

MONTEREY COUNTY ASSESSMENT PRACTICES SURVEY

MAY 2023

CALIFORNIA STATE BOARD OF EQUALIZATION

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May 30, 2023

TO COUNTY ASSESSORS:

No. 2023/017

**MONTEREY COUNTY
ASSESSMENT PRACTICES SURVEY**

A copy of the Monterey County Assessment Practices Survey Report is enclosed for your information. The State Board of Equalization (BOE) completed this survey in fulfillment of the provisions of sections 15640-15646 of the Government Code. These code sections provide that the BOE shall make surveys in specified counties to determine that the practices and procedures used by the County Assessor in the valuation of properties are in conformity with all provisions of law.

The Honorable Xochitl Marina Camacho, Monterey County Assessor/Clerk/Recorder, was provided a draft of this report and given an opportunity to file a written response to the findings and recommendations contained therein. The report, including the Assessor's response, constitutes the final survey report, which is distributed to the Governor, the Attorney General, and the State Legislature; and to the Monterey County Board of Supervisors, Grand Jury, and Assessment Appeals Board.

Fieldwork for this survey was performed by the BOE's County-Assessed Properties Division in July 2022. The report does not reflect changes implemented by the Assessor after the fieldwork was completed.

Ms. Camacho and staff gave their complete cooperation during the survey. We gratefully acknowledge their patience and courtesy during the interruption of their normal work routine.

Sincerely,

/s/ David Yeung

David Yeung
Deputy Director
Property Tax Department

DY:lp
Enclosure

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INTRODUCTION

Although county government has the primary responsibility for local property tax assessment, the State has both a public policy interest and a financial interest in promoting fair and equitable assessments throughout California. The public policy interest arises from the impact of property taxes on taxpayers and the inherently subjective nature of the assessment process. The financial interest derives from state law that annually guarantees California schools a minimum amount of funding; to the extent that property tax revenues fall short of providing this minimum amount of funding, the State must make up the difference from the general fund.

The assessment practices survey program is one of the State's major efforts to address these interests and to promote uniformity, fairness, equity, and integrity in the property tax assessment process. Under this program, the State Board of Equalization (BOE) periodically reviews the practices and procedures (surveys) of specified County Assessors' offices. This report reflects the BOE's findings in its current survey of the Monterey County Assessor/Recorder/Clerk's Office.¹

The Assessor is required to file with the board of supervisors a response that states the manner in which the Assessor has implemented, intends to implement, or the reasons for not implementing the recommendations contained in this report. Copies of the response are to be sent to the Governor, the Attorney General, the BOE, and the Senate and Assembly; and to the Monterey County Board of Supervisors, Grand Jury, and Assessment Appeals Board. That response is to be filed within one year of the date the report is issued and annually thereafter until all issues are resolved. The Honorable Xochitl Marina Camacho, Monterey County Assessor/Clerk/Recorder, elected to file the initial response prior to the publication of our survey; it is included in this report following the Appendices.

¹ This review covers only the assessment functions of the office.

OBJECTIVE

The survey shall "...show...the extent to which assessment practices are consistent with or differ from state law and regulations."² The primary objective of a survey is to ensure the Assessor's compliance with state law governing the administration of local property taxation. This objective serves the three-fold purpose of protecting the state's interest in the property tax dollar, promoting fair treatment of taxpayers, and maintaining the overall integrity and public confidence in the property tax system in California.

The objective of the survey program is to promote statewide uniformity and consistency in property tax assessment by reviewing each specified county's property assessment practices and procedures, and publishing an assessment practices survey report. Every Assessor is required to identify and assess all properties located within the county – unless specifically exempt – and maintain a database or "roll" of the properties and their assessed values. If the Assessor's roll meets state requirements, the county is allowed to recapture some administrative costs.

SCOPE AND METHODOLOGY

Government Code sections 15640 and 15642 define the scope of an assessment practices survey. As directed by those statutes, our survey addresses the adequacy of the procedures and practices employed by the Assessor in the valuation of property, the volume of assessing work as measured by property type, and the performance of other duties enjoined upon the Assessor.

