



California Assessors' Association STANDARDS COMMITTEE

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Association President

CHRISTINA WYNN

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Agenda

Standards Committee

Wednesday, April 24, 2024

Hybrid Meeting

1 Old Golf Course Rd, Monterey, CA 93940

<https://calassessor.org.zoom.us/j/87936307324?pwd=TXZM9Kjux1SCbh1rM3u7bQyEuaYfYG.1>

Meeting ID: 879 3630 7324

Passcode: 270814

Dial by your location

• +1 669 444 9171 US

(Immediately following Education Committee meeting)

- I. Call to Order
- II. Roll Call
- III. Approval of Draft Minutes: January 18, 2024
- IV. Approval of Agenda
- V. Committee Reports:
 - A. Aircraft Advisory (Jeff Prang/Sheryl Taylor)
 - B. Business Property (Rich Ford)
 - C. Business Valuations (Matt Maynard)
 - D. C&I Database Ad-Hoc (Claude Parrish)
 - E. Dark Store Ad-Hoc (Christina Wynn/Jarret Stedifor)
 - F. Exemptions (Claude Parrish)
 - G. Forms (Marina Camacho)
 - H. LEOP (Jeff Prang/Brian Donnelly)
 - I. Mapping/GIS (Peter Aldana)
 - J. Natural Resources (Laura Avila)
 - K. Possessory Interest Ad-Hoc (Jeff Prang/ Brian Donnelly)
 - L. Proposition 19 Ad-Hoc (Robert Menvielle)
 - M. Real Property (Laura Avila)
- VI. Board of Equalization Report (Glenna Schultz)
- VII. Old Business:
 - a. Habitat for Humanity
- VIII. New Business:
 - a. Real Property Natural Resources
 - b. Intangibles:
- IX. Announcements:
- X. Adjourn:



California Assessors' Association STANDARDS COMMITTEE

DRAFT MINUTES Standards Committee Meeting CAA Standards Committee Meeting Thursday, January 18, 2024 Hybrid Meeting

1. **Call to Order:** 1:50 pm

2. **Roll Call:** 9 members present; There was a quorum.

Present	Marina Camacho	Monterey County
Present	Matthew Maynard	Placer County
Present	Dave Stottlemayre	Inyo County
Present	Keith Taylor	Ventura County
Present	Matt May	Merced County
Present	Peter Aldana	Riverside County
Present	Stephen Duckels	Yuba County
Present	Robert Menvielle	Imperial County
Present	Laura Avila	Kern County

3. **Approval of draft minutes: December 13, 2023:** M/S/U: Dave Stottlemayre/Laura Avila

4. **Approval of Agenda:** M/S/U: Matt Maynard/Steve Duckels

5. Committee Reports:

- A. **Aircraft Advisory (Brian Donnelly):** No report
- B. **Business Property (Rich Ford):** No report
- C. **Business Valuations (Matt Maynard):** The Business Valuation committee presented the CAA Business Assessment Factors for Lien Date 2024. Recommended action to review and approve the publication effective January 1, 2024.
- D. **C&I Database Ad-Hoc (Claude Parrish) :** No report
- E. **Dark Store Ad-Hoc (Jarret Stedifor):** No report but will continue to track any changes.
- F. **Exemptions (Claude Parrish):** No report.
- G. **Forms (Marina Camacho): Request for form recommendation changes was sent out to committee due on** January 16, 2024, and a meeting is scheduled for January 26, 2024, to review recommendations.
- H. **LEOP (Jeff Prang/Brian Donnelly):** No Report
- I. **Mapping/GIS (Leslie Morgan) :** CCMA AND CAA-IT working together to be more efficient. John Tuteur informed the group of the importance and benefit of supporting these two groups working together, especially when implementing changes to maps and impact GIS. He provide an example that took place in his county where mapping and GIS worked together to implement changes.
- J. **Natural Resources (Laura Avila):** PSAC is having their conference in Ventura on February 6 & 7th 2024.
- K. **Possessory Interest Ad-Hoc (Brian Donnelly):** meeting held on January 12, 2024, to discuss the on-going issue with JPA. The consensus of all assessors that are part of the JPA to assess these types of properties to the administrators and not the tenants, as San Diego and Orange County who have taken the lead. Los Angeles will soon do the same followed by Marin and Alameda



California Assessors' Association STANDARDS COMMITTEE

County. A revised draft of the white paper will be presented to the Executive Committee with the recommended revisions. Conversation to codify what assessors are doing regarding assessing Administrators and what that road map looks like. Some language has been developed, but it still requires vetting by others before it is ready. Looking for an author. Claude Parish provide a single page sample document for assessment of how the process is done in Orange county and offered it to all counties.

