

SUTTER COUNTY SUPPLEMENTAL ASSESSMENT PRACTICES SURVEY

MARCH 2024

CALIFORNIA STATE BOARD OF EQUALIZATION

TED GAINES, SACRAMENTO

SALLY J. LIEBER, SAN FRANCISCO

ANTONIO VAZQUEZ, SANTA MONICA

MIKE SCHAEFFER, 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

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

March 19, 2024

No. 2024/008

TO COUNTY ASSESSORS:

**SUTTER COUNTY
SUPPLEMENTAL ASSESSMENT PRACTICES SURVEY**

A copy of the Sutter 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 Todd L. Retzloff, Sutter 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 Sutter 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 September and October 2023. The report does not reflect changes implemented by the Assessor after the fieldwork was completed.

Mr. Retzloff 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:gc
Enclosure

TABLE OF CONTENTS

INTRODUCTION.....	1
OBJECTIVE	2
SCOPE AND METHODOLOGY	2
EXECUTIVE SUMMARY	4
OVERVIEW OF SUTTER COUNTY	5
ADMINISTRATION: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS.....	6
WORKLOAD	6
STAFF PROPERTY AND ACTIVITIES.....	6
EXEMPTIONS	7
ASSESSMENT OF REAL PROPERTY: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS.....	11
CHANGE IN OWNERSHIP	11
DECLINES IN VALUE	12
TAXABLE POSSESSORY INTERESTS	13
MINERAL PROPERTY	14
ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS	15
AUDIT PROGRAM	15
MANUFACTURED HOMES	16
VESSELS.....	17
APPENDIX A: STATISTICAL DATA	18
TABLE 1: ASSESSMENT ROLL	18
TABLE 2: CHANGE IN ASSESSED VALUES.....	18
TABLE 3: GROSS BUDGET AND STAFFING	19
TABLE 4: ASSESSMENT APPEALS.....	19
TABLE 5: EXEMPTIONS – WELFARE	20
TABLE 6: CHANGE IN OWNERSHIP	20
TABLE 7: NEW CONSTRUCTION	21
TABLE 8: DECLINES IN VALUE.....	21
TABLE 9: AUDITS.....	22

**APPENDIX B: ASSESSMENT PRACTICES SURVEY DIVISION / PROPERTY TAX
DEPARTMENT SURVEY GROUP 23**

ASSESSOR'S RESPONSE TO BOE'S FINDINGS 24

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 Sutter 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 Sutter 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 Todd L. Retzloff, Sutter County Assessor, elected to file his initial response prior to the publication of our survey; it is included in this report following the Appendices.

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.

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

This supplemental survey examined the assessment practices of the Sutter County Assessor's Office for the 2022-23 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.

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.

Our survey methodology of the Sutter County Assessor's Office included reviews of the Assessor's records, interviews with the Assessor and their staff, and contacts with officials in other public agencies in Sutter 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 document entitled *Scope of Assessment Practices Surveys*, which is available on the BOE's website at <http://www.boe.ca.gov/Assessors/pdf/Scopemaster.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>.

EXECUTIVE SUMMARY

The BOE has elected to perform a supplemental survey of the Sutter County Assessor's Office, addressing only the recommendations from the prior survey and whether the Assessor has implemented those recommendations. In the 2014 Sutter County Assessment Practices Survey Report, there were a total of eleven recommendations.

In the area of administration, which affect both the real property and business property assessment programs, we reviewed four prior recommendations identified in the Assessor's workload, staff-owned property, and exemptions programs. The Assessor has implemented the recommendations related to the workload, staff-owned property, and the exemptions programs.

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

In the area of personal property and fixtures, we reviewed three prior recommendations identified in the Assessor's audit, manufactured homes, and vessels programs. The Assessor has implemented the recommendations related to the audit, manufactured homes, and vessels programs.

We found no significant assessment problems as defined in Rule 371. Since Sutter 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, Sutter County continues to be eligible for recovery of costs associated with administering supplemental assessments.

