



STATE OF CALIFORNIA

**STATE BOARD OF EQUALIZATION**

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

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DOUGLAS D. BELL  
Executive Secretary

No. 87/42

May 1, 1987

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

NOTICE OF PROPOSED REGULATORY ACTION  
BY THE  
STATE BOARD OF EQUALIZATION

RULE 324 - DECISION

PUBLIC HEARING: July 28, 1987

NOTICE IS HEREBY GIVEN that the State Board of Equalization, pursuant to the authority vested by section 15606 of the Government Code, and to implement, interpret, or make specific section 1601, et seq. of the Revenue and Taxation Code, proposes to amend Rule 324 in Title 18 of the California Administrative Code, relating to property tax.

PUBLIC NOTICE: Notice is further given that a public hearing relevant to this action will be held in Room 102, Consumer Affairs Building, 1020 N Street, Sacramento, California, at 2:00 p.m., on Tuesday, July 28, 1987. Any person interested may present statements or arguments orally or in writing at that time and place.

INFORMATIVE DIGEST: Rule 324 describes the scope of review of local property tax assessment appeals in property tax equalization hearings by local boards of equalization. Section 15606 of the Government Code mandates the Board of Equalization to prescribe rules and regulations to govern local boards of equalization when equalizing, including uniform procedures for the consideration and adoption of written findings of fact by local boards of equalization as required by section 1611.5 of the Revenue and Taxation Code. Rule 324 was promulgated by the Board to describe the extent and scope to which a local board of equalization must extend its review during the equalization process. However, much of the rule as presently written either does not conform to the state of existing law since the adoption of California Constitution article XIII A (Proposition 13), or is repetitive of provisions incorporated in other rules. The proposed rule is intended to correct these shortcomings.

ESTIMATE OF COST OR SAVINGS: The State Board of Equalization has determined that the proposed change does not impose a mandate on local agencies or school districts. Further, the Board has determined that the change will result in no direct or indirect cost or savings to any state agency, any local agency or school district that is required to be reimbursed under section 2231 of the Revenue and Taxation Code, or other nondiscretionary cost or savings imposed on local agencies, or cost or savings in federal funding to the State of California.

The cost impact on private persons or businesses will be insignificant. This proposal will not have a significant adverse economic impact on small businesses.

WRITTEN COMMENTS: Written statements or arguments will be considered by the Board if received by July 28, 1987; they are requested by July 17, 1987. Please send comments to Janice Masterton, Regulation Coordinator, at 1020 N Street, Sacramento, California 95814.

STATEMENT OF REASONS; EXPRESS TERMS; RULEMAKING FILE: The Board has prepared a statement of reasons and a strike-out and underscore version (express terms) of the proposed changes. Both of these documents and all information on which the proposal is based are available to the public upon request. The rulemaking file is available for public inspection at Room 450, 1020 N Street, Sacramento, California.

STAFF MEMORANDA AFTER PUBLIC HEARING OR REVISIONS TO PUBLISHED VERSION OF THE REGULATION: In the event there are any staff memoranda included in the rulemaking file after the close of the public hearing, these memoranda will be available to the public upon request from Mrs. Masterton for a period of 15 days after the public hearing.

In the event there are any revisions sufficiently related to the published version of the rule, these revisions will be available to the public from Mrs. Masterton for a period of 15 days before adoption.

Following the hearing, the State Board of Equalization, upon its own motion, or at the request of any interested person, may in accordance with law adopt the changes proposed without further notice.

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INQUIRIES

CONTENT

Questions regarding the content of the regulation should be directed to Gordon P. Adelman, Assistant Executive Secretary, Property Taxes, (916) 445-1516, at 1719 - 24th Street, Sacramento, CA 95816.

HEARING

Written comments for the Board's consideration or requests to present testimony and bring witnesses to the public hearing should be directed to Janice Masterton, Assistant to Executive Secretary, (916) 445-6479, at 1020 N Street, Sacramento, CA 95814

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Dated: April 24, 1987

STATE BOARD OF EQUALIZATION

*Douglas D. Bell*

Douglas D. Bell  
Executive Secretary

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~~Rule 324. DECISION~~

Reference: Section 1601 et seq., Revenue and Taxation Code.