- a. A piece of legislation authored by Josua Blumenthal proposing to raise the low value ordinance to \$50K, a continuation of bill 1533 that will be presented as a new bill during the next session.
- b. Action will be presented tomorrow for final approval of the JPA White paper.
- L. **Proposition 19 Ad-Hoc (Robert Menvielle)** – a meeting was held with BOE staff, Glenna Schultz, David Yeung, to inquire about guidance on Prop19IGTX (intergenerational transfers) received from other counties. Glenna recommended to refer all questions relating to Prop 19IGTX directly to PTWebRequests@boe.ca.gov, and the inquires will be routed to specific subject matter expert staff. BOE response time 10-15 days, some may take longer depending on complexity. Two LTA's with Q &A are being drafted: 1) Prop19B(BYV); 2) Prop 19IGTX, no release date. BOE referred to LTA2022/012 in the interim. No future meeting date is set, but BOE staff is available to meet anytime.
- M. **Real Property (Laura Avila)**: OCA Spring Conference is on March 7-8, 2024.

6. **Board of Equalization Report (Glenna Schultz)**: See attached report.

7. **Old Business**: None

8. **New Business**:

A. Approve 2024 Business Factors: Steve Duckels made a motion to approve the 2024 factors, Robert Menvielle second, as type- o reflecting 2023 vs 2024, to be corrected. **Motion: passed**

B. Habitat for Humanity assessment review (Marin): A discuss re: the methodology each county and consistency on how the valuations for these types of properties is done by all counties. It was recommended to create an Ad hoc committee; however, the recommendation was tabled the recommendations 1) Marin and SF will send out information to the Chief's to place item on their agenda and start a conversation; 2) review existing information on the subject; and 3) San Francisco and Marin Assessors will create an example and route to the Assessor's and ask their staff how they would value, before creating an Ad-hoc committee. Larry Stone cautioned the group on the approach and not to give the impression of treating a group differently. Tom Bordonaro reminded the group that this has been an issue in the past, and suggested reviewing what was out and available for the group.

9. **Announcement**:

CDTFA: sent out an e-mail to ensure that each county registers for any state refunding related to Prop 19.
John Tuteur: concerned and reminded the group that this request falls under the Auditor's Responsibility and all the group agreed.

10. **Adjourn**: 2:38 pm

Aircraft Advisory Subcommittee
Commercial Airlines Update – April 2024

The Aircraft Subcommittee met February 29, 2024. The next meeting is anticipated to be in the Fall.

Revised MOU Discussion

Since passenger and cargo carriers continue to appeal aircraft valuations despite having a statewide MOU in place, the subcommittee will have future discussions about the effectiveness of the MOU. These talks would not take place until after the roll has closed. Counties showing interest in participating include: Los Angeles, San Mateo, Orange, Santa Clara, San Mateo and Alameda.

Jet Fuel Consortium

Los Angeles County completed a 2013-2018 appeal case for jet fuel assessed to LAXFuel, a consortium of airlines. Fueling operations for the member airlines are conducted through LAXFuel at LAX. Prior to 2013 fuel was assessed directly to the airlines, however when the airlines stopped reporting jet fuel expenses, Los Angeles County began assessing LAXFuel acting on behalf of the member airlines. The Los Angeles AAB ruled in favor of the taxpayer. Starting in 2019, Los Angeles County resumed assessing the individual airlines based on LAXFuel's data.

This decision supports a 2019 Los Angeles County AAB decision for Cathay Pacific Airlines, a member of LAXFuel, which upheld the assessment of jet fuel directly to the airline.

At this time, airlines also hold jet fuel consortiums at SFO and Oakland airports. No fuel assessments are being made to these entities.

PLACER COUNTY ASSESSOR'S OFFICE

Matthew R. Maynard, Assessor

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April 15, 2024

Honorable Marina Camacho, Chair
California Assessors' Association Standards Committee

Subject: AD-HOC Business Valuation Committee Report

Dear Ms. Camacho:

In preparation for the upcoming California Assessors' Association Standards Committee meeting to be held on April 24, 2024, please find the following update from the Ad-Hoc Business Valuation Committee.

Project Updates:

1. Solar Panel Study Group—the group is making progress on determining the depreciation factor table for solar panel equipment. The group continues to meet monthly. We should have additional information to share this summer.
2. Winery Tanks are the next group of assets to review. This group will begin meeting in the coming months.

Sincerely,

A handwritten signature in black ink that reads "Matthew R. Maynard".

Matt Maynard, Chair
AD-HOC Business Valuation Committee
Placer County Assessor

cc: Honorable Christina Wynn, President
California Assessors' Association
Jaime Kirkpatrick, Acting Chair
CAA AD-HOC Business Valuation Committee



STATE BOARD OF EQUALIZATION
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MALIA M. COHEN
State Controller

YVETTE M. STOWERS
Executive Director

April 12, 2024

Honorable Marina Camacho, Chair
California Assessors' Association Standards Committee
168 W Alisal Street, First Floor
Salinas, CA 93901

Dear Ms. Camacho:

In preparation for the California Assessors' Association (CAA) Standards Committee meeting to be held on April 24, 2024, the following information is provided regarding various projects of the State Board of Equalization (BOE).