Pursuant to Revenue and Taxation Code³ section 75.60, the BOE determines through the survey program whether a county assessment roll meets the standards for purposes of certifying the eligibility of the county to continue to recover costs associated with administering supplemental assessments. Such certification is obtained either by satisfactory statistical result from a sampling of the county's assessment roll or by a determination by the survey team – based on objective standards defined in regulation – that there are no significant assessment problems in the county.

This survey examined the assessment practices of the Monterey County Assessor's Office for the 2021-22 assessment roll. Since this survey did not include an assessment sample pursuant to Government Code section 15640(c), our review included an examination to determine whether "significant assessment problems" exist, as defined by Rule 371.

Our survey methodology of the Monterey County Assessor's Office included reviews of the Assessor's records, interviews with the Assessor and their staff, and contacts with officials in other public agencies in Monterey County who provided information relevant to the property tax assessment program.

² Government Code section 15642.

³ Unless otherwise stated, all statutory references are to the California Revenue and Taxation Code and all rule references are to sections of California Code of Regulations, Title 18, Public Revenues.

For a detailed description of the scope of our review of county assessment practices, please refer to the document entitled *Scope of Assessment Practices Surveys*, which is available on the BOE's website at <http://www.boe.ca.gov/Assessors/pdf/Scopemaster.pdf>. Additionally, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found at <http://www.boe.ca.gov/proptaxes/apscont.htm>.

EXECUTIVE SUMMARY

This report offers recommendations to help the Assessor correct assessment problems identified by the survey team. The survey team makes recommendations when assessment practices in a given area are not in accordance with property tax law or generally accepted appraisal practices. An assessment practices survey is not a comprehensive audit of the Assessor's entire operation. The survey team does not examine internal fiscal controls or the internal management of an Assessor's office outside those areas related to assessment. In terms of current auditing practices, an assessment practices survey resembles a compliance audit – the survey team's primary objective is to determine whether assessments are being made in accordance with property tax law.

We examined the assessment practices of the Monterey County Assessor's Office for the 2021-22 assessment roll.

During our survey, we conducted reviews of the following areas:

- Administration

We reviewed the Assessor's administrative policies and procedures that affect both the real property and business property assessment programs. Specific areas reviewed include budget and staffing, workload, assessment appeals, and exemptions. In the area of administration, the Assessor is effectively managing workload, assessment appeals and exemptions programs.

- Assessment of Real Property

We reviewed the Assessor's program for assessing real property. Specific areas reviewed include properties having experienced a change in ownership, new construction assessments, declines in value, and certain properties subject to special assessment procedures, such as mineral property. In the area of real property assessment, the Assessor has effective programs for new construction and declines in value. However, we made recommendations for improvement in the change in ownership and mineral property programs.

- Assessment of Personal Property and Fixtures

We reviewed the Assessor's program for assessing personal property and fixtures. Specific areas reviewed include conducting audits, processing business property statements, and business equipment valuation. In the area of personal property and fixtures assessment, the Assessor has an effective program for business equipment valuation. However, we made recommendations for improvement in the audit and business property statements programs.

Despite the recommendations noted in this report, we found most properties and property types are assessed correctly, and the overall quality of the assessment roll meets state standards.

We found no significant assessment problems as defined in Rule 371. Since Monterey County was not selected for assessment sampling pursuant to Government Code section 15643(b), this report does not include the assessment ratios that are generated for surveys that include assessment sampling. Accordingly, pursuant to section 75.60, Monterey County continues to be eligible for recovery of costs associated with administering supplemental assessments.

OVERVIEW OF MONTEREY COUNTY

Monterey County is one of California's original 27 counties created in 1850. The county encompasses a total area of 3,771 square miles, consisting of 3,280.59 square miles of land area and 490.63 square miles of water area. Monterey County is bordered by Santa Cruz County to the north, San Benito, Fresno, and Kings Counties to the east, San Luis Obispo County to the south, and the Pacific Ocean to the west.



As of 2021, Monterey County has an estimated population of 437,325. There are 12 incorporated cities in Monterey County, which include Carmel-by-the-Sea, Del Rey Oaks, Gonzales, Greenfield, King City, Marina, Monterey, Pacific Grove, Salinas, Sand City, Seaside, and Soledad. The county seat is Salinas.

The Monterey County local assessment roll ranks 20th in value of the 58 county assessment rolls in California.⁴

⁴ Statistics provided by the BOE's Table 7 – *Assessed Value of County-Assessed Property Subject to General Property Taxes*, for year 2021-22.

