

- For Information
 For Discussion
 For Decision Making

BOARD OF EQUALIZATION
INFORMAL ISSUE PAPER

Future Valuation Factor Studies for Specific Industries and Equipment

Issue

What guidance should the Board provide staff regarding current and future requests from industry to conduct valuation factor studies?

Background

The Board is currently involved in three studies to determine if valuation factors recommended in Assessors' Handbook 581, *Equipment Index and Percent Good Factors* (AH 581), should be updated. The current studies involve (1) biopharmaceutical equipment and fixtures, (2) semiconductor manufacturing equipment, and (3) non-production computers.

BCP No. 6 (2006-2007) provided two-year limited term funding for additional positions to conduct these studies. The Board's subsequent effort to make those positions permanent was unsuccessful.

Discussion of the Issue

In recent months, the Board has received requests to conduct valuation factor studies for three additional categories of equipment: (1) copiers, (2) wine tanks, and (3) printing equipment. With the limited-term positions set to expire on June 30, 2008, however, existing staff would have to be redirected to perform such studies. Moreover, even if staff makes such a reallocation of resources to fulfill the three requests currently pending, staff anticipates that other industries will make similar requests which would require that the resources be reallocated on a more permanent basis.

Studies of the type requested are within the scope of the Board's mission with respect to oversight of the local assessment function. However, the positions needed to perform such studies are not available and would require the reallocation of resources within the County-Assessed Properties Division to undertake. Additionally, such studies could not be commenced prior to the completion of the current ongoing studies.

Based on the experience of staff and the challenges encountered during the course of the current studies, the Board should establish criteria that must be met before undertaking any future valuation factor studies in order to ensure the efficient use of limited Board resources. Challenges encountered by staff during the current studies include, but are not limited to:

- Lack of availability of data
- Difficulty in gaining cooperation of industry to provide requested data
- Board involvement in issues currently in litigation or assessment appeals at the county level
- Board involvement in issues with scope of limited interest to the assessment community
- Determination of when a study should be discontinued due to lack of progress

Summary

Staff seeks guidance from the Board as how to proceed with requests to conduct valuation factor studies.