Project Updates:

Assessors' Handbook Section 265, Cemetery Exemption (AH 265) and Assessors' Handbook Section 516, Assessment of Cemeteries (AH 516) – In 2022, BOE staff initiated a project to combine these two handbooks into one – AH 516. Since any changes are nonsubstantive, we will not be initiating an interested parties process before finalizing this handbook.

Assessors' Handbook Section 531, Residential Building Costs (AH 531), and Section 534, Rural Building Costs (AH 534) – In 2023, BOE staff began a project to split AH 531 and AH 534 into two handbooks each. The cost tables will be in one handbook (AH 531 and AH 534) and the description (text) and pictures will be in another handbook (AH 531A and AH 534A). We anticipate that the proposed changes to the AH 531 and the AH 534 will be completed for the 2025 lien date.

Assessors' Handbook Section 560, Assessment of Mining Properties, and Section 566, Assessment of Petroleum Properties – In 2024, BOE staff began a project to update these two handbooks. BOE staff will initiate the interested parties process once the first drafts of the revised handbooks are completed.

Forms – BOE staff participated in CAA Forms Subcommittee meetings in January and March. Changes to 16 BOE-prescribed forms and two new forms were discussed and approved. These forms will be presented to the Board for approval at the Board Meeting scheduled on May 29, 2024.

At the end of January 2024, the BOE's Welfare Exemption Section launched its electronic filing for the six welfare exemption forms that are filed with the BOE.

Proposition 19 – On November 3, 2020, California voters passed Proposition 19, which added section 2.1 to article XIII A of the California Constitution, to provide two new types of property

tax relief: (1) a base year value transfer for persons over age 55, severely disabled, or victims of wildfire or natural disaster; and (2) an intergenerational transfer exclusion. Subsequently, effective September 30, 2021, Senate Bill 539 (Stats. 2021, ch. 427) added sections 63.2 and 69.6 to the Revenue and Taxation Code (RTC) to implement the intergenerational transfer exclusion and base year value transfer provisions of Proposition 19. On January 1, 2022, two new property tax rules (Property Tax Rules 462.520 and 462.540) went into effect that further implement these provisions.

The BOE created a special webpage (www.boe.ca.gov/prop19/) for Proposition 19 information, which includes comparison charts, guidance, Frequently Asked Questions, related legislation, filing checklists, and additional resources. Since our last report in January 2024, the guidance webpage has been reorganized to separate the various Letters To Assessors (LTA) into four categories: Proposition 19 General Information, Intergenerational Transfer Exclusion, Base Year Value Transfer, and Rulemaking.

Also, BOE staff completed the review of former guidance issued on the BOE's website, such as LTAs, FAQs, and Chief Counsel Memos, identified any conflicting information previously provided, and posted notes that refer to the pertinent code section, Property Tax Rule, or appropriate LTA.

In addition to the existing self-study session on Proposition 19 – Base Year Value Transfers, we have posted a new self-study training session titled Proposition 19 – Intergenerational Transfer Exclusion. This new self-study session is based on LTAs Nos. 2022/012 and 2023/012 and Property Tax Rule 462.520.

Property Tax Rule 192, *Audit Selection* – Effective January 1, 2019, Senate Bill 1498 (Stats. 2018, ch. 467) amended RTC section 469 to provide County Assessors flexibility in meeting annual audit requirements. Beginning with the 2019-20 fiscal year, Assessors may meet the requirements of RTC section 469 by completing the four-year total of required annual audits within that four-year period.¹

On November 15, 2022, BOE released Letter To Assessors No. 2022/053 to initiate a project to amend Property Tax Rule 192 to include language representative of County Assessors' options in meeting the annual audit requirements. Interested parties were asked to review the proposed amendments and provide suggested revisions in the form of alternative text by December 31, 2022. The BOE did not receive any comments. On June 27, 2023, the Board approved publication of the amendments to Rule 192 with the Office of Administrative Law. The proposed amendments to Rule 192 were published by the Office of Administrative Law on September 8, 2023. Public notice of the proposed changes was issued on November 9, 2023 via Letter To Assessors No. 2023/043. The Board approved the proposed changes on January 23, 2024. Rulemaking documents are being prepared to submit the amended rule to the Office of Administrative Law for final approval.

Property Tax Rule 135, *Homeowners' Property Tax Exemption* – Effective January 1, 2011, Senate Bill 1493 (Stats. 2010, ch. 185) amended RTC section 465² regarding document

¹ See Letter To Assessors No. [2018/067](#).

