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SAN DIEGO PORT TENANTS ASSOCIATION

April 17, 2014

Ms. Joann Richmond
Chief, Board Proceedings Division
Board of Equalization
Sacramento, CA 95814
Via Email to Joann.Richmond@boe.ca.gov

Re: April 22-23 Board Meeting, Rule 21(d) Proposed LTA Comments

Dear Ms. Richmond,

The San Diego Port Tenants Association (SDPTA) is a non-profit organization of businesses who lease land along the tidelands of San Diego Harbor. SDPTA represents all major tenants of the Unified Port of San Diego, a diverse membership of companies in numerous industries, including: aerospace and airport industries, boat yards, commercial and sports fishermen, cruise ship industry, hospitality, including hotels and restaurants, marinas, retail merchants, ship building and repair, shipping and trade, and yacht sales. SDPTA works to protect and improve the working waterfront economy of San Diego, which includes a workforce of over 35,000 people and produces over \$3 billion in economic activity per year.

It is indisputable that the appraisal of a TPI must be based only on the property right held by the taxpayer in public land – no more and no less – and must be based on the stated term of a lease when one exists. As an association of Possessory Interest taxpayers, we support the proposed Letter to Assessors (LTA) because it reiterates this basic principle of Property Tax Rule 21 and the basic rights of tenants under real property law. This guidance letter is particularly timely given the Court of Appeals decision in *California State Teachers' Retirement System v. County of Los Angeles* (2013) 216 Cal.App.4th 41.

In San Diego County, this LTA will reinforce the good work already done by our local Assessor to improve its administration of Possessory Interests and properly assess TPIs based on the stated term of a lease. For example, in 2006, the BOE's Assessment Practices Survey pointed out that the San Diego assessor had failed to appraise PI's properly and "does not use the stated term of possession when determining the market value of a PI for each lien date." However, by 2010, the BOE's subsequent survey noted a marked improvement as "[t]he assessor values taxable possessory interests at the lower of the factored base year value or the current fair market value, taking into consideration any reductions in value due to ... stated term of possession..." As a result, the 2010 survey found the "assessor's possessory interest program to be well administered, comprehensive, and in compliance with current statutes. We have no recommendations regarding the assessment of possessory interest properties for San Diego County." This LTA will further support the improvement in TPI assessment that has occurred here.

Sincerely,

Sharon Cloward, President
San Diego Port Tenants Association