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**ANTONIO VAZQUEZ**  
CHAIRMAN  
CALIFORNIA STATE BOARD OF EQUALIZATION

**MEMORANDUM**

**Date:** March 9, 2023

**To:** Sally J. Lieber, Vice Chair  
Ted Gaines, Board Member, First District  
Mike Schaefer, Board Member, Fourth District  
Malia M. Cohen, State Controller

**From:** Antonio Vazquez, Chairman

**Re: March 22, 2023, Board Meeting Agenda Item L.1.a., 2023 Economic Trends in California; Forecasts for Sectors of Growth and/or Decline, Possible Impacts on Property Values from Inflation, Rising Interest Rates, State and Local Initiatives, and Other Factors.**

**Informational input from economists, property experts, and County Assessors for Board discussion and possible action related to economic trends that may have potential property tax assessment and valuation impacts in California in 2023.**

The purpose of this agenda item is to provide the Board with an informational overview by various economists, property experts, and County Assessors on the current and anticipated market conditions, potential challenges of rising interest rates, commercial vacancy rates, relevant state and local policy initiatives, and other factors on real and personal business properties throughout the state. The Board will also explore perspectives on areas of growth and possible value declines affecting the housing market.

**Background**

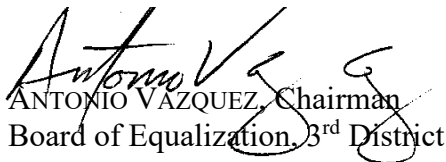
The Board has the responsibility to report annually to the Governor, showing: (a) the assessed value of state-assessed and locally assessed real and personal property in each incorporated city or town; (b) information concerning other taxes it administers; and (c) further information and suggestions as it shall deem proper. (Gov. Code, section 15616.)

To ensure consistency and uniformity relative to the assessment of all properties, the Board and all stakeholders and interested parties are advised to consult with qualified experts and other authoritative sources regarding the economic trends and technical factors that would aid them in valuing property. In an economic context, a "valuation" or an "appraisal" is the process of estimating the value of specific property at a stated time and place. Although anyone can make an informal estimate of economic value, a formal appraisal is supportable based on the facts and data presented relevant to time and place and the methods used. Property appraisals are impacted by a variety of economic trends and transactions, including purchases and sales, financing, leasing, damage or disaster, changes in use, and even bankruptcies, lawsuits and government actions or initiatives.

## **Goal**

In the interest of accuracy and thoroughness of both state-assessed and locally assessed property appraisals, our ultimate goal is to inform the Board Members, the 58 California Assessors, and the taxpayers – in an open and transparent forum – of the emerging economic trends and forecasts that may be impacting their property values in the 2023 year.

At the conclusion of the presentations and input received, the Board may wish to consider revisiting this matter for further updates in the final quarter of the year in order to explore possible continuing challenges of the economic cycle and the 2024 economic trends and their potential impacts on property values, or to take other action.

  
ANTONIO VÁZQUEZ, Chairman  
Board of Equalization, 3<sup>rd</sup> District

cc: Ms. Deborah Bautista-Zavala, Chief Deputy, Office of Chairman Antonio Vazquez  
Mr. Gary Gartner, Chief Deputy, Office of Vice Chair Sally J. Lieber  
Mr. Matt Cox, Chief Deputy, Office of Member Ted Gaines  
Mr. Cody Petterson, Chief Deputy, Office of Member Mike Schaefer  
Mr. Hasib Emran, Deputy State Controller, Taxation  
Ms. Yvette M. Stowers, Executive Director  
Mr. Henry Nanjo, Chief Counsel