OVERVIEW OF SUTTER COUNTY

Sutter County is located in northern California and is one of California's original 27 counties created in 1850. The county encompasses a total area of 608.49 square miles, consisting of 602.41 square miles of land area and 6.08 square miles of water area. Sutter County is bordered by Butte County to the north, Yuba and Placer Counties to the east, Sacramento County to the south, and Colusa and Yolo Counties to the west.

As of 2022, Sutter County had an estimated population of 98,503. There are two incorporated cities in Sutter County, which include Live Oak and Yuba City. The county seat is Yuba City.

The Sutter County local assessment roll ranks 38th in value of the 58 county assessment rolls in California.³



³ Statistics provided by the BOE Open Data Portal dataset - [County Assessed Property Values, by Property Class and County \(Table 7\)](#), for year 2022-23.

ADMINISTRATION: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS

Following are the recommendations included in our May 2014 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.

Workload

RECOMMENDATION 1: Improve the workload program by reporting statistics as requested by the BOE pursuant to section 407.

Original Findings:

During the survey, we requested statistics from the Assessor for various topics, since the Assessor had not reported requested statistics to the BOE for the annual *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2009-10 and 2011-12. In addition, the Assessor did not report requested statistics to the BOE for the annual *California Assessors' Offices and Assessment Appeals Boards' Salary and Benefits Survey* report for year 2011-12.

Original Assessor's Response:

We concur. This was implemented for 2013. At the time of the survey, the staff member in charge of reporting the statistics had retired and we were unaware that the prior two years were unreported.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor has provided the requested statistics to the BOE for the publication of *A Report on Budget, Personnel, and Appeals Data* for fiscal years 2017-18 through 2021-22 and *Roll Data* for 2018-19 through 2022-23. In addition, we found that the Assessor has provided the requested statistics to the BOE for the *2022 California Assessors' Offices and Assessment Appeals Boards' Salary and Benefits Survey*.

Staff Property and Activities

RECOMMENDATION 2: Develop and implement written procedures that address economic interests and the assessment of staff-owned property.

Original Findings:

While the Assessor has recently drafted proposed written procedures for staff-owned property, these procedures had not been approved or implemented as of the date of our survey. In addition, these procedures did not address economic interests and did not fully address all issues

associated with tracking and assessing staff-owned property. We also found several staff-owned properties that were not included on the Assessor's list of staff-owned properties annually reviewed by the chief appraiser.

Original Assessor's Response:

We concur. At the time of the survey, our office had a limited staff-owned property program to identify those properties owned by staff members that are required to file form 700 with the BOE. We have expanded the program to include all staff from the Assessor's Office and look forward to the BOE providing guidance on better methods to improve this program and the discovery of property ownership.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor has developed and implemented written procedures that address economic interests and the assessment of staff-owned property.

Exemptions

RECOMMENDATION 3: Properly grant the welfare exemption for property being used for housing religious personnel in accordance with Rule 137.

Original Findings:

We found an example of a property owned by an exempt organization that was being used for housing religious personnel. The Assessor properly required that the claimant provide an explanation as to the use of the property. However, the Assessor went on to further require, "Additional documentation should identify the occupant of the residence on each of the lien dates, a schedule of prayer meetings, Bible studies, youth group meetings or other religious activities held at the site during each of the calendar years 2004, 2005, 2006, 2007 and 2008."

In response, the claimant provided an attachment to the welfare exemption claim giving a detailed explanation as to the use of the property, stating that the property was used to provide the minister with housing as part of the total salary compensation, provided the minister with a private study/library for sermon preparation, and provided the minister a location for personal religious counseling, prayer meetings, bible study, and youth group meetings as part of the minister's religious duty. The Assessor denied the welfare exemption claim, indicating that the claimant did not provide sufficient documentation as requested previously.

