



California Assessors' Association
White Paper on the Board of Equalization

(Approved by the California Assessors' Association - February 27, 2019)

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The California Assessors' Association (CAA) does not have an official position on Assembly Constitutional Amendment No. 2 (ACA2). As the Board of Equalization (BOE) is a principal regulatory agency overseeing the practices of assessors, the CAA deems it inappropriate to provide a recommendation regarding the dissolution of the BOE but finds it imperative to provide a factual review of the essential functions of the BOE as they relate to the needs of assessors throughout the State.

The purpose of this white paper is to provide guidance to policymakers regarding the key functions of the BOE. The paper reflects the professional insights of all 58 County Assessors, California's principal subject matter experts on property tax assessment and valuation.

With the passage of Assembly Bill No. 102 in 2017 (AB102), the majority of the responsibilities of the BOE were transferred to the California Department of Tax and Fee Administration (CDTFA) and the Office of Tax Appeal.

The remaining duties with the Board of Equalization involve the administration of three tax programs: (1) Alcoholic Beverage, (2) Insurers and (3) Property Tax assessment, including assessment of privately held public utilities. In the opinion of the CAA, the most important remaining duties of the BOE are the oversight, standardization and guidance of local assessment practices. California Assessors rely on the BOE to provide assessment and legal counsel regarding property tax statutes, regulations and assessment issues. The BOE also provides critical review, support and technical assistance to the independently elected Assessors in each county. As noted by the BOE staff, the County-Assessed Properties Division conducts periodic compliance audits (surveys) of the 58 county assessors' programs and develops property tax assessment policies and informational materials to guide county assessors and local assessment appeals boards.

In the January 29, 2019 overview for the four new BOE members, BOE staff delineated the following major property assessment tax responsibilities:

- *The Assessment Services and Training Unit provides guidance to county assessors and taxpayers. Training is provided to county assessors and BOE staff.*

Assessment equalization requires consistent assessment practices throughout the 58 counties. Comprehensive and frequent multimodal BOE led courses are required as part of a broad training program, including appraiser certification and continuing education tracking. Assessor's Handbook issuance and maintenance, and coordination with Assessors, is vital to promotion of uniform assessment and appraisal practices.

- *The Assessment practices survey unit performs compliance audits of county assessors.*

The survey is a vital tool for performing the BOE's oversight responsibility, maintaining accountability of local assessors and providing specific recommendations for improvement. BOE surveys also determine whether a county's assessment program meets the standard required under

Revenue and Taxation Code Section 75.60 to recover costs associated with administering supplemental assessments.

The BOE also provides other critical functions important to Assessors:

- *The Exemptions Unit of the BOE co-administers Welfare Exemptions with county assessors.*
- *The Legal Entity Ownership Program discovers changes in ownership and control of legal entities and informs county assessors of the need to reappraise real property owned by those entities.*
- *The BOE administers the Tax Rate Area Mapping Program, maps and assigns a tax rate area number to each geographical area in the state with a different distribution of revenues among taxing jurisdictions.*
- *The BOE prescribes and enforces the use of all forms for the assessment of property for taxation, including forms used for the application for reduction in assessment.*

The CAA values the standardization resulting from the BOE's involvement in crafting statewide official forms and would expect continued leadership in this program.

Other important BOE responsibilities and duties provided, if ACA2 becomes law, include the following:

- Periodic reports designed to identify opportunities for greater statewide standardization such as the Budget Workload Reports and California Assessors' Offices and Assessment Appeals Boards' Salary and Benefits Survey.
- Maintenance and interpretation of property tax rules.
- Independent legal advice and assessment guidance (e.g. Letters to Assessors) requested by Assessors and taxpayers.
- An independent venue for taxpayers to raise issues of concerns, file complaints or request input relating to local assessment.

As the State Legislature considers ACA2, the CAA encourages the consideration of the above duties and responsibilities. The administration of property tax law should be considered a priority to the State. The independence required by Assessors in fulfilling their duties and responsibilities is supported by Assessors being constitutional officers. Assessors need to perform their Constitutional duties without primary consideration of the budgetary needs of the counties and state or the influences of individual or groups of taxpayers striving for selective tax relief. The BOE's most important function as an assessment agency requires a vastly different skill set than a tax agency. The public has an expectation that the assessment of property for property tax purposes, by its historic nature, will be independent, transparent, fair, equitable, nonpartisan and accessible, and that these traits are true of both local Assessors and any State agency that oversees and assists their offices.