

REPORT OF THE  
OFFICE OF THE AUDITOR GENERAL  
TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE

861.2

POST-PROPOSITION 13 TAX ASSESSMENT PRACTICES  
OF THE COUNTIES IN THE STATE OF CALIFORNIA

\* \* \* \* \*

A SUPPLEMENT TO REPORT 861.1  
COUNTY PROPERTY TAX ASSESSMENT PRACTICES:  
AN ANALYSIS OF THE 1978-79 POST-PROPOSITION 13  
ASSESSMENT ROLL AND BASE VALUE OPTIONS

APRIL 1979



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April 1979

861.2

The Honorable Speaker of the Assembly  
 The Honorable President pro Tempore of the Senate  
 The Honorable Members of the Senate and the  
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Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's report summarizing post-Proposition 13 tax assessment practices of the counties in California. This report supplements report No. 861.1, County Property Tax Assessment Practices: An Analysis of the 1978-79 Post-Proposition 13 Assessment Roll and Base Value Options.

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Respectfully submitted,

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Attachment

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## SUMMARY

In June of 1978, California citizens voted in favor of Proposition 13 which added Article XIII(A) to the California Constitution. Article XIII(A) as amended (1) limits the maximum permissible property tax rate to one percent of full market value and (2) establishes the assessed value of each parcel on the basis of its full cash value on the 1975-76 tax bill, or thereafter, by its appraised value when a purchase, new construction or change in ownership occurs (see Appendix A for Article XIII(A) in its entirety).

Ambiguities in the wording of Proposition 13 and the limited availability of 1975-76 assessment data have caused county assessors to interpret and implement Article XIII(A) differently. Our study identified significant variations in the establishment of base year values for parcels appraised and those not appraised for the 1975-76 tax roll. For the 47 counties we reviewed, we found that:

- Twelve counties adopted the actual assessed values recorded on the 1975-76 tax roll as the base year value for developing their 1978-79 tax rolls
- Fifteen counties revalued all properties which were not at full cash value in that year, including those reappraised for the 1975-76 tax roll, to their full market value as of March 1, 1975

- Twenty counties revalued all parcels except those reappraised for the 1975-76 tax roll.

The following table illustrates the basic interpretations counties used to develop the 1978-79 tax roll.

INTERPRETATIONS COUNTIES USED  
TO DEVELOP THE 1978-79 TAX ROLL

<u>County</u>	<u>Revalued All Parcels Except Those Reappraised for the 1975-76 Tax Roll</u>	<u>Revalued All Parcels Not at Full Cash Value Including Those Reappraised for the 1975-76 Tax Roll</u>	<u>Adopted 1975-76 Assessed Value</u>
Alameda		X	
Amador	X		
Butte		X	
Calaveras	X		
Colusa	X		
Contra Costa		X	
Del Norte		X	
Glenn		X	
Fresno		X	
Humboldt		X	
Inyo	X		
Kern	X		
Kings		X	
Los Angeles	X		
Madera			X
Marin	X		
Mendocino		X	
Merced	X		
Modoc		X	
Mono			X
Monterey		X	
Nevada			X
Orange		X	
Placer			X
Plumas	X		
Riverside	X		
Sacramento	X		
San Bernardino		X	
San Diego			X
San Francisco			X
San Joaquin	X		
San Mateo		X	
Santa Barbara	X		
Santa Clara			X
Santa Cruz			X
Sierra	X		
Siskiyou	X		
Solano			X
Sonoma	X		
Stanislaus	X		
Sutter	X		
Tehama			X
Trinity		X	
Tulare			X
Ventura			X
Yolo	X		
Yuba	X		
TOTALS	<u>20</u>	<u>15</u>	<u>12</u>

Furthermore, counties significantly differed in their methods for revaluing properties which had realized changes in ownership and/or were subject to new construction from March 1, 1975 through February 28, 1978. For example, to handle changes in ownership some counties enrolled the parcel's sales price on the 1978-79 tax roll, while other counties either conducted conventional reappraisals, applied trending factors or reduced the sales price by a standard percentage factor. In addition, assessors employed different methods for revaluing new construction, including: (1) appraising the value of the new construction separately from the value of the existing portion of the parcel, (2) trending the value of the new construction to the date of the construction, (3) placing minimum value limits on the new construction considered for valuation and (4) revaluing the entire parcel including the existing and new construction.

Varying practices used by counties to develop their 1975-76 tax rolls also affected the 1978-79 tax roll. The number of parcels which counties reappraised for the 1975-76 tax roll ranged from 14 to 100 percent of total parcels in individual counties. The total number of properties not appraised, methodology used and schedule for properties which were appraised, as well as other factors prevented counties from enrolling all properties on the 1975-76 tax roll at 100 percent of full market value. Overall, the actual levels achieved ranged from 76 to 99 percent of full market value.

On the following pages we have included a list of assessment terms and their definitions. We strongly recommend that the reader review this section since it explains concepts necessary for understanding this report.

## GLOSSARY OF TERMS

Practitioners at both the state and local levels have used various assessment terms interchangeably. Therefore, to enable the reader to accurately interpret the terms within this report, we have prepared the following glossary.

Appraisal/Reappraisal--A periodic or cyclical evaluation of a total parcel (land and improvements) to substantiate the assessor's judgment of its full market value or, when provided for by law, its restricted value for uniform assessment purposes. Counties appraise or reappraise parcels using various methodologies, such as conventional appraisals, computer-assisted appraisal programs or sophisticated trending techniques.

Appreciation--Increases in parcel value which result from inflation or from special supply and demand forces affecting the specific parcel.

Assessed Valuation--The amount resulting from county assessors assessing all locally secured real property at 25 percent of full market value.

Base Year/Base Year Value--A year designated for valuing specific properties. As a result of Proposition 13's passage, the assessment year 1975-76 serves as the original base year. Thereafter, any assessment year in which real property or a portion thereof is purchased, realizes new construction or changes ownership shall become the base year used in determining the parcel's full cash value, known as its base year value.

Cash Equivalency--An adjustment to a parcel's sales price, such as elimination of finance charges and personal property.

Changes in Ownership--A change in the method of holding title by voluntary or involuntary transfer or by operation of law. This change includes all transfers of property by grant, gift, devise, inheritance, trust, contract of sale, addition or deletion of an owner or property settlement.

Interspousal Transfer--A property transfer between a husband and wife to create or terminate a community property or joint tenancy interest. Transfers of this type do not require reappraisal because they are not considered a change in ownership.

Nonmonetary Transfer--A change in ownership for which cash was not exchanged. An example is the transfer of real property by gift.

Cluster--Parcels selected by a geographical area for appraisal according to the parcel's primary use (i.e., all single family residences in an area).

Computer-Assisted Appraisal Program (CAAP)--Generally a computer program for estimating market value of properties by multiple regression analysis, a statistical technique generally applied to residential parcels for estimating values of unsold properties using statistical data collected from sold properties.

Confirmed Sales--A sales price verified by a document, such as a signed sales letter received from the buyer.

Conventional Appraisal--A value estimate for an individual parcel determined by applying one or more of these basic methods--the sales comparison, income or cost approaches. This process generally involves a physical inspection of the parcel, an analysis of comparative sales data, an estimate of replacement cost less depreciation, and where appropriate, the capitalization of income. The correlation of these value estimates will generally produce the most accurate possible estimate of the market value of unsold properties.

Desk Review/Appraisal--A manual analysis of an individual parcel file to determine an appraised value for that parcel based upon the information contained in that file and other pertinent data. This technique is similar to a conventional appraisal but it does not involve a physical inspection of the parcel.

Equalize--To fix appropriate values for all parcels in a county by considering market values and relationships between parcels.

Escaped Property--Property which has not been assessed or which has been undervalued because of the owner's failure to file a property statement.

Full Cash Value/Fair Market Value\*--The amount of cash or its equivalent which property would bring if exposed for sale in the open market based upon the buyer and seller's full knowledge of the property's potential or actual uses and purposes and any enforceable restrictions upon those uses and purposes.

Interim Adjustments--Across-the-board percentage factors, not based upon quantifiable data, which are applied to existing values to increase assessments on a group of properties. These adjustments generally produce interim values that are somewhat below actual market values.

Lien Date--The date when taxes for any fiscal year become a claim against the property. In California, tax liens attach annually as of 12:01 a.m. on the first day of March preceding the fiscal year for which the taxes are levied, except as otherwise specifically provided for in the Property Tax Laws.

Locally Assessed Secured Real Property Roll--Property on the assessment roll for which the taxes are a lien on real property and which the assessor considers sufficient to secure payment of the taxes. It is the county assessor's duty to assess these properties.

Open Space/Agricultural Preserve Parcels--Parcels comprised of:  
(1) land within an agricultural preserve and subject to a contract or an agreement or (2) land subject to a scenic restriction and/or land subject to an open-space easement.

\* Pursuant to the addition of Article XIII(A) to the California Constitution, the term "full cash value" is restricted under the terms of the Article. For purposes of this report the term "full market value" is synonymous with "fair market value."

Parcel/Property--For purposes of this report, "property" and "parcel" have been used interchangeably to mean an individual parcel designated by an assessor's parcel number.

Revaluation--A change to the total value of a property where the total property is not appraised to 100 percent of current full market value (a portion of the property may have been appraised at full market value). Revaluations may be caused by (1) an appraisal of only a new improvement to a property such as the addition of a room or swimming pool, (2) destruction of an improvement, (3) escape assessments and (4) interim adjustments. For purposes of this report, some references to revaluations for the 1978-79 tax roll include appraisals because we could not fully determine the sophistication of the varying appraisal techniques used.

Sales Ratio Studies--An analysis of the relationship between parcel full market values as compared to the appraised values in a given area (e.g., in a specific neighborhood a parcel is appraised at 80 percent of the full market value).

Tax Roll--For purposes of this report, "tax roll" refers to a county's assessment roll.

Trending--The method of increasing assessments on a group of parcels by applying an appropriate percentage derived from an analysis of quantifiable data. This technique generally produces interim values that are somewhat below actual market values.

Use Codes--Codes which identify both a parcel's primary or actual use and its highest-and-best use. For example, the primary use of a single family residence located on a commercially zoned lot would be single family residential while its highest-and-best use would be commercial.

## INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee, we have surveyed the assessment practices counties used to develop their 1978-79 locally secured real property tax rolls. This review was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code. This report supplements report No. 861.1 which summarizes and analyzes the information contained in this report.

## BACKGROUND

Prior to the passage of Proposition 13 in June of 1978, the California Constitution and statutes prescribed certain standards for the taxation of real property by both counties and the State Board of Equalization. Article XIII of the Constitution provides that all property except that specifically exempted is taxable and shall be assessed at the same percentage of fair market value. Section 401 of the Revenue and Taxation Code sets that percentage at 25 percent. In accordance with the directives of Article XIII, county assessors would annually assess all taxable property in the county, except for certain property which the State assessed. Based on the tax rates fixed and levied by the board of supervisors, the county auditor computed the tax due on each parcel of property in the county and entered them on the tax roll.

Proposition 13 has not changed the State Board of Equalization's responsibility for appraising the property of public utilities and allocating assessed values to each local taxing jurisdiction in which such property is located. The Board also continues to issue rules governing assessment practices, periodically surveys all aspects of each assessor's appraisal practices and performs an inter-county equalization study in one-third of the counties each year. This study consists of determining the ratio of assessed value to full cash value for all locally assessed property. The Board may then equalize the appraisals in a surveyed county by increasing or lowering the entire valuation of locally assessed property on the assessment roll.

Article XIII(A) of the State  
Constitution: Changes and Issues

The passage of Proposition 13 in June of 1978 added Article XIII(A) to the California Constitution. (This Article is reprinted in Appendix A.) The law as enacted contains two primary parts regarding property tax assessment procedures. First, Article XIII(A) sets a limit of one percent of full cash value as the maximum permissible property tax rate. The requirement that real property be assessed at 25 percent of full value was unchanged by Article XIII(A). Therefore, the effective maximum tax rate became \$4 for every \$100 of assessed value.

Second, the assessed value of each parcel is now initially determined by the full cash value of the property as shown on the 1975-76 tax bill. Property is reappraised only if it has undergone a change in ownership or new construction. Property which had not been assessed up to the 1975-76 tax levels could be reassessed to reflect 1975-76 values. After the base year value is determined, this amount may be increased by no more than two percent per year to reflect the rate of inflation.

Article XIII(A) fundamentally changed the method of appraising and assessing property in California. Assessors were formerly required to appraise all taxable property at its full cash value and, to comply with this mandate, performed either annual or cyclical reappraisals to ensure that the value shown on the tax roll was accurate. However, Article XIII(A) allows assessors to perform reappraisals only when property undergoes a change in ownership or new construction, thereby terminating the cyclical reappraisal process.

The new appraisal system also necessitates that changes occur in the type of management information county assessors maintain. The Task Force on Property Tax Administration suggests that Article XIII(A) requires a system in which changes in ownership and new construction are reported to the assessors. Additionally, it is necessary to maintain the base year values, continually update them to reflect inflation increases or events triggering a reappraisal.

### Proposition 8

Proposition 8 was a legislative constitutional amendment which passed on the November 1978 ballot. This measure amended Article XIII(A) in three ways. First, Article XIII(A) as enacted stated that "all real property not already assessed up to the 1975-76 tax levels may be reassessed to reflect that valuation" (emphasis added). Proposition 8 changed "tax levels" to "full cash value." Second, Proposition 8 further amended Article XIII(A) to exempt property reconstructed after a disaster from the category of new construction if the fair market value of the rebuilt property is comparable to its value prior to the disaster. Third, the amendments allow a reduction in assessed valuation to reflect damage or other factors causing a decline in value.

### Other Legislation Subsequent to Proposition 13

The Legislature enacted statutes after the June 1978 election to implement Article XIII(A). The major provisions of these measures included:

- The 1978-79 tax roll was defined as the 1975-76 tax roll increased by (1) reappraisals necessary to bring property up to its 1975-76 full cash value, (2) reappraisals for transfers and new construction and (3) the annual two percent maximum inflation factor

- Certain transfers were excluded as a change in ownership (e.g., interspousal) for 1978-79
- Every county is required to levy the entire tax rate of \$4 per \$100 of assessed valuation
- Article XIII(A) provides that the one percent property tax be collected by the counties and apportioned to the districts within the counties. Therefore, the Legislature developed a formula to determine the share of tax revenue each local entity in a county will receive.

Issues Requiring  
Further Clarification

Despite the enactment of Proposition 8 and the passage of legislation to implement Article XIII(A),\* several matters crucial to interpreting the law still require clarification. Among these matters are the issues of changes in ownership, new construction and determination of appropriate 1975-76 base year values.

Changes in Ownership

While changes in ownership trigger reappraisals under Article XIII(A), the new law does not specify what types of real property transfers constitute such changes. Chapter 292, Statutes of 1978 and Chapter 332, Statutes of 1978 provided that, with specified exceptions, any transfer of legal or equitable

\* The State Board of Equalization also issued procedures to assist assessors in implementing Proposition 13. These are discussed in Chapter I of Report 861.1.

title (including leases in excess of ten years) is to be considered a change in ownership. These provisions are only effective until July 1, 1979, after which time these terms will require re-definition.

#### New Construction

Article XIII(A) provides that new construction will also trigger a reappraisal, but does not define the term. To guide county assessors, the State Board of Equalization issued a regulation which defined new construction as any addition or improvement to land or alteration of an existing improvement which converts property to another use or which extends the economic life of the improvement. In addition, the Board specified other renovations which constituted routine maintenance and did not warrant reappraisal.

#### Determination of Appropriate 1975-76 Base Year Values

Varying opinions exist concerning what constitutes the appropriate 1975-76 base year value of real property for tax assessment purposes. Much of this controversy results from ambiguities in the language of Article XIII(A). One example is the troublesome phrase "full cash value." Article XIII(A) states that the maximum property tax cannot exceed one percent of the full cash value of a parcel. Full cash value is defined in that law as "the county assessor's valuation of real property as shown

on the 1975-76 tax bill under 'full cash value' . . . ." However, Section 2611.5 of the Revenue and Taxation Code indicates that the term "full value" rather than "full cash value" be used on the tax bill. Therefore, in some counties the phrase "full cash value" may not even have appeared on the 1975-76 tax bills. Other ambiguities result from imprecise usage of key words. Article XIII(A) uses the term "appraisal" and "reassessment" interchangeably although the words have different meanings. "Assess" means to charge, levy or tax for value, while "appraisal" may be defined as an authorized person's estimate of the valuation of property.

Base year value is also an important issue that needs to be resolved since that is the value which (1) constitutes the primary valuation until a transfer or new construction occurs and (2) which determines the amount of property tax revenue that a county will receive. The Legislature addressed this issue in part by adding to the Revenue and Taxation Code Section 110.1, which reads in part:

If property has not been appraised pursuant to Section 405.5 (which requires periodic appraisals) to its appropriate base year value, "full cash value" means the reappraised value of such property as of the base year lien date. Such reappraisals may be made at any time. . . (emphasis added).

However, on January 15, 1979 in the Alameda County Superior Court case of John W. Holmdahl vs. Donald J. Hutchinson, Assessor of Alameda County, No. H-55317-9, the court enjoined the Assessor from reappraising parcels which were revalued for the 1975-76 tax

roll and declared that Article XIII(A) was "not intended to give the Assessor carte blanche to reassess every property" (court's emphasis).

