

SAN JOAQUIN COUNTY SUPPLEMENTAL ASSESSMENT PRACTICES SURVEY

DECEMBER 2021

CALIFORNIA STATE BOARD OF EQUALIZATION

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December 30, 2021

No. 2021/061

TO COUNTY ASSESSORS:

**SAN JOAQUIN COUNTY
SUPPLEMENTAL ASSESSMENT PRACTICES SURVEY**

A copy of the San Joaquin County Supplemental 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 Steve Bestolarides, San Joaquin County Assessor/Recorder/County Clerk, 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 San Joaquin County Board of Supervisors, Grand Jury, and Assessment Appeals Board.

Fieldwork for this supplemental survey was performed by the BOE's County-Assessed Properties Division during April 2021. The report does not reflect changes implemented by the Assessor after the fieldwork was completed.

Mr. Bestolarides 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 San Joaquin County Assessor/Recorder/County 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 San Joaquin 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 Steve Bestolarides, San Joaquin County Assessor/Recorder/County Clerk, elected to file his initial response prior to the publication of our survey; it is included in this report following the Appendices.

¹ This report covers only the assessment functions of this 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.

The BOE has elected to conduct a supplemental survey for San Joaquin County. The supplemental survey includes a review of the recommendations contained in the prior survey report, the Assessor's written response to the recommendations, the Assessor's current records pertaining to those recommendations, and interviews with the Assessor and his staff. This supplemental survey is made to determine the extent to which the Assessor has implemented the recommendations contained in the prior survey report and to identify areas where problems still exist.

This supplemental survey examined the assessment practices of the San Joaquin County Assessor's Office for the 2020-21 assessment roll. Since this survey did not include an assessment sample pursuant to Government Code section 15640(c), our review included an

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.

examination to determine whether "significant assessment problems" exist, as defined by Rule 371.

Our survey methodology of the San Joaquin 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 San Joaquin 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

The BOE has elected to perform a supplemental survey of the San Joaquin County Assessor's Office, addressing only the recommendations from the prior survey and whether the Assessor has implemented those recommendations. In the 2017 San Joaquin County Assessment Practices Survey report, there were a total of nine recommendations.

In the area of administration, which affect both the real property and business property assessment programs, we reviewed one prior recommendation identified in the Assessor's exemptions program. The Assessor has implemented the recommendation related to the exemptions program.

In the area of real property assessment, we reviewed four prior recommendations identified in the Assessor's change in ownership, California Land Conservation Act (CLCA) property, taxable possessory interests, and mineral property programs. The Assessor has implemented the recommendations related to the CLCA property and taxable possessory interests programs. However, the Assessor has not implemented the recommendations related to the change in ownership and mineral property programs.

In the area of personal property and fixtures, we reviewed four prior recommendations identified in the Assessor's audit, business equipment valuation, manufactured homes, and aircraft programs. The Assessor has implemented the recommendations related to the business equipment valuation and aircraft programs, and partially implemented the recommendation related to the audit program. However, the Assessor has not implemented the recommendation related to the manufactured homes program.

OVERVIEW OF SAN JOAQUIN COUNTY

San Joaquin County is located in central California and is one of California's original 27 counties created in 1850. The county encompasses a total area of 1,426.50 square miles, consisting of 1,391.32 square miles of land area and 35.18 square miles of water area. San Joaquin County is bordered by Sacramento County to the north, Amador and Calaveras Counties to the east, Stanislaus County to the south, and Alameda and Contra Costa Counties to the west.

As of 2020, San Joaquin County had an estimated population of 762,148. There are seven incorporated cities in San Joaquin County. Those cities include Escalon, Lathrop, Lodi, Manteca, Ripon, Stockton, and Tracy. The county seat is Stockton.

The San Joaquin County local assessment roll ranks 18th 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 2020-21.

ADMINISTRATION: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS

Following is the recommendation included in our December 2017 Assessment Practices Survey Report that relates to administrative policies and procedures, and the Assessor's response to the recommendation. After each recommendation, we report the current status of the Assessor's effort to implement the recommendation, as noted during our supplemental survey fieldwork.

