STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808)

916/445-6479

79/95

May 31, 1979

TO: COUNTY ASSESSORS, COUNTY COUNSELS,
COUNTY ASSESSMENT APPEALS BOARDS,
AND OTHER INTERESTED PARTIES

PROPERTY TAX RULE 460.1

Enclosed is a copy of Property Tax Rule 460.1, 1975 Base Year Values, adopted by the State Board of Equalization, on an emergency basis, effective May 25, 1979.

Rule 460.1 reflects Senate Bill 17 (Chapter 49, Statutes of 1979) which directs county assessors to employ specific procedures in determining 1975 base year values under Article XIII-A of the California Constitution for assessment years 1978-79 and 1979-80.

A public hearing of the rule will be scheduled within 120 days. Notice of the hearing date will be mailed to all interested parties.

If you have any questions regarding this rule, please refer them to the Assessment Standards Division, Property Taxes Department, telephone 916/445-4982.

Sincerely,

Janice Masterton

Janice Masterton
Calendar Clerk

JM:MS
Enclosure

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ORDER ADOPTING
REGULATION 460.1
STATE BOARD OF EQUALIZATION

(1) Adopt Regulation 460.1 to read:

460.1. 1975 Base Year Values

(a) For the 1978-79 fiscal year and years thereafter, the assessor shall determine base year value for property or portion thereof with a 1975 base year at the value appearing on the 1975-76 assessment roll when that value resulted from a "periodic appraisal" made for the 1975 lien date, whether or not the 1975-76 roll value differed from the 1974-75 assessment roll value.

(b) The value of a parcel of property shall be presumed to have been determined pursuant to a "periodic appraisal" for the 1975-76 fiscal year if the assessor's determination of the value for that year differed from the 1974-75 assessment roll value, but the assessor may rebut the presumption by evidence that notwithstanding such differences in value, the property was not "periodically appraised" for the 1975-76 fiscal year.

Value differences between the 1974-75 and 1975-76 assessment rolls resulting from such things as zoning changes, new construction, or interim adjustments not designed to equal 1975 general revaluation levels will not be considered as resulting from "periodic appraisals."

(c) For the 1978-79 fiscal year and years thereafter, any property or portion thereof whose 1975-76 value was determined as a result of an appeal filed in 1975 with a county board shall have that value as its 1975-76 base year value.

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(d) The base year value of any property not appraised for the 1975 lien date or not determined as a result of an assessment appeal filed in 1975 shall be valued by the assessor using only those factors and indicia of fair market value actually utilized in "periodic appraisals" made for the 1975 lien date. Such values shall be consistent with the values established for comparable properties that were reappraised for the 1975 lien date.

(e) Determinations of value made pursuant to (d) of this section shall be made at any time until June 30, 1980, and if made prior to June 30 of any year may be added to either the roll for the fiscal year in which the value determination is made or included with the assessments for the succeeding fiscal year.

No escape assessments may be made because of value increases to the 1975 base year that result from redetermination of values pursuant to this section, but decreases in such values shall be certified to the auditor by the assessor as corrections to the roll prepared for the 1978-79 fiscal year and fiscal years thereafter, as is appropriate.

Note: Authority cited: Sec. 15606(c), Gov. Code
Reference: Sec. 110.1, Rev. & Tax. Code as amended by Ch. 49, Stats. 1979

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(2) Amend Regulation 468 to add subsection (c) to read:

(c) The unique nature of mineral property interests requires the application of specialized appraisal techniques designed to satisfy the requirements of Article XIII, Section 1, and Article XIII A, Section 2, of the California Constitution. To this end, the valuation of such properties and other real property associated therewith shall be pursuant to the following principles and procedures:

(1) A base year value (market value) of the property shall be estimated as of lien date 1975 or as of the date a change in ownership occurs subsequent to lien date 1975. Newly constructed improvements and additions in reserves shall be valued as of the lien date of the year for which the roll is being prepared. Improvements removed from the site shall be deducted from taxable value. Base year values shall be determined using factual market data such as prices and expenses ordinarily considered by knowledgeable and informed persons engaged in the operation, buying and selling of oil, gas and other mineral-producing properties and the production therefrom. Once determined, a base year value may be increased no more than two percent per year.

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(2) Base year reserve values must be adjusted annually for the value of depleted reserves caused by production or changes in the expectation of future production.

(3) Additions to reserves established in a given year by discovery, construction of improvements, or changes in economic conditions shall be quantified and appraised at market value.

(4) The current year's lien date taxable value of mineral reserves shall be calculated as follows:

(A) The total unit market value and the volume of reserves using current market data shall be estimated.

(B) The current value of taxable reserves is determined by segregating the value of wells, casings, and parts thereof, land (other than mineral rights) and improvements from the property unit value by an allocation based on the value of such properties.

(C) The volume of new reserves shall be determined by subtracting the prior year's reserves, less depletions, from the estimated current total reserves.

(D) The value of removed reserves shall be calculated by multiplying the volume of the reserves removed in the prior year by the weighted average value, for reserves only, per unit of minerals for all prior base years. The prior year's taxable value of the reserves remaining from prior years shall be found by subtracting the value of removed reserves from the prior year's taxable value.

(E) The new reserves are valued by multiplying the new volume by the current market value per unit of the total reserves.

(F) The current full cash value base, for reserves only, is the sum of the value of the prior year's reserves, net of depletions as calculated in (D) above, factored by the appropriate percentage change in the Consumer Price Index (CPI) added to the value of the new reserves, as calculated in (E) above.

(5) Valuation of land (other than mineral reserves) and improvements.

(A) A base year value (market value) of land (including wells, casings and parts thereof) and improvements shall be estimated as of lien date 1975, the date of new construction after 1975, or the date a change of ownership occurs subsequent to lien date 1975.

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(B) The value of land (wells, casings and parts thereof) and improvements shall remain at their factored base year value except as provided in (6) below.

(6) Value declines shall be recognized when the market value of the appraisal unit, i.e., land, improvements and reserves, is less than the full cash value base of the same unit.

Note: Authority cited: 15606(c) Gov. Code
Reference: Art. XIII A, Secs. 1 & 2 California Constitution

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