#### SCOPE AND METHODOLOGY

The audit team developed a comprehensive data-gathering instrument an abridged version of which is reprinted in Appendix B. This instrument was used to survey:

- The elements of a county's 1975-76 locally secured real property tax roll
- The county's approach to establishing the 1978-79 post-Proposition 13 tax roll
- The elements of the 1978-79 locally secured real property tax roll
- The assessors' estimated 1979-80 workload
- Administrative changes due to enactment of Proposition 13.

After field-testing this instrument in San Mateo and Sacramento Counties, audit teams administered it on-site in another 19 counties. These 21 counties comprise 90 percent of the state's total assessed value. Our staff gathered supporting documentation whenever possible. Finally, we sampled approximately 100 parcels in each county and conducted a case

analysis to validate answers to certain questions. Each assessor or his representative reviewed and signed completed questionnaires.

We mailed a version of this instrument to the remaining 37 counties in the State. Assessors were asked to answer the questions and provide supporting documentation whenever possible. A total of 33 counties responded to the request; however, 7 of these counties responded too late and their data is not included, and another 3 were unable to provide data sufficient for a complete summary. Four counties failed to respond.

The audit teams which administered the questionnaires in the counties prepared individual summaries of the data they collected. County assessors reviewed the summaries; their comments are incorporated into the final report where appropriate. The audit staff also wrote summaries on counties responding to the mail-out questionnaire, and assessors reviewed these for accuracy.

#### Limitations to Data

The information collected in our review of county tax assessment practices was limited due to constraints on the availability of pertinent data and the varying degree of the accuracy of information provided. Since the types of information readily available in counties differed, the information collected

included actual figures taken from county assessor records, derived estimates based on some actual data and estimates provided from the assessors and their staffs based upon their knowledge and experience. Some counties cited information collected by the State Board of Equalization in completing portions of the data-gathering instrument.

As mentioned earlier, assessment data on some counties is not included in this report. Four counties--Alpine, Imperial, Napa and San Luis Obispo--did not respond to our questionnaire. Also seven counties, including El Dorado, Lake, Lassen, Mariposa, San Benito, Shasta and Tuolumne responded too late to be catalogued in this report. Finally, Madera, Mono and Sierra counties did not provide information sufficient for a thorough analysis.

We would like to thank the 47 County Assessors and officers of the County Assessors Association with whom we dealt for their cooperation and assistance.

SURVEY RESULTS

COUNTIES WHICH REVALUED ALL PARCELS  
EXCEPT THOSE REAPPRAISED FOR THE 1975-76 TAX ROLL

AMADOR	MERCED	SISKIYOU
CALAVERAS	PLUMAS	SONOMA
COLUSA	RIVERSIDE	STANISLAUS
INYO	SACRAMENTO	SUTTER
KERN	SAN JOAQUIN	YOLO
LOS ANGELES	SANTA BARBARA	YUBA
MARIN		

COUNTIES WHICH REVALUED ALL PARCELS  
INCLUDING THOSE REAPPRAISED FOR THE 1975-76 TAX ROLL

ALAMEDA	GLENN	MONTEREY
BUTTE	HUMBOLDT	ORANGE
CONTRA COSTA	KINGS	SAN BERNARDINO
DEL NORTE	MENDOCINO	SAN MATEO
FRESNO	MODOC	TULARE

COUNTIES WHICH ADOPTED ASSESSED VALUES  
ON THE 1975-76 TAX ROLL

NEVADA	SANTA CLARA	TEHAMA
PLACER	SANTA CRUZ	TRINITY
SAN DIEGO	SOLANO	VENTURA
SAN FRANCISCO		

COUNTIES WHICH REVALUED ALL PARCELS  
EXCEPT THOSE REAPPRAISED FOR THE 1975-76 TAX ROLL

COUNTIES STAFF  
AUDITORS VISITED

KERN

LOS ANGELES

MARIN

RIVERSIDE

SACRAMENTO

SAN JOAQUIN

SANTA BARBARA

SONOMA

STANISLAUS

COUNTIES RESPONDING  
BY MAIL

AMADOR

CALAVERAS

COLUSA

INYO

MERCED

PLUMAS

SISKIYOU

SUTTER

YOLO

YURA

## KERN COUNTY

Kern County enrolled 290,970 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$2,705,032,574 in real assessed valuation<sup>2</sup> (2.8 percent<sup>3</sup> of California's total locally secured property value). Kern County is largely agricultural (about 37 percent of the total parcels).<sup>4</sup> Single family residences comprise the second largest number of parcels (28.24 percent).<sup>5</sup> Mineral properties account for only 2.37 percent<sup>6</sup> of the total parcels but comprise 37.20 percent<sup>7</sup> of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Kern County revalued all properties except those which had been reappraised for the 1975-76 tax roll and which had realized no subsequent new construction or changes in ownership. The Assessor's staff developed 74 different sets of factors based on the dates of last appraisal and up to 36 months of neighborhood sales data. The staff used a computer to multiply the last appraisal values by the factors to arrive at a property's base year value for any year from 1975 through 1978, depending upon whether a parcel had realized a change in ownership, new construction or required adjustment to a 1975-76 base year value.

The producing gas and oil properties found on the tax roll were not revalued in this manner. They have been, and continue to be, appraised on a yearly cycle because the depletion of reserves varies from year to year depending on the supply and demand for oil and gas and because new wells are continually being drilled on existing parcels.

The Kern County Assessor used the computerized factoring technique in preparing the 1978-79 post-Proposition 13 tax roll for the following reasons:

- The Assessor could not have met the June 30, 1980 deadline for completing the post-Proposition 13 tax roll using conventional appraisal methods due to his workload in preparing the 1979-80 and 1980-81 tax rolls. (The county was on a seven-year appraisal cycle.)
- The Assessor wanted to ensure that property owners were notified of Proposition 13's impact on their tax bills as soon as possible. He believed that delays in making the 1978-79 post-Proposition 13 tax roll would have made for larger jumps in tax bills as the June 30, 1980 deadline approached.
- Although it was anticipated that the factoring technique would result in errors, it was believed that the number of correct values would far outweigh the number of incorrect values.

Locally secured property in Kern County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with change in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the 1975-76 Tax Roll

Properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll needed no adjustment for the 1978-79 tax roll. The computer program identified these properties, assigned them a base year of 1975-76, and applied the two percent annual inflation factor to arrive at 1978-79 tax roll values.

Parcels with Change in Ownership from  
March 1, 1975 through February 28, 1978

Kern County's computer program neither considered sales price nor distinguished between sales and nonsales in dealing with changes in ownership. As a result, errors have resulted which

are being adjusted as they are identified. The computer program reviewed all property records and identified those with changes in ownership. The program multiplied the parcel's last appraisal value by the 1975 factor for the property's corresponding neighborhood. This figure was then multiplied by the new base year factor. If the base year was one or more years old, the new appraisal value was adjusted by the two percent per year inflation factor. All transfers, whether valid or not, were handled in this manner. The Assessor's office anticipated errors in cases such as interspousal transfers and corrected them when the property owner notified the appraisal staff of the problem.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Prior to the passage of Proposition 13, the value of a parcel's new construction was added to the last appraisal value of the parcel. This appraisal value stayed on the roll until the next cyclical appraisal. In Kern County, the computer program adjusted all parcels having new construction by taking their most recent appraisal values and multiplying them by the appropriate 1975 factor. From 1975-76 the parcels were adjusted to 1978-79 values by the two percent annual inflation factor. The office anticipated that there would be errors because the computer program did not consider the date the new construction occurred. For example, if the parcel had been appraised for the 1973-74 tax roll and received new construction in 1977, the computer took the value of the parcel and construction from 1977 and multiplied it by the appropriate 1975 factor to establish a

1975-76 base year. From there both parcel and new construction were adjusted to 1978-79 values by the two percent annual inflation factor. Appraisers reviewed print-outs for obvious errors and then relied on parcel owners to contact the office before correcting those errors which escaped notice.

**Parcels Not Appraised for the  
1975-76 Tax Roll, Needing Adjustment  
to the 1975-76 Base Year Value**

Parcels not appraised for the 1975-76 tax roll which needed adjustment to the 1975-76 base year value had their appraised values factored forward (for pre-1975 appraisals) or backward (for post-1975 appraisals) using the appropriate neighborhood factor. The adjusted 1975-76 base year value was then adjusted to a 1978-79 value by the two percent annual inflation factor. Appendix C contains examples of how the computer factored parcels.

Kern County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to changes in the county's total assessed valuation. The 1978-79 locally secured tax roll's assessed valuation increased 21.44 percent over the 1977-78 tax roll as compared to a 31.32 percent increase in 1977-78. Table 1 shows the total number of parcels, total assessed valuation, and percentage of increase in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	279,569 <sup>8</sup>	\$1,635,501,239 <sup>9</sup>	
1976-77	280,440 <sup>10</sup>	\$1,696,150,092 <sup>11</sup>	3.71
1977-78	283,775 <sup>12</sup>	\$2,227,384,646 <sup>13</sup>	31.32
1978-79	290,970 <sup>14</sup>	\$2,705,032,574 <sup>15</sup>	21.44

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value listed on the 1975-76 tax roll, or thereafter, by its appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Kern County appraised approximately 39,938<sup>16</sup> or 14 percent of the 279,569 parcels<sup>17</sup> on the tax roll. The 39,938 parcels<sup>18</sup> equal one year's workload in the county's seven-year appraisal cycle.

Kern County used both conventional appraisal and computer-assisted appraisal program (CAAP) appraisal methodologies for reappraising parcels for the 1975-76 tax roll. Staff revalued approximately 22,738 parcels by conventional reappraisal based on a physical on-site inspection. All parcel types except single family residential were treated in this manner. Staff appraised approximately 17,200 single family residential parcels by CAAP.

The 1975-76 appraisals of single family and vacant residential property were based on information received up to the previous July 1. However, a time lag caused these property types to be undervalued. The Assessor's representative estimated there was an annual 10 percent appreciation rate between July 1, 1974 and the March 1, 1975 lien date. Therefore, he concluded that single family and vacant residential properties were at 90 to 95 percent of their full market value.

No cutoff dates were used for other property types, and appraisals were generally made between July 1974 and the March 1, 1975 lien date. Appraisals were not done after March 1, 1975. The Assessor's representative estimated that mineral properties which comprised nearly half the county's assessed valuation, were appraised at 95 to 100 percent of full market value. Because of the scarcity of sales data on rural and commercial/industrial properties, these

properties achieved a lower percentage--80 to 90 percent--of full market value. Multiple family properties were estimated to be at 85 to 90 percent of full market value.

ADMINISTRATIVE CHANGES IN  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In Kern County, appraisers are planning a more accurate way of identifying the parcel base year on the assessed roll. The current procedure for using the inflation factor is to apply it to all parcels on the 1978-79 tax roll and override those values where necessary with new 1979-80 values when bona fide property sales are identified. The planned system would identify properties needing or not needing revaluation more readily. However, the computerized data system is used jointly by the County Assessor, the County Tax Collector, and the County Auditor, and no extra space is currently available in the Assessor's portion of the file. There is no current solution to this space problem.

KERN COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels<sup>19</sup></u>	<u>Total Assessed Value</u>	<u>Total Parcels<sup>20</sup></u>	<u>Total Assessed Value</u>
<b>Residential</b>				
Single Family	78,950	Not Available	82,170	Not Available
Multiple Family	9,030	Not Available	9,398	Not Available
Vacant	61,421	Not Available	63,926	Not Available
Rural/Agricultural	103,329	Not Available	107,543	Not Available
Commercial/Industrial	17,613	Not Available	18,331	Not Available
Mineral	6,626	\$ 712,636,317 <sup>21</sup>	6,896	\$1,006,347,625 <sup>22</sup>
Other	<u>2,600</u>	<u>Not Available</u>	<u>2,706</u>	<u>Not Available</u>
Total	<u>279,569<sup>23</sup></u>	<u>\$1,635,501,239<sup>24</sup></u>	<u>290,970<sup>25</sup></u>	<u>\$2,705,032,574<sup>26</sup></u>

KERN COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction and nonappraisal for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation*</u>	<u>Actually Revalued*</u>
CHANGE IN OWNERSHIP**	<u>72,000</u> <sup>27</sup>	<u>72,000</u>
NEW CONSTRUCTION**		
Residential		
Single Family	15,228	15,228
All Others	<u>15,984</u>	<u>15,984</u>
Subtotal	<u>31,212</u> <sup>28</sup>	<u>31,212</u>
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE**	<u>200,000</u> <sup>29</sup>	<u>200,000</u>
Total*	<u>303,212</u>	<u>303,212</u>

\* Figures may be inflated due to multiple counting of activities where new construction and changes in ownership may have occurred to the same parcel.

\*\*Breakout of data by property type is unavailable.

EXAMPLES OF HOW THE COMPUTER FACTORED PARCELS  
UNDER PROPOSITION 13 IN KERN COUNTY

EXAMPLE 1:	Parcel appraised for the 1975-76 tax roll with no subsequent new construction or change in ownership	
	1975 reappraisal	\$19,200
	X 1975 factor	<u>1.00</u>
	1975 base year value	\$19,200
	X inflation factor (3 years)	<u>1.0612</u>
	1978 appraisal value	<u><u>\$20,375</u></u>
EXAMPLE 2:	Parcel not appraised for the 1975-76 tax roll, needing adjustment to 1975-76 base year value	
	1972 reappraisal	\$27,800
	X 1975 factor	<u>1.35</u>
	1975 base year value	\$37,530
	X inflation factor (3 years)	<u>1.0612</u>
	1978 appraisal value	<u><u>\$39,827</u></u>
EXAMPLE 3:	Parcel appraised before 1975 with change in ownership between March 1, 1975 and February 28, 1978 (April 1976)	
	1972 reappraisal	\$36,000
	X 1975 factor	<u>1.35</u>
	1975 base year value	\$48,600
	X 1976 factor	<u>1.20</u>
	New Value (1977 base year)	\$58,320
	X inflation factor (1 year)	<u>1.02</u>
	1978 appraisal value	<u><u>\$59,486</u></u>
EXAMPLE 4:	Parcel with new construction between March 1, 1975 and February 28, 1978	
	1973 reappraisal	\$30,600
	New construction added in 1977	1,600
	X 1975 factor	<u>1.35</u>
	1975 base year value	\$42,660
	X inflation factor (3 years)	<u>1.0612</u>
	1978 appraisal value	<u><u>\$45,271</u></u>

FOOTNOTES

- 1 Kern County Assessor's Computer Parcel roll total 1978-79.
- 2 Assessment Roll Totals for 1978-79 in County of Kern.
- 3 State Board of Equalization Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County 1978-79.
- 4 Estimate provided by Kern County Assessor's Office, based on no documented source.
- 5 (See Footnote 4)
- 6 (See Footnote 4)
- 7 (See Footnote 4)
- 8 Kern County Assessor's computer parcel roll total 1975-76.
- 9 Assessment Roll Totals for 1975 in County of Kern.
- 10 Kern County Assessor's computer parcel roll total 1976-77.
- 11 Assessment Roll Totals for 1976 in County of Kern.
- 12 Assessment Roll Totals for 1977 in County of Kern.
- 13 Assessment Roll Totals for 1978 in County of Kern.
- 14 Kern County Assessor's computer parcel roll total 1978-79.
- 15 Assessment Roll Totals for 1978 in County of Kern.
- 16 Estimate provided by Kern County Assessor's Office, based on appraisal cycle workload.
- 17 (See Footnote 8)
- 18 (See Footnote 16)
- 19 Estimate provided by Kern County-Assessor's Office, based on an actual breakdown by property type for 1977-78.
- 20 (See Footnote 19)
- 21 (See Footnote 12)
- 22 (See Footnote 15)

23 (See Footnote 8).

24 (See Footnote 12)

25 (See Footnote 1)

26 (See Footnote 2)

27 Estimate provided by Kern County Assessor's Office, based on estimated workload report.

28 Estimate provided by Kern County Assessor's Office, based on building permit applications.

29 (See Footnote 27)

LOS ANGELES COUNTY

Los Angeles County enrolled 1,937,890 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$27,584,805,615 in real assessed valuation<sup>2</sup> (28 percent<sup>3</sup> of California's total locally secured property value). Los Angeles County is primarily residential--single and multiple family parcels comprise about 89 percent<sup>4</sup> of the total parcels and 70 percent of the total real assessed value.<sup>5</sup> Commercial and industrial parcels account for another 23 percent<sup>6</sup> of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Los Angeles County revalued all parcels except those which had been reappraised for the 1975-76 tax roll and which had no subsequent changes in ownership or new construction.

In Los Angeles County, the development of the post-Proposition 13 tax roll required two phases. In the first phase, completed on August 21, 1978, appraisers used a trending approach to bring all parcels not appraised for the 1975-76 tax roll to a 1975-76 base year value. Parcels appraised for the 1975-76 tax roll were exempted from this trending procedure.

In the second phase, which is near completion, appraisers are reviewing all parcels with changes in ownership and new construction, and updating those requiring revaluation to the post-Proposition 13 tax roll value. The approach to determining the post-Proposition 13 tax roll value for these parcels varies according to their circumstances.

Locally secured property in Los Angeles County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value
- Parcels with changes of ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978.

#### Parcels Appraised for the 1975-76 Tax Roll

The Assessor restored all parcels reappraised in 1975-76 to their values on the 1975-76 tax roll. These parcels were easily identified because they were appraised in clusters for which appraisal history is available. This was part of the first phase in constructing the tax roll.

