



STATE BOARD OF EQUALIZATION
 PROPERTY AND SPECIAL 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

September 30, 2002

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

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

JAMES E. SPEED
 Executive Director
 No. 2002/064

UPDATES OF STATE ASSESSMENT MANUAL AND
UNITARY VALUATION METHODS

The Board staff has initiated updates of the *State Assessment Manual* and *Unitary Valuation Methods* book. Board staff's proposed changes, which reflect recent statutory changes and regulatory amendments, revisions intended to clarify the existing text, and other minor nonsubstantive changes, are indicated on the drafts in strikeout and underline format. The draft of the *State Assessment Manual* only includes chapters and appendices that have been revised, and the draft of the *Unitary Valuation Methods* book only includes the pages that have been revised. The drafts are posted on the Board's Web site and can be accessed by way of the following links: 1) Property Taxes, 2) Property Tax Committee Work Plans, and 3) Other Projects in Process. Additionally, you may obtain the drafts by e-mail or U.S. mail by contacting Benjamin Tang at (916) 324-2720 or benjamin.tang@boe.ca.gov. The manual and book were updated to reflect the following:

- Revised discussion of allocation and appendix to include section 100.9, which was amended by way of Stats. 2002, Ch. 57 (AB 81).
- Added discussion of section 721.5 regarding assessment jurisdiction of electric generation facilities, which was amended by way of Stats. 2002, Ch. 57 (AB 81).
- Revised appendix to reflect the amendment of section 749, which was amended by way of Stats. 2001, Ch. 744 (SB 1182).
- Revised discussions and appendices to reflect the amendment of Property Tax Rule 21, *Taxable Possessory Interests – Valuation*, and the repeal of Property Tax Rule 23, *Written Agreements as to Term of Possessory Interests*, Rule 24, *Possessory Interest Rights to be Valued*, Rule 25, *Valuation of Post-De Luz Possessory Interests*, and Rule 26, *Valuation of Pre-De Luz Possessory Interest*.
- Revised discussions and appendices to reflect the adoption of Property Tax Rule 29, *Possessory Interests in Taxable Government-Owned Real Property*.
- Revised discussions and appendices to reflect the amendment of Property Tax Rule 905, *Assessment of Electric Generation Facilities*.
- Revised discussions and examples involving the addition of an ad valorem tax rate in the capitalization of income method employed to value possessory interests to be consistent with the Assessors' Handbook Section 510, *Assessment of Taxable Possessory Interests*.

- Revised discussions and examples of deferred income taxes to be consistent with the Board's position on the issue.
- Revised discussion of assessment jurisdiction to reflect the delegation of wireless telecommunication tower sites.

Interested parties may submit proposed revisions to the language presented in the drafts until November 18, 2002. The proposed revisions should be submitted as alternative text and should reference the applicable page and line numbers of the draft. Proposed changes to the manual and book other than those identified in strikeout and underline format on the draft will only be considered if they are supported by statutory changes, regulatory changes, court decisions, or changes to Board publications subsequent to the Board's adoption of the current *State Assessment Manual* and *Unitary Valuation Methods* book. Staff will review the suggested changes submitted and incorporate into the drafts those changes that are deemed appropriate.

After reviewing comments received from interested parties, it is anticipated that the project will proceed as follows:

- Staff will meet with interested parties on January 24, 2003, to discuss proposed changes to the text presented in the drafts. The meeting is scheduled to begin at 9:30 a.m. in Room 122, 450 N Street, Sacramento. The purpose of the meeting is to arrive at final language for the draft. An agenda matrix will be distributed prior to the meeting.
- Staff will submit an issue paper and other required documents for the Property Tax Committee (PTC) meeting. The material will be submitted prior to the PTC meeting date.
- The Property Tax Committee will hear discussion of any unresolved language issues in early 2003 (The specific date for the PTC meeting will be available upon approval of the 2003 Property Tax Committee work plan).

If you have any questions regarding this project, please contact Benjamin Tang at (916) 324-2720, benjamin.tang@boe.ca.gov, or Ken Thompson at (916) 323-6941, ken.thompson@boe.ca.gov. This letter and all future letters regarding this project will be posted on the Board's Web site and can be accessed by way of the following links: 1) Property Taxes, 2) Property Tax Committee Work Plans, and 3) Other Projects in Process.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

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