



**MALIA M. COHEN**  
CHAIR  
STATE BOARD OF EQUALIZATION

April 24, 2019

TO: Members of the Board of Equalization

FROM: Malia M. Cohen, Chairperson

RE: Board of Equalization Board Meeting, April 30, 2019  
Item L.5. Statewide Assessment & Administration of Property Taxes:  
Understanding Emerging Issues

As part of the Board of Equalization's (BOE) statewide responsibilities, the BOE is charged with administering property tax rules and regulations, issuing County Assessment Practices Surveys, and issuing Letters to Assessors (LTA).

BOE has sought to exercise each of these functions in a collegial fashion with our 58 county assessors. The BOE has long recognized the critical functions performed by County Assessors in ensuring that California's property tax system is run fairly and efficiently.

To this end, recent state programs have been enacted to address issues relating to resource needs of County Assessor offices, hiring of new assessment staff, and the need to improve information technology (IT) systems.

Two of these programs have been described by the California Department of Finance<sup>1</sup>:

**The State County Assessors' Partnership Program – 2014-2015 Budget Act**

*The 2014 Budget Act appropriates \$7.5 million for the first year of a three-year State County Assessors' Partnership Program (Program) to enhance county property assessment efforts. The purpose of the Program is to ensure that county assessors have the resources necessary to fairly and efficiently administer the county property tax rolls. Fair and efficient administration includes, but is not limited to, the expeditious enrollment of properties that are newly constructed or that change ownership, the timely levying of supplemental assessments when ownership changes occur, the timely reassessment of property to reflect market values, and the defense of assessed valuations that have been appealed.*

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<sup>1</sup> [http://www.dof.ca.gov/Programs/Local\\_Government/](http://www.dof.ca.gov/Programs/Local_Government/)

## **The State Supplementation for County Assessors' Program – 2019-2010 Budget Act**

*The 2018 Budget Act appropriated \$5 million to create the State Supplementation for County Assessors' Program. This three-year pilot program will provide funding for county assessors to hire new assessment staff and improve IT systems. Future funding is subject to Budget Act appropriations.*

*Chapter 37, Statutes of 2018 (Assembly Bill 1817) enacted the provisions governing the Program outlined below.*

*The Program provides grants of up to \$750,000 and requires a county match of \$1 for each \$2 in grant funds the county receives.*

*Program funds must supplement and not supplant current funding,*

*Participants can use Program funds to pay salaries and benefits for assessors' staff for the following performance categories:*

- Assess and enroll new construction.*
- Reassess real property that changed ownership.*
- Supplemental assessments.*
- Reassess modified real property.*
- Reassess property that escaped assessment.*
- Reassess property that was reduced under Proposition 8.*
- Discover property not previously assessed.*
- Respond to real property assessment appeals.*
- Property tax audits.*
- Program funds can also be used for IT systems to assist assessment activities.*

*Applications are due to the Department of Finance (Finance) by September 1, 2018, which has until October 1, 2018 to select participants. Finance will notify the State Controller's Office to remit Program funds to participants by October 10, 2018, and each September 1 thereafter.*

*The application must include the following:*

- Countywide assessed value in 2017-18.*
- Assessment tasks performed for each performance category in 2017-18.*
- Dollar value added to the roll in 2017-18 for each performance category.*
- The additional staff that will be funded through the Program.*
- The estimated value that the Program staff will annually add to the property tax roll for each performance category.*
- A resolution of the County Board of Supervisors that states the county agrees to provide the Assessor's office with matching funds must be attached to the application packet.*

*By August 10, 2019, each participant must provide Finance a report that details the matching funds provided, the total number of staff funded through the program, total assessed value, and the performance outcomes of the Program staff. A reporting template will be developed and posted on this webpage. Reports will be required to be submitted to Finance by August 10 each year through August 10, 2021.*

## **Discussion – Understanding Emerging Issues**

As indicated by the two programs described above, the state has engaged in reviews of the best way forward to ensure that local county property tax administration is best equipped to meet the resource and technology challenges of the 21<sup>st</sup> Century, including IT upgrades and cybersecurity. These will be continuing challenges, and merit the collegial interest of the BOE, working in concert with County Assessors to ensure that these challenges are adequately addressed.

There are emerging public policy issues which could impact the operations of the BOE and local County Assessors' offices and would require collegial action on the part of the BOE to ensure that local Assessors have access to the resources, tools, and training to address these issues. Among these emerging public policy issues are:

- Housing initiatives (such as Opportunity Zones) designed to channel new property investment in underserved communities;
- The potential application of split roll assessments to commercial and industrial properties;
- Resources needed to address natural disasters (fires, floods, earthquakes);
- Valuations issues facing agricultural and commercial zoned property used for cannabis cultivation, manufacturing, or distribution.

To best address these emerging issues, and to provide for an opportunity for local Assessors, stakeholders, property owners, and the public to provide their expertise and to express their views, the Board should consider:

- The feasibility of hosting informational public hearings in various counties throughout the state where these issues could be examined by the Board.
- Upon the compilation of expert testimony, data, and evaluation of existing and proposed best practices, the Board could issue its report on a long-term plan to address property administration and information technology issues facing local County Assessor offices. Included in the report could be a discussion of the resource and information technology needs of the BOE to best engage and respond to the needs of local Assessor Offices.

Therefore, this item has been placed on the agenda to facilitate a discussion on these emerging issues and to explore additional options for collecting this information.