Parcels Not Appraised for the  
1975-76 Tax Roll, Needing Adjustment  
to the 1975-76 Base Year Value

As mentioned earlier, during Phase 1, the Assessor used a trending procedure to bring all parcels not appraised for the 1975-76 tax roll to a 1975-76 base year value. To do that, appraisers developed a factor for clusters of parcels which, when applied to the 1978-79 pre-Proposition 13 tax roll values, would yield a 1975-76 base year value for all parcels in that cluster. The factor was applied to these clusters because parcels with similar characteristics had been grouped into clusters before appraisal.

To develop a cluster factor, an appraiser selected a sample of approximately 25 sales which occurred on or around the 1975 lien date. Selected sales had to be typical for that cluster and representative in quality, class, effective age, square footage, use code, lot size and location. The factor derived was a ratio depicting the relationship between the 1978-79 pre-Proposition 13 tax roll values and the 1975-76 sales prices. Staff confirmed the validity of the factor by comparing it with sales data from either a 13-month sales summary (for residential parcels) or a 27-month sales summary (for commercial parcels). Where necessary, staff adjusted the factor.

The Assessor built in a safeguard for the application of this trending procedure. To assure that clusters appraised for the 1976-77 tax roll had base year values less than the 1976-77 values, a computer

program was developed which was designed to override any 1975-76 values which were not at least 10 percent below the 1976-77 value. They also applied the override to parcels appraised for the 1977-78 tax roll, the bulk of which were commercial and industrial parcels.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Appraisers could readily identify and update a major portion of parcels with changes in ownership because the county kept computerized records of sales. Those parcels with changes of ownership caused by sales have been revalued. Parcels having other types of changes in ownership had to be manually reviewed; these properties comprise the bulk of the 161,713 parcels<sup>7</sup> in Los Angeles County which have not yet been reviewed for post-Proposition 13 values.

The appraisers used three approaches to value parcels with changes in ownership. The first approach was to accept the sales price as the post-Proposition 13 value after a computer review verified through a series of tests that it was a reasonable indicator of market value. The second approach was to use comparable market data. Appraisers used these approaches for residential, income, and commercial/industrial parcels. They sometimes used a third approach for single family residential parcels. For those parcels, the computer had generated a market value based on the application of a factor to the value of the 1978-79 pre-Proposition

13 roll. The factors, developed from sales studies, could be applied according to the date of the sale. Each appraiser decided appropriate methodologies on a case-by-case basis.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Appraisers revalued parcels with new construction by determining the cost of new construction and applying the two percent annual inflation factor according to the year of the new construction. That value was combined with the value obtained after applying the two percent annual inflation factor to the value of the parcel without the new construction. The two values were then added to get a total post-Proposition 13 value. For such parcels, the base year is 1975 unless a transfer has occurred.

Our appraisers established appropriate base year values, the two percent annual inflation factor was applied to properties according to their base years via a computer program. The county added \$709,971,085<sup>8</sup> assessed value to the 1978-79 locally secured tax roll by the two percent annual inflation adjustment as of August 1978, the first phase. All parcels were at a base year 1975-76 value, with no adjustments for new construction and changes in ownership. Since the county has not yet completed its 1978-79 tax roll, it is impossible to determine what value the two percent annual inflation factor will add to the completed roll.

Los Angeles County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured roll contributed to a 8.22 percent increase in locally assessed valuation over the 1977-78 tax roll as compared to a 9.23 percent increase in 1977-78 over the previous year. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation over the last four years.\*\*

TABLE 1  
CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	1,884,882 <sup>9</sup>	\$20,102,417,765 <sup>10</sup>	
1976-77	1,899,844 <sup>11</sup>	\$23,335,901,260 <sup>12</sup>	16.09
1977-78	1,917,441 <sup>13</sup>	\$25,490,678,415 <sup>14</sup>	9.23
1978-79	1,937,890 <sup>15</sup>	\$27,584,805,615 <sup>16</sup>	8.22

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in numbers of parcels.

\*\* The total value for the 1978-79 tax roll is not yet available. However, the Los Angeles County Assessor's office estimates that since 161,713 parcels, or 8 percent of total parcels remain to be reviewed, the percentages given here reflect a near-total figure for value.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by the full cash value of the property as shown on the 1975-76 tax roll or thereafter, by the appraised value when a purchase, new construction or change in ownership has occurred. Therefore, a county's 1975-1976 assessment practices could affect the make-up of the 1978-79 tax roll.

For the 1975-76 tax roll, Los Angeles County reappraised approximately 400,656, or 21 percent of the 1,884,882 parcels on the tax roll. Appraisers first reappraised parcels whose ratios for appraised value to market value were comparatively low. The following table illustrates the number and type of property appraised. The total assessed valuation of parcels appraised in 1975-76 was not available.

TABLE 2

LOS ANGELES COUNTY 1975-76 APPRAISALS<sup>17</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential and Rural/Agricultural	382,553	20
Commercial/Industrial	<u>18,103</u>	<u>1</u>
Total	<u>400,656</u>	<u>21</u>

Los Angeles County used conventional appraisals, computer-assisted appraisals and trending procedures for reappraising parcels in 1975-76. Clusters of parcels were appraised by computer or trending procedures. The trending procedures were fairly sophisticated in that they considered many factors such as property type, use, quality and cost data. The Assessor's office reappraised approximately 36,400 parcels<sup>18</sup> by conventional methods; 50 percent of those were commercial and industrial parcels. They reappraised 158,800 single family residences<sup>19</sup> by computer. One of several trending procedures was used for 205,400<sup>20</sup> residential parcels.

The Assessor estimated that properties reappraised for the 1975-76 tax roll were at 99 percent<sup>21</sup> of full market value. Of the approximately 1,500,000 parcels which were not reappraised for the 1975-76 tax roll, residential parcels were at 72 percent<sup>22</sup> of full market value and commercial/industrial parcels were at 83 percent<sup>23</sup> of full market value as of the March 1, 1975 lien date.

#### ADMINISTRATIVE CHANGES IN COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In Los Angeles County administrative changes are being made in the content of property records, the sources of information used in conducting appraisals, and in the method of record keeping.

Property records for each parcel will now include a base year for land and for improvements. Additionally, each parcel record will list more specific ownership identification; for example, parcels may be labelled tenants-in-common or joint tenants. When a parcel has undergone new construction, the type of construction will be coded on the record. Similarly, all transfers will be coded according to three categories: those needing appraisals, those not needing appraisals and those requiring further review.

The county will confirm sales prices using a computerized mailing program which will provide for an automated follow-up letter and for the necessary information processing.

Staff is revising methods of maintaining property records to facilitate data retrieval. This project will provide direct data entry and retrieval capability for property data. Completion of retrieval capability is projected for December 1979 while completion of data entry is scheduled for June 1980.

The county is improving appeals procedures by incorporating a system for automated processing and control of Assessment Appeal Board applications, hearings and results. The Appeals Board appraisal support system will provide on-line capability for a comparable sales search for subject property.

When a parcel's true value changes (except for increases due to applying the two percent annual inflation factor), the owner will receive an assessment notice in the form of a postcard. That procedure should be implemented by April 1979.

In addition to these changes, Los Angeles County has developed several computer programs to modify data stored prior to Proposition 13 and to process the necessary Proposition 13 changes.

LOS ANGELES COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	-----1975-76-----		-----1978-79-----	
	<u>Total Parcels</u> <sup>24</sup>	<u>Total Assessed Value</u> <sup>25</sup>	<u>Total Parcels</u> <sup>26</sup>	<u>Total Assessed Value</u> <sup>27</sup>
Residential				
Single Family	1,262,871	\$10,654,281,415	1,490,994	\$14,619,946,976
Multiple Family	245,035	3,015,362,665	240,401	4,689,416,955
Vacant	169,639	201,024,178	Unavailable	Unavailable
Rural/Agricultural	Unavailable	Unavailable	33,636	137,924,028
Commercial/Industrial	169,639	5,628,676,974	149,636	6,344,505,291
Other	<u>37,698</u>	<u>603,072,533</u>	<u>23,223</u>	<u>1,793,012,365</u>
Total	<u>1,884,882</u>	<u>\$20,102,417,765</u>	<u>1,937,890</u>	<u>\$27,584,805,615</u>

LOS ANGELES COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued, and which still need to be revalued due to changes in ownership, new construction and nonappraisal for the 1975-76 tax roll, needing adjustment to 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still Need To Be Revalued</u>
CHANGE IN OWNERSHIP			
Residential	534,479	395,296	139,183
Commercial/Industrial	<u>47,630</u>	<u>25,100</u>	<u>22,530</u>
Total	<u>582,109</u> <sup>28</sup>	<u>420,396</u> <sup>29</sup>	<u>161,713</u> <sup>30</sup>
NEW CONSTRUCTION			
Residential	61,050	61,050	0
Commercial/Industrial	<u>8,843</u>	<u>8,843</u>	<u>0</u>
Total	<u>69,893</u> <sup>31</sup>	<u>69,893</u> <sup>32</sup>	<u>0</u>
NOT APPRAISED FOR THE 1975-76 TAX ROLL NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE	Unavailable	Unavailable	<u>0</u>

FOOTNOTES

- 1 Los Angeles County Assessor's Office: Assessor's Valuation Report--County by Use Code (secured--assessed values), Roll year 1978.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Homeowner's and Business Inventory Exemptions by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 Estimate Provided by Los Angeles County Assessor's Office, based on work already completed.
- 8 Los Angeles County Assessor's Office: Report of Secured Posting Run.
- 9 State Board of Equalization: Assessor's Budgets and Workloads, 1975-76.
- 10 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for fiscal year 1975-76.
- 11 State Board of Equalization: Assessor's Budgets and Workloads, 1976-77.
- 12 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the fiscal year 1976-77.
- 13 State Board of Equalization: Assessor's Budgets and Workloads, 1977-78.
- 14 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the fiscal year 1977-78.

- 15 (See Footnote 1)
- 16 (See Footnote 1 and Assessor's Valuation Changes for Corrected Second Installment Tax Bills, 1978-79.)
- 17 Los Angeles County Assessor's Office: Sub Department Reappraisal Summary for the 1975-76 tax roll.
- 18 (See Footnote 16)
- 19 (See Footnote 16)
- 20 (See Footnote 16)
- 21 Los Angeles County Assessor's Office: 1975-76 Reappraisal vs. 1975-76 Market Value Level.
- 22 Estimate provided by Los Angeles County Assessor's Office, based on documented levels of valuation for countywide totals and for parcels appraised for the 1975-76 tax roll.
- 23 (See Footnote 21)
- 24 Assessor's Budgets and Workloads, 1975-76; Property type breakdown based on State Board of Equalization Roll Year 1976-77 Distribution of Full Cash Value by Property Type, Expanded to Known Totals.
- 25 Los Angeles County Assessor's Office: Assessed Valuation of Los Angeles County, 1975-76; Assessed Value breakdown based on State Board of Equalization Roll Year 1976 Full Cash Value by Property Type, Expanded to Known Totals.
- 26 (See Footnote 1)
- 27 (See Footnote 15)
- 28 Estimate provided by Los Angeles County Assessor's Office, based on identified parcels needing appraisal plus staff familiarity with workload.
- 29 Los Angeles County Assessor's Office: Proposition 13 Authorization Statistics by Map Book.
- 30 Estimate deduced from footnotes 27 and 28.
- 31 (See Footnote 28)
- 32 (See Footnote 28)

## MARIN COUNTY

Marin County enrolled 83,559 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$1,306,455,707 in real assessed valuation<sup>2</sup>(1.37 percent<sup>3</sup> of California's total locally secured property value). Marin County is primarily residential--single family and multiple family parcels comprise about 76 percent<sup>4</sup> of the total parcels and 82 percent<sup>5</sup> of the total real assessed value. Commercial and industrial parcels account for another 12 percent<sup>6</sup> of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Marin County revalued all properties except (1) those which had been reappraised for the 1975-76 tax roll and which had no subsequent change in ownership or new construction and (2) an estimated 25,000 single family residential parcels that were last reappraised for the 1974-75 tax roll and which had no subsequent change in ownership or new construction. To identify and adjust individual properties to the proper base year and value, the Assessor designed a computer program which compiled historical information for each parcel available to his office. By reviewing the computer printout, staff appraisers revalued each parcel in light of its history.

The computer printout was a complete listing of secured parcels which included parcel number, neighborhood, deed reference (if available on file), use code and, where applicable, sales and/or construction data. Based on an analysis of historical transactions such as changes in ownership and new construction, the computer program identified a probable, or suggested, base year and base year value for each parcel. County staff appraisers conducted a desk review of each parcel to determine if adjustments should be made to the base year and value identified by the computer analysis. For example, the probable base year for a parcel with a change of ownership would be determined by the sale date. A desk review might show that the change was actually an interspousal transfer which is a nonassessable change. In such a case, the suggested base year would be adjusted.

Locally secured property in Marin County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the 1975-76 Tax Roll

Properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll needed no adjustment for the 1978-79 tax roll. For those properties the base year was 1975-76 and their value on the 1978-79 tax roll was unchanged from the value shown on the 1975-76 tax roll, except for the addition of the two percent annual inflation factor.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Marin County's computer analysis print-out recorded dates and sales prices for all parcels with change in ownership. A staff member reviewed each sale to determine if the sales price was realistic based on comparable sales. For those parcels with realistic sales prices, the base year was the year of sale and the base year value was the sales price. This procedure was applied to approximately 62 percent<sup>7</sup> of the parcels. For those parcels with unrealistic sales prices, the year of sale was the base year. A base year value was determined by taking from the roll the assessed value subsequent to the sale and trending back to the date of the sale at the rate of 1 1/2 percent per month. The County Assessor considers 1 1/2 percent to be the best overall countywide index of appreciation. This trending approach was used for approximately 38 percent<sup>8</sup> of the parcels with changes in ownership.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The computer analysis print-out recorded building permits obtained for each parcel. The appraisers screened them to identify those new construction permits which would raise the appraisal value. Where the value changed due to new construction, parcels were appraised for the total value added to the property. The base year was the year when the new construction took place. The base year value was the total assessed value of the land and improvements as of the base year.

Parcels Not Appraised  
for the 1975-76 Tax Roll,  
Needing Adjustment to the  
1975-76 Base Year Value

With one exception, properties not appraised in 1975-76 which realized no subsequent change in ownership or new construction were updated to the 1975-76 level. Appraisers determined the value of these parcels by averaging their values as shown on the 1974-75 and 1976-77 tax rolls because the Assessor conducted thorough county-wide appraisals in both those years. The base year for such properties was 1975-76. The exception to this approach is approximately 25,000 single family residential parcels<sup>9</sup> reappraised for the 1974-75 tax roll. For those parcels the value shown on the 1975-76 tax roll was the value placed on the 1978-79 tax roll.\*

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\*These parcels were revalued for the 1979-80 assessment roll at a market value level of other single family residential parcels that have a 1975-76 base year value.

Once appraisers established appropriate base years and values, staff wrote a one-time computer program to selectively apply the two percent annual inflation factor to values according to their base years. They updated property records by affixing to each a Proposition 13 valuation label, prepared by the computer. The County Assessor could not determine what value the two percent annual inflation factor added to the total assessed value of the 1978-79 locally secured tax roll because it is impossible to separate parcels by base year.

Marin County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 7.42 percent decrease in locally assessed valuation below the 1977-78 tax roll as compared to an almost 20 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase and/or decrease in assessed valuation for the last four years.

TABLE 1  
CHANGE IN NUMBER OF SECURED PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase [Decrease]</u>
1975-76	81,443 <sup>10</sup>	\$1,004,028,521 <sup>11</sup>	
1976-77	81,852 <sup>12</sup>	\$1,180,688,968 <sup>13</sup>	17.59
1977-78	82,242 <sup>14</sup>	\$1,411,102,809 <sup>15</sup>	19.52
1978-79	83,559 <sup>16</sup>	\$1,306,455,707 <sup>17</sup>	[7.42]

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by the full cash value listed on the 1975-76 tax roll or, thereafter, the appraised value when a purchase, new construction, or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll Marin County appraised 23,252 or 29 percent of the 81,443 parcels on the roll. Staff first appraised those parcels whose values were comparatively low. The following table illustrates the number and type of property appraised. The total assessed valuation of parcels appraised in 1975-76 was not available.

TABLE 2

MARIN COUNTY 1975-76 APPRAISALS<sup>18</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	17,763	22.0
Multiple Family	1,713	2.0
Vacant	2,359	3.0
Rural/Agricultural	428	.5
Commercial/Industrial	706	1.0
Other	<u>283</u>	<u>.5</u>
Total	<u>23,252</u>	<u>29.0</u>

Marin County used both conventional appraisal and a trending procedure for reappraising properties in 1975. Approximately 5,989 parcels<sup>19</sup> were appraised by conventional appraisal, based on a physical on-site inspection. The remaining 17,763 parcels<sup>20</sup> were revalued by trending based on current neighborhood sales ratio data. The Assessor relied heavily on trending because he was understaffed in 1975. (The Assessor's representative categorized the latter procedure as an interim adjustment. The procedure as described to staff auditors, was consistent with the definition of trending used in this report. For the sake of consistency, it is reported here as trending).

Properties were appraised for the 1975-76 tax roll at 100 percent of full market value. However, since 1975-76 property appraisals were based upon September 1974 sales ratio data, a time lag caused properties to be slightly undervalued. The Assessor's representative estimated there was a one percent per month appreciation in property value between September 1974 and the March 1, 1975 lien date. Thus he concluded that properties appraised in 1975-76 were at approximately 94 percent of full market value as of the March 1, 1975 lien date. He also estimated that parcels not appraised in 1975-76 were between 78 percent and 84 percent of full market value<sup>21</sup> on the March 1, 1975 lien date.