Original Assessor's Response:

We concur. The one property in question has been granted the welfare exemption for the housing provided for staff. All future property will be reviewed with this in mind.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor does not require additional documentation before granting the welfare exemption for property owned by an exempt organization being used for housing religious personnel.

RECOMMENDATION 4: Improve the disabled veterans' exemption program by: (1) removing the requirement that claimants need to file for exemption in person, (2) removing the requirement that claimants of the low-income provision of the disabled veterans' exemption submit personal financial information to qualify for exemption, (3) requiring documentation that the disabled veteran has been honorably discharged, and (4) granting the full disabled veterans' exemption when claims are filed timely.

(1) Remove the requirement that claimants need to file for exemption in person.

Original Findings:

We found that it is the Assessor's practice to require claimants for the disabled veterans' exemption to file for the exemption in person. Filing in the presence of Assessor's personnel is a requirement of the veterans' exemption, not the disabled veterans' exemption. Requiring 100 percent disabled individuals or their representatives to appear before the Assessor is not supported in statute and is an unreasonable imposition, possibly representing an unnecessary hardship for the claimant.

Original Assessor's Response:

We concur. We have changed our office policy to reflect these recommendations.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor does not require claimants for the disabled veterans' exemption to file for the exemption in person.

(2) Remove the requirement that claimants of the low-income provision of the disabled veterans' exemption submit personal financial information to qualify for exemption.

Original Findings:

In Sutter County, the Assessor requires all claimants for the low-income provision of the disabled veterans' exemption to submit personal financial information in order to qualify for exemption. The Assessor requires the claimant to provide bank statements in addition to other income verification before granting the exemption.

Unlike the veterans' exemption, personal financial information is not required to support a claim for the low-income provision of the disabled veterans' exemption. As noted in the instructions on

BOE-261-G (P4), *Claim for Disabled Veterans' Property Tax Exemption*, claimants are merely required to attest to their annual income and return the claim form by February 15. While the Assessor does have the authority to request additional documentation pursuant to section 441(d)(1) if he deems it necessary, this would be on a case-by-case basis and not a requirement of all claimants. Requesting personal financial information from all claimants is not required by statute and may cause an unnecessary burden for claimants.

Original Assessor's Response:

We concur. We have changed our office policy to reflect these recommendations.

Current Status:

We found that the Assessor has implemented this recommendation. We commend the Assessor for easing the administrative burden for applicants. However, while the Assessor may accept a self-attestation of income, we recognize the Assessor's ability to require additional financial information in order to grant the low-income provision of the disabled veterans' exemption.

(3) Require documentation that the disabled veteran has been honorably discharged.

Original Findings:

We found that the Assessor does not require proof that the disabled veteran was honorably discharged. Article XIII, section 3 of the California Constitution specifically states that the veteran must be discharged under honorable conditions. Although the Department of Veterans Affairs has indicated that a veteran would not typically be eligible to receive a 100 percent disability rating if the discharge conditions were dishonorable, they are eligible to receive compensation if they are discharged under "general" or "other than honorable conditions." The Assessor's practice of not requesting a *Certificate of Release or Discharge from Active Duty* (DD Form 214) or some other verification of honorable discharge may result in the Assessor granting exemptions to ineligible claimants.

Original Assessor's Response:

We concur. We have changed our office policy to reflect these recommendations.

Current Status:

We found that the Assessor has implemented this recommendation. We reviewed several instances when the Assessor granted the disabled veterans' exemption and the *Certificate of Release or Discharge from Active Duty* (DD Form 214) was on file documenting that the disabled veteran had been honorably discharged.

(4) Grant the full disabled veterans' exemption when claims are filed timely.

Original Findings:

We found that it was the Assessor's practice to consider a disabled veterans' exemption claim to be timely filed only if the claim was filed within 30 days of the receipt of the United States Department of Veterans Affairs (USDVA) determination letter.

Original Assessor's Response:

We concur. We have changed our office policy to reflect these recommendations.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor grants the full disabled veterans' exemption when a claim is filed on the later of 90 days after the date on which the property became eligible or on or before the next following lien date in accordance with section 276.2(a).