FINDINGS AND RECOMMENDATIONS

As noted previously, our review concluded that the Monterey County assessment roll meets the requirements for assessment quality established by section 75.60. This report does not provide a detailed description of all areas reviewed; it addresses only the deficiencies discovered.

Following is a list of the formal recommendations contained in this report.

RECOMMENDATION 1: Apply penalties for failure to file or file timely BOE-502-AH, *Change of Ownership Statement* (COS), as provided in section 482(a).....8

RECOMMENDATION 2: Improve the LEOP program by: (1) reassessing all properties owned by a legal entity undergoing a change in control or ownership, and (2) applying penalties in accordance with section 482(b).....9

RECOMMENDATION 3: Properly measure declines in value for mineral properties using the entire appraisal unit, as required by Rule 469.....10

RECOMMENDATION 4: Improve the Audit Program by: (1) ensuring that a supervisory review is conducted on all audits, and (2) enrolling all escape assessments and over assessments discovered during an audit.....12

RECOMMENDATION 5: Request a property statement, conduct an audit, or perform a field review to update taxable value estimates every three or four years.14

ASSESSMENT OF REAL PROPERTY

Change in Ownership

Section 60 defines change in ownership as a transfer of a present interest in real property, including the beneficial use thereof, the value of which is substantially equal to the value of the fee simple interest. Sections 61 through 69.5 further clarify what is considered a change in ownership and what is excluded from the definition of a change in ownership for property tax purposes. Section 50 requires the Assessor to enter a base year value on the roll for the lien date next succeeding the date of the change in ownership; a property's base year value is its fair market value on the date of the change in ownership.⁵

RECOMMENDATION 1: Apply penalties for failure to file or file timely BOE-502-AH, *Change of Ownership Statement* (COS), as provided in section 482(a).

We found several instances where the Assessor failed to apply penalties when a COS was either not filed or not filed timely, as requested by the Assessor.

Section 482(a)(1) provides that if a person or legal entity required to file a statement described in section 480 fails to do so within 90 days from the date of a written request by the Assessor, a penalty of either: (A) one hundred dollars (\$100), or (B) 10 percent of the taxes applicable to the new base year value reflecting the change in ownership of the real property, manufactured home, or floating home, whichever is greater, but not to exceed five thousand dollars (\$5,000) if the property is eligible for the homeowners' exemption or twenty thousand dollars (\$20,000) if the property is not eligible for the homeowners' exemption if the failure to file was not willful, shall be added to the assessment made on the roll.

The information contained in a properly completed COS assists the Assessor in making an accurate assessment of a property. By not applying penalties when a property owner fails to file, or fails to file timely a requested COS, the Assessor is not in compliance with statute.

Legal Entity Ownership Program (LEOP)

Section 64 provides that certain transfers of ownership interests in a legal entity constitute a change in ownership of all real property owned by the entity and any entities under its ownership control. Rule 462.180 interprets and clarifies section 64, providing examples of transactions that either do or do not constitute a change in entity control and, hence, either do or do not constitute a change in ownership of the real property owned by the entity. Discovery of these types of changes in ownership is difficult for Assessors, because ordinarily there is no recorded document evidencing a transfer of an ownership interest in a legal entity.

To assist Assessors, the BOE's LEOP section gathers and disseminates information regarding changes in control and ownership of legal entities that hold an interest in California real property

⁵ For a detailed description of the scope of our review of this topic, please refer to the document entitled *Change in Ownership*, which is available on the BOE's website at http://www.boe.ca.gov/Assessors/pdf/cio_general.pdf.

on a monthly basis, LEOP transmits to each County Assessor a listing, with corresponding property schedules, of legal entities that have reported a change in control under section 64(c) or change in ownership under section 64(d). However, because the property affected is self-reported by the person or entity filing information with the BOE, LEOP advises Assessors to independently research each entity's property holdings to determine whether all affected parcels have been identified and properly reappraised.