ADMINISTRATIVE CHANGES IN  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In Marin County, administrative changes are being made in three areas--staffing, scheduling of appraisals and management information.

In order to increase specialization by property type, staff appraisers in the Assessor's office will be reorganized effective July 1979. Presently, the county has one Chief Appraiser and five Supervisory Appraisers, each of whom directs a crew of appraisers assigned to a specific geographic area. The proposed change will enable two Principal Appraisers to take charge of single family residential property and commercial, industrial and multiple family residential property, respectively. In addition, one Supervising Appraiser will oversee ranches. The staff appraisers then will be assigned to the three areas according to workload in each.

In the past the county has recorded all building permits. An appraisal was not conducted until the lien date following the completion of the construction. In the future the Assessor will obtain monthly notices of completion for new construction from each of the 11 cities in the county.

Because of this change in procedure, effective in July 1979, appraisals initiated by new construction will be completed on a monthly basis.

The County Assessor is designing a summary report which will list all parcels that should be revalued due to sales, new construction, and/or changes in ownership. The list will be used to verify that all changes in value have been recorded.

MARIN COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

	-----1975-76 <sup>22</sup> -----		-----1978-79 <sup>23</sup> -----	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
<b>Residential</b>				
Single Family	56,737	\$ 699,540,366	59,681	\$ 927,080,438
Multiple Family	4,393	118,156,858	4,465	143,349,226
Vacant	15,295	31,667,827	14,339	33,333,079
Rural/Agricultural	1,046	14,871,094	1,019	15,420,188
Commercial/Industrial	3,663	114,504,839	3,697	157,519,845
Other	<u>309</u>	<u>25,143,228</u>	<u>358</u>	<u>29,752,931</u>
<b>Total</b>	<u><u>81,443</u></u>	<u><u>\$1,003,884,212*</u></u>	<u><u>83,559</u></u>	<u><u>\$1,306,455,707</u></u>

\*Assessed valuation differs from figure on Table 1, because sources and recording dates are different.

MARIN COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued and which still need to be revalued due to changes in ownership, new construction, and nonappraisal for the 1975-76 tax roll, needing adjustment to 1975-76 base year value.

	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still Need To Be Revalued</u>
CHANGE IN OWNERSHIP			
Residential	22,500	22,500	
Rural/Agricultural	40	40	
Commercial/Industrial	<u>460</u>	<u>460</u>	
Subtotal	<u>23,000</u> <sup>24</sup>	<u>23,000</u>	
NEW CONSTRUCTION			
Residential	8,500	8,500	
Rural/Agricultural	100	100	
Commercial/Industrial	<u>1,400</u>	<u>1,400</u>	
Subtotal	<u>10,000</u> <sup>25</sup>	<u>10,000</u>	
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE			
Residential	54,500	29,500	25,000
Rural/Agricultural	500	500	0
Commercial/Industrial	<u>2,500</u>	<u>2,500</u>	<u>0</u>
Subtotal	<u>57,500</u> <sup>26</sup>	<u>32,500</u>	<u>25,000</u> <sup>27</sup>
Total	<u>90,500</u> *	<u>65,500</u>	<u>25,000</u> **

\*These estimated figures reflect some double counting.

\*\*These parcels were revalued for the 1979-80 tax roll.

## FOOTNOTES

- 1 Marin County Assessor's Office: Recapitulation of Local Secured Assessed Values by Use Code for 1978-79.
- 2 (See Footnote 1)
- 3 State Board of Equalization Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 Estimate based on interview with Marin County Standards Evaluation Division.
- 8 (See Footnote 7)
- 9 Estimate provided by Assistant Assessor, based on single family residential parcels reappraised in 1974-75.
- 10 Marin County Assessor's Office: Recapitulation of Local Secured Assessed Values by Use Code for 1975-76.
- 11 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for the fiscal year 1975-76.
- 12 State Board of Equalization: Budgets and Workloads for 1976-77, from Letters to the Assessor #77-187.
- 13 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the fiscal year 1976-77.
- 14 State Board of Equalization: Budgets and Workloads for 1977-78 from Letters to Assessor #77-150.
- 15 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the fiscal year 1977-78.
- 16 (See Footnote 1)
- 17 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1978 of the Counties of California for the fiscal year 1978-79.

- 18 Marin County Assessor's Office: Total Parcels By Assessor's Use Code and Assessment Year 3/9/78.
- 19 Estimate provided by Marin County Assessor's Office, based on no documented source.
- 20 (See Footnote 19)
- 21 Estimate provided by Marin County Assessor's Office, based on 1975 Sales Ratio Data.
- 22 (See Footnote 10)
- 23 (See Footnote 1)
- 24 Estimate provided by Marin County Assessor's Office, based on a combination of actual changes in ownership for lien years 1975-76, 1976-77, and estimated changes in ownership for 1977-78. Breakdown by property type is an application of proportions for a typical year.
- 25 Estimate provided by Marin County Assessor's Office based on construction permits filed with adjustment for uncompleted construction and for nonassessable construction, e.g., remodeling of a kitchen.
- 26 Estimate provided by Marin County Assessor's Office based on parcels not appraised in 1975, with adjustment for rate of changes in ownership and new construction. This group does not include approximately 6,000 vacant parcels, subject to the Marin County Water Moratorium. Because of the recent county water shortage, development of these parcels is prohibited. The Assessor's office will not revalue affected parcels until the moratorium is lifted.
- 27 (See Footnote 9)

## RIVERSIDE COUNTY

The Riverside County Assessor enrolled 346,678 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$2,431,836,187 in real assessed valuation<sup>2</sup> (2.66 percent<sup>3</sup> of California's total locally secured property value). Riverside County is primarily residential-- single family dwellings comprise an estimated 50.1 percent<sup>4</sup> of the total parcels and an estimated 58 percent<sup>5</sup> of the total real assessed value. Another 40.4 percent<sup>6</sup> of the parcels in the county represent vacant land of all types, comprising about 10 percent<sup>7</sup> of the total real assessed value on the tax roll (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, the Riverside County Assessor revalued all properties except those which had been reappraised for the 1975-76 tax roll and which realized no subsequent change in ownership or new construction.

To develop a comprehensive and quantitative method to construct the post-Proposition 13 roll, county staff reviewed deeds filed since March 1, 1975 and identified all legitimate changes in ownership. The staff then took the entire master sales file which

master sales file which dates back to late 1973 and organized it on the computer by 14 different site use codes, 111 clusters, and three-month increments. This analysis yielded the mean selling price for each parcel over an approximate five-year period.

The staff fed these data into a computer program which first determined the standard curve for each mean selling price and then divided different value adjustments according to different base years. This analysis produced a matrix containing 43,200 value options.

Appraisers reduced the 43,200 value options to 1,000 by categorizing similar value patterns upon 50 tables of percentages, based on cluster, use and type. These percentages, when applied to the 1975-76 parcel values, would yield updated 1978-79 base year values. The appropriate tables were then reviewed and tested for accuracy by district office staff.

Locally secured property in Riverside County subject to revaluation under the language of Proposition 13 falls into one of four categories:

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978

- Parcels with new construction from March 1, 1975 through February 28, 1979
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

#### Parcels Appraised for the 1975-76 Tax Roll

Properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll were not adjusted for the 1978-79 tax roll. For those properties the base year was 1975-76 and their value on the 1978-79 tax roll was unchanged from the value shown on the 1975-76 tax roll except for addition of the two percent annual inflation factor.

#### Parcels with Changes in Ownership from March 1, 1975 through February 28, 1978

The Riverside County Assessor's office reviewed 196,392 deeds<sup>8</sup> which were filed since March 1, 1975 and verified that 181,108<sup>9</sup> of these were valid transfers. The computer program, previously described, adjusted the values for these parcels to the proper base year and applied the two percent per year inflation factor. The staff then tested results of individual appraisals against comparable sales in the vicinity as a final check on individual values before the assessment roll was closed.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

District office staff manually identified all properties which had undergone new construction. Most new construction was newer, such as the addition of a pool or patio. They noted appraisal dates and the value added by new construction to each parcel. The parcels were adjusted to the appropriate base year value from the date of last appraisal and added to this figure was the value of new construction. Then the entire parcel was adjusted by applying the annual two percent inflation factor. In most cases, because of the relatively low cost of minor new construction, this computation had little impact on the tax bill. However, the Assessor instructed district offices to review these cases and make any necessary adjustments.

Parcels Not Appraised for the  
1975-76 Tax Roll, Needing Adjustment  
to the 1975-76 Base Year Value

Properties not appraised for the 1975-76 tax roll which realized no subsequent change in ownership or new construction were adjusted to the 1975-76 level. Appraisers took the last appraisal either prior to or since 1975 and revalued the parcel using the computer model and conventional appraisal processes. From the 1975-76 base year the value was then adjusted by the two percent per year inflation factor to 1978-79.

Riverside County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to changes in their total assessed valuation. In 1978-79, Riverside County experienced a 18.95 percent increase in locally assessed value over the previous year. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
 CHANGE IN NUMBER OF PARCELS  
 AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	318,077 <sup>10</sup>	\$1,546,393,897 <sup>11</sup>	
1976-77	323,706 <sup>12</sup>	\$1,695,859,637 <sup>13</sup>	9.66
1977-78	331,779 <sup>14</sup>	\$2,042,134,097 <sup>15</sup>	20.42
1978-79	346,678 <sup>16</sup>	\$2,429,098,614 <sup>17</sup>	18.95

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to annual increases in number and type of parcels.

APPROACH TO DEVELOPING  
 THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by the full cash value listed on the 1975-76 tax roll or thereafter by its appraised value when a purchase, new construction or change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, the Riverside County Assessor appraised an estimated 43,099 parcels<sup>18</sup> or 13.55 percent<sup>19</sup> of the 318,077<sup>20</sup> parcels on the roll. Staff first appraised those parcels whose values were appreciating the fastest. The following table illustrates the number and type of property appraised.

TABLE 2  
RIVERSIDE COUNTY 1975-76 APPRAISALS<sup>21</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	22,062	7.0
Multiple Family	642	.2
Rural/Agricultural	2,607	.8
Commercial/Industrial	1,482	.4
All Vacant	15,756	5.0
Other	<u>550</u>	<u>.1</u>
Total	<u>43,099</u>	<u>13.5</u>

The Riverside County Assessor used only conventional reappraisal methods to reappraise property for the 1975-76 tax roll. The appraiser targeted his appraisal to approximate what 100 percent of full cash value would be on March 1, 1975. This targeting was done by computing appreciation rates based on past data and future expectations. Appraisers reviewed the appraisals by correlating them with new comparable sales data collected since the initial appraisal, then adjusting if necessary. For

instance, even if the initial appraisal took place after March 1, 1975, the property involved was appraised as of March 1. These methods, combined with continuous collection of comparable sales data, eliminated a time lag and ensured that appraisals would reflect 100 percent full cash value. There were no data available in usable form in the Assessor's office to make an analysis of parcels not revalued for the 1975-76 locally secured roll or the full market value level these parcels achieved.

ADMINISTRATIVE CHANGES IN  
THE COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has resulted in modified administrative procedures in the Assessor's office. The Riverside County Assessor's staff is establishing and maintaining data on new construction and changes in ownership. In addition, the Assessor has developed a system to promptly identify changes in ownership. Soon building permits will be processed in the same manner.

By July 1979, the Assessor will have installed a value control system to identify value added or removed from the tax rolls due to Proposition 13 rules. The Assessor intends to expand the Computer Assisted Appraisal Program (CAAP) system to include more site use codes, thus retaining more specific kinds of data on all properties.

RIVERSIDE COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79<sup>22</sup>-----</u>	
	<u>Total Parcels<sup>23</sup></u>	<u>Total Assessed Value<sup>24</sup></u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	146,953	\$ 773,369,681	173,686	\$1,410,464,988
Multiple Family	3,814	77,336,968	3,467	97,273,447
Rural/Agricultural	14,313	139,206,542	13,174	194,546,895
Commercial/Industrial	10,178	324,815,266	10,747	437,730,514
All Vacant	138,999	201,076,117	140,058	243,183,619
Other	<u>3,817</u>	<u>30,934,787</u>	<u>5,546</u>	<u>48,636,724</u>
Total	<u>318,077</u>	<u>\$1,546,739,361*</u>	<u>346,678</u>	<u>\$2,431,836,187*</u>

\* Total assessed values for 1975-76 and 1978-79 differs from figures on Table 1 because sources and reporting dates are different.

FOOTNOTES

- 1 Riverside County Assessor's Office: 1978-79 Year End Local Secured Property Roll Total.
- 2 Riverside County Assessor's office: Assessment Roll Totals for a 1978 Report to State Board of Equalization (SBE)
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 2)
- 6 (See Footnote 1)
- 7 (See Footnote 2)
- 8 Figure provided by Riverside County Assessor's staff based on familiarity with workload
- 9 (See Footnote 8)
- 10 Riverside County Assessor's Office: 1975 Year End Roll Total Program.
- 11 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates for fiscal year 1975-76.
- 12 State Board of Equalization: Budgets and Workloads, 1976-77.
- 13 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates for fiscal year 1976-77
- 14 State Board of Equalization: Budgets and Workload, 1977-78.
- 15 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates for fiscal year 1977-78.
- 16 (See Footnote 1)
- 17 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates for fiscal year 1978-79.

- 18 (See Footnote 8)
- 19 (See Footnote 8)
- 20 (See Footnote 10)
- 21 (See Footnote 8)
- 22 (See Footnotes 1 and 2)
- 23 (See Footnote 10)
- 24 Riverside County Assessor's Office: Assessment Roll Totals for 1975 in County of Riverside.

SACRAMENTO COUNTY

Sacramento County enrolled 246,414 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$2,477,900,602 in real assessed valuation<sup>2</sup> (2.67 percent<sup>3</sup> of California's total locally secured property value). Sacramento is primarily residential--single family parcels comprise 74.8 percent<sup>4</sup> of the total parcels and 59.9 percent<sup>5</sup> of the total real assessed value. Commercial and industrial parcels account for another 4 percent<sup>6</sup> of the total parcels and approximately 21 percent<sup>7</sup> of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Sacramento County revalued all parcels except those which had been reappraised for the 1975-76 tax roll and which had realized no subsequent changes in ownership or new construction. To identify and adjust individual parcels to the proper base year and value, the Assessor's staff designed a computer program. According to this program, all locally secured property subject to revaluation fell into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the 1975-76 Tax Roll

Base year values of parcels without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll were not adjusted for the 1978-79 tax roll. Their value on the 1978-79 tax roll was that shown on the 1975-76 tax roll multiplied by the annual two percent inflation factor.

Parcels with Changes in Ownership from March 1, 1975 through February 28, 1978

Sacramento County's computer analysis identified parcels with changes in ownership. Appraisers analyzed each sale to determine if its indicated price was reasonable. If the sales price appeared realistic, it was used as the base value for the parcel. For those properties whose sales prices appeared nonrepresentative, the appraiser

determined the appropriate value. Then, the two percent annual inflation factor was applied to the base value according to the year of the change in ownership to arrive at the 1978-79 tax roll value. The county adjusted 88,622 parcels for changes in ownership (35.9 percent of the 1978-79 tax roll).<sup>8</sup>

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The Assessor physically appraised all parcels involving new construction to determine base year values for the 1978-79 tax roll. He categorized properties with new construction into two classes--new construction and additions to existing structures. New constructions were appraised at full market value in the year of their completion. Additions to existing structures were given a different base year value than the existing structure. In many cases, the appraisers determined a full market value as of March 1, 1975 for the existing structure. The new addition was valued at cost or appraised in the year of construction. Appraisers separately adjusted existing structures and additions to arrive at the 1978-79 tax roll value by applying the two percent annual inflation factor. They treated 21,300 parcels for new construction (8.64 percent of the 1978-79 tax roll).<sup>9</sup>

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year Value

Parcels not appraised for the 1975-76 tax roll which realized no subsequent changes in ownership or new construction were trended to a 1975-76 level. The county used 1974 and early 1975 sales data to determine trend factors which were generated on a homogeneous neighborhood basis for residential properties. Data on 1974 and early 1975 sales were compared to each parcel's last appraisal from March 1, 1975 through February 28, 1978. Sacramento had been on an approximate three-year reappraisal cycle; thus, most parcels in the county had been conventionally appraised or computer-assisted appraised between March 1, 1975 and February 28, 1978. Appraisers then identified each parcel for the last conventional or computer-assisted appraisal and multiplied its value by the trending factor appropriate for that year and homogeneous neighborhood. In the case of commercial and industrial parcels where sales ratio data was unavailable, appraisers appraised them at 1975-76 levels. All parcels were then adjusted for the 1978-79 tax roll by the two percent annual inflation factor. Appraisers treated 106,736 parcels consisting of 43.3 percent<sup>10</sup> of the 1978-79 tax roll in this manner.

All parcels in Sacramento County were brought to their 1978-79 level by applying the two percent per year inflation factor. This process added \$90,942,694 in assessed valuation to the tax roll.<sup>11</sup>

As of August 1, 1978 Sacramento County had treated all parcels for changes in ownership, new construction or adjustment to 1975-76 levels. The only work remaining as of January 5, 1979 was to identify possible errors in establishing the 1978-79 tax roll. For example, appraisers made some errors in identifying assessable ownership changes. A special group of staff is identifying these errors.

Sacramento County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to changes in the county's total assessed valuation. In 1978-79, Sacramento County's locally assessed valuation increased 19.27 percent as compared to 20.07 percent in 1977-78 (see Table 1).

