

September 21, 1973

Dear Mr. [redacted]

In a recent letter to my office you complained of the act by San Francisco County of rounding off the assessments to the closest \$50. I am sorry for the delay in answering; the question you asked was not a simple one to answer. As I understand your case, the full value of the property was established at \$52,000 and the application of the two percent per year factor results in a taxable value of \$55,182.40 ($52,000 \times 1.0612$). The taxable value was actually established at \$55,200 or \$17.60 higher than the taxable value calculated by a strict application of the formula.

This \$17.60 difference in full value, however, is not the cost in tax dollars because taxes are only one percent of full value. Thus, this should raise your tax bill by only 17.6 cents. The cost to the county as a whole probably is not any more than if no rounding occurred. San Francisco County is rounding to the nearest \$50 of value, which means that some will be higher and some will be lower than the dollar amount calculated by a strict application of the taxing formula.

The Board's position is that it is permissible to round off figures in the valuation of property and pursuant to this policy has a guideline that is used by the Board's appraisal staff. Market value, the aim of an appraisal, is not a static concept and it is generally agreed by economists that value is a range or band and not a specific number. Thus, it is common practice to round off when valuing property. The reasons I mention this is that \$55,200 would be the result if your property were appraised at \$52,017 and the 1.0612 factor were applied to that number. In other words, the same result could have been achieved by adding a mere \$17 to the appraised value.

However, we think that rules applicable to value judgment may not be appropriate in this case. Once the value is arrived at there is to be application of the two percent per year factor and this calculation leaves no room for judgment,

which is one of the reasons for rounding off when it is done. We think this conclusion is supported by the law that existed prior to the passage of Proposition 13. While there was authority to round off a value judgment, once the taxes were calculated, the only authority to round off the tax amount was only to the extent of a cent or fraction of a cent (Revenue and Taxation Code Sections 2152, 2152.5, 2623.5) and not as much as 17 or 18 cents as your bill has been adjusted.

Very truly yours,

Robert D. Milan
Tax Counsel

RDM:fr

cc: Mr. Joseph E. Tinney
San Francisco County Assessor
Mr. Abram F. Goldman
Mr. Gary Hays