



BOARD OF EQUALIZATION

PROPERTY TAX COMMITTEE MEETING MINUTESHONORABLE MICHELLE STEEL, COMMITTEE CHAIR
450 N STREET, SACRAMENTO

JULY 8, 2008, 9:30 A.M.

ACTION ITEMS & STATUS REPORT ITEMS**Agenda Item No: 1****Title:** Biopharmaceutical Industry—Business Property Assessment Practices Guidelines**Issue/Topic:**

What valuation factors for biopharmaceutical equipment and fixtures should the Board adopt for inclusion in Assessors' Handbook Section 581, *Equipment Index and Percent Good Factors*?

Committee Discussion:

Committee Chair Steel opened the Committee meeting by introducing the agenda item and asked staff to give a report on the biopharmaceutical equipment and fixtures valuation factors.

Dean Kinnee, Chief, County-Assessed Properties Division, gave the Board an update of the study and indicated that new market data that was received at the end of May was not sufficient to use in the development of valuation factors. Chair Steel asked Charles Moll of Winston & Strawn, and an industry representative, to address the sufficiency of the data he submitted in late May and which resulted in an extension of the study to analyze the data. Mr. Moll acknowledged that the data submitted had limitations making it difficult to currently use to establish valuation factors for the biopharmaceutical industry.

The Committee heard presentations from four speakers. The Honorable Dan Goodwin, Ventura County Assessor and president-elect of the California Assessors' Association; and Ann Takemoto, Ventura County Assessor's office, spoke in support of staff's recommendation to include the application of trending index factors contained in Table 2 of AH 581 to all valuation factors in Table 9 of AH 581. Charles Moll of Winston & Strawn, on behalf of the biopharmaceutical industry group, agrees with staff's recommendations with the exception of trending index factors. John Corum, Ernst & Young LLP, a former Board of Equalization employee who worked on the previous biopharmaceutical factor study, commented that trending was also an unresolved issue with the last study.

A discussion centered around trending, the difference between high tech equipment and production line equipment, and the effect of stainless steel on valuation factors. Dr. Chu clarified the reliability of a trending study done by the Ventura County Assessor's office.

