).

<sup>15</sup> Statistics provided by the BOE Open Data Portal dataset – [Real Property Workload Data, Proposition 8](#).

**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 fiscal years.<sup>16</sup>

<b>MINIMUM NUMBER OF AUDITS REQUIRED<sup>17</sup></b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>
Largest Assessments					70
All Other Taxpayers					69
<b>Total Required</b>					<b>139</b>
<b>NUMBER OF AUDITS COMPLETED</b>					
<b>Total Audits Completed</b>	<b>105</b>	<b>124</b>	<b>118</b>	<b>94</b>	<b>133</b>
Largest Assessments	75	62	61	46	56
<b>Over/(Under) Required</b>					<b>(14)</b>
All Other Taxpayers	30	62	57	48	77
<b>Over/(Under) Required</b>					<b>8</b>
<b>CCCASE AUDITS</b>					
Prepared for other county Assessors	0	0	0	0	0

<sup>16</sup> Statistics provided by the BOE Open Data Portal dataset – [Business Property Workload Data, Audits](#).

<sup>17</sup> See Letter To Assessors (LTA) No. 2009/049, *Significant Number of Business Property Audits*, for the minimum number of annual audits required pursuant to the provisions of section 469 for year 2018-19. Effective January 1, 2019, section 469 was amended to give Assessors more flexibility in completing the number of audits by allowing for the four-year total of required annual audits to be completed within a four-year period of time, rather than annually, beginning with the 2019-20 fiscal year. For more information on the amendments to section 469, see LTA No. 2018/067.

**APPENDIX B: ASSESSMENT PRACTICES SURVEY  
DIVISION / PROPERTY TAX DEPARTMENT  
SURVEY GROUP**

***Kern County***

***Chief***

Holly Cooper

***Survey Program Director:***

Gary Coates

Manager, Property Tax Department

***Survey Team Supervisor:***

David Dodson

Supervisor, Property Tax Department

***Survey Team:***

James McCarthy

Senior Petroleum and Mining Appraisal Engineer

Jeff Arthur

Senior Specialist Property Auditor Appraiser

Jennifer Prince

Senior Specialist Property Appraiser

Laura Ruiz

Senior Specialist Property Appraiser

Lydia Vannarattananarat

Associate Property Auditor Appraiser

Margo Pearce

Associate Property Appraiser

Greg Dela Cruz

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

July 24, 2025

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

**RE: Assessor Response to Recommendations**

Dear Mr. Yeung,

Pursuant to Section 15645 of the California Government Code, please find attached the Kern County Assessor's response to the recommendations made by the State Board of Equalization in the Kern County Assessment Practices Survey dated June 2025.

I want to acknowledge the BOE survey team for their professionalism and respect for our staff's time while conducting this survey. We appreciate their questions and comments, which help us improve our practices.

I also want to thank the staff of the Kern County Assessor's Office for providing the BOE survey team with all the necessary information they requested to ensure a smooth review process. This survey is never fun, but it is necessary to ensure that we are serving the property owners of Kern County to the best of our ability.

Sincerely,

A handwritten signature in blue ink that reads "Laura Avila".

Laura Avila

Assessor/Recorder  
County of Kern

**RECOMMENDATION 3:**

Improve the administration of the exemptions program by: (1) requiring claimants to submit a separate welfare exemption claim form for each year the welfare exemption is claimed, (2) granting the welfare exemption only on property that is held in the name of the organization issued the OCC, (3) properly applying late-filing provisions for welfare exemption claim forms that are not filed timely, and (4) notifying all claimants and include statutorily required language pursuant to section 254.5 when all or a portion of property is denied the welfare exemption.

**Part (3) Properly apply late-filing provisions for welfare exemption claim forms that are not filed timely.****Original Findings:**

We found that the Assessor does not properly apply late-filing provisions when a welfare exemption claim form is filed after the annual February 15 deadline. In some instances, the Assessor was allowing a full exemption rather than a partial exemption of the property for a claim form filed late. In other instances, the Assessor applied late-filing provisions by applying a negative \$25,000 assessed value exemption to a secured escape tax bill for the property, rather than allowing only a partial exemption for the property.

