



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

MEMORANDUM

Date: October 14, 2025

To: Ted Gaines, Chair
Sally J. Lieber, Vice-Chair
Antonio Vazquez, Board Member, Third District
Mike Schaefer, Board Member, Fourth District

From: Malia M. Cohen, State Controller

Re: **October 21, 2025 , Board Meeting Item 3 Proposal to Establish a 2026 Board Work Group to Further Uniformity in Methods of Valuing Intangible Assets and Rights.**

Proposal Summary:

Honorable Members, this is a proposal to establish a *2026 Intangibles Board of Equalization Work Group*. The Work Group would ideally consist of Board Members, California Assessors' Association (CAA) representatives, County Counsels' Association representatives, California Association of Clerks and Election Officials (CACEO) representatives, and taxpayer organization representatives, to ensure that all are invited and that input on key issues and concerns is comprehensive.

Background and Issue:

During the August 27, 2024, annual Taxpayers' Bill of Rights Hearing, the Board heard several hours of testimony from taxpayers and taxpayer organizations regarding concerns about certain property tax assessment procedures including the methods of valuing intangible assets and rights. There are a multitude of methods for valuing intangible assets and rights, each have their strengths and weaknesses. However, there may be inconsistencies from county to county as to how intangible assets and rights are valued. Requests were made for the Board to address these concerns. The concept of the Board establishing a new Work Group to focus on this issue was suggested for the purpose of facilitating full discussion and developing solutions in the coming year. As such, we ask that the Board convene a Board Working Group to explore these methodologies and create recommendations based on findings.

Since one of the Board's core duties is to ensure that the practices and procedures of county assessors and assessment appeals boards are consistently and fairly applied throughout the state, the issues, concerns, and topics raised at recent hearings are highly relevant.

BOE Guidance History:

The section of BOE Assessors' Handbook 502 regarding the "Treatment of Intangible Assets and Rights" has not been updated since 1998. Since then, the California Supreme Court and the California Courts of Appeal have rendered several decisions regarding intangible assets and rights. Therefore, it is proper and timely for the BOE to update the BOE Assessors' Handbook to reflect those Court decisions.

Requested Action:

This proposal requests that the Board establish a 2026 Intangibles Board of Equalization Work Group, which would be tasked with addressing and developing possible solutions to further uniformity in the methods of valuing intangible assets and rights. The establishment of such a Work Group is both timely and appropriate since many who spoke in August and September 2024 anticipated that these issues are likely to continue over the following year if left unaddressed. The exploration and development of full or partial solutions by the Work Group should be designed to provide guidance to County Assessors, taxpayers, and taxpayer organizations.

Scheduling and Next Steps:

In terms of scheduling, this proposal requests the Board to consider convening this Intangibles Work Group on the following dates:

- October 21, 2025 to identify the issues that the Work Group participants plan to address;
- April, June, and September 2026 to work through all the issues identified by the Work Group; and
- November 2026 to finalize recommendations to be made to the Board.

This proposal requests that the Intangibles Work Group make recommendations to the Board on or before November 2026.

My Office will prepare and provide minutes of all Work Group meetings for dissemination to all participants.



Malia M. Cohen
State Controller

Mr. Matt Cox, Chief Deputy, Office of Chair Ted Gaines
Mr. Douglas Winslow, Chief Deputy, Office of Vice-Chair Sally J. Lieber
Mr. Hasib Emran, Deputy State Controller
Ms. Kristine Cazadd, Chief Deputy, Office of Member Antonio Vazquez
Mr. Cody Petterson, Chief Deputy, Office of Member Mike Schaefer
Ms. Yvette Stowers, Executive Director, State Board of Equalization