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

Following are the recommendations included in our May 2014 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 5: Improve the LEOP program by: (1) timely reassessing all properties owned by a legal entity undergoing a change in control or ownership, and (2) properly implementing the penalty process in accordance with section 482(b).

(1) Timely reassess all properties owned by a legal entity undergoing a change in control or ownership.

Original Findings:

We found several properties owned by legal entities having undergone a change in control or ownership that had not been reassessed, even though the Assessor was notified of the change in control or ownership for those legal entities through the BOE's LEOP program.

Original Assessor's Response:

We concur. As a general rule, our LEOP program has been up to date and penalties have been properly assessed on all properties as we are notified by the BOE. Prior to and at the time of the survey in 2012, our office, like many in California had seen a reduction in staff due to layoffs. We also had a key member of our staff out medical leave and got behind in the workload. Currently, we are cross training staff to keep this from reoccurring.

Current Status:

We found that the Assessor has implemented this portion of the recommendation. We reviewed several properties owned by legal entities having undergone a change in control or ownership that had been properly reassessed.

(2) Properly implement the penalty process in accordance with section 482(b).

Original Findings:

We found instances where the Assessor failed to apply penalties to properties owned by legal entities that had failed to timely file a BOE-100-B due to a change in control or ownership in

accordance with section 482(b), even though the Assessor had been notified of the penalty by the BOE.

Original Assessor's Response:

We concur. As a general rule, our LEOP program has been up to date and penalties have been properly assessed on all properties as we are notified by the BOE. Prior to and at the time of the survey in 2012, our office, like many in California had seen a reduction in staff due to layoffs. We also had a key member of our staff out medical leave and got behind in the workload. Currently, we are cross training staff to keep this from reoccurring.

Current Status:

We found that the Assessor has not implemented this portion of the recommendation. We found several instances where the Assessor did not apply a penalty when a legal entity 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 specific penalty shall be applied.

The BOE provides the Assessor with several reports, as well as copies of BOE-100-B filings, indicating whether a penalty applies. The Assessor should utilize these reports and the BOE-100-B filings to identify legal entities with late-filings, or failures to file, and apply the penalty accordingly.

By failing to apply the required penalty, the Assessor is not in compliance with statutory requirements.

Declines in Value

RECOMMENDATION 6: Improve the declines in value program by including all required information on the value notice pursuant to section 619.

Original Findings:

As stated previously, in accordance with section 621, Sutter County has a resolution allowing the Assessor to post value notices on his website. However, the value notice posted on the website does not include the required information in regards to the property owner's assessment appeal rights as required by section 619(b).

Original Assessor's Response:

We concur. In accordance with section 621, Sutter County has a resolution allowing the Assessor to post value notices on our website. On the Assessor's website there is a link for Residential

Property Assessment Appeals, which contains the information to walk a taxpayer through the process of an appeal, including a link to the BOE video on the subject. We will implement this recommendation as time is available from our IT department.

Current Status:

We found that the Assessor has not implemented this recommendation. We reviewed several examples of when the factored base year value has been fully or partially restored and the value notice posted on the Assessor's website does not include the required information in regards to the property owner's assessment appeal rights as required by section 619(b).

Section 619(b) provides that the information given by the Assessor to the assessee shall include a notification of hearings by the county board of equalization, which shall include the period during which assessment appeals will be accepted and the place where they may be filed. The information shall also include an explanation of the stipulation procedure set forth in section 1607.

By not including all required information in the value notice posted on the Assessor's website, indicating that a value change has occurred to the assessed value, the Assessor is not in compliance with current statute and taxpayers are not being properly notified of their right to file an assessment appeal.

Taxable Possessory Interests

RECOMMENDATION 7: Implement a program for the discovery of taxable possessory interests.

