

ORANGE COUNTY ASSESSMENT PRACTICES SURVEY

JULY 2021

CALIFORNIA STATE BOARD OF EQUALIZATION

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July 30, 2021

No. 2021/032

TO COUNTY ASSESSORS:

**ORANGE COUNTY
ASSESSMENT PRACTICES SURVEY**

A copy of the Orange 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 Claude Parrish, Orange County Assessor, 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 Orange County Board of Supervisors, Grand Jury, and Assessment Appeals Board.

Fieldwork for this survey was performed by the BOE's County-Assessed Properties Division from January through March 2020. The report does not reflect changes implemented by the Assessor after the fieldwork was completed.

Mr. Parrish and his 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:dcl
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 Orange County Assessor's Office.

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 Orange 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 Claude Parrish, Orange County Assessor, elected to file his initial response prior to the publication of our survey; it is included in this report following the Appendixes.

OBJECTIVE

The survey shall "...show...the extent to which assessment practices are consistent with or differ from state law and regulations."¹ 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 Code² 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 included an assessment sample of the 2019-20 assessment roll to determine the average level (ratio) of assessment for all properties and the disparity among assessments within the sample. The ideal assessment ratio is 100 percent, and the minimum acceptable ratio is 95 percent. Disparity among assessments is measured by the sum of absolute differences found in the sample; the ideal sum of absolute differences is 0 percent and the maximum acceptable number is 7.5 percent. If the assessment roll meets the minimum standards for ratio and disparity, the county is eligible to continue to recover the administrative cost of processing supplemental assessments.³

¹ Government Code section 15642.

² 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.

³ For a detailed description of the scope of this program, please refer to the document entitled *Assessment Sampling Program*, which is available on the BOE's website at <http://www.boe.ca.gov/Assessors/pdf/assessmentsamplingprogram.pdf>.

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

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 practice 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 Orange County Assessor's Office for the 2019-20 assessment roll. During our current 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 the Assessor's budget and staffing, workload, assessment appeals, disaster relief, and welfare exemptions. In the area of administration, the Assessor is effectively managing the workload, assessment appeals, disaster relief and welfare exemption 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, 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 mineral property. However, we made recommendations for improvement in the change in ownership program.

- Assessment of Personal Property and Fixtures

We reviewed the Assessor's program for assessing personal property and fixtures. Specific areas reviewed include processing business property statements and business equipment valuation. We made recommendations for improvement in the business property statement and business equipment valuation programs.

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

The Orange County assessment roll meets the requirements for assessment quality as established by section 75.60. Our sample of the 2019-20 assessment roll indicated an average assessment ratio of 99.71 percent, and the sum of the absolute differences from the required assessment level was 0.45 percent. Accordingly, the BOE certifies that Orange County is eligible to receive reimbursement of costs associated with administering supplemental assessments.

OVERVIEW OF ORANGE COUNTY

Orange County is located in southern California. The county encompasses a total area of 948.07 square miles, consisting of 790.57 square miles of land area and 157.50 square miles of water area. Created in 1889, Orange County is bordered by Los Angeles and San Bernardino Counties to the north, Riverside County to the east, San Diego County to the southeast, and the Pacific Ocean to the west.

As of July 1, 2019, Orange County had an estimated population of 3,175,692. There are 34 incorporated cities in Orange County, with Santa Ana as the county seat.

The Orange County local assessment roll ranks 2nd 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 2019-20.

FINDINGS AND RECOMMENDATIONS

As noted previously, our review concluded that the Orange 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:** Include all required information on the two-year transfer list pursuant to section 408.1(c).....8
- RECOMMENDATION 2:** Improve the LEOP program by properly applying penalties in accordance with section 482(b).....9
- RECOMMENDATION 3:** Ensure that business property statements (BPS) contain authorized signatures in accordance with Rule 172.....10
- RECOMMENDATION 4:** Ensure that pollution control equipment financed by state bonds does not escape assessment.....11

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

The Identification Unit is comprised of four senior assessment technicians, 15 assessment technicians, and is supervised by a managing assessment technician.

Transfer Lists

The Assessor is required to maintain a list of transfers of any interest in property, other than undivided interests, within the county, which have occurred within the preceding two-year period.⁶ The list is required to be divided into geographical areas, updated quarterly, and to be open to inspection by any person.

RECOMMENDATION 1: Include all required information on the two-year transfer list pursuant to section 408.1(c).

Although the two-year transfer list contains the APN, address of the property, date of transfer, date of recording, recording reference number, and the consideration paid for the property, it does not include the transferor or transferee.