Sections 480.1, 480.2, and 482 set forth the filing requirements and penalty provisions for reporting legal entity changes in control under section 64(c)(1) and changes in ownership under section 64(d). A change in ownership statement must be filed with the BOE within 90 days of the date of change in control or change in ownership; reporting is made on BOE-100-B, *Statement of Change in Control and Ownership of Legal Entities*. Section 482(b) requires the County Assessor to impose a penalty if a person or legal entity required to file a statement under sections 480.1 and 480.2 does not do so within 90 days from the earlier of (1) the date of change in control or ownership or (2) the date of written request by the BOE. The BOE advises County Assessors of entities that are subject to penalty, so they can impose the applicable penalty to the entity's real property.

RECOMMENDATION 2: Improve the LEOP program by: (1) reassessing all properties owned by a legal entity undergoing a change in control or ownership, and (2) applying penalties in accordance with section 482(b).

Reassess all properties owned by a legal entity undergoing a change in control.

We found properties owned by legal entities having undergone a change in control or ownership that had not been reassessed, even though the Assessor had been notified of the change in control or ownership for those legal entities by the BOE's LEOP Section.

Section 64(c)(1) provides that when a legal entity or any other person obtains control through direct or indirect ownership or control of more than 50 percent of the voting stock of any corporation, or obtains a majority ownership interest in any partnership, limited liability company, or other legal entity through the purchase or transfer of corporate stock, partnership, or limited liability company interest, the purchase or transfer of that stock or interest shall be a change of ownership of the real property owned by the legal entity in which the controlling interest was obtained.

By not reassessing properties owned by legal entities identified as having undergone a change in control or ownership, the Assessor may be enrolling incorrect assessments for those properties.

Apply penalties in accordance with section 482(b).

We found several instances where penalties were not applied when an entity had failed to file timely a BOE-100-B, even though the Assessor had been notified by the BOE's LEOP section that a penalty applied.

Section 482(b) states that if a legal entity required to file a statement described in sections 480.1 or 480.2 fails to do so within 90 days from the earlier of (1) the date of the change in control or

the change in ownership of the legal entity, or (2) the date of a written request by the BOE, a specific penalty will be applied.

The BOE provides the Assessor with several reports, as well as copies of BOE-100-B filings, indicating whether a penalty applies. The Assessor should utilize these reports and the BOE-100-B filings to identify legal entities with late filings, or failures to file, and apply the penalty accordingly.

By failing to apply the required penalty, the Assessor is not in compliance with statutory requirements.

Mineral Property

By statute and case law, mineral properties are taxable as real property. They are subject to the same laws and appraisal methodology as all real property in the state. However, there are three mineral-specific property tax rules that apply to the assessment of mineral properties. They are Rule 468, *Oil and Gas Producing Properties*, Rule 469, *Mining Properties*, and Rule 473, *Geothermal Properties*. These rules are interpretations of existing statutes and case law with respect to the assessment of mineral properties.⁶

Geothermal Properties

Geothermal property mineral rights refer to the rights to explore for, develop, and produce useful geothermal energy, and the real property associated with these rights. Pursuant to Rule 473, the rights to enter in or upon the land for the purpose of exploration, development, or production of proved reserves are taxable real property interests to the extent that they individually or collectively have ascertainable value. "Proved reserves" means that quantity of geothermal energy, capable of supporting the economic life of the geothermal project(s), which geological and engineering information indicate with reasonable certainty to be recoverable in the future, taking into account reasonably projected physical and economic operating conditions.

RECOMMENDATION 3: Properly measure declines in value for mineral properties using the entire appraisal unit, as required by Rule 469.

We found that the Assessor does not consider the adjusted base year value of fixtures and equipment for inclusion in the appraisal unit for comparison of the current market value and the adjusted base year value. The Assessor used the current market value of the equipment and fixtures to determine the adjusted base year value of the appraisal unit.

In accordance with the California Constitution, article XIII A, all real property receives a base year value and, on each lien date, the taxable value of the real property unit is the lesser of its adjusted base year value or current market value. Section 105 defines fixtures as a type of improvement and, hence, as real property.

⁶ For a detailed description of the scope of our review of this topic, please refer to the document entitled *Mineral Property*, which is available on the BOE's website at http://www.boe.ca.gov/Assessors/pdf/mineralprop_general.pdf.