Original Findings:

The Assessor does not have a program in place for discovering new taxable possessory interests or for discovering changes to existing taxable possessory interests. As mentioned previously, the Assessor has contact with three public agencies owning land in Sutter County but does not actively seek information regarding private uses of public lands from other public agencies owning property in the county. In addition, the Assessor does not utilize Board-prescribed form BOE-502, *Possessory Interests Annual Usage Report*, to annually contact all public agencies owning land in the county in order to obtain information on private users of these public lands.

Original Assessor's Response:

We agree in concept with the use of a form. However, we respectfully disagree on the form BOE 502-p. Sutter County has an effective policy for discovery of possessory interest users. Compliance with our requirement for reporting has been historically very good and implementation of the required form could disrupt or discourage compliance. There are no penalties to the reporting agencies for failure to report, so it is crucial to maintain a reasonable reporting requirement. However, this is a law and we will comply by mailing out the form, but we should also consider providing a note stating any format would be acceptable.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor has a program for discovery of taxable possessory interests or for discovering changes to existing taxable possessory interests.

Mineral Property

RECOMMENDATION 8: Recognize declines in mineral right values for reasons other than depletion.

Original Findings:

We found that when a gas property has a decrease in reserves for other than the prior year's production, the Assessor recognizes the decrease in proved reserves, but not the corresponding decrease that should be reflected in the factored base year value of the mineral rights.

Original Assessor's Response:

The mineral rights spreadsheet has been revised to comply with this recommendation.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor recognizes declines in mineral right values for reasons other than depletion.

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

Following are the recommendations included in our May 2014 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 9: Improve the audit program by: (1) notifying taxpayers of their right to appeal the result of an audit as required by Rule 305.3, and (2) requiring a situs inspection as a standard component of the audit process.

(1) Notify taxpayers of their right to appeal the result of an audit as required by Rule 305.3.

Original Findings:

In Sutter County, the Assessor does not notify taxpayers of their right to appeal audit findings when the audit results in no change to a previously enrolled assessment, even though the audit discloses property subject to escape assessment. We found that the Assessor only informs taxpayers of their right to an appeal when the combined audit findings result in a net escape assessment of taxable equipment for a specific tax year. For other audit results, the Assessor properly informs the taxpayer of the audit results in writing; however, there is no mention of the taxpayer's right to appeal audit findings.

Original Assessor's Response:

We concur. Both recommendations have been implemented.

Current Status:

We found that the Assessor has implemented this recommendation. We reviewed several examples of escape assessments included in audit findings and found that the form BOE-66-A, *Notice of Enrollment of Escape Assessment* was used to notify taxpayers of their right to appeal the result of an audit as required by Rule 305.3.

(2) Require a situs inspection as a standard component of the audit process.

Original Findings:

For the majority of the audits we reviewed, we found no evidence that the Assessor had conducted a situs inspection. According to the Assessor's audit staff, situs inspections are only conducted when deemed necessary.

Original Assessor's Response:

We concur. Both recommendations have been implemented.

Current Status:

We found that the Assessor has implemented this recommendation. We reviewed several examples where the Assessor had conducted a situs inspection as a standard component of the audit process.

Manufactured Homes

RECOMMENDATION 10: Exclude site value from the reported purchase price of a manufactured home on rented or leased land when determining the current market value to be enrolled.

Original Findings:

We found that the Assessor typically values a recently purchased manufactured home on rented or leased land by enrolling the HCD reported purchase price without making an adjustment to exclude any site value that may be included in that purchase price. While the Assessor considers published cost data, such as the cost data in AH 531.35, in the valuation process, typically the Assessor enrolls the reported purchase price, even though the cost data indicated a much lower value. According to the notes in the property records reviewed, the HCD reported purchase price was enrolled pursuant to Rule 2. In addition, the comparable sales being utilized by the Assessor also include the total purchase price without any adjustment being made for site value.

Original Assessor's Response:

We concur. This recommendation has been implemented.

Current Status:

We found that the Assessor has implemented this recommendation. We reviewed several examples of recently purchased manufactured homes on rented or leased land that were enrolled at a market value excluding the value attributable to the site.