Exemptions

RECOMMENDATION 1: Improve the administration of welfare exemption program by: (1) consistently notifying claimants when a property is denied or when a portion of the property is denied the welfare exemption, and (2) properly applying late-filing provisions for welfare exemption claims that are not filed timely.

(1) Consistently notify claimants when a property is denied or when a portion of the property is denied the welfare exemption.

Original Findings:

We found that the Assessor does not consistently notify claimants when a property is denied or a portion of a property is denied the welfare exemption. A finding sheet, such as BOE-267-F *Welfare or Veterans' Organization Exemption Assessor's Finding On Qualification Of Property Use*, can serve as proper notification to the claimant when a property is denied the exemption or a portion of the exemption.

Original Assessor's Response:

Agree. We are currently using the BOE-267-F finding sheet to notify claimants. We will be sending the finding sheets throughout the year to more consistently notify claimants.

Current Status:

We found that the Assessor has implemented this portion of the recommendation. We reviewed several partially denied welfare exemption claims and found that for all claims reviewed, the claimant had been properly notified of the partially denied exemption with a BOE-267-F finding sheet.

(2) Properly apply late-filing provisions for welfare exemption claims that are not filed timely.

Original Findings:

We found instances where the Assessor exceeded the \$250 maximum for penalty and interest for welfare exemption claims that were not filed timely. In these instances, the Assessor either allowed an 85 percent exemption or allowed the full exemption less \$25,000, both resulting in

penalties greater than the \$250 maximum. At a one percent tax rate, a \$25,000 net assessment amounts to a \$250 penalty. However, in almost all cases, the total tax rate is greater than one percent. For example, in one of the years in which a claim was filed late, the tax rate was 1.2098 percent, resulting in a penalty of \$303 rather than the \$250 maximum.

Original Assessor's Response:

Agree. We have already created a new procedure (calculation template) and trained exemption staff to properly apply late-filing provision for welfare exemption claims that are filed late.

Current Status:

We found that the Assessor has implemented this portion of the recommendation. We reviewed several files with late-filed claims and found that the Assessor is correctly applying the penalty in compliance with section 270(b) by limiting the total tax penalty to a maximum of \$250.

ASSESSMENT OF REAL PROPERTY: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS

Following are the recommendations included in our December 2017 Assessment Practices Survey Report that relate to the assessment of real property and the Assessor's response to the recommendations. After each recommendation, we report the current status of the Assessor's effort to implement the recommendation, as noted during our supplemental survey fieldwork.

Change in Ownership

RECOMMENDATION 2: Properly implement the penalty process in accordance with section 482(b).

Original Findings:

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

Original Assessor's Response:

Agree. We review the BOE-100B reports monthly and have identified the reports that indicate whether a penalty applies. The LEOP penalty process was being developed in our old system, however, we are now converting to a new system. As we transition to the Megabyte Property Tax System, we will develop a process to properly implement the penalty process in accordance with Section 482(b).

Current Status:

We found that the Assessor has not implemented this recommendation. We found several instances where a penalty was not applied when an entity failed to file or failed to file timely a BOE-100-B, *Statement of Change in Control and Ownership of Legal Entities*, even though the Assessor had been notified by the BOE's Legal Entity Ownership Program (LEOP) section that the penalty applied.

Sections 480.1 and 480.2 require the filing of a signed BOE-100-B whenever a legal entity has undergone a change in control or ownership. Section 482(b) provides that if a person or legal entity fails to file a BOE-100-B within 90 days of a change in control or ownership, or within 90 days of a written request from the BOE, whichever occurs earlier, a specific penalty shall 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 entities that have failed to file, or failed to file timely, and apply penalties accordingly.

By failing to apply the required penalty, the Assessor is not following statutory requirements.

California Land Conservation Act Property

RECOMMENDATION 3: Improve the CLCA property program by: (1) including all compatible use income generated on the property when determining restricted value, and (2) properly allocating restricted value between land and living improvements.

(1) Include all compatible use income generated on the property when determining restricted value.

Original Findings:

After reviewing several properties under CLCA contract, we found that the Assessor is not recognizing all of the income generated by some of these properties. In particular, the Assessor is not recognizing income generated from cell tower sites on lands subject to a Williamson Act contract.

Original Assessor's Response:

Agree: In calculating the value of CLCA restricted land, the income of all compatible uses will be included in the value calculations.

