

## Business Property Statement Program

### **Value taxable business property in accordance with section 501 when a taxpayer fails to file a business property statement (BPS).**

[Section 441\(b\)](#) provides that a penalty shall apply if a BPS is not filed by May 7. If an assessee does not file a BPS by May 7, [section 501](#) provides that the assessor shall estimate a value based on available information and add a 10 percent penalty to that estimated value. If a BPS was received during the previous year, it is usually reasonable to use the reported cost data as a basis for estimating the current year's value. However, when allowing estimated assessments to continue for several years without any new information, the values become increasingly susceptible to error.

The assessor's current enrollment methodology as applied to non-filing accounts may lead to erroneous value conclusions and may lead to improper application of the late or non-filing penalty provided for in [section 463](#).

### **Periodically send business property statements (BPS) to taxpayers participating in the direct billing program.**

Direct billing is a method of assessing qualified low-value business accounts without the annual filing of a BPS. The assessor typically establishes an initial value based on information from the initial BPS, and the assessor will enroll this value for several years. However, as a good business practice, the assessor should periodically send a BPS to the taxpayer in order to update the direct billing account with current information, so that an accurate assessment can be determined.

The assessor's practice of not periodically sending BPSs to all taxpayers participating in the direct billing program, thereby allowing estimated assessments that are based on outdated information to continue on the roll for several years, may lead to inaccurate assessments and unequal treatment of taxpayers.

### **Apply a section 463 penalty assessment in accordance with Rule 172 when a business property statement (BPS) is received without an authorized signature.**

[Rule 172\(d\)](#) prohibits the assessor from knowingly accepting any signed property statements that are not executed in accordance with the requirements of [section 441](#). [Rule 172\(e\)](#) further provides that an unsigned property statement does not constitute a valid filing and the penalty imposed by [section 463](#) for failure to file shall be applicable to unsigned property statements.

The legal implication of an unsigned BPS is that no one has attested to the authenticity of the facts reported on the statement or acknowledges any associated penalty for failure to comply with the filing requirements. By not applying late-filing penalty provisions to BPSs submitted without an authorized signature, the assessor is not in compliance with statute and may be treating taxpayers unequally.

**Improve the business property statement (BPS) program by applying late-filing penalties to secured business property accounts pursuant to section 463.**

[Section 441\(b\)](#) provides that the penalty prescribed by [section 463](#) shall be applied to statements not filed by May 7. [Section 463](#) prescribes a late-filing penalty of 10 percent of the assessed value to be added to the assessment on the current roll. The assessor's practice of applying late-filing penalties only to accounts on the unsecured roll is not in compliance with statute and results in the unequal treatment of taxpayers.