



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION  
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Executive Director

No. 98/06

January 9, 1998

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

**NOTICE OF PROPOSED REGULATORY ACTION  
BY THE  
STATE BOARD OF EQUALIZATION**

**AMEND PROPERTY TAX RULE 461 - REAL PROPERTY VALUE CHANGES  
PUBLIC HEARING: WEDNESDAY, FEBRUARY 25, 1998, AT 1:30 P.M.**

**NOTICE IS HEREBY GIVEN:**

The State Board of Equalization, pursuant to the authority vested in the Board by Section 15606 (c) of the Government Code proposes to amend Regulation 461 - Real Property Value Changes in Title 18, Division 1 of the California Code of Regulations, relating to property taxes. A public hearing on the proposed regulation will be held in Room 121, 450 N Street, Sacramento, at 1:30 p.m., or as soon thereafter as the matter may be heard, on February 25, 1998. Any person interested may present statements or arguments orally or in writing at that time and place. Written statements or arguments will be considered by the Board if received by February 25, 1998.

**INFORMATIVE DIGEST/PLAIN ENGLISH OVERVIEW**

An amendment to Rule 461 is proposed; the amendments delete provisions related to adjustments to the taxable value of real property damaged or destroyed by a misfortune or calamity. These provisions do not reflect more recent statutory provisions that impact the reassessment procedures depending on whether a county board of supervisors has or has not adopted a disaster relief ordinance pursuant to Revenue and Taxation Code Section 170.

The express terms of the proposed action, written in plain English, are available from the agency contact person named in this notice.

COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS

The State Board of Equalization has determined that the proposed amendment of Rule 461 does not impose a mandate on local agencies or school districts. Further, the Board has determined that the amendment will result in no additional direct or indirect costs to any State agency or any local agency or school district that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code, and that there are no other non-discretionary costs or savings imposed on local agencies, or cost or savings in Federal funding to the State of California.

EFFECT ON BUSINESS

Pursuant to Government Code Section 11346.53(c), the Board of Equalization finds that the amendment of Rule 461 will not have a significant adverse economic impact on business.

The amendment of this regulation will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses nor create or expand business in the State of California.

The amendment of the regulation as proposed will not be detrimental to California businesses in competing with businesses in other states.

The proposed regulation will not affect small business.

ADVERSE ECONOMIC IMPACT ON PRIVATE PERSONS/BUSINESSES

There will be no adverse economic impact on private businesses or persons.

FEDERAL REGULATIONS

Rule 461 has no comparable Federal regulation.

AUTHORITY

Government Code Section 15606, subdivision (c).

REFERENCE

Article XIII A, Sections 1,2, California Constitution.

CONTACT

Questions regarding the content of the proposed regulation should be directed to:  
Ms. Janet Saunders, Tax Counsel - Property Taxes, at P.O. Box 942879, 450 N Street, MIC: 82,  
Sacramento, CA 94279-0082. Telephone: (916) 324-2642 FAX (916) 323-3387.

Written comments for the Board's consideration or requests to present testimony and bring witnesses to the public hearing should be directed to Ms. Mary Ann Stumpf, Regulations Coordinator, (916) 322-9569, and P. O. Box 942879, 450 N Street, MIC: 80, Sacramento, CA 94279-0080.

#### ALTERNATIVES CONSIDERED

The Board must determine that no alternative considered would be more effective in carrying out the purpose for which this action is proposed or be as effective and less burdensome to affected private persons than the proposed action.