Current Status:

We found that the Assessor has implemented this portion of the recommendation. We reviewed several properties under CLCA contract and found that the Assessor is properly recognizing all compatible use income generated on lands subject to a Williamson Act contract.

(2) Properly allocate restricted value between land and living improvements.

Original Findings:

The Assessor correctly performs a three-way value comparison of the restricted property comparing the factored base year value, the current market value, and the restricted value. San Joaquin County has adopted section 423.3 which allows for a percentage of the factored base year value to be considered in the three-way comparison as follows. A three-way value comparison is made between the restricted value as provided in section 423, the allowed percentage of the factored base year value as provided in section 423.3, and current market value. The percentages of factored base year value that San Joaquin County has adopted are 70 percent for prime lands and 90 percent for non-prime lands. In instances where the 423.3 value is determined to be the lowest value in the three-way comparison, the Assessor correctly enrolls that value. However, we found that the Assessor is incorrectly allocating the total section 423.3 value between land and living improvements. The Assessor allocates the section 423.3 value by using the section 423 value on the land portion and the remainder on the living improvements portion.

Original Assessor's Response:

Agree: The Assessor's current system automatically allocates value based on a pre-determined allocation formula. Upon transition to the Megabyte system, values will be allocated more accurately.

Current Status:

We found that the Assessor has implemented this portion of the recommendation. The Assessor is correctly allocating the total section 423.3 value between land and living improvements.

Taxable Possessory Interests

RECOMMENDATION 4: Improve the taxable possessory interest program by:
(1) obtaining current copies of all lease agreements or permits for taxable possessory interests, and (2) periodically reviewing all taxable possessory interests with stated terms of possession for declines in value.

(1) Obtain current copies of all lease agreements or permits for taxable possessory interests.

Original Findings:

We found that the Assessor does not consistently obtain copies of current leases or permits for taxable possessory interests. In some cases there are no copies of leases or permits in the files. The Assessor primarily relies on information provided from the public agencies on the annual agency report.

Original Assessor's Response:

Agree: Annual Usage Reports are mailed to all government entities in the County. When the agency does not respond, or the response is incomplete, the Assessor's staff follows up with phone calls, emails, etc. but has not been in the practice of documenting the follow up efforts. A procedure for documenting all agency contact will be put in place along with contacting not only the agency directly but also including the agency's management organization in all correspondence.

Current Status:

We found that the Assessor has implemented this portion of the recommendation. The Assessor consistently requests copies of current leases or permits for taxable possessory interests.

(2) Periodically review all taxable possessory interests with stated terms of possession for declines in value.

Original Findings:

We reviewed several taxable possessory interests with stated terms of possession and found several instances where these taxable possessory interests were not reviewed for possible declines in value. Instead, the Assessor enrolled the factored base year value (FBYV).

Original Assessor's Response:

Agree: As San Joaquin County converts to Megabyte, the annual review of existing Possessory Interest accounts should become more consistent.

Current Status:

We found that the Assessor has implemented this portion of the recommendation. We reviewed several taxable possessory interests with leases having stated terms of possession and found that the Assessor is properly reviewing these taxable possessory interests files for potential declines in value.

Mineral Property

RECOMMENDATION 5: Measure declines in value for mineral properties using the entire appraisal unit as required by Rule 469.

Original Findings:

We found that when measuring for declines in value for mineral properties, the Assessor does not combine the values for mineral rights, improvements (including fixtures), and land into a value for a total appraisal unit value when determining whether to enroll the adjusted base year value or the current market value. Instead, fixtures are treated as a separate appraisal unit for determining a decline in value. This procedure conflicts with the intent of Rule 469(e)(2)(C).

Original Assessor's Response:

Agree: In the future, the Assessor's staff will take the entire appraisal unit into consideration.

Current Status:

We found that the Assessor has not implemented this recommendation. The Assessor does not combine the values for mineral rights, improvements (including fixtures), and land into a single appraisal unit value when determining whether to enroll the adjusted base year value or the current market value. Instead, fixtures are treated as a separate appraisal unit for the purpose of determining a decline in value. This procedure conflicts with the intent of Rule 469(e)(2)(C).