Section 408.1(c) sets forth the specific items of information that must be included on the two-year transfer list. Without including all required items on the transfer list, the public does not have access to all of the information that must be made available.

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.

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.

⁶ The transfer list is not required to be maintained by any county with a population of under 50,000 people, as determined by the 1970 federal decennial census.

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. On a monthly basis, LEOP transmits to each County Assessor a listing, with corresponding property schedules, of legal entities that have undergone 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.

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*. 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 properly applying penalties in accordance with section 482(b).

We found several instances where penalties were not applied when an entity had failed to file a BOE-100-B, *Statement of Change in Control and Ownership of Legal Entities*, or filed a BOE-100-B late, even though the Assessor had been notified by the BOE's LEOP Section to apply the penalty.

Section 482(b) states that if a legal entity required to file a statement described in section 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 shall be applied.

The BOE provides the Assessor with several reports, as well as copies of BOE-100-Bs, indicating whether a penalty applies. The Assessor should review these reports and the BOE-100-Bs to identify entities with late-filings or failures to file and apply penalties accordingly. By failing to consistently apply the required section 482(b) penalty, the Assessor is not following statutory requirements and is not treating all taxpayers equitably.

ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES

Business Property Statement Program

Section 441 requires that 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.⁷

Staffing involved with the processing and review of BPSs consist of assessment technicians and auditor-appraisers, with oversight by a managing auditor-appraiser.

RECOMMENDATION 3: Ensure that business property statements (BPS) contain authorized signatures in accordance with Rule 172.

Our review found several property statements that were not signed by a qualified person, and the required assessee's written authorization was not on file with the Assessor.

According to Rule 172, property statements and mineral production report forms prescribed by the BOE and filed with the Assessor or the BOE shall be signed by the assessee, a partner, a duly appointed fiduciary, or an agent. When signed by an agent or employee other than a member of the bar, a certified public accountant, a public accountant, an enrolled agent, or a duly appointed fiduciary, the assessee's written authorization allowing the agent or employee to sign the statement on behalf of the assessee must be filed with the Assessor. A property statement or a mineral production report that is unsigned does not constitute a valid filing. Rule 172(d) prohibits the Assessor from knowingly accepting any signed property statements that are not executed in accordance with the requirements of this section.

Written authorization calls attention to the fact that corporate assesseees are liable for any consequences of reporting errors by an employee or agent. It also assures that the Assessor may rely upon that statement. By requiring such written authorization, the Assessor will ensure that the property statement was the taxpayer's official response.

Business Equipment Valuation

Assessors value most machinery and equipment using business property valuation factors. Some valuation factors are derived by combining price index factors with percent good factors, while other valuation factors result from valuation studies. Under this methodology, value for taxation purposes is established by multiplying a property's historical cost by an appropriate valuation factor.⁸

⁷ 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.

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

The valuation of business property is the responsibility of 13 auditor-appraisers. Of the 13 auditor-appraisers, two senior auditor-appraisers act as lead of the assessment unit and the lease equipment unit. The business valuation unit is supported by six technical support clerks. A managing auditor-appraiser is responsible for the oversight of business valuation and reports to a business property division manager.

RECOMMENDATION 4: Ensure that pollution control equipment financed by state bonds does not escape assessment.

We found that the Assessor is not investigating the assessability of pollution control equipment financed by state bonds. During calendar years 2015 and 2016, two businesses were identified as having entered into a multi-million dollar contract with the California Pollution Control Financing Authority (CPCFA) that have interests in Orange County. Information about these contracts was furnished to the Assessor in County Assessors Only (CAO) letters, *Listing of Companies Entering Into Contract With the California Pollution Control Financing Authority*, 2016/007 and 2017/004. We reviewed the Assessor's records and did not find a copy of the contract with CPCFA or any evidence that an effort was made to procure the contract. We learned that Assessor's staff was not aware of the annual CAO letters and, thus, did not act on CAO Nos. 2016/007 and 2017/004, by requesting contracts from the companies identified in the letters as having procured a contract with activity in Orange County.

Division 27, Chapter 1 of the Health and Safety Code (commencing with section 44500) authorized the CPCFA to finance the acquisition of devices or facilities necessary to mitigate air and water pollution caused by private industrial operations. A bond financed project can involve acquisition of land, construction of a new facility, expansion of an existing facility, rehabilitation or replacement of all or part of an existing facility, or acquisition and installation of new equipment owned or controlled by these businesses/companies.