#### AVAILABILITY OF STATEMENT OF REASONS AND OF TEXT OF PROPOSED REGULATIONS

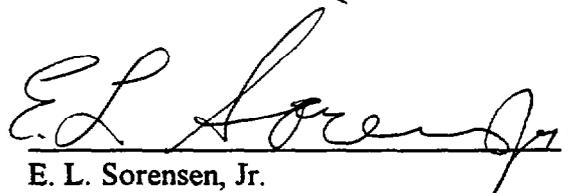
The Board has prepared a statement of reasons and underscored version of the proposed amendment. Those documents and all information on which the proposal is based are available to the public upon request. The Rulemaking file is available for public inspection at 450 N Street, Sacramento, California. Requests for copies should be addressed to Ms. Mary Ann Stumpf, Regulations Coordinator, (916) 322-9569, at P. O. Box 942879, 450 N Street, MIC: 80, Sacramento, CA 94279-0080.

#### ADDITIONAL COMMENTS

Following the hearing, the State Board of Equalization may in accordance with law adopt the proposed regulation if the text remains substantially the same as described in the text originally made available to the public. If the State Board of Equalization makes modifications which are substantially related to the originally proposed text, the Board will make the modified text, with the changes clearly indicated, available to the public for fifteen days before adoption of the regulation. The text of any modified regulation will be mailed to those interested parties who commented on the proposed regulatory action orally or in writing or who asked to be informed of such changes. The modified rule will be available to the public from Ms. Stumpf. The State Board of Equalization will consider written comments on the modified rule for fifteen days after the date on which the modified regulation is made available to the public.

Dated: December 19, 1997

STATE BOARD OF EQUALIZATION



E. L. Sorensen, Jr.  
Executive Director

**Rule 461.**

**REAL PROPERTY VALUE CHANGES.**

(a) Section 2 of ~~a~~Article XIII A of the California Constitution provides, with certain exceptions stated therein, that real property shall be reappraised if purchased, newly constructed (~~regulation~~Section 463) or a change in ownership occurs (~~regulation~~Section 462) after the original base year.

(b) Unless otherwise provided for in this chapter or by statute, real property which was not subject to valuation in a prior base year as required by law shall be appraised at full value for each year it should have been so valued and an escape assessment shall be added to the roll for the current fiscal year or to the roll being prepared at the time of discovery in accordance with the provisions of ~~s~~Section 531.2 of the Revenue and Taxation Code.

(c) The prior year taxable value of real property, or portion thereof, physically removed from the site shall be deducted from the property's prior year taxable value, provided that such net value shall not be less than zero. The net value shall be appropriately adjusted to reflect the percentage change in the cost of living and then compared to the current lien date full value to determine taxable value which shall be the lesser of the two values.

(d) For the fiscal year 1979-80 and fiscal years thereafter the assessor shall prepare an assessment roll containing the base year value appropriately indexed or the current lien date full value, whichever is less. Increases and decreases in full cash value since the previous lien date shall be reflected on the roll except that taxable value shall never exceed base year value appropriately indexed. ~~Property restored following damage caused by a misfortune or calamity is to be valued pursuant to subsection (e) and not this subsection.~~ In preparing such rolls the assessor is not required to make an annual reappraisal of all assessable property.

(e) Declines in value will be determined by comparing the current lien date full value of the appraisal unit to the indexed base year full value of the same unit for the current lien date. Land and improvements constitute an appraisal unit except when measuring declines in value caused by disaster, in which case land shall constitute a separate unit. For purposes of this ~~subdivision~~ ~~subsection~~ fixtures and other machinery and equipment classified as improvements constitute a separate appraisal unit.

(f) When the current full value of property is less than its base year full value indexed to the current lien date, the full value shall be enrolled as the current taxable value.

~~(e) The taxable value of real property damaged or destroyed by a misfortune or calamity is to be adjusted in accordance with the Revenue and Taxation Code. If the property is restored, the assessor shall on the lien date following restoration enroll it at its former value plus the appropriate inflation adjustment, unless:~~

~~1. The full value of the restored property as of the lien date is less than the indexed base year full value in which case the lower value shall be enrolled as the new base year value, or~~

~~2. It is determined that new construction has occurred in which case the property's value shall be enrolled as provided in Section 463.~~

*Authority:* Section 15606, Government Code.

*Reference:* Article XIII A, Sections 1, 2, California Constitution.