Under article XIII A, all real property receives a base year value and, on each lien date, the taxable value of the real property unit should be 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.

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

In order for the Assessor to determine which value to enroll, the Assessor should determine the current market value of the entire appraisal unit and compare it to the adjusted base year value of the entire appraisal unit, enrolling the lower of the two values. To properly determine the adjusted base year value of the appraisal unit, the adjusted base year value of the fixtures needs to be tracked and added to the adjusted base year value of the other components of the appraisal unit.

Failure to properly determine the decline in value of a mineral property by not comparing the adjusted base year value of the entire appraisal unit to the current market value of the entire appraisal unit is contrary to statute and may cause the Assessor to enroll incorrect assessments.

ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES: PRIOR RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS

Following are the recommendations included in our December 2017 Assessment Practices Survey Report that relate to the assessment of personal property and fixtures, and the Assessor's response to the recommendations. After each recommendation, we report the current status of the Assessor's effort to implement the recommendation, as noted during our supplemental survey fieldwork.

Audit Program

RECOMMENDATION 6: Improve the audit program by: (1) performing the minimum number of audits of professions, trades, and businesses pursuant to section 469, and (2) using a comprehensive audit checklist as a standard component of all audits.

(1) Perform the minimum number of audits of professions, trades, and businesses pursuant to section 469.

Original Findings:

We found that the Assessor did not conduct the minimum number of audits as required under the provisions of section 469 for the past four years. For San Joaquin County, the minimum required number of audits to be conducted under section 469 each year is 179, with the additional requirement that 50 percent of those audits are to be performed on taxpayers selected from the pool of those taxpayers that have the largest assessments of locally assessable trade fixtures and business tangible personal property in the county.⁵

Original Assessor's Response:

Agree: We will prioritize the audit work load and train staff necessary to meet section 469 minimum number of audits of professions, trades, and business.

Current Status:

We found that the Assessor has not implemented this portion of the recommendation. The Assessor did not meet the minimum number of audits required by section 469 for the 2016-2017, 2017-2018, and 2018-2019 fiscal years. The Assessor completed a total of 97 audits for the 2016-2017 fiscal year, 42 audits for the 2017-2018 fiscal year, 40 audits for the 2018-2019 fiscal year, and 152 audits for the 2019-2020 fiscal year, with each fiscal year falling short of the required 179 audits. As of the date of our review, the Assessor had only conducted a total of 99 audits for the 2020-2021 fiscal year.

⁵ Refer to Letter To Assessors (LTA) No. 2009/049, *Significant Number of Business Property Audits*.

For the 2016-2017 through the 2018-2019 fiscal years, section 469 required the Assessor to audit 179 taxpayers per year, with 90 (or 89 during intermittent years) of those audits from the pool of largest business property assessments and 89 (or 90 during intermittent years) of the audits from the pool of all other business property owners. By failing to conduct the minimum number of audits for those fiscal years, the Assessor was not in compliance with section 469 and risked the possibility of allowing taxable property to permanently escape assessment.

However, effective January 1, 2019, Senate Bill (SB) 1498 (Stats. 2018, Ch. 467) was passed and provides the Assessor with some discretion in the number of audits to be completed each year. Rather than requiring the Assessor to complete a specified number of audits each year, SB 1498 amended section 469 to allow the Assessor to complete a four-year total number of audits in each category within a four-year period. The first year of the four-year period began with the 2019-2020 fiscal year and, thus, at this time, we are unable to determine whether the Assessor will meet the minimum number of audits required for the current four-year period of audits, which will end with fiscal year 2022-2023.

(2) Use a comprehensive audit checklist as a standard component of all audits.

Original Findings:

During our review of audits we found that an audit checklist was not included in the work papers. Without this, we could not determine the scope of the Assessor's audit investigations.

Original Assessor's Response:

Agree: The use of a comprehensive audit checklist will be incorporated into the audit program.

Current Status:

We found that the Assessor has implemented this portion of the recommendation. The Assessor utilizes a comprehensive audit questionnaire similar in scope to the audit checklist recommended in Assessors' Handbook Section 506, *Property Tax Audits and Audit Program*.

Business Equipment Valuation

RECOMMENDATION 7: Value structural improvements reported on the BPS in the same manner as other real property structures.

