STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
PROPERTY TAXES DEPARTMENT
450 N STREET, MIC: 64, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064
TELEPHONE (916) 445-4982
FAX (916) 323-8765
www.boe.ca.gov

March 29, 2001

JOHAN KLEHS
First District, Hayward

DEAN ANDAL
Second District, Stockton

CLAUDE PARRISH
Third District, Torrance

JOHN CHIANG
Fourth District, Los Angeles

KATHLEEN CONNELL
State Controller, Sacramento

JAMES E. SPEED
Executive Director

No. 2001/021

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

REVISION OF PROPERTY TAX RULE 122.5,
FIXTURES

On February 15, 2001, the Board directed staff to amend Property Tax Rule 122.5 (Section 122.5, Title 18 of the California Code of Regulations) to specify that agricultural wind machines are properly classified as fixtures. Accordingly, Board staff is beginning the process of revising Rule 122.5 and proposes to add the following amendment to subsection (e) of Rule 122.5:

(10) A wind machine consists of a large fan mounted on a tower, a motor to drive the fan, a fuel tank or electrical hookup and related equipment necessary for its operation. Wind machines are used for agricultural purposes in the protection of crops from adverse weather conditions. When a wind machine is physically annexed to the realty with the intent that it be annexed indefinitely as provided in this rule, it is properly classified as a fixture. A wind machine which is a fixture is an improvement to realty as defined in Revenue and Taxation Code section 105 and rule 122, but it is not a building, a structure or a fence. In a typical application, a wind machine is physically annexed to the realty because it is attached to, imbedded in or permanently resting upon land or improvements as provided in subsection (b)(1) of this rule with the intent that it remain "annexed indefinitely" as that phrase is defined in subsection (a)(3) of this rule. A wind machine that is attached to or resting on a truck bed or other movable equipment is personal property and not a fixture because it is not intended to remain annexed indefinitely to realty.

For property tax assessment purposes, wind machines that are defined as fixtures shall be appraised in accordance with subsection (e) of rule 461, which subsection provides that, for purposes of decline in value determinations, fixtures and other machinery and equipment classified as improvements constitute a separate appraisal unit.

Staff is seeking comment in the form of alternative text to the proposed language. Comments will be accepted through May 9, 2001.

It is anticipated that the revision process will proceed as follows:

- On June 5, 2001, staff will distribute an agenda matrix summarizing the alternative text and proposed changes for the interested parties meeting scheduled for June 22, 2001.
- Staff will then meet with interested parties on June 22, 2001 to discuss alternative text and changes to the proposed rule amendment. The purpose of the meeting is to reach agreement on rule language.
- On July 18, 2001, staff will submit the issue paper for the Property Tax Committee meeting.
- The Board's Property Tax Committee will hear discussion of any unresolved language issues at its August 1, 2001 meeting.

All documents relating to this project are available on the Board's Web site (*www.boe.ca.gov*) and can be accessed through Property Tax Committee Work Plans 2001. If you have any questions or suggestions regarding the proposed rule amendment, please contact Lou Ambrose at (916) 445-5580, lou.ambrose@boe.ca.gov.

Sincerely,

/s/ Richard C. Johnson

Richard C. Johnson
Deputy Director
Property Taxes Department

RCJ:lt
Enclosures