

State of California
BOARD OF EQUALIZATION
PROPERTY TAX RULES

Division 1. State Board of Equalization-Property Tax
Chapter 1. Valuation Principles and Procedures

Rule 29. Possessory Interests in Taxable Government-Owned Real Property.

Authority: Section 15606(c), Government Code.
Reference: Article XIII, Section 11, California Constitution.

(a) DEFINITIONS. For purposes of this rule:

- (1) "Assessed value" is defined in subdivision (a) of section 135 of the Revenue and Taxation Code.
- (2) "Improvements" are defined in rule 122.
- (3) "Land" is defined in rule 121.
- (4) A "lease for agricultural purposes" is a lease for the purpose of the production or husbandry of plants or animals, including gardening, horticulture, fruit growing, and the storage and marketing of agricultural products.
- (5) "Other taxable improvements" are improvements owned by a local government outside of its boundaries that are taxable for property tax purposes pursuant to section 11(a), excluding taxable replacement improvements.
- (6) "Real property" is the appraisal unit of real property, as defined in section 104 of the Revenue and Taxation Code, that persons in the marketplace commonly buy and sell as a unit or that is normally valued separately.
- (7) "Section 11" means section 11 of Article XIII of the California Constitution.
- (8) The "section 11 taxable possessory interest limitation amount" means the fair market value of the taxable government-owned real property on the lien date less the section 11 value of the taxable government-owned real property on the lien date.
- (9) The "section 11 value of taxable government-owned real property" means the sum of: (i) the section 11 assessment amount for the taxable lands included in the real property on the lien date, computed pursuant to subdivisions (b) and (c) of section 11; (ii) the section 11 assessment amount for any taxable replacement improvements included in the real property on the lien date computed pursuant to the provisions of subdivision (d) of section 11; and (iii) the fair market value of other taxable improvements included in the real property on the lien date, if any.
- (10) "Taxable government-owned real property" is real property owned by a local government outside of its boundaries that is taxable for property tax purposes pursuant to section 11(a).
- (11) "Taxable lands" are lands owned by a local government outside of its boundaries that are taxable for property tax purposes pursuant to section 11(a).
- (12) "Taxable possessory interest" is defined in rule 20.
- (13) "Taxable replacement improvements" are improvements owned by a local government outside of its boundaries that are taxable for property tax purposes pursuant to section 11(a) because they were constructed by the local government to replace improvements that were taxable when acquired.
- (14) The "total assessed value of all taxable possessory interests" means the aggregate assessed values of all taxable possessory interests in an appraisal unit of taxable government-owned real property on the lien date.

(b) TAXABLE POSSESSORY INTERESTS IN TAXABLE GOVERNMENT-OWNED REAL PROPERTY. Except as set forth below in subsection (c) of this regulation, taxable possessory interests in taxable government-owned real

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property, excluding those created as a result of the possessor having a lease for agricultural purposes, shall be assessed and taxed for purposes of property taxation in the same manner as other taxable possessory interests.

(c) LIMITATION ON THE ASSESSMENT OF TAXABLE POSSESSORY INTERESTS IN TAXABLE GOVERNMENT-OWNED REAL PROPERTY. On each lien date, the total assessed value of all taxable possessory interests in an appraisal unit of taxable government-owned real property shall be determined. If the total assessed value of all taxable possessory interests on the lien date exceeds the section 11 taxable possessory interest limitation amount on the lien date, then the assessed values of the taxable possessory interests shall be reduced as follows: (i) if there is only one taxable possessory interest in the appraisal unit of taxable government-owned real property on the lien date, then the assessed value of that taxable possessory interest shall be reduced so that it does not exceed the section 11 taxable possessory interest limitation amount; or (ii) if there is more than one taxable possessory interest in the appraisal unit of taxable government-owned real property on the lien date, then the assessed value of each such taxable possessory interest shall be ratably reduced in the proportion that it bears to the total assessed value of all taxable possessory interests until the total assessed value of all taxable possessory interests no longer exceeds the section 11 taxable possessory interest limitation amount.

History: Adopted October 24, 2001, effective February 9, 2002.