Original Findings:

We found the Assessor applies business equipment depreciation schedules to structural improvements reported under column 1, Schedule B of the BPS. Structural improvements reported on the BPS should be assessed in the same manner as other real property structures enrolled to the parcel. In accordance with article XIII A, structural improvements receive a base year value that is subject to an annual inflation factor.

Original Assessor's Response:

Agree: In some instances, structural improvements have been included on the BPS and subsequently depreciated along with the personal property, fixtures and equipment. A more uniform communication procedure will be put in place to ensure that the real property and business sections coordinate in these instances.

Current Status:

We found that the Assessor has implemented this recommendation. The Assessor does not apply business equipment depreciation schedules when valuing structural improvements reported under column 1, schedule B of the Business Property Statement.

Manufactured Homes

RECOMMENDATION 8: Provide evidence of the installation of a manufactured home on an approved foundation system.

Original Findings:

We found several manufactured homes classified as real property without documentation that the foundation system met the requirements of Health and Safety Code section 18551. Foundations must conform to Health & Safety Code section 18551 before the home can be classified as real property.

Original Assessor's Response:

Agree. A copy of HCD 433(A) will be retained on file after receipt from the Recorder's Office of the recorded document.

Current Status:

The Assessor has not implemented this recommendation. We found several manufactured homes classified as real property without documentation that the foundation system met the requirements of Health and Safety Code section 18551.

Health and Safety Code section 18551 provides for a process whereby a manufactured home may be legally secured to an approved foundation, and thereby become a fixture and real property improvement to the land for property tax purposes. This procedure has many steps, the last of which is that the enforcement agency must record a document (typically, HCD form 433(A)) showing that the manufactured home has been affixed to real property by the installation of a permanent foundation system pursuant to Health and Safety Code section 18551(a). When recorded, the document is to be indexed by the county recorder to the named owner and shall be deemed to give constructive notice as to its contents to all people thereafter dealing with the real property. In addition, sections 5801(b)(1) and 5801(b)(2) provide that a manufactured home shall not be classified as real property for property taxation purposes unless it has become real property pursuant to Health and Safety Code section 18551.

When documentation of a permanent foundation is not included in the building records, there may be confusion as to the status of a manufactured home. If special assessments are levied, improper classification of manufactured homes can affect the amount of taxes due. Special assessments are levied upon real property in a district for the purpose of paying for improvements. The amount of the levy is based on the benefits accruing to the property as a result of the improvements. Special assessments are not typically imposed on items of personal property; therefore, misclassification may result in an inaccurate tax bill.

Aircraft

RECOMMENDATION 9: Require certificates of attendance signed by the event coordinator when granting historical aircraft exemptions pursuant to section 220.5(b)(3).

Original Findings:

We found the Assessor does not require signed certificates of attendance. The Assessor's practice is to allow a list of locations where the aircraft was displayed to be sufficient in granting the exemption when the statute requires certificates of attendance from event coordinators.

Original Assessor's Response:

Agree. Certificates of attendance will be required of all applicants when granting historical aircraft exemptions pursuant to Section 220.5(b)(3).

Current Status:

The Assessor has implemented this recommendation. The Assessor requires certificates of attendance signed by the event coordinator when granting the historical aircraft exemption pursuant to section 220.5(b)(3).

APPENDIX A: STATISTICAL DATA

Table 1: Assessment Roll

The following table displays pertinent information from the 2020-2021 assessment roll:⁶

	PROPERTY TYPE	ENROLLED VALUE
Secured Roll	Land	\$25,921,799,647
	Improvements	\$56,135,046,841
	Personal Property	\$1,190,807,431
	Total Secured	\$83,247,653,919
Unsecured Roll	Land	\$123,455,945
	Improvements	\$1,667,226,438
	Personal Property	\$2,642,404,170
	Total Unsecured	\$4,433,086,553
Exemptions⁷		(\$2,724,172,276)
	Total Assessment Roll	\$84,956,568,196

Table 2: Change in Assessed Values

The next table summarizes the change in assessed values over recent roll years:⁸

ROLL YEAR	TOTAL ROLL VALUE	CHANGE	STATEWIDE CHANGE
2020-21	\$84,956,568,000	7.4%	5.0%
2019-20	\$79,112,336,000	6.9%	6.1%
2018-19	\$74,038,031,000	4.8%	6.5%
2017-18	\$70,616,890,000	6.7%	6.3%
2016-17	\$66,159,882,000	5.5%	5.5%

⁶ Statistics provided by BOE-822, *Report of Assessed Values By City, San Joaquin County* for year 2020.