For most properties, fixtures are treated as a separate appraisal unit for purposes of determining declines in value. Mineral properties, however, are treated differently. Rule 469(e)(2)(C) specifically provides that the appraisal unit of a mineral property includes land, improvements including fixtures, and reserves. The Assessor should use this unit for measuring possible declines in value.

Failure to properly determine the decline in value using the entire mineral property appraisal unit could result in an underassessment of the fixtures and equipment or an overassessment of the mineral rights.

ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES

Audit Program

Prior to January 1, 2019, County Assessors were required to annually conduct a significant number of audits as specified in section 469. The significant number of audits required was at least 75 percent of the fiscal year average of the total number of mandatory audits the Assessor was required to have conducted during the 2002-03 fiscal year to the 2005-06 fiscal year, with 50 percent of those to be selected from a pool of those taxpayers with the largest assessments.⁷ However, effective January 1, 2019, Senate Bill 1498 (Stats. 2018, Ch. 467) amended section 469 to provide County Assessors flexibility in meeting this annual audit requirement. Thus, beginning with the 2019-20 fiscal year, Assessors may also meet the requirements of section 469 by completing the four-year total of required annual audits within that four-year period. The first four-year period began with the 2019-20 fiscal year and ends with the 2022-23 fiscal year.

Audit Quality

An audit should follow a standard format, so that the auditor-appraiser may easily determine whether the property owner has correctly reported all taxable property. Audit narratives and summaries should include adequate documentation, full value calculations, reconciliation of the fixed assets totals to the general ledger and financial statements, review of asset invoices, reconciliation between reported and audit amounts, an analysis of expense accounts, and an analysis of depreciation and obsolescence factors that may affect the value of the business property.

RECOMMENDATION 4: Improve the Audit Program by: (1) ensuring that a supervisory review is conducted on all audits, and (2) enrolling all escape assessments and over assessments discovered during an audit.

Ensure that a supervisory review is conducted on all audits.

We found several instances where the Assessor does not conduct a supervisory review at the completion of an audit.

Reviews of completed audits should be conducted to ensure technical and legal correctness. Assessors' Handbook Section 504, *Assessment of Personal Property and Fixtures*, indicates the audit report, audit findings, and all working papers should be reviewed to ensure that the proper audit procedures have been performed and that findings are supported by evidence and substantiating documents.

⁷ For a detailed description of the scope of our review of this topic, please refer to the document entitled *Audit Program*, which is available on the BOE's website at http://www.boe.ca.gov/Assessors/pdf/auditprogram_general.pdf.

A review is a fundamental component of the audit process. Without an appropriate review, it can be difficult to determine if proper audit procedures were followed, and if findings are sufficiently supported.

Enroll all escape assessments and over assessments discovered during an audit.

We found examples where the Assessor does not enroll escape assessments or over assessments discovered during an audit that the Assessor deemed to be of immaterial or low-value, even though the Assessor does not have a low-value ordinance in place for escape assessments.

Section 531.9 allows a county board of supervisors to adopt an ordinance to prohibit the Assessor from making an escape assessment of an appraisal unit where the assessment would result in an amount of taxes due which is less than the cost of assessing and collecting the tax; however, Monterey County does not have such an ordinance in place.

Section 531 specifically states, "If any property belonging on the local roll has escaped assessment, the Assessor shall assess the property on discovery at its value on the lien date for the year for which it escaped assessment." Furthermore, section 469 provides that if the result of an audit discloses property subject to an escape assessment, the assessee is entitled to appeal the assessment of all the property at the location of the trade, profession, or business.

Additionally, section 469(d)(4) states, "If the audit for any particular tax year discloses that the property of the taxpayer was incorrectly valued or misclassified for any cause, to the extent that this error caused the property to be assessed at a higher value than the Assessor would have entered on the roll had the incorrect valuation or misclassification not occurred, then the Assessor shall notify the taxpayer of the amount of the excess valuation or misclassification, and the fact that a claim for cancellation or refund may be filed with the county as provided in sections 4986 and 5096."

The Assessor's failure to enroll escape assessments makes it difficult for the assessee to exercise their right to file an appeal. The current arbitrary minimum audit enrollment policy conflicts with the Assessor's obligation to assess all property subject to taxation.