² See Letter To Assessors No. [2010/057](#).

destruction. Staff will soon be initiating a project to amend Rule 135(e)(5) to conform to RTC section 465 as amended in 2011.

Sincerely,

A handwritten signature in cursive script that reads "Glenna R. Schultz".

Glenna R. Schultz, Principal Property Appraiser
County-Assessed Properties Division
Property Tax Department

cc: Honorable Christina Wynn, President
California Assessors' Association

Ms. Yvette M. Stowers, Executive Director, Board of Equalization

Mr. David Yeung, Deputy Director, Property Tax Department

Ms. Lauren Keach, Chief, County-Assessed Properties Division



Natural Resources Report for Standards – Spring Conference April 2024

The Petroleum Standards Advisory Committee (PSAC) had its annual meeting during the WSPA/PSAC conference, February 6-7, 2024 in Ventura. Assessor and industry heard from many industry leaders on day one of the conference. During the day 2 meeting, only assessor/BOE staff met to discuss pricing for oil and gas. A price per barrel was determined based on presentations from Los Angeles County and Kern County staff. The annual pricing letter was sent out by Kern County in March to all interested parties.

During the assessor only meeting a topic came up of expanding the group to being more inclusive of all natural resources the state has to offer. A short discussion of wanting to hold an annual conference to include such property type as oil, gas, wind, solar, geothermal, water, and any other natural resources. The group as a whole seemed interested in a round table meeting covering these topics.

As discussed with the PSAC group, I am bringing to the Assessor group at the spring meeting in Monterey to get more input from all Assessors. We will have a short Natural Resources committee meeting during breakfast on day 2 to discuss the idea before being brought to all Assessors.



Real Property Chief Report for Standards – Spring Conference April 2024

The Realty Chief's held their spring conference in Ventura, hosted by Ventura County, March 7 & 8, 2024. The main topics of discussion were:

- **Intangibles** are back into the fold of major topics. San Francisco (St. Francis, LLC) recently lost their case and Los Angeles is still waiting for the Supreme court to set a date. The cases both center around intangibles and how the Assessor is considering them. We anticipate that the Supreme Court rulings will change things for assessors, or at least we hope they will clarify things for everyone.
 - Along these lines, the OCA voted to make a request of CAA related to intangibles:
 - Would CAA be interested in petitioning the BOE for updated guidance on intangibles? Clarification or a re-write of the controversial portion of the AH 502 may be necessary, depending on the outcome of the litigation.
 - Maybe create a working group of BOE, Chiefs, and Assessors
 - During the discussion, additional training on intangibles was brought up. It renewed the discussion of the intangibles training that LA was going to provide to the Chiefs.
 - They would like training to talk about the 441d process and how to know what to ask for and then how to evaluate what is received to know if they got what they asked for. LA has a standard 441d letter they will share.
 - There is concern from smaller counties, that attorneys are coming after them in these major cases to win so there is president set. They feel that they don't have the staff time or knowledge to fight these big cases and they are scared they will lose a case that will affect the entire state.
 - LA and Riverside strongly encourages the group to not call their hotel valuations the "Rushmore Approach". They need to refer to it as the Appraisers Approach or Income Approach or something like that because of the cases that have been lost using the Rushmore Approach.
- **Prop 19** continues to be a major topic. More complex issues are coming forward. For example, what structures are included in the Family Farm exclusion (i.e. farm worker housing and tasting rooms)? Also, what constitutes a Family Farm.
 - AAB Case in Placer County was lost by assessor. The owner claimed the 9 trees he has on his large property constituted a farm because the property was under cultivation.
 - The Chiefs want the BOE to determine an opinion for what is a family farm or assessment/exclusion purposes. The findings from the case point to a memo from Henry Nanjo to the Board that the BOE "is charged with the responsibility to "prescribe rules and regulation to govern local boards of equalization when equalizing, and assessors when assessing..." The board must also "Prepare and issue instructions to assessors designed to promote uniformity throughout the



state and its local taxing jurisdiction in the assessment of property for the purposes of taxation.”

- There is a feeling that the BOE has not done this clearly for the Family Farm portion of prop 19. Other family farm issues that have not been made clear relate to reverting the property value to the new FBV if the Farm ceases to be used as a farm. Or if the building on the farm is not used for farming purposes any longer. For a residence it is very clear that a property value reverts to the new FBV if it stops being occupied by the primary owner, what about it stops being used as a family farm.
- Chiefs want a place on CAA website to post materials/trainings
- Artificial Intelligence in regression analysis. Riverside is already using it. There was a lot of discussion surrounding this topic.
- Chiefs were wondering if CAA would be interested in trying to negotiate a state rate for CoStar?

Fall 2024 Conference:

- Madera County will host at Bass Lake. Working on Dates in October of 2024