⁷ The value of the Homeowners' Exemption is excluded from the exemptions total.

⁸ Statistics provided by the BOE's Table 7 – *Assessed Value of County-Assessed Property Subject to General Property Taxes*, for years 2016-17 through 2020-21.

Table 3: Gross Budget and Staffing

The Assessor's budget has grown from \$10,021,087 in fiscal year 2017-18 to \$11,475,128 in fiscal year 2019-20.

The Assessor has 86 budgeted permanent positions. These positions consist of the Assessor, Assistant Assessor, 5 managers, 26 real property appraisers, 9 business property auditor-appraisers, 5 cadastral draftspersons, 4 computer programmers/analysts/technicians, 10 other technical/professionals, and 25 support staff.⁹

The following table identifies the Assessor's budget and staffing over recent fiscal years:¹⁰

FISCAL YEAR	GROSS BUDGET	PERCENT CHANGE	PERMANENT STAFF
2019-20	\$11,475,128	13.6%	86
2018-19	\$10,102,654	0.8%	81
2017-18	\$10,021,087	-0.7%	80
2016-17	\$10,095,569	5.9%	80
2015-16	\$9,537,340	-2.0%	80

Table 4: Assessment Appeals

The following table shows the number of assessment appeals filed in recent fiscal years:¹¹

FISCAL YEAR	ASSESSMENT APPEALS FILED
2019-20	470
2018-19	489
2017-18	94
2016-17	560
2015-16	724

⁹ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices 2015-16* and *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2019-20 & *Roll Data* for years 2017-18 through 2020-2021.

¹⁰ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices 2015-16* and *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2019-20 & *Roll Data* for years 2017-18 through 2020-2021.

¹¹ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices 2015-16* and *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2019-20 & *Roll Data* for years 2017-18 through 2020-2021.

Table 5: Exemptions – Welfare

The following table shows welfare exemption data for recent roll years:¹²

ROLL YEAR	WELFARE EXEMPTIONS	EXEMPTED VALUE
2020-21	471	\$1,099,907,269
2019-20	529	\$1,557,356,710
2018-19	512	\$1,532,291,016
2017-18	554	\$1,298,964,092
2016-17	539	\$1,547,227,068

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:¹³

ROLL YEAR	TOTAL TRANSFER DOCUMENTS RECEIVED	REAPPRAISABLE TRANSFERS
2020-21	32,624	12,204
2019-20	32,319	12,202
2018-19	30,095	N/A
2017-18	28,218	20,534
2016-17	25,278	18,737

¹² Statistics provided by BOE-802, *Report on Exemptions*, for years 2016 through 2020.

¹³ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices 2015-16* and *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2019-20 & *Roll Data* for years 2017-18 through 2020-2021.

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:¹⁴

ROLL YEAR	TOTAL BUILDING PERMITS RECEIVED	NEW CONSTRUCTION ASSESSMENTS
2020-21	25,862	6,084
2019-20	5,468	2,925
2018-19	18,181	N/A
2017-18	22,434	1,699
2016-17	21,883	1,282

Table 8: Declines In Value

The following table shows the total number of decline-in-value assessments in recent roll years:¹⁵

ROLL YEAR	DECLINE-IN-VALUE ASSESSMENTS
2020-21	12,253
2019-20	13,252
2018-19	15,116
2017-18	22,235
2016-17	26,845

¹⁴ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices 2015-16* and *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2019-20 & *Roll Data* for years 2017-18 through 2020-2021.

¹⁵ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices 2015-16* and *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2019-20 & *Roll Data* for years 2017-18 through 2020-2021.