**Original Assessor's Response:**

We agree with Recommendation 3 and have made appropriate changes to our process to address all aspects of this recommendation.

**Current Status:**

We found that the Assessor has not implemented this portion of the recommendation. We found instances where the Assessor is not applying late filing provisions for the welfare exemption claim forms that are not filed timely.

Section 271(a) provides that a welfare exemption claim filed on property acquired after the lien date is considered filed timely if filed within 90 days from the first day of the month following the month in which the property was acquired or by February 15 of the following calendar year, whichever occurs earlier. If the claimant does not file within the prescribed time period, but files late, then 85 percent of any tax, penalty, or interest is cancelled or refunded. In addition, section 271(c) provides that any tax, penalty, or interest imposed may not exceed \$250.

Section 255(a) provides that annual claims for the welfare exemption must be filed with the Assessor between the lien date, which is January 1, and 5:00 p.m. on February 15. Section 270(a)(1) states that 90 percent of any tax, penalty, or interest will be cancelled or refunded if the claim is filed on or before the lien date in the calendar year succeeding the calendar year in which the exemption was not claimed by a timely application. If a claim is filed after this specified time period in section 270(a)(1), then 85 percent of any tax, penalty, or interest shall be cancelled or refunded, as specified in section 270(a)(2). However, section 270(b) provides that any tax, penalty, or interest may not exceed \$250.

By not properly applying late-filing provisions for welfare exemption claims, the Assessor is not in compliance with statutory requirements.

**Current Assessor's Response:**

We respectfully disagree with the statement that we have not implemented this portion of the recommendation. It has been implemented as a matter of policy. The BOE reviewed multiple records as requested and found that only two of the reviewed had errors. All the others requested were adjusted appropriately. We agree that we made an error, however we do not agree that we are not following late-filing provisions as prescribed by the law.

**RECOMMENDATION 4:**

Properly assess penalties in accordance with section 482(b).

**Original Findings:**

We found instances where the Assessor did not apply a penalty when a legal entity failed to file a BOE-100-B or failed to timely file a BOE-100-B, due to a change in control or ownership in accordance with section 482(b).

**Original Assessor's Response:**

We concur and are in the process of implementing Recommendation 4.

**Current Status:**

We found that the Assessor has not implemented this recommendation. We found several instances where the Assessor did not apply a penalty when a legal entity failed to file or failed to file timely a BOE-100-B, *Statement of Change in Control and Ownership of Legal Entities*, even though the Assessor had been notified by the BOE's Legal Entity Ownership Program (LEOP) section that the penalty applied.

Section 482(b) states that if a legal entity required to file a statement described in section 480.1 or 480.2 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, a 10 percent penalty shall be applied.

The BOE provides the Assessor with several reports, as well as copies of BOE-100-B filing, indicating whether a penalty applies. The Assessor should utilize these reports and the BOE-100-B filings to identify entities that have failed to file, or failed to file timely, and apply penalties accordingly.

By failing to apply the required penalty, the Assessor is not following statutory requirements and is not treating taxpayers equitably.

**Current Assessor's Response:**

We concur and are in the process of implementing Recommendation 4.

**RECOMMENDATION 5:**

Value and enroll all assessable low value new construction when part of a larger structure, unless the aggregate base year value of the whole structure is less than \$5,000.

**Original Findings:**

We found the Assessor does not value and enroll low value new construction when part of a larger structure when the permit value is less than \$5,000. The Assessor notes the file as "No Value Added" and lists the date and general description of the improvement. The Assessor, by policy, does not field inspect the new structure or document property characteristics needed to value the improvement, such as dimensions.

**Original Assessor's Response:**

The summarization references Section 155.20 that allows a county board of supervisors to exempt from property tax real property in which the total new base year value is \$10,000 or less. The contention is that the Assessor's practice of not enrolling low-value new construction is contrary to statute. The examples cited are all residential properties in which the new construction was a patio. The appraiser indicated there was "No Value Added."