Business Property Statement Program

Each person owning taxable personal property (other than a manufactured home) having an aggregate cost of \$100,000 or more annually file a business property statement (BPS) with the Assessor, other persons must file a BPS if requested by the Assessor. Property statements form the backbone of the business property assessment program.⁸

⁸ For a detailed description of the scope of our review of this topic, please refer to the document entitled *Business Property Statement Program*, which is available on the BOE's website at http://www.boe.ca.gov/Assessors/pdf/businesspropstatement_general.pdf.

RECOMMENDATION 5: Request a property statement, conduct an audit, or perform a field review to update taxable value estimates every three or four years.

We found that the Assessor sets no formal limits on the number of consecutive years a business property owner may fail to file a BPS before visiting the location of the taxable property, conducting an audit, or requesting that the taxpayer file a property statement.

Section 501 requires the Assessor, after sending written request to taxpayer, to estimate the value of business property belonging to anyone who does not comply with the reporting requirements. If a BPS was received during the previous year, it is reasonable to use the reported cost data from the previous year as a basis for estimating the current year's value. However, when allowing estimated assessments to continue for several years without any new information, the values become increasingly susceptible to error.

This practice can lead to inaccurate assessments and the permanent loss of tax revenue due to the expiration of the statute of limitations provided for in section 532. Therefore, estimated assessments based on prior years' reporting should be limited to three consecutive roll years.

APPENDIX A: STATISTICAL DATA

Table 1: Assessment Roll

The following table displays pertinent information from the 2021-22 assessment roll.⁹

	PROPERTY TYPE	ENROLLED VALUE
Secured Roll	Land	\$37,505,919,650
	Improvements	\$37,500,062,953
	Fixtures	\$511,730,510
	Personal Property	\$553,588,060
	Total Secured	\$76,071,301,173
Unsecured Roll	Land	\$136,563,302
	Improvements	\$312,545,606
	Fixtures	\$1,200,813,816
	Personal Property	\$1,789,744,719
	Total Unsecured	\$3,439,667,443
Exemptions¹⁰		(\$2,825,750,107)
	Total Assessment Roll	\$76,685,218,509

Table 2: Change in Assessed Values

The following table summarizes the change in assessed values over recent years:¹¹

ROLL YEAR	TOTAL ROLL VALUE	CHANGE	STATEWIDE CHANGE
2021-22	\$76,685,219,000	3.8%	4.1%
2020-21	\$73,896,567,000	3.9%	5.0%
2019-20	\$71,089,859,000	7.0%	6.1%
2018-19	\$66,408,982,000	6.3%	6.5%
2017-18	\$62,496,356,000	5.7%	6.3%

⁹ Statistics provided by BOE-822, *Report of Assessed Values by City, County 27 Monterey* for year 2021.

¹⁰ The value of the Homeowners' Exemption is excluded from the exemptions total.

¹¹ Statistics provided by the BOE's Table 7 – *Assessed Value of County-Assessed Property Subject to General Property Taxes*, for years 2017-18 through 2021-22.

Table 3: Gross Budget and Staffing

The Assessor's budget has grown from \$5,795,624 in fiscal year 2016-17 to \$6,456,563 in fiscal year 2020-21.

As of the date of our survey, the Assessor had 52 budgeted permanent positions. These positions consist of the Assessor, Assistant Assessor, 4 managers, 20 real property appraisers, 5 business property auditor-appraisers, 2 cadastral draftspersons, 1 computer analyst, 1 other technical/professional categories, and 17 support staff.¹²

The following table identifies the Assessor's budget and staffing over recent fiscal years:¹³

FISCAL YEAR	GROSS BUDGET	PERCENT CHANGE	PERMANENT STAFF
2020-21	\$6,456,563	3.0%	52
2019-20	\$6,266,517	4.5%	52
2018-19	\$5,998,062	1.6%	51
2017-18	\$5,901,492	1.8%	50
2016-17	\$5,795,624	2.3%	53

Table 4: Assessment Appeals

The following table shows the number of assessment appeals filed in recent fiscal years:¹⁴

FISCAL YEAR	ASSESSMENT APPEALS FILED
2020-21	568
2019-20	489
2018-19	478
2017-18	561
2016-17	507

¹² Statistics provided by *A Report on Budget, Personnel, and Appeals Data* for year 2020-21 & *Roll Data* for year 2021-22.