(a) Acting upon the evidence properly before it the board shall determine the taxable value of the property which is the subject of the hearing, and shall designate the ratio to be applied thereto, which shall be the lowest of the ratios provided in section 1610.8 of the Revenue and Taxation Code. The determination of the taxable value shall be supported by the weight of the evidence at the hearing.

(b) When an applicant requests a reduction in the assessed value of a portion of an improved real property (e.g., land only or improvements only) or a portion of installations which are partly real property and partly personal property (e.g., only the improvement portion or only the personal property portion of machinery and equipment), whether the reduction is requested on grounds of valuation, on grounds of misclassification, or for any other cause, the board shall make a determination of the full cash value of the whole property and shall order a change in the assessed value of the part only if the assessed value of the whole requires equalization, or shall adjust the value of the parts so that each is equalized and the value of the whole property is accounted for.

(c) The board shall be bound by the same principles of evaluation that are legally applicable to the assessor.

(d) The board shall neither raise nor lower the entire local roll.

(e) When written findings of fact are made, they shall fairly disclose the board's findings on all material points raised in the application and at the hearing. The findings shall also include a statement of the method or methods of valuation used in determining the full cash value of the property, and shall be made timely after the hearing.

(f) When valuing a property by comparison with sales of other properties, the board shall consider only those sales which in its judgment are sufficiently near in time to the valuation date yet occurring no more than 90 days after the lien date, are located sufficiently near, and are sufficiently alike in respect to character, size, situation, usability, zoning or other legal restriction as to use, to the property being valued, to make it clear that the properties sold and the property being valued are comparable in value and that the cash equivalent price realized for the properties sold may fairly be considered as shedding light on the value of the property being valued. Pursuant to section 402.1 of the Revenue and Taxation Code, the board shall presume that zoning or other legal restrictions on the use of either the properties sold or the property being valued will not be removed or substantially modified in the predictable future unless sufficient grounds as set forth in that section are presented to the board to overcome that presumption.

Rule 324. DECISION

(a) Determination of Taxable Value.

Acting upon the evidence properly before it, the Board shall determine the taxable value of the property which is the subject of the hearing. The determination of the taxable value

shall be supported by the weight of the evidence presented during the hearing. The Board shall consider evidence of value derived by the use of any of the valuation methods described in section 3 of this chapter. It shall determine whether the method(s) used was (were) properly applied, considering the type of property assessed and any governmentally imposed land use restrictions, by examining the factual data, the presumptions and the estimates relied upon.

(b) Scope of Review.

Subject to the limitations of articles XIII A of the California Constitution and the provisions of Division 1 of the Revenue and Taxation Code, the Board's assessment review shall extend to the largest appraisal unit of property necessary to effectively determine the value of any fractional part thereof brought before the Board for assessment equalization. At the assessor's request or on its own motion, the Board shall include in the assessment review all property which is associated with the appealed assessment either because of a value allocation made by the assessor or because the assessment of the property being reviewed is a part of an assessment of a larger appraisal unit. An appraisal unit of property is a collection of tangible assets that function together and that commonly sell as a unit.

(c) Comparable Sales.

When valuing a property by comparison with sales of other

properties, the Board shall consider only those sales which, in its judgment, are similar in size, quality, age, condition, utility, amenities, site location, legally permitted use, or other physical attributes to the property being valued. When valuing property for purposes of either the regular roll or the supplemental roll, the Board shall not consider a sale if it occurred more than 90 days after the date for which value is being estimated. The Board shall presume that zoning or other legal restrictions of the types described in Revenue and Taxation Code section 402.1 on the use of either the property sold or the property being valued will not be removed or substantially modified in the predictable future unless sufficient grounds as set forth in that section are presented to the Board to overcome that presumption.

References: Article XIII A, California Constitution, Section 15606 Government Code, Sections 402.1, 402.5, 1609, 1611.5, Revenue and Taxation Code

Authority: Section 15606 Government Code

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