Since construction of the 1975-76 tax roll, Sacramento County's assessed valuation on real secured property has increased approximately 58.55 percent. The following table shows the total number of parcels, total assessed valuation and percentage increases in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	221,565 <sup>12</sup>	\$1,579,026,966 <sup>13</sup>	
1976-77	232,903 <sup>14</sup>	1,748,177,644 <sup>15</sup>	10.71
1977-78	241,556 <sup>16</sup>	2,099,070,730 <sup>17</sup>	20.07
1978-79	246,414 <sup>18</sup>	2,503,566,645 <sup>19</sup>	19.27

Total 1975-76 to 1978-79 percentage value increase 58.55%.

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by the full cash value listed on the 1975-76 tax roll or, thereafter, by the appraised value when a purchase, new construction, or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Sacramento County appraised 55,848 parcels,<sup>20</sup> or 25.2 percent, of the 221,565 parcels<sup>21</sup> on the tax roll. Appraisers selected homogeneous neighborhoods and appraised first those parcels with the lowest sales ratio. The following table illustrates the number and type of property appraised. The total assessed valuation of parcels appraised in 1975 was not available.

TABLE 2

SACRAMENTO COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	40,067	18.08
Multiple Family	6,312	2.85
Rural/Agricultural	2,525	1.14
Commercial/Industrial	3,787	1.71
Other	<u>3,157</u>	<u>1.42</u>
Total	<u>55,848</u>	<u>25.20</u> <sup>22</sup>

Sacramento County used conventional and computer-assisted appraisal techniques for appraising parcels for the 1975-76 tax roll. Staff used the computer-assisted appraisal program, to appraise 24,287 single family residences.<sup>23</sup> The remainder of the appraised parcels (31,561) were conventionally appraised. The parcels that were not appraised for the 1975-76 tax roll were enrolled at the value that was established at the time they were last appraised which was effectively less than full market value on the 1975-76 lien date. Single family residences and agricultural parcels were on the assessment roll at approximately 75 percent of full market value and multiple family and commercial/industrial parcels were on the assessment roll at approximately 90 percent of full market value.<sup>24</sup>

ADMINISTRATIVE CHANGES IN  
THE COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In Sacramento County, administrative changes are being made principally in appraisal techniques and record keeping.

In the future, Sacramento County will conduct appraisals on all parcels with new construction and ownership changes to determine full market value. Construction contract prices or sales prices will no longer be used solely to determine property value; instead, each parcel will be documented more precisely to justify all new appraisal values.

Because of changes in the law, new information will be recorded on each parcel. For example, base values for land and each improvement, incremental values and the reason for value changes will be noted on each parcel. Also, total values added to the roll for new construction, ownership changes and the two percent inflation factor will be recorded. Finally, the Assessor will need to know the total number of assessable ownership changes and new construction, as well as which parcels have been reassessed and when parcels will need to be reassessed.

## SACRAMENTO COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	-----1975-76-----		-----1978-79-----	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	163,496 <sup>25</sup>	\$ 845,871,451 <sup>26</sup>	184,231 <sup>27</sup>	\$1,484,524,608 <sup>28</sup>
Multiple Family	13,998 <sup>29</sup>	157,916,851 <sup>30</sup>	17,332 <sup>31</sup>	***
Rural/Agricultural	6,849 <sup>32</sup>	89,121,391 <sup>33</sup>	6,556 <sup>34</sup>	***
Commercial/Industrial	7,580 <sup>35</sup>	383,065,629 <sup>36</sup>	9,715 <sup>37</sup>	***
Other**	<u>29,642<sup>38</sup></u>	<u>87,557,858<sup>39</sup></u>	<u>28,580<sup>40</sup></u>	<u>***</u>
Total	<u>221,565<sup>41</sup></u>	<u>\$1,563,533,180<sup>42*</sup></u>	<u>246,414<sup>43</sup></u>	<u>\$2,477,900,602<sup>44</sup> *</u>

\* Assessed valuation differs from figures in Table 1 because sources and recording dates are different.

\*\* Includes: vacant lands, rural (nonagricultural), mining, oil and other miscellaneous parcels.

\*\*\* 1978-79 value breakdown by property type is unavailable.

SACRAMENTO COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction, and nonappraisal for the 1975-76 tax roll, needing adjustment to 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGE IN OWNERSHIP		
Residential		
Single Family	73,645	73,645
Multiple Family	7,089	7,089
Rural/Agricultural	975	975
Commercial/Industrial	1,950	1,950
Other	<u>4,963</u>	<u>4,963</u>
Subtotal	<u>88,622</u> <sup>45</sup>	<u>88,622</u>
NEW CONSTRUCTION*	<u>21,300</u> <sup>46</sup>	<u>21,300</u>
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE*		
	<u>106,736</u> <sup>47</sup>	<u>106,736</u>
 Total	 <u>216,658</u>	 <u>216,658</u>

\* Breakout of data by property types is unavailable.

FOOTNOTES

- 1 County of Sacramento, Assessor's Office: AIMS Project, Analysis of Value Changes by Mapbook, Parcel Value Totals and Counts by Mapbook, as of August 2, 1978; Value Date/Use Code Summary, as of October 18, 1978. (Figure is derived from total parcel count less publicly assessed parcels.)
- 2 County of Sacramento, Assessor's Office: Comparison of 1977-78 and 1978-79 (Roll "C" Before ARCs) Sacramento County Assessment Rolls.
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 County of Sacramento, Assessor's Office: Accumulated A-1 (Single Family Residences) Total Records.
- 5 (See Footnote 4)
- 6 County of Sacramento, Assessor's Office: Value Data/Use Code Summary, as of October 18, 1978.
- 7 Estimate based on interview with Sacramento County Assessor's staff. Figure was based on Sacramento's full cash value by property type, 1971-72, p. 12, Assessment Practices Survey Sacramento County, 1973-74, Assessment Standards Division Property Tax Department, California State Board of Equalization.
- 8 County of Sacramento, Assessor's Office: Secured tax roll data and 1978 roll adjustments.
- 9 (See Footnote 8)
- 10 Estimate based on interview with Sacramento County Assessor's staff. Figure is based on County of Sacramento, Assessor's office secured tax roll data and 1978 tax roll adjustments and/AIMS project. 1978 Roll Code Summary Report (August 2, 1978).
- 11 (See Footnote 8)

- 12 County of Sacramento, Assessor's Office: 1975-76 Statistics, Property Use Types.
- 13 State Controller's Office: Annual Report of Assessed Valuation as of September 1975 of the Counties of California for the fiscal year 1975-76.
- 14 State Board of Equalization: Assessors' Budgets and Workloads 1976-77, from Letters to the Assessor #77-187.
- 15 State Controller's Office: Annual Report of Assessed Evaluation as of September 1976 of the Counties of California for the fiscal year 1976-77.
- 16 State Board of Equalization: Assessor's Budgets and Workloads 1977-78 from Letters to the Assessor #77-150.
- 17 State Controller's Office: Annual Report of Assessed Valuation as of September 1977 of the Counties of California for the fiscal year 1977-78.
- 18 (See Footnote 1)
- 19 State Controller's Office: Annual Report of Assessed Valuation as of September 1976 of the Counties of California for the fiscal year 1978-79.
- 20 County of Sacramento, Assessor's Office: Report to the Board of Supervisors, July 1, 1975, page 3, Number of Real Property Appraisals.
- 21 (See Footnote 12)
- 22 Estimates provided by County of Sacramento, Assessor's Office.
- 23 County of Sacramento, Assessor's Office: Regression Neighborhoods CAAP. Roll transfer 1975-76.
- 24 (See Footnote 22)
- 25 (See Footnote 12)
- 26 (See Footnote 7)
- 27 (See Footnote 4)
- 28 (See Footnote 4)
- 29 (See Footnote 12)
- 30 (See Footnote 7)

- 31 (See Footnote 6)
- 32 (See Footnote 22)
- 33 (See Footnote 7)
- 34 Estimate derived from 4,009 parcels listed on the County of Sacramento Assessor's Office Value Data/Use Code Summary as agricultural units plus an estimate of 2,547 vacant agricultural parcels, totalling an estimated 6,556 parcels. Estimate was made by Sacramento County Assessor's staff.
- 35 (See Footnote 12)
- 36 (See Footnote 7)
- 37 (See Footnote 6)
- 38 (See Footnote 22)
- 39 (See Footnote 7)
- 40 (See Footnote 22)
- 41 (See Footnote 12)
- 42 (See Footnote 13)
- 43 (See Footnote 1)
- 44 (See Footnote 2)
- 45 (See Footnote 8) property type breakdowns were estimates provided by the County of Sacramento, Assessor's Office.
- 46 (See Footnote 45)
- 47 (See Footnote 45)

SAN JOAQUIN COUNTY

San Joaquin County enrolled 107,871 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$1,273,601,850 in real assessed valuation<sup>2</sup> (1.35 percent<sup>3</sup> of California's total locally secured property value). Parcels in San Joaquin County are primarily residential--single family, multiple family and vacant residential parcels comprise approximately 81.9 percent<sup>4</sup> of the total parcels and 54.7 percent<sup>5</sup> of the total real assessed value. Agricultural, rural and open space/agricultural preserve parcels account for another 10.7 percent<sup>6</sup> of the total parcels and 22.7 percent<sup>7</sup> of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, San Joaquin County revalued all properties except those which had been appraised for the 1975-76 tax roll. The properties appraised in 1975-76 were enrolled at the value shown on the 1975-76 tax roll. To identify and adjust individual properties to the proper base year and value, the Assessor's office designed a system to identify parcels by new construction and changes in ownership occurring from March 1, 1975 through February 28, 1978. The system also noted those parcels appraised in 1975-76 or, if

not appraised in that fiscal year, it recorded the year of the parcel's last appraisal. By this method, staff manually checked all parcels against the individual real property files.

Staff reviewed parcels with changes in ownership to determine whether the sales price was representative of full market value; if so, it was enrolled on the 1978-79 tax roll plus the 2 percent annual inflation factor. If the sales price was not representative, staff calculated an estimated full market value and enrolled it on the 1978-79 tax roll plus the 2 percent annual inflation factor. Staff determined the amount to be added to base year values for parcels with new construction. Parcels appraised in 1975-76 were not revalued for the 1978-79 tax roll. Staff determined the most recent year of appraisal for parcels not appraised in 1975-76 and the value of that appraisal was adjusted depending on the year the appraisal occurred. For example, a parcel last appraised in 1973 was adjusted forward to the 1975-76 full market value level while a parcel last appraised in 1977 would be adjusted back to 1975-76 levels.

Locally secured property in San Joaquin County subject to revaluation under the language of Proposition 13 falls into one of four categories (see Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 23, 1978

- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the  
1975-76 Tax Roll

Properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll needed no adjustment for the 1978-79 tax roll. For those properties the base year was 1975-76 and their value on the 1978-79 tax roll was unchanged from the value on the 1975-76 tax roll except for the increase resulting from application of the two percent annual inflation factor provided for in Proposition 13.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

In San Joaquin County, 35,000 parcels<sup>8</sup> were revalued for changes in ownership which occurred from March 1, 1975 through February 28, 1978. The Assessor's Office identified each parcel's latest transfer based on a print-out of transfers for that period. The Assessor's staff compared sales prices to an estimated full market value range which was derived by applying a factor to the physical characteristics of each parcel. (The factors were based on sales data for the period from July 1974

to May 1975.) If the sales price fell within the estimated full market value range, it was enrolled on the 1978-79 tax roll. For example, a parcel with a residence of 1,500 square feet which had a factor of \$30 to \$35 per square foot would have an estimated full market value range of \$45,000 to \$52,500. If the sales price was \$50,000, it would be accepted since it fell within the range. Staff adjusted the values enrolled by applying the two percent annual inflation factor provided for in Proposition 13.

The Assessor estimated that approximately 90 percent<sup>9</sup> of the parcels with changes in ownership were enrolled on the 1978-79 tax roll at their sales price value. The remaining 10 percent of the parcels, which had either realized nonmonetary transfers or had sales prices which were not representative of full market value, required a desk appraisal and some conventional appraisals. For these parcels, staff selected a value within the estimated full market value range as the base year value and adjusted it by the 2 percent annual inflation factor. This value was then enrolled on the 1978-79 tax roll.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

San Joaquin County revalued approximately 15,000 parcels<sup>10</sup> which realized new construction between March 1, 1975 and February 28, 1978. Staff manually reviewed records of parcels to identify the value added for new construction in the year in

which it occurred. If the new construction value was nominal, that is \$10,000 or less,<sup>11</sup> the value of the new construction was added to the base year value and adjusted by the two percent annual inflation factor to determine the value to be enrolled on the 1978-79 tax roll. If the value of the addition was major, that is greater than \$10,000,<sup>12</sup> staff employed a two-step process to determine the amount to be enrolled. First, appraisers determined the base year value for the parcel and applied the two percent annual inflation factor. Second, they identified the value to be added as a result of the new construction and adjusted it by the annual two percent inflation factor. The values which resulted from steps one and two were combined to yield the 1978-79 tax roll value.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year Value

Parcels which had not been appraised in 1975-76 and which had realized no subsequent changes in ownership or new construction were revalued to reflect 1975-76 full market values. For these parcels a manual review of individual property records determined the latest year of appraisal.

To arrive at the 1975-76 base year values, the tax roll values were adjusted depending on the year the latest appraisal occurred as mentioned earlier in this report. Staff adjusted these values by analyzing comparable sales data to extract a percentage

factor by neighborhood and year which they then applied to the tax roll values to bring them up to 1975-76 full market value. Finally, these 1975-76 base year values were increased by the two percent annual inflation factor provided for in Proposition 13.

San Joaquin County applied the two percent annual inflation factor (provided in Proposition 13) to all property values according to the base year enrolled on the 1978-79 tax roll. The Assessor's office could not determine what value the two percent annual inflation factor added to the total assessed value of the 1978-79 tax roll.

San Joaquin County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to changes in the county's total assessed valuation. The county's 1978-79 total assessed valuation increased 16.70 percent over the 1977-78 tax roll as compared to a 14.54 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increases in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	99,606 <sup>13</sup>	\$ 831,682,940 <sup>14</sup>	
1976-77	102,144 <sup>15</sup>	\$ 952,852,271 <sup>16</sup>	14.57
1977-78	103,391 <sup>17</sup>	\$1,091,396,464 <sup>18</sup>	14.54
1978-79	107,871 <sup>19</sup>	\$1,273,587,100 <sup>20</sup>	16.70

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll or, thereafter, by its appraised value when a purchase, new construction, or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practice could affect its 1978-79 tax roll.

In 1975 San Joaquin County selected parcels for reappraisal based on the level of neighborhood sales ratios. Neighborhoods with low sales ratio levels were the first selected for reappraisal.

For the 1975-76 tax roll, staff reappraised an estimated 7,810 parcels<sup>21</sup> using conventional appraisal methods. The following table illustrates the number and type of reappraised parcels. The total assessed valuation of parcels reappraised in 1975-76 was not available.

TABLE 2  
SAN JOAQUIN COUNTY 1975-76 APPRAISALS<sup>22</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	6,315	6.33
Multiple Family	125	.13
Vacant	75	.08
Rural/Agricultural	900	.90
Commercial/Industrial	350	.35
Mineral Rights	<u>45</u>	<u>.05</u>
Total	<u>7,810</u>	<u>7.84</u>

In addition to the parcels that were reappraised by conventional appraisals, 14,300 parcels<sup>23</sup> were revalued by applying interim adjustments to only the land and/or living improvements. Staff also revalued the land and living improvements on another 4,228 open space/agricultural preserve parcels<sup>24</sup> which were subject to restricted values under the Revenue and Taxation Code Sections 421-429.

The San Joaquin County Assessor's office used October 1, 1974 as a cutoff date for comparable sales used in valuing parcels for the 1975-76 locally secured tax roll and did not attempt to adjust the revaluations up to the March 1, 1975 lien date. Based on an estimated .75 percent<sup>25</sup> per month appreciation in property value from October 1, 1974 through March 1, 1975, the parcels which were fully revalued for the 1975-76 tax roll were considered to be at 96.25 percent<sup>26</sup> of full market value on the lien date. Those parcels that were both fully and partially revalued achieved an estimated range of 66 to 97 percent<sup>27</sup> of full market value level.

ADMINISTRATIVE CHANGES IN THE  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In San Joaquin County, administrative changes are being made in two areas--staffing and property information.

As a result of Proposition 13, the County Administrator directed the Assessor's office to decrease the budget by 10 percent.<sup>28</sup> This reduction was partially accomplished by cutting the number of appraisers from 45 to 36, which eliminated seven from the residential crew and two from the rural crew.<sup>29</sup> In addition to this reduction in staff, some appraisers were reassigned to other crews--two residential appraisers

were assigned to the rural crew and one residential appraiser was assigned to the commercial/industrial crew. Presently, the Assessor's Office estimated that there are 18 residential appraisers, 10 rural appraisers, and 5 commercial/industrial appraisers.

The Assessor's office has designed a summary report that will contain sales information on a yearly basis. This report will list sales from year to year, the total number of sales for the year and the value added to the tax roll by those sales. The report is expected to be completed for use in preparing the 1979-80 tax roll. In addition, staff is also planning a report which will provide base year information.

