

Taxable Government-Owned Property

General

Article XIII, [section 11](#) of the California Constitution generally provides that real property owned by a local government but located outside its boundaries is taxable if it was taxable when acquired. [Section 11](#) prescribes a method for the valuation of taxable government owned lands, and provides that improvements owned by a local government are taxable if they were taxable when acquired or were constructed to replace improvements that were taxable when acquired.

Assessment of Land

For lands located in Inyo and Mono counties, [section 11](#) prescribes a value derived from a specific formula ("the Phillips Factor formula") set forth in [section 11](#) and based upon the 1966 assessed value of the lands if located in Inyo County or on the 1967 assessed value of the lands if located in Mono County. For lands located in all other counties, [section 11](#) prescribes a value standard requiring assessment at the lower of current fair market value or the value determined by applying the Phillips Factor to the 1967 assessed value.

Under *City and County of San Francisco v. County of San Mateo et al.* (1995) 10 Cal.4th 554 the value limitations of [article XIII A](#) of the Constitution apply to Section 11 lands in counties other than Inyo and Mono. Thus, the value standard applicable to Section 11 assessments in those counties is the lowest of (1) the current fair market value, (2) the factored base year value, or (3) the 1967 assessed value multiplied by the appropriate Phillips Factor.¹

Assessment of Improvements

Improvements owned by a local government but located outside its boundaries are taxable if they were taxable when acquired. Additionally, improvements are taxable if they were constructed by the local government to replace improvements that were taxable when acquired. Improvements are not taxable if they were added after the original acquisition and do not replace improvements that were taxable when acquired.

With one exception [section 11](#) fails to prescribe any specific assessment procedure or standard for improvements. Accordingly, improvements owned but located outside the boundaries of local governments are generally subject to the valuation standard applicable to all other real property that is

¹ For taxable government-owned land acquired *before* March 1, 1975, the base year value is the value on the 1975-76 roll, which is the lower of the value obtained by applying the appropriate Phillips Factor to the 1967 assessed value or the fair market value as of March 1, 1975. For land acquired *after* March 1, 1975, the base year value is the lower of the value obtained by applying the appropriate Phillips Factor to the 1967 assessed value as of the date of change in ownership or the full cash value as of the date of change in ownership.

not specifically restricted by constitutional or statutory provisions.² Thus, in general, the provisions of article XIII A apply to improvements taxable pursuant to [section 11](#).

Scope of Review

The BOE's assessment practices survey includes a review of the assessor's programs for discovery and valuation of taxable government owned properties.

The specific areas of review may include, but are not limited to, the following:

- **General Program Elements**
- **Valuation**

² The lone exception is for taxable improvements constructed after March 1954, to replace taxable improvements that were owned by or in the possession of a local government. These improvements are taxable at the lowest of either (1) current market value, (2) factored base year value, or (3) the highest full value ever used for the taxation of the improvements that have been replaced. For purposes of this calculation, the full value for any year prior to 1967 is defined by subdivision (d)(2) of [section 11](#) as four times the assessed value for that year.