¹³ Statistics provided by *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2020-21 & *Roll Data* for years 2017-18 through 2021-22.

¹⁴ Statistics provided by *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2020-21 & *Roll Data* for years 2017-18 through 2021-22.

Table 5: Exemptions – Welfare

The following table shows welfare exemption data for recent roll years:¹⁵

ROLL YEAR	WELFARE EXEMPTIONS	EXEMPTED VALUE
2021-22	630	\$2,408,198,671
2020-21	621	\$2,305,956,887
2019-20	596	\$2,243,103,932
2018-19	596	\$2,104,741,677
2017-18	579	\$2,088,385,823

Table 6: Change in Ownership

The following table shows the total number of transfer documents received and the total number of reappraisable transfers due to changes in ownership processed in recent roll years:¹⁶

ROLL YEAR	TOTAL TRANSFER DOCUMENTS RECEIVED	REAPPRAISABLE TRANSFERS
2021-22	15,512	4,912
2020-21	13,821	4,580
2019-20	15,420	6,462
2018-19	15,225	7,273
2017-18	15,414	6,416

¹⁵ Statistics provided by BOE-802, *Report on Exemptions* for years 2017-18 through 2021-22.

¹⁶ Statistics provided by A *Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2020-21 & *Roll Data* for years 2017-18 through 2021-22.

Table 7: New Construction

The following table shows the total number of building permits received and the total number of new construction assessments processed in recent roll years:¹⁷

ROLL YEAR	TOTAL BUILDING PERMITS RECEIVED	NEW CONSTRUCTION ASSESSMENTS
2021-22	4,520	518
2020-21	4,729	741
2019-20	9,396	767
2018-19	9,220	589
2017-18	8,246	937

Table 8: Declines In Value

The following table shows the total number of decline-in-value assessments in recent roll years:¹⁸

ROLL YEAR	DECLINE-IN-VALUE ASSESSMENTS
2021-22	5,545
2020-21	6,433
2019-20	7,233
2018-19	8,258
2017-18	12,656

¹⁷ Statistics provided by *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2020-21 & *Roll Data* for years 2017-18 through 2021-22.

¹⁸ Statistics provided by *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2020-21 & *Roll Data* for years 2017-18 through 2021-22.

Table 9: Audits

The following table shows the minimum number of audits required to be conducted and the total number of audits completed in recent fiscal years.¹⁹

MINIMUM NUMBER OF AUDITS REQUIRED²⁰	2020-21	2019-20	2018-19	2017-18	2016-17
Largest Assessments			38	39	38
All Other Taxpayers			39	38	39
Total Required			77	77	77
NUMBER OF AUDITS COMPLETED					
Total Audits Completed	73	80	78	73	80
Largest Assessments	32	37	38	32	39
Over/(Under) Required			0	(7)	1
All Other Taxpayers	41	43	40	41	41
Over/(Under) Required			1	3	2
CCCASE AUDITS					
Prepared for other County Assessors	0	0	0	0	0

¹⁹ Statistics provided by *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2020-21 & *Roll Data* for years 2017-18 through 2021-22.

²⁰ See Letter to Assessors (LTA) No. 2009/049, *Significant Number of Business Property Audits*, for the minimum number of annual audits required pursuant to the provisions of section 469 for years 2016-17 through 2018-19. Effective January 1, 2019, section 469 was amended to give Assessors more flexibility in completing the number of audits by allowing for the four-year total of required annual audits to be completed within a four-year period of time, rather than annually, beginning with the 2019-20 fiscal year. For more information on the amendments to section 469, see LTA No. 2018/067.

APPENDIX B: COUNTY-ASSESSED PROPERTIES DIVISION SURVEY GROUP

Monterey County

Deputy Director

David Yeung

Survey Program Director:

Holly Cooper

Principal Property Appraiser

Survey Team Supervisor:

Christine Bradley

Supervising Property Appraiser

Survey Team:

James McCarthy

Senior Petroleum and Mining Appraisal Engineer

Amanda Lopez

Senior Specialist Property Appraiser

Artemis Oestreich

Senior Specialist Property Appraiser

Alexander B. Fries

Senior Specialist Property Auditor Appraiser

Chris Howell

Associate Property Appraiser

Lydia Vannarattanarat

Assistant Property Appraiser

APPENDIX C: RELEVANT STATUTES AND REGULATIONS

Reference	Description
<i>Government Code</i>	
§15640	Survey by board of county assessment procedures.
§15641	Audit of records, appraisal data not public.
§15642	Research by board employees.
§15643	When surveys to be made.
§15644	Recommendations by board.
§15645	Survey report, final survey report, Assessor's report.
§15646	Copies of final survey reports to be filed with local officials.
<i>Revenue and Taxation Code</i>	
§75.60	Allocation for administration.
<i>Title 18, California Code of Regulations</i>	
Rule 371	Significant assessment problems.