Vessels

RECOMMENDATION 11: Use Board-prescribed assessment form BOE-576-D, *Vessel Property Statement*.

Original Findings:

As stated previously, the Assessor initially sends a county-developed form, *Vessel Owner's Report*, in lieu of Board-prescribed form BOE-576-D, *Vessel Property Statement*. The Assessor only sends BOE-576-D when the vessel owner fails to return the *Vessel Owner's Report*.

Original Assessor's Response:

We agree in concept with the use of a form. However, we respectfully disagree on the form BOE 576-D. It is of the utmost importance to have the vessel owner provide us with the data necessary for our staff to complete the valuation process. Compliance by vessel owners has been historically good and implementation of the required form could disrupt or discourage this. The good response we have historically received in the past is based upon a much simpler form developed by our office. Again, it is crucial to maintain a reasonable reporting requirement, as the vessel owner's cooperation is a more effective tool than the excessively detailed and burdensome form. That being said, we comply by mailing out the required BOE 576-D form. In the past, BOE form 576-D was not well received by vessel owners when it was first developed by the BOE and mailed out by our office.

Current Status:

We found that the Assessor has implemented this recommendation. We reviewed several vessel assessments and found the correct form, BOE-576-D, *Vessel Property Statement*, was used.

APPENDIX A: STATISTICAL DATA

Table 1: Assessment Roll

The following table displays pertinent information from the 2022-23 assessment roll.⁴

	PROPERTY TYPE	ENROLLED VALUE
Secured Roll	Land	\$4,141,452,601
	Improvements	\$7,232,844,932
	Fixtures	\$32,520,543
	Personal Property	\$174,788,866
	Total Secured	\$11,581,606,942
Unsecured Roll	Land	\$5,418,200
	Improvements	\$109,604,385
	Fixtures	\$57,048,612
	Personal Property	\$410,743,699
	Total Unsecured	\$582,814,896
Exemptions⁵		(\$423,850,372)
	Total Assessment Roll	\$11,740,571,466

Table 2: Change in Assessed Values

The following table summarizes the change in assessed values over recent years:⁶

ROLL YEAR	TOTAL ROLL VALUE	CHANGE	STATEWIDE CHANGE
2022-23	\$11,740,571,000	7.3%	7.5%
2021-22	\$10,946,372,000	3.4%	4.1%
2020-21	\$10,584,133,000	4.6%	5.7%
2019-20	\$10,116,219,000	6.0%	6.1%
2018-19	\$9,542,142,000	3.3%	6.5%

⁴ Statistics provided by BOE-822, *Report of Assessed Values by City*, County 51 Sutter County for year 2022.

⁵ The value of the Homeowners' Exemption is excluded from the exemptions total.

⁶ 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 decreased from \$2,460,740 in fiscal year 2017-18 to \$2,129,240 in fiscal year 2021-22, with a reported low of \$2,100,625 in fiscal year 2018-19.

As of 2021-22, the Assessor had 16 budgeted permanent positions. These positions consist of the Assessor, Assistant Assessor, 1 manager, 5 real property appraisers, 2 business property auditor-appraisers, 0.5 drafting/mapping technicians, and 5.5 support staff.⁷

The following table identifies the Assessor's budget and staffing over recent fiscal years:⁸

FISCAL YEAR	GROSS BUDGET	PERCENT CHANGE	PERMANENT STAFF
2021-22	\$2,129,240	(11.6%)	16
2020-21	\$2,409,082	(0.3%)	16
2019-20	\$2,417,253	15.1%	17
2018-19	\$2,100,625	(14.6%)	17
2017-18	\$2,460,740	1.3%	17

Table 4: Assessment Appeals

The following table shows the number of assessment appeals filed in recent fiscal years:⁹

FISCAL YEAR	ASSESSMENT APPEALS FILED
2021-22	30
2020-21	69
2019-20	101
2018-19	39
2017-18	42

⁷ Statistics provided by the BOE Open Data Portal dataset – [Budgeted Permanent Positions](#).