SAN JOAQUIN COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>30</sup>-----</u>		<u>-----1978-79<sup>31</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	67,429	\$370,292,601	72,312	\$ 563,775,850
Multiple Family	7,579	74,227,920	8,130	112,981,475
Vacant	7,408	13,089,986	7,999	20,065,650
Rural/Agricultural	5,529	137,213,852	5,928	208,816,174
Commercial/Industrial	7,388	175,174,811	7,841	265,938,396
Open Space/ Agricultural Preserves	4,228	51,749,200	5,616	80,167,130
Mineral Rights	<u>45</u>	<u>9,934,920</u>	<u>45</u>	<u>21,857,175</u>
Total	<u>99,606</u>	<u>\$831,683,290*</u>	<u>107,871</u>	<u>\$1,273,601,850*</u>

\*Assessed valuation differs from figures in Table 1 because sources and recording dates are different.

SAN JOAQUIN COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction and nonappraisal in 1975-76, needing adjustment to the 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation*</u>	<u>Actually Revalued*</u>
CHANGE IN OWNERSHIP**	35,000 <sup>32</sup>	35,000
NEW CONSTRUCTION**	15,000 <sup>33</sup>	15,000
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE**	<u>64,500<sup>34</sup></u>	<u>64,500</u>
Total	<u>114,500</u>	<u>114,500</u>

\* These estimated figures reflect some double counting.

\*\* Breakout of data by property type is unavailable.

FOOTNOTES

- 1 San Joaquin County Assessor's Office: Address Information Recapitulation by Use Code and Mapbook, November 7, 1978.
- 2 (See Footnote 1)
- 3 State Board of Equalization Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 (See Footnote 1)
- 8 Estimate provided by San Joaquin County Assessor's Office, based on no documented source.
- 9 (See Footnote 8)
- 10 (See Footnote 8)
- 11 San Joaquin County Assessor's Office: Recap of percentage factors to adjust tax roll values for the 1978-79 tax roll.
- 12 (See Footnote 11)
- 13 State Board of Equalization: Budgets and Workloads Summary for 1975-76.
- 14 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for the fiscal year 1975-76.
- 15 State Board of Equalization: Budgets and Workloads for 1976-77, from Letters to County Assessors #76-187.
- 16 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the fiscal year 1976-77.
- 17 State Board of Equalization: Budgets and Workloads for 1977-78, from Letters to County Assessors #77-150.

- 18 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the fiscal year 1977-78.
- 19 (See Footnote 1)
- 20 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1978 of the Counties of California for the fiscal year 1978-79.
- 21 (See Footnote 8)
- 22 (See Footnote 8)
- 23 (See Footnote 8)
- 24 San Joaquin County Assessor's Office: Agricultural Preserve Acreage Report, October 24, 1975.
- 25 (See Footnote 8)
- 26 (See Footnote 8)
- 27 (See Footnote 8)
- 28 San Joaquin County Assessor's Office: Budget Unit Expenditure detail for 1978-79.
- 29 San Joaquin County Assessor's Office: Position Budget Detail for 1978-79.
- 30 1975 figures for residential, rural/agricultural, and commercial/industrial parcels and assessed values are based on estimates provided by San Joaquin County Assessor's Office; open space agricultural preserves figures are from San Joaquin County Assessor's Office: Agricultural Preserve Acreage Report, October 24, 1975. Figures for mineral rights and the total assessed value are from the San Joaquin County Assessor's Office: 1975 Statement of the County Assessor to the State Board of Equalization. The total number of parcels is from the State Board of Equalization, Assessor's Budget and Workload Summary of Counties for 1975-76.
- 31 San Joaquin County Assessor's Office: Address Information Recapitulation by Use Code and Mapbook, November 7, 1978; Agricultural Preserve Acreage Report, October 26, 1978; Worksheet on Mineral Rights figures, February 26, 1979.
- 32 (See Footnote 8)
- 33 (See Footnote 8)
- 34 (See Footnote 8)

SANTA BARBARA COUNTY

Santa Barbara County enrolled 88,328 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$1,357,035,977 in real assessed valuation<sup>2</sup> (1.46 percent<sup>3</sup> of California's total locally secured property value). Santa Barbara County is primarily residential--single family and multiple family parcels comprise about 73 percent<sup>4</sup> of the total parcels and 67 percent<sup>5</sup> of the total real assessed value. Commercial and industrial parcels account for another 16 percent<sup>6</sup> of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Santa Barbara County revalued all properties except those which had been reappraised before or during 1975-76 and which had no subsequent changes in ownership or new construction. To identify and adjust individual properties to the proper base year and value, the Assessor's staff used a computer program supplemented by conventional appraisal techniques. The appraisal staff employed the following steps.

First, they completed the 1978-79 pre-Proposition 13 tax roll. When Proposition 13 became law, approximately one-third of the county's parcels had been reappraised because the county observed a three-year appraisal cycle. The roll was completed because the task

was nearly finished and the Assessor's staff also realized that more current and accurate appraisal data would allow them to adjust 1978-79 roll values back to the March 1, 1975 lien date, rather than forward from a number of pre-1975-76 appraisal dates varying in age.

The appraisal staff then manually developed a set of factors for each of the 152 neighborhoods by property use type. These factors were based on data from sales which had occurred approximately six months before and after the March 1, 1975 lien date. If sales were scarce in some instances, the sales range was expanded. The staff applied trending adjustments to approximate lien date values. They determined these factors using a three-step process. First, staff compared the existing full cash value of each sold property at the date of its last appraisal with its trended March 1, 1975 sales price.\* Then they divided the 1975-76 value by the last appraised value to get a factor (1.0 or less in value) for each sold property. Finally, they averaged all individual property factors to arrive at an aggregate neighborhood factor for each property use type.

Next, the computer program applied the aggregate neighborhood factors to the latest appraisal values of parcels with identical use codes within the respective neighborhoods.

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\*In some neighborhoods a weighted average was used in lieu of trending to March 1, 1975.

The 1975-76 values were then adjusted to 1978-79 by the two percent annual inflation factor. The resultant 1975-76 base year roll represented the appraised values of all of the county's 1978-79 parcels as if they had existed under identical conditions in 1975-76. The program did not consider changes in ownership, new construction and other occurrences such as the 1977 Sycamore fire which destroyed or damaged improvements on approximately 320 parcels.

Finally, the appraisal staff adjusted parcel values to reflect the transactions and occurrences mentioned above. Staff adjusted all parcels with changes in ownership and all Sycamore fire parcels by conventional appraisals. Because only nine weeks existed between development of the 1975-76 base year roll and the 1978-79 tax roll deadline, some new construction was not appropriately adjusted to its proper base year value. An estimated 20 to 25 percent of these parcels which realized new construction remained to be processed subsequent to posting the 1978-79 tax roll.\*

The Santa Barbara County Assessor's office used the above approach in developing the post-Proposition 13 tax roll for the following reasons:

- The Assessor believed that appraisal data collected after March 1, 1975 would more

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\* All types of activities require additional work because of changes in the State Board of Equalization's rules subsequent to the 1978-79 tax roll deadline.

accurately reflect the current conditions of  
all parcels

- No 1975-76 assessment roll existed in computerized form in Santa Barbara County because the data file reflects only the most current data for all properties with post-1975-76 appraisals
- This method would account for all newly created parcels
- The Assessor wanted both the property taxpayer and local government officials to realize Proposition 13's impact to ensure stable fiscal planning
- It appeared to be the fastest, most economical way of developing a 1978-79 tax roll.

Locally secured property in Santa Barbara County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978.

- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for  
the 1975-76 Tax Roll

Properties appraised for the 1975-76 tax roll which had no subsequent changes in ownership, new construction or fire damage needed no adjustment. The computer program multiplied the 1975-76 appraised values by a factor of 1.0 which resulted in no changes in the 1975-76 values. The two percent annual inflation factor was then added to bring these parcels to their new 1978-79 tax roll values.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

The computer factoring program treated parcels with changes in ownership as if no transfers had occurred. The resultant errors were manually corrected by appraisal staff before the 1978-79 tax roll deadline. Appraisers first reviewed the Assessor's computerized list of sales after February 28, 1975. This list provided information such as sales date, recording number and sales price (if confirmed). The appraisers then investigated each transfer and determined if the activity met the "change in ownership" criteria and thus required a reappraisal. Sales price, adjusted if necessary by appraiser judgment,

was used as the new base year value if a true market level sale occurred. Appraisers employed a conventional appraisal for all other changes in ownership such as deed transfers from parent to offspring. The two percent annual inflation factor was applied to the lien date value succeeding the ownership change.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

As with changes in ownership, the computer factoring program did not consider new construction in developing the 1975-76 base year roll. In addition, no computerized data on new construction was available. Consequently, the appraisal staff had to manually screen all appraisal forms. This screening identified all but an estimated 20 to 25 percent of new construction activities before the 1978-79 tax roll deadline date. The remaining activities will be adjusted for the 1979-80 tax roll.

The appraisal staff performed conventional appraisals for new structures. However, they had to calculate a split level of value for different base years between land and structure if the new structure had been built by the owner subsequent to the purchase of the land. The two percent annual inflation factor was applied from each appropriate base year. The value added by additions and alterations was carried forward separately from the 1975-76 base year roll value to arrive at a total 1978-79 tax roll value. The two percent annual inflation factor was included with the added value.

Parcels Not Appraised for the  
1975-76 Tax Roll, Needing Adjustment  
to the 1975-76 Base Year Value

Parcels not appraised for the 1975-76 tax roll which realized no subsequent change in ownership or new construction were placed in one of two categories: those appraised before 1975-76 and those appraised after 1975-76. In the case of parcels appraised before 1975-76, appraisal staff multiplied their last appraised value by a factor of 1.0 and added the two percent annual inflation factor. Thus, they were treated the same as parcels with no subsequent activities which had been appraised for the 1975-76 tax roll. There are approximately 8,000 parcels in this pre-1975-76 appraisal category that were not appraised during the three-year appraisal cycle. They were not appraised in 1978-79 because of time constraints in meeting the 1978-79 tax roll deadline. They will, however, be reappraised to a 1975-76 level, increased by the two percent annual inflation factor and logged on the 1979-80 tax roll.

For parcels appraised after the 1975-76 tax roll, the staff multiplied their latest appraised values by the appropriate neighborhood factor according to use code. Afterwards they adjusted the 1975-76 values to 1978-79 by applying the two percent annual inflation factor.

The two percent annual inflation adjustment provided for in Proposition 13 was uniformly applied to all property values according to their base years. The Assessor's office estimated that \$51,600,000<sup>7</sup> was added to the 1978-79 locally secured tax roll by the two percent annual inflation factor.

Santa Barbara County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a nine percent increase in locally assessed valuation over the 1977-78 tax roll as compared to a 28 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and the percentage of increase in assessed valuation for the last four years.

TABLE 1  
 CHANGE IN NUMBER OF PARCELS  
 AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	84,389 <sup>8</sup>	\$ 821,567,286 <sup>9</sup>	
1976-77	85,208 <sup>10</sup>	\$ 967,376,567 <sup>11</sup>	17.75
1977-78	86,593 <sup>12</sup>	\$1,240,548,433 <sup>13</sup>	28.24
1978-79	88,328 <sup>14</sup>	\$1,357,035,977 <sup>15</sup>	9.39

\*Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
 THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution formerly Proposition 13, the assessed value of each parcel is initially determined by the full cash value listed on the 1975-76 tax roll or,

thereafter, by its appraised value when new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Santa Barbara County appraised an estimated 17,522 parcels<sup>16</sup> or 20.7 percent of the 84,389 parcels<sup>17</sup> on the tax roll. The following table illustrates the number and type of properties appraised. The total assessed valuation of parcels appraised in 1975-76 was not available.

TABLE 2  
SANTA BARBARA COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	8,600	10.2
Multiple Family	700	.8
Vacant	2,400	2.8
Rural/Agricultural	3,000	3.6
Commercial/Industrial	2,050	2.4
Mineral	<u>772</u>	<u>.9</u>
Total	<u>17,522</u>	<u>20.7</u>

In 1975-76 Santa Barbara County conducted conventional appraisals exclusively. In most cases, geographic location determined whether or not a parcel was appraised. Properties were appraised for the 1975-76 tax roll at 100 percent of full market value. However, 1975 appraisals of single family, multiple family and vacant residential properties were based on information received up to September 1, 1974. According to the Chief Appraiser, this time lag caused these properties to be undervalued by an estimated 3 to 7 percent below full market value as of the March 1, 1975 lien date.

No cutoff dates were used for other property types. However, appraisals for commercial and industrial properties centered around January 1975, although appraisals were done up to the lien date. Between 92 and 100 percent of full market value was achieved for these parcel types. Mineral parcels and agricultural preserves are physically appraised every year and did not appreciate rapidly in 1975-76. These properties were estimated to be at 100 percent of full market value. The Assessor's staff stated that no nonpreserve rural/agricultural properties were appraised in 1975-76.

ADMINISTRATIVE CHANGES IN  
COUNTY ASSESSOR'S OFFICE

Although enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices,

administrative procedures in the Santa Barbara County Assessor's Office have remained unchanged. However, changes are being considered for future implementation. Staff will be producing internal management reports which will list outstanding building permits and transfers in ownership by property use code and type of transaction.

A major system overhaul could also be implemented if time and funding constraints permit. This new system would include use of a computerized market analysis using multiple regression techniques to assist the Assessor's staff in reappraising parcels affected by new construction, decreases in value (such as moratorium-affected properties) and changes in ownership (both sales and nonsales). Staff could cross-reference data on one type of activity to arrive at an appraised value for a parcel undergoing another type of activity. For example, cross-referencing a March 1978 and a February 1979 sale could be used to determine a time-adjusted value for a parcel involved in a July 1978 intra-family transfer. The Assessor believes this system could reduce staffing costs while maintaining appraisal integrity.

SANTA BARBARA COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS<sup>18</sup>

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	55,916	\$447,328,000	58,107	\$ 746,352,385
Multiple Family	6,152	102,531,597	6,706	162,840,517
Vacant	8,760	13,145,076	6,331	13,570,042
Rural/Agricultural	6,194	88,811,424	7,189	147,913,470
Commercial/Industrial	4,549	125,371,168	5,757	217,120,690
Mineral	772	44,309,004	834	69,238,873
Other*	<u>2,046</u>	<u>71,017</u>	<u>3,404</u>	<u>0</u>
Total	<u>84,389</u>	<u>\$821,567,286</u>	<u>88,328</u>	<u>\$1,357,035,977</u>

\* "Other" consists largely of United States Forest Service parcels from which no revenue is derived. However, the county includes them in its parcel count for the locally secured roll.

SANTA BARBARA COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued and which still need to be revalued due to changes in ownership, new construction and nonappraisal in 1975-76, needing adjustment to the 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still Need To Be Revalued</u>
<b>CHANGE IN OWNERSHIP</b>			
Residential			
Single Family	24,800	24,800	
Multiple Family	2,500	2,500	
Vacant	1,200	1,200	
Rural/Agricultural	800	800	
Commercial/Industrial	1,500	1,500	
Agricultural Preserve	200	200	
Subtotal	<u>31,000</u> <sup>19</sup>	<u>31,000</u>	
<b>NEW CONSTRUCTION</b>			
Residential			
Single Family	11,250	8,500	2,750
All Other	<u>3,750</u>	<u>3,500</u>	<u>250</u>
Subtotal	<u>15,000</u> <sup>20</sup>	<u>12,000</u>	<u>3,000</u>
<b>NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE</b>			
Residential			
Single Family	16,000	10,300	5,700
Multiple Family	1,500	1,500	0
Vacant	1,500	1,000	500
Rural/Agricultural	1,800	1,000	800
Commercial/Industrial	<u>1,200</u>	<u>200</u>	<u>1,000</u>
Subtotal	<u>22,000</u> <sup>21</sup>	<u>14,000</u>	<u>8,000</u>
Total	<u>68,000</u>	<u>57,000</u>	<u>11,000</u>

NOTE: An estimated 5,000 additional parcels may need reappraisal in accordance with the provisions of Proposition 8, which requires reappraisal of properties whose full market values might be below their base year values. Such properties include vacant land subject to moratorium (water, sewage, coastal). These 5,000 parcels are not included above.

FOOTNOTES

- 1 Santa Barbara County Certified Assessment Roll, 1978-79.
- 2 (See Footnote 1)
- 3 State Board of Equalization Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 Estimate provided by Santa Barbara County Assessor's Office, based on percentages derived from 1978-79 tax roll.
- 5 (See Footnote 4)
- 6 (See Footnote 4)
- 7 Estimate provided by Santa Barbara County Assessor's Office, based on calculation derived by Assessor's staff.
- 8 Santa Barbara County Certified Assessment Roll, 1975-76.
- 9 (See Footnote 8)
- 10 Santa Barbara County Certified Assessment Roll, 1976-77.
- 11 (See Footnote 10)
- 12 Santa Barbara County Certified Assessment Roll, 1977-78.
- 13 (See Footnote 12)
- 14 (See Footnote 1)
- 15 (See Footnote 1)
- 16 Estimate provided by Santa Barbara County Assessor's Office, based on 1975-76 Projects Worksheet.
- 17 (See Footnote 8)
- 18 Aggregate figures for total parcels and total assessed value are from Santa Barbara County Assessment Roll totals for 1975-76 in County of Santa Barbara and 1978-79 respectively. Figures by parcel type are estimates provided by Assessor's staff.
- 19 Estimate provided by Santa Barbara County Assessor's Office, based on computerized sales data.
- 20 Estimate provided by Santa Barbara County Assessor's Office based on building permit records for county for 1975-76 through 1978-79.
- 21 Estimate provided by Santa Barbara County Assessor's Office, based on no documented source. The 8,000 remaining to be done are those parcels appraised before the 1975-76 roll which were originally treated as if they had been reappraised in 1975-76 (see pages 5, 6 and 7).