To help Assessors discover assessable property financed through the CPCFA, the BOE's County-Assessed Properties Division furnishes all Assessors with a yearly CAO entitled *Listing of Companies Entering Into Contract With the Pollution Control Financing Authority*. The CAO lists the pollution control financing bonds issued during the previous year, with project location by county, the name of the lessee, and the amount of each bond.

We recommend that the Assessor establish a procedure to ensure that these yearly CAO letters are routed to the appropriate personnel. We further recommend that the Assessor follow up on these yearly CAO letters by contacting the businesses and requesting information or records regarding property acquired or newly constructed, to determine that all assessable property associated with the contracts is enrolled. By failing to determine the assessability of pollution control equipment financed by state bonds, the Assessor may be allowing property to escape assessment.

APPENDIX A: STATISTICAL DATA

Table 1: Assessment Roll

The following chart displays pertinent information from the 2019-2020 assessment roll.⁹

	PROPERTY TYPE	ENROLLED VALUE
Secured Roll	Land	\$374,344,026,630
	Improvements	\$240,575,051,282
	Personal Property	\$3,326,371,460
	Total Secured	\$618,245,449,372
Unsecured Roll	Land	\$804,754,746
	Improvements	\$7,877,801,340
	Personal Property	\$14,458,738,814
	Total Unsecured	\$23,141,294,900
Exemptions¹⁰		(\$14,702,032,383)
	Total Assessment Roll	\$626,684,711,889

Table 2: Change in Assessed Values

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

YEAR	TOTAL ROLL VALUE	CHANGE	STATEWIDE CHANGE
2019-20	\$626,684,712,000	5.7%	6.1%
2018-19	\$592,701,313,000	6.2%	6.5%
2017-18	\$558,138,618,000	6.2%	6.3%
2016-17	\$525,619,362,000	4.1%	5.5%
2015-16	\$505,129,180,000	7.1%	6.0%

⁹ Statistics provided by BOE-822, *Report of Assessed Values By City*, Orange County for year 2019.

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 2015-16 through 2019-20.

Table 3: Gross Budget and Staffing

The Assessor's budget has grown from \$37,821,653 in 2015-16 to \$40,664,786 in 2019-20.

As of the date of our survey, the Assessor had 299 budgeted permanent positions. These positions consist of the Assessor; 5 managers; 96 real property appraisers; 52 business property auditor-appraisers; 15 cadastral draft persons; 20 computer programmers, analysts, and technicians; 9 other technical/professionals; and 101 support staff.

The following table identifies the Assessor's budget and staffing over recent years:¹²

BUDGET YEAR	GROSS BUDGET	PERCENT CHANGE	PERMANENT STAFF
2019-20	\$40,664,786	1.1%	299
2018-19	\$36,341,903	-1.9%	300
2017-18	\$37,050,423	0.2%	311
2016-17	\$36,993,074	-2.2%	312
2015-16	\$37,821,653	4.6%	315

Table 4: Assessment Appeals

The following table shows the number of assessment appeals filed in recent years:¹³

YEAR	ASSESSMENT APPEALS FILED
2019-20	6,552
2018-19	6,209
2017-18	7,924
2016-17	7,312
2015-16	8,242

¹² Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices*, for years 2015-16 through 2019-20.

¹³ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices*, for years 2015-16 through 2019-20.

Table 5: Exemptions – Welfare

The following table shows welfare exemption data for recent years:¹⁴

YEAR	WELFARE EXEMPTIONS	EXEMPTED VALUE
2019-20	2,004	\$10,838,509,287
2018-19	1,820	\$10,308,755,113
2017-18	1,816	\$9,989,783,184
2016-17	2,302	\$9,887,849,352
2015-16	2,066	\$9,816,098,376

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 years:¹⁵

YEAR	TOTAL TRANSFER DOCUMENTS RECEIVED	REAPPRAISABLE TRANSFERS
2019-20	486,701	55,980
2018-19	567,011	60,289
2017-18	144,436	59,872
2016-17	137,470	68,634
2015-16	127,839	59,073

¹⁴ Statistics provided by BOE-802, *Report on Exemptions*, for years 2015-16 through 2019-20.

¹⁵ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices*, for years 2015-16 through 2019-20.

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 years:¹⁶

YEAR	TOTAL BUILDING PERMITS RECEIVED	NEW CONSTRUCTION ASSESSMENTS
2019-20	28,739	27,707
2018-19	17,118	16,649
2017-18	13,798	13,319
2016-17	14,183	13,598
2015-16	11,726	11,278

Table 8: Declines In Value

The following table shows the total number of decline-in-value assessments in recent years:¹⁷

YEAR	DECLINE-IN-VALUE ASSESSMENTS
2019-20	87,691
2018-19	96,481
2017-18	109,050
2016-17	122,475
2015-16	137,974

¹⁶ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices*, for years 2015-16 through 2019-20.