⁸ Statistics provided by the BOE Open Data Portal datasets – [Gross and Net Budget](#) and [Budgeted Permanent Positions](#).

⁹ 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:¹⁰

ROLL YEAR	WELFARE EXEMPTIONS	EXEMPTED VALUE
2022-23	111	\$176,795,668
2021-22	109	\$161,504,021
2020-21	104	\$151,185,642
2019-20	108	\$153,803,420
2018-19	85	\$181,027,063

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:¹¹

ROLL YEAR	TOTAL TRANSFER DOCUMENTS RECEIVED	REAPPRAISABLE TRANSFERS
2022-23	2,890	1,686
2021-22	1,762	1,762
2020-21	1,736	1,736
2019-20	0	1,910
2018-19	2,642	2,642

¹⁰ Statistics provided by BOE-802, *Report on Exemptions*.

¹¹ 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:¹²

ROLL YEAR	TOTAL BUILDING PERMITS RECEIVED	NEW CONSTRUCTION ASSESSMENTS
2022-23	4,382	215
2021-22	573	119
2020-21	119	694
2019-20	0	210
2018-19	763	88

Table 8: Declines in Value

The following table shows the total number of decline-in-value assessments in recent roll years:¹³

ROLL YEAR	DECLINE-IN-VALUE ASSESSMENTS
2022-23	1,161
2021-22	2,076
2020-21	2,562
2019-20	2,898
2018-19	3,523

¹² Statistics provided by the BOE Open Data Portal dataset – [Real Property Workload Data, New Construction](#).

¹³ 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.¹⁴

MINIMUM NUMBER OF AUDITS REQUIRED¹⁵	2021-22	2020-21	2019-20	2018-19	2017-18
Largest Assessments				12	11
All Other Taxpayers				11	12
Total Required				23	23
NUMBER OF AUDITS COMPLETED					
Total Audits Completed	21	23	23	23	25
Largest Assessments	10	11	12	12	18
Over/(Under) Required				0	7
All Other Taxpayers	11	12	11	11	7
Over/(Under) Required				0	(5)
CCCASE AUDITS					
Prepared for other county Assessors	0	0	0	0	0

¹⁴ Statistics provided by the BOE Open Data Portal dataset – [Business Property Workload Data, Audits](#).

¹⁵ 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 fiscal years 2017-18 through 2018-19. Effective January 1, 2019, section 469 was amended to give Assessors more flexibility in completing the required number of annual 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**

Sutter County

Deputy Director

David Yeung

Survey Program Director

Holly Cooper

Division Chief

Survey Team Supervisor:

Gary Coates

Supervising Property Appraiser

Survey Team:

James McCarthy

Senior Petroleum and Mining Appraisal Engineer

Artemis Oestreich

Senior Specialist Property Appraiser

Nicole Grady

Associate Property Appraiser

Kat Santora

Associate Property Appraiser

Lydia Vannarattanarat

Assistant Property Auditor Appraiser

Virginia Casarez

Assistant Property Appraiser

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



Todd L. Retzloff, CCIM
Sutter County Assessor

1190 Civic Center Blvd.
Yuba City, CA 95993
(530) 822-7160 • FAX (530) 822-7198

February 2, 2024

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

RE: Sutter County Supplemental Assessment Practices Survey

Dear Mr. Yeung

Enclosed is my response to the recommendations included in the State Board of Equalization Assessment Practices Survey of Sutter County. This response was prepared in accordance with Section 15645 of the California Government Code.

I want to express my appreciation to Mr. Gary Coates and the survey team for the professional manner in which the survey was conducted. The periodic and independent survey by the Board of Equalization is invaluable to Assessors, and help to ensure fair and equitable assessments throughout California.

I would also like to express my sincere appreciation and gratitude to the dedicated employees of the Sutter County Assessor's Office for their professionalism and commitment to serve. It is their hard work and conscientious efforts that enable this office to maintain very high standards of quality, efficiency, and responsive service.