SONOMA COUNTY

Sonoma County enrolled 116,986 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$1,258,049,250 in real assessed valuation<sup>2</sup> (1.33 percent<sup>3</sup> of California's locally secured property value). Sonoma County is primarily residential--single family, multiple family and vacant residential parcels comprise 86.3 percent<sup>4</sup> of the total parcels and 71.2 percent<sup>5</sup> of the total real assessed value. Commercial and industrial parcels account for another 4.5 percent<sup>6</sup> of the total parcels or 12.1 percent<sup>7</sup> of the total real assessed value, while rural/agricultural parcels comprise 7.1 percent<sup>8</sup> of all parcels and 8.9 percent<sup>9</sup> of the total real assessed value. Geothermal parcels represent less than .1 percent<sup>10</sup> of the total parcels, but comprise 5.5 percent<sup>11</sup> of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Sonoma County revalued all properties except those which had been appraised by conventional appraisal or computer-assisted appraisal for the 1975-76 tax roll and which had no subsequent changes in ownership or new construction. To identify and adjust individual parcels to the proper base year and value, the Assessor's staff reconstructed the 1975-76 tax roll. Staff identified parcels with changes in ownership and new construction. All parcels,

transactions, and the projected post-Proposition 13 tax roll values were computed and reviewed.

According to the County Assessor, locally secured property in Sonoma County subject to revaluation under the language of Proposition 13 falls into one of five categories (see also Appendix B).

- Parcels appraised by conventional or computer-assisted appraisal for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels trended for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised by Conventional  
or Computer-Assisted Appraisal  
for the 1975-76 Tax Roll

Base year values of parcels without subsequent changes in ownership or new construction that were appraised by conventional or computer-assisted appraisal for the 1975-76 tax roll were not

adjusted for the 1978-79 tax roll. Their value on the 1978-79 tax roll was increased by the two percent annual inflation factor.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

The Assessor's staff reviewed all deeds with a change in ownership since March 1, 1975 and determined those that were assessable. The staff then adjusted sales prices to account for conversion to cash and to eliminate personal property from sales prices. To determine the nature of transactions, appraisers reviewed all sales prices. As a result, an estimated 85 to 90 percent of these prices were used as base year values. For those parcels with unrealistic sales prices, appraisers determined the proper base year value for the year of the sale. In Sonoma County, 32,704 parcels,<sup>12</sup> or 27.9 percent of all parcels, had assessable changes in ownership.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The Assessor's staff identified parcels with new construction by reviewing records of building permits and changes in square footage resulting from improvements. A total of 14,532 parcels<sup>13</sup> were revalued for new construction in Sonoma County.

The conventional appraisal method was used to value approximately 75 percent of the parcels with original construction; an actual cost method was used on the remaining 25 percent.<sup>14</sup>

The entire parcel was reappraised for the year of habitable completion of construction. The staff used the conventional appraisal method to revalue approximately 60 percent of the parcels with additions to existing structures and used the actual cost method to revalue the remaining 40 percent of these parcels.<sup>15</sup> If the additional construction added a 100 percent increase to the square footage of the property or a 100 percent increase to the parcel's total value, the land, existing structure and the improvement were reappraised to a full market value for the year the new construction was completed.

Parcels Trended for the 1975-76  
Tax Roll, Needing Adjustment to  
the 1975-76 Base Year Value

Parcels that were trended for the 1975-76 tax roll, which realized no subsequent changes in ownership or new construction, were not considered to have been reappraised up to 1975-76 full market value levels. These parcels were trended to a 1975-76 full market value for the 1978-79 Post-Proposition 13 tax roll. To arrive at a trend factor, staff compared sales prices from 1974-75 with the actual 1975-76 roll values. Approximately 35,500 parcels<sup>16</sup> were trended in this manner.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to  
the 1975-76 Base Year Value

Approximately 6,300 parcels<sup>17</sup> not appraised for the 1975-76 tax roll, which had no subsequent changes in ownership or new construction, were trended to a 1975-76 full market value level. Staff compared sales ratio data for 1975-76 with the conventional or computer-assisted appraisal closest to March 1, 1975 to arrive at a trend factor by homogeneous neighborhood. Approximately 8,000 parcels<sup>18</sup> still need to be adjusted to the 1975-76 base year value. These commercial/industrial, agricultural, and other miscellaneous parcels will be revalued by conventional appraisal.

The Assessor's staff applied the two percent per year inflation factor to applicable parcels in Sonoma County to bring them to their 1978-79 levels. This process added \$54,344,643 in assessed valuation<sup>19</sup> to the 1978-79 tax roll. Additionally, appraisers manually adjusted some parcels to bring those with new construction to one base year level for the entire period.

Sonoma County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 15.6 percent<sup>20</sup> increase in the locally assessed valuation over the 1977-78 tax roll as compared to a 21.4 percent<sup>21</sup> increase in 1977-78 over 1976-77. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR<sup>22</sup>

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation*</u>	<u>Percentage of Value Increase</u>
1975-76	110,369	\$ 811,412,500	
1976-77	112,449	\$ 896,434,200	10.5
1977-78	114,814	\$1,088,652,475	21.4
1978-79	116,986	\$1,258,049,250	15.6

\* Changes in assessed valuation are partially due to increases in numbers of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by the full cash value of the property as shown on the 1975-76 tax roll or, thereafter, by the appraised value when a purchase, new construction, or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll Sonoma County appraised approximately 71,753<sup>23</sup> or 65 percent of the 110,369 parcels<sup>24</sup> on the tax roll resulting in an assessed value increase of \$107,259,781.<sup>25</sup> Parcels to be

appraised were selected based on whether their assessment values were low compared to the values of other parcels in the county. The following table illustrates the number and type of property appraised.

TABLE 2  
SONOMA COUNTY 1975-76 APPRAISALS<sup>26</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential	69,132	62.7
Rural/Agricultural	1,928	1.7
Commercial/Industrial	<u>693</u>	<u>0.6</u>
Total	<u>71,753</u>	<u>65.0</u>

Sonoma County used three methods for appraising properties for the 1975-76 tax roll: conventional appraisal, computer-assisted appraisal and trending. Approximately 18,238 parcels<sup>27</sup> were reappraised by conventional appraisals, based on a physical, on-site inspection. Another 10,911 parcels<sup>28</sup> were reappraised by computer-assisted appraisal, and the remaining 42,604 parcels<sup>29</sup> were revalued by the use of a trending factor. According to the Sonoma County Assessor, trending was performed to keep property values within a reasonable range, not to bring median values up to a level equivalent to full market value. Generally, values were increased 10 to 15 percent.

Since 1975-76 revaluations were based upon computer-assisted appraisals performed in September 1974, a time lag caused residential parcels to be slightly undervalued. The Assessor believes residential properties revalued for the 1975-76 tax roll were at approximately 95 percent<sup>30</sup> of full market value as of the March 1, 1975, lien date.

For other types of properties, the Assessor was unable to estimate the undervaluation caused by the time lag. He estimated that except for rural/agricultural properties, most parcels not revalued for the 1975-76 tax roll were between 70 percent and 85 percent of full market value.<sup>31</sup>

#### ADMINISTRATIVE CHANGES IN COUNTY ASSESSOR'S OFFICE

The enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In Sonoma County, administrative changes were made in two areas--staff reductions and termination of computer-assisted appraisals. The computer-assisted appraisals are no longer used since Proposition 13 made their use impractical. In addition, no major changes are planned in the management information system.

The Assessor's office staff was reduced by 11 positions<sup>32</sup> in fiscal year 1978-79, as illustrated by the following table.

TABLE 3

REDUCTION IN STAFF BY JOB CLASSIFICATION<sup>33</sup>

<u>Job Classification</u>	<u>Number of Positions Eliminated</u>
Supervising Appraiser	1
Appraiser	6
Senior Assessment Clerk	1
Clerical	<u>3</u>
Total Positions Eliminated	<u><u>11</u></u>

Also, one drafting technician position was downgraded to a transfer clerk position.

The Assessor does not plan any major changes in his management information system. Minor changes include:

- Developing a new management report, entitled Assessor's Transfer, Inventory and Control System, which provides a listing of parcels needing appraisal
- Use of base years
- Expanding use codes.

SONOMA COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>34</sup>-----</u>		<u>-----1978-79<sup>35</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	66,000	\$448,091,750	74,636	\$ 737,139,000
Multiple Family	4,434	66,914,750	5,116	99,492,000
Vacant	23,537	40,811,750	21,089	58,933,500
Rural/Agricultural	8,898	101,282,250	8,360	111,513,000
Commercial/Industrial	4,853	108,241,250	5,287	151,645,500
Other	<u>2,647</u>	<u>46,070,750</u>	<u>2,498</u>	<u>99,326,250</u>
Total	<u>110,369</u>	<u>\$811,412,500</u>	<u>116,986</u>	<u>\$1,258,049,250</u>

SONOMA COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued, and which still need to be revalued due to changes in ownership, new construction, trended in 1975-76 needing adjustment to the 1975-76 base year value and nonappraisal in 1975-76 needing adjustment to the 1975-76 base year value.

<u>Property Type*</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still Need To Be Revalued</u>
CHANGE IN OWNERSHIP			
Residential	26,164	26,164	
Rural/Agricultural	4,905	4,905	
Commercial/Industrial	<u>1,635</u>	<u>1,635</u>	
Subtotal	<u>32,704</u> <sup>36</sup>	<u>32,704</u> <sup>37</sup>	
NEW CONSTRUCTION			
Residential	12,193	12,193	
Rural/Agricultural	552	552	
Commercial/Industrial	<u>1,787</u>	<u>1,787</u>	
Subtotal	<u>14,532</u> <sup>38</sup>	<u>14,532</u> <sup>39</sup>	
PARCELS TRENDED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO THE 1975-76 BASE YEAR VALUE			
Residential	35,509	35,509	
Rural/Agricultural	0	0	
Commercial/Industrial	<u>0</u>	<u>0</u>	
Subtotal	<u>35,509</u> <sup>40</sup>	<u>35,509</u> <sup>41</sup>	
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE			
Residential	6,267	6,267	0
Rural/Agricultural and Commercial/Industrial	<u>8,000</u>	<u>0</u>	<u>8,000</u>
Subtotal	<u>14,267</u> <sup>42</sup>	<u>6,267</u> <sup>43</sup>	<u>8,000</u>
Total	<u>97,012</u>	<u>80,012</u>	<u>8,000</u>

\* A more detailed breakout of data by property type is unavailable.

FOOTNOTES

- 1 Sonoma County Assessor's Office: Recapitulation of the Assessor's Secured Stratum Report--Market Values, 1978-79, August 28, 1978.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemption, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 (See Footnote 1)
- 8 (See Footnote 1)
- 9 (See Footnote 1)
- 10 (See Footnote 1)
- 11 (See Footnote 1)
- 12 Sonoma County Assessor's Office: Proposition 13 Roll Composition, October 5, 1978.
- 13 (See Footnote 12)
- 14 Estimate based on interview with Sonoma County Assessor's staff.
- 15 (See Footnote 14)
- 16 (See Footnote 14)
- 17 (See Footnote 14)
- 18 (See Footnote 14)
- 19 Sonoma County Assessor's Office: Notes on the Assessment Role Increase, August 30, 1978.
- 20 Sonoma County Assessor's Office: File Notes of Assessment Standards Division, February 14, 1979.

- 21 (See Footnote 20)
- 22 (See Footnote 20)
- 23 Sonoma County Assessor's Office: Recapitulation of 1975-76 Revaluation.
- 24 Sonoma County Assessor's Office: Recapitulation of the Assessor's Secured Stratum Report--Market Value, January 14, 1975.
- 25 Sonoma County, Valuation Summary, September 26, 1975.
- 26 (See Footnote 14)
- 27 Sonoma County Assessor's Office: Regression Summary--1974-75 and Production Report, Week Ending June 27, 1975.
- 28 Sonoma County Assessor's Office: Regression Summary--1974-75, May 5, 1975.
- 29 Sonoma County Assessor's Office: Assessor's Secured Value Adjustment Review Listing, pages 159, May 8, 1975 and 953, April 21, 1975.
- 30 (See Footnote 14)
- 31 (See Footnote 14)
- 32 (See Footnote 14)
- 33 (See Footnote 14)
- 34 (See Footnote 24)
- 35 (See Footnote 1)
- 36 (See Footnotes 12 and 14)
- 37 (See Footnotes 12 and 14)
- 38 (See Footnotes 12 and 14)
- 39 (See Footnotes 12 and 14)
- 40 (See Footnote 14)
- 41 (See Footnote 14)
- 42 (See Footnote 14)
- 43 (See Footnote 14)

## STANISLAUS COUNTY

Stanislaus County enrolled 82,581 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$996,470,194 in real assessed valuation<sup>2</sup> (1.07 percent<sup>3</sup> of California's total locally secured property value). Stanislaus County is primarily residential-- single and multiple family parcels comprise 80 percent of the total parcels and about 51 percent<sup>4</sup> of the total real assessed value. Rural and agricultural parcels account for another 14 percent of the total parcels and 22 percent<sup>5</sup> of the total real assessed value. Commercial and industrial parcels comprise another 27 percent<sup>6</sup> of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Stanislaus County revalued all properties except those reappraised for the 1975-76 tax roll which had no subsequent changes in ownership or new construction. The Stanislaus County Assessor applied a three-step approach to constructing the post-Proposition 13 tax roll. First, the Assessor developed neighborhood time factors. The Assessor's staff compiled for every neighborhood a sales data book which listed all sales that occurred three months before or after the March 1, 1975 lien date. In some neighborhoods the six-month time span was expanded if more sales data was needed.

Based on this sales information and the known appraisal dates of neighborhoods, staff developed time adjustment factors for every neighborhood, ranging from .61 to 1.40.<sup>7</sup> If there was not sufficient sales information to determine a specific neighborhood time adjustment factor, staff gave the parcel a time adjustment factor of 1.0 and an inflation factor of 1.0. These factors would signal to the appraiser that the parcel needed a review. Parcels that had been revalued for the 1975-76 tax roll received a time adjustment factor of 1.0.

Second, the Assessor developed a base roll by entering the time adjustment factors for each neighborhood into the computer, which already had the individual parcels coded by neighborhood. The computer yielded a print-out that listed post-Proposition 13 values based on 1975 sales data for those parcels in the county with neighborhood time adjustments. The two percent annual inflation factor was applied to the parcels during the computer process.

Third, from this print-out, the Assessor identified parcels which needed to be revalued because of a 1.0 time adjusted factor and inflation factor, change of ownership and new construction. Staff revalued these parcels to the appropriate base year, and applied the annual inflation factor as appropriate. They recorded these changes on the print-out which were then entered into the computer. A revised print-out, listing only those parcels which had changes, was produced for the appraisers' final review and approval. Changes to this print-

out were entered into the computer. The information in the computer, at this point, was the basis for the post-Proposition 13 1978-79 tax roll.

Locally secured property in Stanislaus County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

#### Parcels Appraised for the 1975-76 Tax Roll

Properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll needed no adjustment for the 1978-79 roll. For those properties the base year was 1975-76 and their value on the 1978-79 tax roll was unchanged from the value shown on the 1975-76 tax roll, except for addition of the two percent annual inflation factor.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Staff revalued parcels with changes in ownership based on either sales price, a trending procedure or conventional appraisal. Appraisers reviewed the indicated sales price to determine if it reflected a fair market value. For those parcels with an indicated sales price at fair market value, the base year was the year of sale, and the base year value was the sales price. The review included a verification process in which appraisers compared the indicated sales price with the 1975-76 base year value which was factored up to the date of sale by a computed appreciation rate. If the sales price was not at fair market value, the factored value became the base year value. The Assessor conducted a conventional appraisal of the parcel when neither value was acceptable.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

In valuing parcels with new construction, the Assessor used market data, historical costs, or the cost approach to value the new improvements. For such parcels appraisers identified two base years and two values, (1) for the parcel before the construction and (2) for the new construction. They determined the base year and value of the parcel before the new construction, and applied the two percent annual inflation factor. Appraisers then determined the value

added by the new construction and applied the two percent annual inflation factor for the construction alone from its base year forward. Both values were added together to arrive at the 1978-79 post-Proposition 13 value.

Parcels Not Appraised for the 1975-76 Tax Roll,  
Needing Adjustment to the 1975-76 Base Year Value

Properties not appraised for the 1975-76 tax roll which realized no subsequent change in ownership or new construction were updated to the 1975-76 level. As discussed on page 1, the Assessor's staff applied neighborhood time adjustment factors to the parcels to bring them to a 1975-76 level. With these adjustments, the base year for such properties was 1975-76.

Once appraisers established appropriate base years and values, a computer program applied the two percent annual inflation factor to property values according to their base years. Stanislaus County has completed all necessary adjustments for its 1978-79 tax roll. The County Assessor could not determine what value the two percent annual inflation factor added to the total assessed value of the 1978-79 locally secured roll because it is impossible to separate parcels by base year.

Stanislaus County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to changes in the county's total assessed valuation. In 1978-79, Stanislaus County's total assessed valuation increased 31.09 percent over the 1977-78 tax roll as compared to a 15.99 percent increase in 1977-78 over 1976-77. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
 CHANGE IN NUMBER OF PARCELS  
 AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	73,218 <sup>8</sup>	\$609,366,870 <sup>9</sup>	
1976-77	75,531 <sup>10</sup>	655,386,900 <sup>11</sup>	7.55
1977-78	78,327 <sup>12</sup>	760,189,980 <sup>13</sup>	15.99
1978-79	82,581 <sup>14</sup>	996,505,054 <sup>15</sup>	31.09

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially attributable to increases in number of parcels.