¹⁷ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices*, for years 2015-16 through 2019-20.

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 years.¹⁸

MINIMUM NUMBER OF AUDITS REQUIRED¹⁹	2019-20	2018-19	2017-18	2016-17	2015-16
Largest Assessments	507	507	507	507	507
All Other Taxpayers	507	507	507	507	507
Total Required	1,014	1,014	1,014	1,014	1,014
NUMBER OF AUDITS COMPLETED					
Total Audits Completed	925	1,233	1,112	1,148	1,144
Largest Assessments	473	549	512	527	518
Over/(Under) Required	(34)	42	5	20	11
All Other Taxpayers	472	684	600	621	626
Over/(Under) Required	(35)	177	93	114	119
CCCASE AUDITS					
Prepared for other county Assessors	124	101	125	123	114

¹⁸ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices*, for years 2015-16 through 2019-20.

¹⁹ See LTA No. 2009/049, *Significant Number of Business Property Audit*, for the minimum number of annual audits required pursuant to the provisions of section 469.

APPENDIX B: COUNTY-ASSESSED PROPERTIES DIVISION SURVEY GROUP

Orange County

Deputy Director

David Yeung

Survey Program Director:

Diane Yasui

Manager, Property Tax

Survey Team Supervisor:

David Dodson

Supervisor, Property Tax

Survey Quality Control

Michael Saunders

Senior Specialist Property Appraiser

Survey Team Leader:

Tina Krause

Senior Specialist Property Appraiser

Survey Team:

James McCarthy

Senior Petroleum and Mining Appraisal Engineer

Isaac Cruz

Senior Specialist Property Auditor-Appraiser

Nancy Le

Associate Property Auditor-Appraiser

Artemis Oestreich

Associate Property Appraiser

Jennifer Prince

Associate Property Appraiser

Dany Lunetta

Associate Governmental Program Analyst

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



CLAUDE PARRISH
ORANGE COUNTY ASSESSOR

May 3, 2021

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

Subject: 2021 Orange County Assessment Practices Survey Report

Dear Mr. Yeung,

Pursuant to Section 15645 of the California Government Code, we are pleased to respond to the State Board of Equalization (BOE) 2021 Assessment Practices Survey Report of Orange County and the four recommendations outlined below.

Recommendation 1: Include all required information on the two-year transfer list pursuant to section 408.1(c).

We concur with this recommendation that while most information was contained in the two-year transfer list, the transferor and transferee information was omitted. We have added this information to the two-year transfer list and the recommendation has been implemented.

Recommendation 2: Improve the LEOP program by properly applying penalties in accordance with section 482(b).

We respectfully disagree with this recommendation. While the survey team found a couple of instances where the Legal Entity Ownership Program (LEOP) penalties were not applied, we have a procedure in place to review every report sent by the BOE and apply penalties as appropriate. The two parcels for which a LEOP penalty was not applied was because they were coded as "Non-Title" as the property owner was wholly owned by another entity that was identified on the LEOP report from the BOE. The penalty was applied and the recommendation has been implemented.

Recommendation 3: Ensure that business property statements (BPS) contain authorized signatures in accordance with Rule 172.

We concur with this recommendation that the survey team found some instances where the assessee's written authorization allowing an agent or employee to sign the BPS was not available. We have a procedure in place to secure written authorization from the assessee allowing an agent or employee to sign the BPS. In the instances where the survey team did not find such written authorization, my staff used alternate methods to verify that the BPS were

signed by a qualified person such as checking with the Secretary of State website. We will ensure that a written authorization is secured as required by this recommendation.

Recommendation 4: Ensure that pollution control equipment financed by state bonds does not escape assessment.

We concur with this recommendation that while the two County Assessors Only (CAO) letters, "Listing of Companies Entering into Contracts with the California Pollution Control Financing Authority" (CPCFA), were received and appropriately distributed in my office, a copy of the contract with CPCFA was not obtained. However, both businesses identified in the CAO letters were audited for the period in question. We have incorporated the CAO letter related to CPCFA in the discovery and valuation process and this recommendation has been implemented.

I would like to take this opportunity to thank my staff for their hard work, dedication and professionalism in completing the assessment roll accurately and on time.

I also thank the survey team for the courteous and professional manner in which they conducted the survey.

If you have any questions regarding our survey response, please call me at (714) 834-2734.

Sincerely,



Claude Parrish
Orange County Assessor