Sincerely,

Todd Retzloff, CCIM
Sutter County Assessor

Enclosure

RECOMMENDATION 5: Improve the LEOP program by: (1) timely reassessing all properties owned by a legal entity undergoing a change in control or ownership, and (2) properly implementing the penalty process in accordance with section 482(b).

(1) Timely reassess all properties owned by a legal entity undergoing a change in control or ownership.

Original Findings:

We found several properties owned by legal entities having undergone a change in control or ownership that had not been reassessed, even though the Assessor was notified of the change in control or ownership for those legal entities through the BOE's LEOP program.

Original Assessor's Response:

We concur. As a general rule, our LEOP program has been up to date and penalties have been properly assessed on all properties as we are notified by the BOE. Prior to and at the time of the survey in 2012, our office, like many in California had seen a reduction in staff due to layoffs. We also had a key member of our staff out medical leave and got behind in the workload. Currently, we are cross training staff to keep this from reoccurring.

Current Status:

We found that the Assessor has implemented this portion of the recommendation. We reviewed several properties owned by legal entities having undergone a change in control or ownership that had been properly reassessed.

(2) Properly implement the penalty process in accordance with 1 section 482(b).

Original Findings:

We found instances where the Assessor failed to apply penalties to properties owned by legal entities that had failed to timely file a BOE-100-B due to a change in control or ownership in accordance with section 482(b), even though the Assessor had been notified of the penalty by the BOE.

Original Assessor's Response:

We concur. As a general rule, our LEOP program has been up to date and penalties have been properly assessed on all properties as we are notified by the BOE. Prior to and at the time of the survey in 2012, our office, like many in California had seen a reduction in staff due to layoffs. We also had a key member of our staff out medical leave and got behind in the workload. Currently, we are cross training staff to keep this from reoccurring.

Current Status:

We found that the Assessor has not implemented this portion of the recommendation. We found several instances where the Assessor did not apply a penalty when a legal entity 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 specific penalty shall be applied.

Assessor's Response:

We concur. This recommendation had been implemented in prior years but due to staffing shortages over the last couple of years, we fell behind and were inconsistent in this duty. We have hired an additional Deed Analyst and have developed a plan to comply.

RECOMMENDATION 6: Improve the declines in value program by including all required information on the value notice pursuant to section 619.

Original Findings:

As stated previously, in accordance with section 621, Sutter County has a resolution allowing the Assessor to post value notices on his website. However, the value notice posted on the website does not include the required information in regards to the property owner's assessment appeal rights as required by section 619(b).

Original Assessor's Response:

We concur. In accordance with section 621, Sutter County has a resolution allowing the Assessor to post value notices on our website. On the Assessor's website there is a link for Residential Property Assessment Appeals, which contains the information to walk a taxpayer through the process of an appeal, including a link to the BOE video on the subject. We will implement this recommendation as time is available from our IT department.

Current Status:

We found that the Assessor has not implemented this recommendation. We reviewed several examples of when the factored base year value has been fully or partially restored and the value notice posted on the Assessor's website does not include the required information in regards to the property owner's assessment appeal rights as required by section 619(b).

Section 619(b) provides that the information given by the assessor to the assessee shall include a notification of hearings by the county board of equalization, which shall include the period during which assessment appeals will be accepted and the place where they may be filed. The information shall also include an explanation of the stipulation procedure set forth in section 1607.

By not including all required information in the value notice posted on the Assessor's website, indicating that a value change has occurred to the assessed value, the Assessor is not in compliance with current statute and taxpayers are not being properly notified of their right to file an assessment appeal.

Assessor Response:

We concur. We are currently working with our new Aumentum Property Tax System to produce the Annual Notices with the correct verbiage to comply with section 619. We will also work with our IT Department to post taxpayers' annual assessed value notices electronically on the Assessor's public access system and website.