Assessors' Handbook Section 410, Assessment of Newly Constructed Property, states that, when valuing new construction, the appraiser uses one or more of the three

approaches to value. Based on Rule 4, the comparative sales approach to value is the preferred method when adequate market data are available. The handbook describes how to value new construction by this method:

To value newly constructed property by this method, the property is appraised with and without the new construction as of the date of completion, using the selling prices of comparable properties. The difference between the appraised values is an indicator of the value of the new construction.

The Assessor's practice of indicating "No Value Added" to certain new construction events stems from a lack of evidence of market value increase for what might be termed marginal new construction and is unrelated to the low-value property tax exemption.

#### **Current Status:**

We found that the Assessor has not implemented this recommendation. We found examples where the Assessor determined that the new construction being added was of an insignificant value and, therefore, did not add any value for the new construction, even though the new construction was considered to be assessable.

While section 155.20 does allow the Kern County Board of Supervisors to adopt a low-value ordinance that exempts real and personal property having a market value of \$10,000 or less, section 155.20(e) provides that a county board of supervisors does not have the authority to exempt new construction from property taxation, unless the new total base year value of the property, including the new construction, is \$10,000 or less. Therefore, when part of a larger structure, low-value new construction must be valued and enrolled.

The Assessor's practice of not enrolling all assessable new construction may result in escaped assessments of certain low-value projects and cause unequal treatment of taxpayers.

#### **Current Assessor's Response:**

We respectfully disagree with this finding. The new construction noted in the BOE's review for this recommendation were all permits for patio coverings and one deck. During our normal course of work, when valuing sales of properties, we have not seen any market value difference when a property has a patio versus not having a patio. This is why we have determined that patio permits do not add sufficient value to amend the assessment of the property.

**RECOMMENDATION 8:**

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

**Original Findings:**

We found that the Assessor did not complete the required numbers of significant audits for any of the years under the scope of this survey. This includes years for which the Assessor did not complete the total required number of audits, the total required number of audits from those taxpayers with the largest assessments of personal property and fixtures, and/or the total required number of audits from all other taxpayers.

**Original Assessor's Response:**

We concur with the BOE's recommendation to perform the minimum required number of audits of professions, trades and businesses pursuant to Section 469. Over the last few years, the Kern County Assessor's Office has had a significant turnover in the Auditing staff. As new staff is trained and gains the experience to handle the more complex audits this will help to insure that the minimum number of mandatory audits will be completed.

**Current Status:**

We found that the Assessor has partially implemented this recommendation. The Assessor completed a total of 178 audits for the 2018-19 fiscal year, exceeding the required 139 audits. However, the Assessor did not meet the minimum number of audits required by section 469 for the four-year fiscal period beginning with the 2019-20 fiscal year and ending with the 2022-23 fiscal year. The Assessor completed a total of 443 audits for the four-year fiscal period, falling short of the required total of 556 audits.

Prior to January 1, 2019, County Assessors were required to annually conduct a significant number of audits as specified in section 469. The significant number of audits required was 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. However, effective January 1, 2019, Senate Bill 1498 (Stats. 2018, Ch. 467) amended section 469 to provide County Assessors flexibility in meeting this annual audit requirement. Thus, beginning with the 2019–20 fiscal year, Assessors may also meet the requirements of section 469 by completing the four-year total of required annual audits within that four-year period. The first four-year period began with the 2019–20 fiscal year and ends with the 2022–23 fiscal year.

By failing to conduct the minimum number of audits for the four-year fiscal period, the Assessor was not in compliance with section 469 and risked the possibility of allowing taxable property to permanently escape assessment.

**Current Assessor's Response:**

We concur with the BOE's recommendation to perform the minimum required number of audits of professions, trades and businesses pursuant to Section 469. Even though we struggle with staffing issues, we continue to try to meet the mandates of Section 469.