ASSESSOR'S RESPONSE TO BOE'S FINDINGS

Section 15645 of the Government Code provides that the Assessor may file with the Board a response to the findings and recommendations in the survey report. The survey report, the Assessor's response, and the BOE's comments regarding the Assessor's response, if any, constitute the final survey report.

The Monterey County Assessor's response begins on the next page. The BOE has no comments regarding the response.

COUNTY OF MONTEREY



OFFICE OF THE ASSESSOR

(831)755-5035 – P. O. BOX 570 – SALINAS, CALIFORNIA 93902

XOCHITL MARINA CAMACHO
ASSESSOR

RECEIVED

MAY 08 2023

County-Assessed Properties Division
State Board of Equalization

May 4, 2023

Mr. David Yeung, Deputy Chief
Property Tax Department
California State Board of Equalization
P.O. Box 942879
Sacramento, CA 94279-0064

RE: MONTEREY COUNTY ASSESSMENT PRACTICES SURVEY RESPONSE

Dear Mr. Yeung,

Pursuant to Section 15645 of the California Government Code, we are providing a written response to the findings and recommendations in the Monterey County 2023 Assessment Practices Survey for inclusion in the final report.

We believe the assessment practices survey program is an invaluable tool and helps promote uniformity, fairness, equity, and integrity in the property tax assessment process. The recommendations that have been made are constructive and, in most cases, have or will be implemented immediately.

I would like to take this opportunity to convey my sincere appreciation to the State Board of Equalization survey team for their thorough review, courtesy, and professionalism during the survey process. Your team was accessible, receptive, and very easy to work with.

Finally, I would like to express my gratitude and thank the employees of the Monterey County Assessor's office for their diligence, professionalism, and for their dedication to outstanding customer service.

Sincerely,

Xochitl Marina Camacho

Xochitl Marina Camacho
Assessor, County Clerk-Recorder

Cc: Holly Cooper, Principal Property Appraiser
County-Assessed Properties Division
Ms. Christine Bradley, Supervising Property Appraiser
County-Assessed Properties Division

COUNTY OF MONTEREY



OFFICE OF THE ASSESSOR

XOCHITL MARINA CAMACHO
ASSESSOR

RECOMMENDATION 1: Apply penalties for failure to file or file timely BOE-502-AH, Change of Ownership Statement (COS), as provided in section 482(a).

RESPONSE: We concur. This recommendation had been implemented in prior years but due to staffing shortages over the last couple of years, we fell behind and were inconsistent in this duty. We have implemented a plan to comply.

RECOMMENDATION 2: Improve the LEOP program by: (1) reassessing all properties owned by a legal Entity undergoing a change in control or ownership, and (2) apply penalties in accordance with section 482(b).

RESPONSE: We concur. This recommendation had been implemental in prior years but due to staffing shortages over the last couple of years, we fell behind and were inconsistent in this duty. We have implemented a plan to comply.

RECOMMENDATION 3: Properly measure declines in value for mineral properties using the entire appraisal unit, as required by Rule 469.

RESPONSE: We Concur. Error has been corrected.

RECOMMENDATION 4: Improve the Audit Program by: (1) ensuring that a supervisory review is conducted on all audits, and (2) enrolling all escape assessments and over assessments discovered during an audit.

RESPONSE: We concur. We have developed a plan to comply with this duty and it will be implemented for FY 2023-2024

RECOMMENDATION 5: Request a property statement, conduct an audit, or perform a field review to update taxable value estimates every three or four years.

RESPONSE: We concur. Due to staffing shortages, we have been unable to comply with this duty. We have developed a plan to comply, and it will be implemented for FY 2023-2024