

State of California  
BOARD OF EQUALIZATION  
PROPERTY TAX RULES

Division 1. State Board of Equalization-Property Tax  
Chapter 12. Racehorse Tax

**Rule 1045. Administration of the Annual Racehorse Tax.**

*Authority:* Section 15606, Government Code; and Section 5781, Revenue and Taxation Code.

*Reference:* Section 15606, Government Code; and Sections 469, 5701, 5721, 5765, 5768, 5781 and 5790, Revenue and Taxation Code.

**(a) CONTENT AND ARRANGEMENT OF BOARD-PREScribed RACEHORSE FORMS.** The annual tax imposed by section 5721 of the Revenue and Taxation Code on the privilege of breeding, training, caring for, or racing racehorses in this state shall be administered as provided herein. A county assessor shall use board-prescribed racehorse forms. An assessor shall not change headings, shall not reduce the font size of text, and shall not change questions in, add questions to, or delete questions from the racehorse forms prescribed by the board. An assessor may add county-specific identifying information, such as the assessor's name and logo, the county's name and logo, and the assessor's contact information, to a board-prescribed racehorse form. An assessor may designate an area on a board-prescribed racehorse form as for assessor's use only and may delete, edit, or move an area on a board-prescribed racehorse form that is designated for assessor's use only. Subject to board approval, an assessor may also:

- (1) Alter the size of a board-prescribed racehorse form to meet the needs of office procedures and facilities;
- (2) Bold specific text or enlarge font sizes on a board-prescribed racehorse form; and
- (3) Change the orientation of a board-prescribed racehorse form, for example, from portrait layout to landscape layout.

**(b) CHECKLIST FOR ANNUAL RACEHORSE TAX FORMS.** Annually, on or before September 1, the assessor shall notify the board, on a checklist provided by the board, of those board-prescribed racehorse forms, including instructions, which the assessor:

- (1) Will reproduce from the current prototype forms and instructions distributed by the board for use for the succeeding assessment year with or without the addition of county-specific identifying information;
- (2) Will produce with changes authorized by subdivision (a)(1), (2), or (3); or
- (3) Will have no need.

**(c) APPROVAL OF ANNUAL RACEHORSE TAX FORMS.** When filing the checklist, the assessor shall submit to the board (either in hard copy or electronically) for approval a copy of each form, including instructions, which the assessor will produce with changes authorized by subdivision (a)(1), (2), or (3). If a form does not conform with the specifications prescribed by the board, the assessor shall be notified in writing of the variances. The assessor shall submit a revised racehorse form within 30 days of the date of the notice.

**(d) COUNTY-DEVELOPED RACEHORSE TAX FORMS.** An assessor may only develop a property tax form if a statute expressly exempts the assessor from the requirement that the assessor use a board-prescribed form (see, for example, Revenue and Taxation Code sections 75.31 and 534), or the assessor needs a form to request relevant information that is not requested in a form the board prescribed for the same purpose.

- (1) Assessors are encouraged to jointly develop uniform questions and property tax forms to obtain the same information throughout the state.
- (2) Assessors are encouraged to request that the board change questions in, add questions to, and delete questions from board-prescribed property tax forms or prescribe new property tax forms when:

## Rule 1045 (Contd.)

(A) Multiple assessors need to request information that is not requested in a form the board prescribed for the same purpose; or

(B) Board-prescribed property tax forms contain questions that assessors no longer need.

(3) An assessor may not use a county-developed property tax form unless the assessor obtains prior approval from the board that the current statutory and regulatory provisions are reflected on the form, and an assessor does not have authority to impose penalties on any person for failing to complete a county-developed property tax form.

### **(e) DISTRIBUTION OF FORMS AND RETENTION OF REPORTS.**

(1) Copies of the forms prescribed by the board for reporting the tax due and for reporting the names of persons whose racehorses are boarded with others shall be furnished by the assessor no later than December 15 prior to the calendar year in which the tax is due by mailing them to persons believed to be required to use them and by making them available at the assessor's office to any person requesting them.

(2) The assessor shall maintain a record of those persons believed to be liable for the annual racehorse tax to whom the assessor has furnished copies of the forms. A copy of the record shall be delivered to the tax collector within 10 days of the date when copies of the forms are furnished so that the tax collector can be cognizant of the taxpayers who can reasonably be expected to file returns.

(3) The assessor shall retain a copy of all tax returns filed by taxpayers for a period of five years from the date the returns became due. They shall be arranged or identified so as to indicate whether or not an audit is required under subsection (f) of this regulation.

### **(f) AUDITS.**

(1) The assessor shall audit the tax records relative to his or her county of any racehorse owner who, according to the assessor's records, had a gross tax liability (before addition of any penalties) that exceeds \$4,000 for each of four consecutive calendar years. This audit shall be performed within five years of the date on which the annual racehorse tax first became due and shall include, but not be limited to, a comparison of the annual racehorse tax return with records maintained by the taxpayer. The assessor, when performing an audit pursuant to this regulation of a taxpayer's records of racehorses taxable at a home ranch or other business location, may also audit records of the same taxpayer pertaining to personal property and fixtures on property having tax situs at the same location.

(2) When an assessor schedules an audit of the records of any racehorse owner, whether as part of an audit required by section 469 of the Revenue and Taxation Code or independently thereof, the assessor shall advise the assessor of any other county in which racehorses of the taxpayer were taxable, as shown in the Annual Racehorse Tax Return or in any other source, of the date on which the audit will be performed. Upon completion of the audit, the assessor shall make that portion of the audit findings relevant to the annual racehorse tax available to the assessor of any other county in which racehorses of the taxpayer were taxable.

(3) On discovery that horses escaped taxation, the assessor shall determine whether they were subject to the annual racehorse tax, were subject to the property tax, or were exempt. If determined taxable, the assessor shall either provide the tax collector with copies of the audit workpapers so that a determination of additional racehorse tax due can be calculated, or enroll an ad valorem assessment of escaped personal property.

**(g) FORMS POSTED ON THE INTERNET.** Counties are encouraged to make annual racehorse forms available on their county Internet websites, and to ensure that only the most current forms are posted on their websites.

**(h)** Nothing herein shall be construed to prohibit the assessor from auditing the records of taxpayers for which audits are not required by this regulation.

*History:* Adopted October 26, 1972, effective December 1, 1972.  
Amended October 18, 1973, effective November 25, 1973.  
Amended December 7, 1982, effective March 4, 1983.  
Amended December 14, 2004, effective March 19, 2005.  
Amended January 30, 2013, effective April 1, 2013.  
Chapter name amended March 28, 2017, effective May 15, 2017