



October 20, 2025

Honorable Ted Gaines, Chair
California State Board of Equalization
621 Capitol Mall, Suite 2100
Sacramento, CA 95814

Re: Support for Proposal to Establish a 2026 Board Work Group on Valuing Intangible Assets and Rights.

Dear Chair Gaines and Members of the Board:

On behalf of the California Taxpayers Association, we respectfully support State Controller Malia Cohen's proposal to establish a Board Work Group to discuss further uniformity in valuing intangible assets and rights.

To reiterate the concerns expressed at the BOE's annual Taxpayers' Bill of Rights hearings, there are inconsistencies between counties on how intangible assets and rights are valued. This Work Group would address those inconsistencies and develop solutions to improve uniform valuations for intangible assets and rights throughout the state.

The BOE Assessors' Handbook Section 502, last revised in 1998, no longer reflects nearly three decades of evolving case law on intangible asset valuation. These developments present a timely opportunity for the Board to update and clarify its guidance to ensure that property tax administration is consistent and accurate.

For example, in *Elk Hills Power v. California State Board of Equalization*, the California Supreme Court examined whether the BOE properly included emission reduction credit (ERC) costs in valuing property under Revenue and Taxation Code Section 110. Justice Ming Chin clarified: "Intangible rights are exempt from direct taxation whether or not they are necessary and whether or not they enhance the going concern value." *Elk Hills Power* provided crucial guidance for assessing intangibles, and it is essential that this ruling continues to be applied uniformly and consistently throughout California.

The valuation of intangible assets and rights is a complex and evolving area of property tax law, making it a particularly appropriate and timely subject for a dedicated Board Work Group to ensure consistent application of state law and equitable treatment of taxpayers across counties. Further, as noted in Controller Cohen's proposal, the Work Group will consist of representatives from local government and technical experts from the taxpayer community, ensuring that no substantial resources are required from the BOE.

For the foregoing reasons, CalTax respectfully supports Controller Cohen's proposal to establish this Board Work Group on valuing intangibles, and we stand ready to engage with this Work Group.

Thank you for your continued commitment to fair and uniform tax administration across California.

Sincerely,

Robert Gutierrez
President & CEO
California Taxpayers Association