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.¹⁶

MINIMUM NUMBER OF AUDITS REQUIRED¹⁷	2019-20	2018-19	2017-18	2016-17	2015-16
Largest Assessments	89	90	89	90	89
All Other Taxpayers	90	89	90	89	90
Total Required	179	179	179	179	179
NUMBER OF AUDITS COMPLETED					
Total Audits Completed	152	40	42	97	135
Largest Assessments	152	40	24	57	53
Over/(Under) Required	63	(50)	(65)	(33)	(36)
All Other Taxpayers	0	0	18	40	82
Over/(Under) Required	(90)	(89)	(72)	(49)	(8)
CCCASE AUDITS					
Prepared for other county Assessors	0	0	0	0	0

¹⁶ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices 2015-16* and *A Report on Budget, Personnel, and Appeals Data* for years 2016-17 through 2019-20 & *Roll Data* for years 2017-18 through 2020-2021.

¹⁷ See Letter To Assessors No. 2009/049, *Significant Number of Business Property Audits*, for the minimum number of annual audits required pursuant to the provisions of section 469.

APPENDIX B: COUNTY-ASSESSED PROPERTIES DIVISION SURVEY GROUP

San Joaquin County

Chief:

Patricia Lumsden

Survey Program Director:

Holly Cooper

Manager, Property Tax Department

Survey Team Supervisor:

Andrew Austin

Supervisor, Property Tax Department

Survey Team Leader:

Gary Coates

Senior Specialist Property Appraiser

Survey Team:

James McCarthy

Senior Petroleum and Mining Appraisal Engineer

Amanda Lopez

Senior Specialist Property Appraiser

Alexander B. Fries

Associate Property Auditor-Appraiser

Nicole Grady

Assistant Property Appraiser

Dany Lunetta

Associate Governmental Program Analyst

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



SAN JOAQUIN
— COUNTY —
Greatness grows here.

Office of the Assessor-Recorder-County Clerk

Steve J. Bestolarides, Assessor-Recorder-County Clerk

Karyn Johnson, Assistant Assessor-Recorder-County Clerk

November 9, 2021

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

Dear Mr. Yeung:

Pursuant to section 15645 of the Government Code, enclosed is our response to the Board's recommendations for San Joaquin County's 2020-2021 Supplemental Assessment Practices Survey. Andrew Austin, the survey team supervisor, provided a draft of the report and recently met with our staff to explain the findings and gave us the opportunity to ask any questions.

We have reviewed the draft report and agree with the findings. There were nine prior recommendations, of which five were found to be fully implemented. We have already addressed some of the remaining findings and will continue to implement improvements in all areas. Please incorporate our response to the recommendations into the final San Joaquin County 2020-2021 Supplemental Assessment Practices Survey report.

I commend the level of professionalism and work ethic that your staff exhibited throughout the survey. My management team also expressed sincere appreciation for their courteous manner and patience during the remote survey process. Please extend my sincere appreciation to your team.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steve J. Bestolarides".

Steve J. Bestolarides
Assessor-Recorder-County Clerk
San Joaquin County

**Enclosure: San Joaquin County Assessor's Response to BOE 2020-2021
Supplemental Survey Recommendations**

Recommendation 2: Properly implement the penalty process in accordance with section 482(b).

Response: Agree. We have already developed a process to apply Section 482(b) Penalty Process – LEOP Failure to file BOE-100-B and have implemented this penalty on LEOP's reported in 2021.

Recommendation 5: Measure declines in value for mineral properties using the entire appraisal unit as required by Rule 469.

Response: Agree. In the future, we will take the entire appraisal unit into consideration when measuring declines in value for mineral properties.

Recommendation 6: Improve the audit program by: Performing the minimum number of audits of professions, trades, and businesses pursuant to section 469.

Response: Agree. Audits are now being identified by FEIN rather than audit group. We will continue to audit all related entities as a group, and the number of audits counted within that group will be determined by FEIN. Our audit team is now currently fully staffed, which has been an ongoing issue for many years. The change in properly counting the number of audits by FEIN going forward and the fully staffed audit section will allow us the ability to meet the minimum number of audits pursuant to section 469.

Recommendation 8: Provide evidence of the installation of a manufactured home on an approved foundation system.

Response: Agree. We have developed a process to require that a copy of the 433A, as evidence of the installation of a manufactured home on an approved foundation system, to be placed in the Building Record file going forward.