APPROACH TO DEVELOPING  
 THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by the full cash value of the property as shown on the 1975-76 tax roll, or thereafter, the appraised value when a purchase,

new construction, or a change in ownership occurs. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll Stanislaus County appraised an estimated 15,785 or 21 percent, of the 73,218 parcels on the roll. The Assessor's staff selected parcels to be appraised by neighborhood considering such factors as manageable boundaries (e.g., rivers, highways, main thoroughfares), available manpower and date of last appraisal. The appraisal cycle was seven to eight years. The following table illustrates the number and type of property appraised. The total assessed valuation of parcels appraised in 1975-76 was not available.

TABLE 2  
STANISLAUS COUNTY 1975-76 APPRAISALS<sup>16</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential	10,603	14.0
Rural/Agricultural	2,538	3.4
Commercial/Industrial	1,724	2.3
Other	<u>920</u>	<u>1.3</u>
Total	<u>15,785</u>	<u>21.0</u>

Stanislaus County used only conventional appraisal techniques for reappraising properties for the 1975-76 tax roll. Because of assessment procedures, properties appraised for the

1975-76 tax roll were at 100 percent of full market value. For the purpose of conducting appraisals, the Assessor's staff developed key sheets for each neighborhood showing a history of sales in that area. These sheets listed values for parcels representative of that neighborhood. Those values also included inflation adjustments to the lien date. Relying on the key sheets, appraisers were able to project the full market value of parcels as of the lien date.

The Assessor estimated that parcels not appraised for the 1975-76 tax roll were between approximately 42 percent and 95 percent of full market value<sup>17</sup> on the March 1, 1975 lien date. The median value was approximately 70 percent. This wide range is a product of the seven to eight year appraisal cycle in effect in 1975.

ADMINISTRATIVE CHANGES IN  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In Stanislaus County, administrative changes are being made in two areas--content and maintenance of property records and development of new summary reports.

More detailed information on new construction and changes of ownership will be maintained in property records. The Assessor's staff will code all such changes so that those which should trigger

a new appraisal will be easily identified. For changes in ownership, neighborhood codes and a sales history will be maintained. Finally, all information on the Master Property Records is being put on microfiche to improve data storage.

Although a variety of new summary reports is possible because of the increase in data stored, an Appraisal Control Report and a Report on Appraisal Work Outstanding are the only direct results of Proposition 13. These summaries will facilitate tracking of appraisal activity for improved management planning.

STANISLAUS COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>18</sup>-----</u>		<u>-----1978-79<sup>19</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential	57,710	\$293,436,380	66,535	\$505,036,973
Rural/Agricultural	11,060	163,398,160	11,218	222,410,895
Commercial/Industrial	<u>4,448</u>	<u>152,783,840</u>	<u>4,828</u>	<u>269,022,326</u>
Total	<u>73,218</u>	<u>\$609,618,380*</u>	<u>82,581</u>	<u>\$996,470,194*</u>

\* Assessed valuation differs from figures in Table I because sources and recording dates are different.

STANISLAUS COUNTY

Below are estimates for the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction, and nonappraisal for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGE IN OWNERSHIP		
Residential	22,214	22,214
Rural/Agricultural	2,318	2,318
Commercial/Industrial	<u>1,141</u>	<u>1,141</u>
Subtotal	<u>25,673</u> <sup>20</sup>	<u>25,673</u>
NEW CONSTRUCTION*	<u>19,629</u> <sup>21</sup>	<u>19,629</u>
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE*	<u>27,896</u> <sup>22</sup>	<u>27,896</u>
Total	<u><u>73,198</u></u>	<u><u>73,198</u></u>

\*Breakout of data by property type is unavailable.

FOOTNOTES

- 1 Stanislaus County Assessor's Office: Property Use Type Report-- 1978 and Total Roll--Stanislaus County, 1978-79.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 Stanislaus County Assessor's Office: Assessor's Neighborhood Codes and Factors.
- 8 Stanislaus County Assessor's Office: Property Use Type Report-- 1975 and Total Roll--Stanislaus County, 1975-76.
- 9 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for the fiscal year 1975-76.
- 10 State Board of Equalization: Assessor's Budgets and Workloads 1976-77.
- 11 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the fiscal year 1976-77.
- 12 State Board of Equalization: Assessor's Budgets and Workloads 1977-78.
- 13 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the fiscal year 1977-78.
- 14 (See Footnote 1)
- 15 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1978 of the Counties of California for the fiscal year 1978-79.

- 16 Estimates provided by Stanislaus County Assessor's Office, based on area review and maintenance work in 1975.
- 17 Estimates by Stanislaus County Supervising Appraiser, based on appraisal cycle and inflation rates.
- 18 (See Footnote 8)
- 19 (See Footnote 1)
- 20 Estimates provided by Stanislaus County Assessor's Office, based on documented figures for total parcels, rural/agricultural parcels and commercial/industrial parcels. The figure for residential parcels is the balance of the above figures.
- 21 Estimate provided by Stanislaus County Assessor's Office, based on maintenance work for three years and familiarity with workload.
- 22 Estimate provided by Stanislaus County Assessor's Office, based on the 1978-79 tax roll less estimates for change in ownership, new construction and parcels appraised for the 1975-76 tax roll.



AMADOR COUNTY

Amador County enrolled 17,323\* parcels on the 1978-79 locally secured tax roll totaling \$85,022,444 in real assessed valuation<sup>1</sup> (.09 percent<sup>2</sup> of California's total locally secured property value). Parcels in Amador County are primarily residential; single family, multiple family and vacant residential parcels account for 80 percent of total county parcels and 71.53 percent of the total real assessed value. Commercial and industrial parcels comprise 12 percent of the total parcels and 17.53 percent of the total real assessed value. Rural and agricultural parcels account for 4 percent of the total parcels and 2.38 percent of the total real assessed value. Mineral, timber, the East Bay Municipal Utility District and other miscellaneous parcels comprise the remaining 4 percent of the total parcels and 8.56 percent of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Amador County intends to revalue all parcels except those which were reappraised for the 1975-76 tax roll.

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\* Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

Locally secured parcels in Amador County subject to revaluation under the language of Proposition 13 fall into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll with no subsequent changes in ownership or new construction
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll with no subsequent changes in ownership or new construction.

Parcels Appraised for the 1975-76  
Tax Roll with No Subsequent Changes  
in Ownership or New Construction

Base values of parcels without subsequent changes in ownership or new construction that were reappraised for the 1975-76 tax roll were not adjusted for the 1978-79 tax roll. Their 1975-76 tax roll value, increased by the two percent annual inflation factor, became their value on the 1978-79 tax roll.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

The Assessor's staff reviewed all parcels with name changes and revalued an estimated 9,200 of these. Appraisers used sales prices, if reasonable, to establish the base values of these parcels. And when the sales price did not reflect market value, they used conventional appraisals. For all parcels with ownership changes, they listed the base year for the March 1 lien date following the ownership change.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The Assessor's staff identified 2,200 parcels with new construction by reviewing building permits. Appraisers revalued land, existing structures and additional construction separately for an estimated 1,200 parcels. They valued land or existing structures which had not realized a change in ownership after March 1, 1975 at the 1975-76 tax roll value if appraised for 1975-76. If the land or structure was not appraised for 1975-76, appraisers valued it at the 1975-76 level by adjusting its value backward or forward. Appraisers valued new construction by physical appraisal and gave these parcels a base year according to the lien date following completion of construction.

Approximately 1,000 parcels whose construction was not completed by February 28, 1978 will be appraised during the remaining months of 1978-79.

Parcels Not Appraised for the 1975-76  
Tax Roll, with No Subsequent Changes  
in Ownership or New Construction

Approximately 4,120 parcels not reappraised for the 1975-76 tax roll which had realized no subsequent changes in ownership or new construction needed revaluation to 1975-76 full market values. Appraisers revalued an estimated 2,000 parcels for the 1978-79 tax roll by using sales ratio data to conform the most recent appraisal value after the 1975 lien date to a 1975-76 level. The remaining 2,120 parcels will be reappraised by February 28, 1980.

The Assessor's staff applied the two percent per year inflation factor to parcels when appropriate to adjust them to their 1978-79 levels.

Amador County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 13.87 percent increase in locally assessed valuation over the 1977-78 tax roll as compared to the

13.66 percent increase in 1977-78 over the 1976-77 tax roll. The following table shows the total number of parcels, total assessed valuation and percentage increase in assessed valuation for the last four years.

TABLE I

CHANGE IN NUMBER OF PARCELS AND ASSESSED VALUATION SINCE 1975-76\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	16,634	\$58,557,270	
1976-77	16,851 <sup>3</sup>	65,687,442	12.18
1977-78	17,136	74,660,381	13.66
1978-79	17,323	85,022,444	13.87

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially attributable to the annual increase in the number of parcels and the fact that timber was excluded from county assessed rolls after the tax year 1976-77.

APPROACH TO DEVELOPING THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value as shown on the 1975-76 tax roll or, thereafter, by the appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Amador County appraised an estimated 4,916 parcels or 29.55 percent of the parcels which represented 10.47 percent of the value of the 1975-76 tax roll. Appraisers used conventional appraisal techniques for all parcels revalued. At the time of appraisal, appraisers used sales and cost data that were approximately 4 months to a year old. This data caused a time lag; as a result, those parcels that were appraised for the 1975-76 tax roll were at approximately 90 percent of full market value at the March 1, 1975 lien date. The parcels that were not appraised for the 1975-76 tax roll were valued at approximately 75 percent of full market value at the March 1, 1975 lien date.

## AMADOR COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	-----1975-76-----		-----1978-79-----	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	4,325	\$27,416,514	5,024	\$41,720,513
Multiple Family	166	1,736,011	173	1,215,821
Vacant	9,316	11,746,588	8,662	17,880,220
Rural/Agricultural	666	1,885,544	693	2,023,534
Commercial/Industrial	1,497	9,790,776	2,079	14,904,434
Other				
Mineral	332	2,313,012	346	2,508,162
Timber	166	1,223,847	173	1,513,400
East Bay Municipal Utility District	166	3,044,978	173	3,256,360
Total	<u>16,634</u>	<u>\$58,557,270</u> <sup>4</sup>	<u>17,323</u>	<u>\$85,022,444</u> <sup>5</sup>

AMADOR COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued and which still need to be revalued due to changes in ownership, new construction and nonappraisal for the 1975-76 tax roll, needing adjustment to 1975-76 full market value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still To Be Revalued</u>
CHANGES IN OWNERSHIP*	9,200	9,200	
NEW CONSTRUCTION*	2,200	1,200	1,000
PARCEL NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO A 1975-76 BASE YEAR VALUE	4,120	2,000	2,120
	_____	_____	_____
Total	<u>15,520</u>	<u>12,400</u>	<u>3,120</u>

\*Breakout of parcels by property type is not available.

FOOTNOTES

- 1 Amador County Assessor's Office, Assessment Roll Totals for 1978-79.
- 2 State Board of Equalization Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 3 State Board of Equalization, Assessor's Budgets and Workloads, 1976-77.
- 4 Amador County Assessor's Office, Assessment Roll Totals for 1975-76.
- 5 (See Footnote 1)

CALAVERAS COUNTY

Calaveras County enrolled 33,085 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$113,148,696 in real assessed valuation<sup>2</sup> (.12 percent<sup>3</sup> of California's locally secured property value). Parcels in Calaveras County are primarily residential, totaling 86.7 percent<sup>4</sup> of all parcels and 74.3 percent<sup>5</sup> of the total assessed value. Rural/agricultural parcels account for 6.8 percent<sup>6</sup> of total parcels or 9.7 percent<sup>7</sup> of the total real assessed value, while commercial parcels comprise 1.9 percent<sup>8</sup> of all parcels and 11.1 percent<sup>9</sup> of the real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Calaveras County revalued all parcels except those appraised for the 1975-76 tax year, which had realized no changes in ownership or new construction. To identify and adjust individual parcels to the proper base year and value, the Assessor's staff reviewed historical information for each parcel.

Locally secured parcels in Calaveras County subject to revaluation under Proposition 13 fall into the following categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not reappraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the  
1975-76 Tax Roll

The Assessor enrolled parcels appraised for the 1975-76 tax roll with no changes in ownership and new construction at the value shown on the 1975-76 tax roll, after adjusting this value by applying the two percent annual inflation factor.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

For parcels with changes in ownership, Calaveras County determined values by either conventional appraisal or by computer-assisted appraisal based on sales data from confirmed sales. They revalued an estimated 6,300 parcels\* or 19 percent of the parcels on the 1978-79 tax roll for changes in ownership.

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\* Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The Assessor revalued land, existing structures and additional construction separately and adjusted the values by applying the two percent annual inflation factor. He used the conventional appraisal method for both original construction and additions to existing structures. The Assessor then enrolled these parcels in the year subsequent to new construction. The Assessor adjusted approximately 3,300 parcels which had realized new construction or 10 percent of the parcels on the 1978-79 tax roll.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year Value

To establish the post-Proposition 13 tax roll values for parcels not appraised for the 1975-76 tax roll which realized no changes in ownership or new construction, Calaveras County trended the parcel's last reappraised value for the 1976-77, 1977-78 or 1978-79 tax roll back to the 1975-76 base year value. They developed the trend factors from sales data by area and property type and then applied them to the last appraisal value. Appraisers followed this procedure for an estimated 20,930 parcels or 63.3 percent of the 1975-76 tax roll.

The County adjusted all parcels with a base year one year or older by applying the two percent annual inflation factor. This process added an estimated \$3,960,204 in assessed valuation to the 1978-79 tax roll.

Calaveras County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 4.9 percent<sup>10</sup> increase in the locally assessed valuation over the 1977-78 tax roll as compared to a 14.6 percent<sup>11</sup> increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	32,107	\$ 80,945,150	
1976-77 <sup>12</sup>	32,959	97,580,503	20.6
1977-78 <sup>13</sup>	32,858	111,814,557	14.6
1978-79 <sup>14</sup>	33,085	117,325,556	4.9

\*Changes in assessed valuation are partially due to increases in number of parcels and the fact that timberlands were excluded from county assessed rolls after the tax year 1976-77.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value as shown on the 1975-76 tax roll, or thereafter, by the appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

For the 1975-76 tax roll, Calaveras County adjusted 12,877 parcels or 40.1 percent of the 32,107 parcels on the tax roll. The following table illustrates the number of parcels and the method of appraisal.

TABLE 2

CALAVERAS COUNTY 1975-76 REAPPRAISALS

<u>Appraisal Method</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Conventional Reappraisal	7,877	24.5
Interim Adjustment	<u>5,000</u>	<u>15.6</u>
TOTAL	<u>12,877</u>	<u>40.1</u>

Parcels that were adjusted by conventional appraisal and interim adjustments for the 1975-76 tax roll were valued at 100 percent of the full market value. To achieve a level of 100 percent of full market value, the Assessor adjusted values to the lien date of March 1, 1975, based on sales data. Parcels not reappraised for the 1975-76 tax roll were valued between 85 and 90 percent of the full market value at the March 1, 1975 lien date.

APPENDIX A

CALAVERAS COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79<sup>15</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	7,834	\$37,234,769	8,635	\$ 56,081,616
Multiple Family	160	890,397	165	1,407,907
Vacant	19,714	24,202,600	19,884	29,683,366
Rural/Agricultural	2,280	7,932,625	2,250	11,380,579
Commercial/Industrial	610	6,475,612	629	13,023,137
Other	<u>1,509</u>	<u>4,209,147</u>	<u>1,522</u>	<u>5,748,951</u>
Total	<u>32,107</u>	<u>\$80,945,150</u>	<u>33,085</u>	<u>117,325,556</u>

CALAVERAS COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction and nonappraisal for 1975-76 with no subsequent changes.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGES IN OWNERSHIP*	6,300	6,300
NEW CONSTRUCTION*	3,300	3,300
NOT REAPPRAISED FOR THE 1975-76 TAX ROLL, WITH NO CHANGES IN OWNERSHIP OR NEW CONSTRUCTION*	<u>20,930</u>	<u>20,930</u>
TOTAL	<u>30,530</u>	<u>30,530</u>

\* Breakout of data by property type is unavailable.

FOOTNOTES

- 1 This information is based upon a documented source which the Calaveras County Assessor's Office identified as the 1978-79 tax roll.
- 2 (See Footnote 1).
- 3 State Board of Equalization: Assessed Value of County Assessed Property to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemption, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1).
- 5 (See Footnote 1).
- 6 (See Footnote 1).
- 7 (See Footnote 1).
- 8 (See Footnote 1).
- 9 (See Footnote 1).
- 10 Information based on interview with Calaveras County Assessor.
- 11 (See Footnote 10).
- 12 (See Footnote 10).
- 13 (See Footnote 10).
- 14 (See Footnote 1).
- 15 (See Footnote 1).

COLUSA COUNTY

Colusa County enrolled 9,856 parcels\* on the 1978-79 locally assessed tax roll totaling \$119,087,253 in real assessed valuation (.13 percent<sup>1</sup> of California's total locally secured property value). Parcels in Colusa County are primarily residential--single family, multiple family and vacant residential parcels comprise about 53 percent of the total parcels but only 15 percent of the total real assessed value. Rural and agricultural parcels comprise 43 percent of the total parcels and account for 75 percent of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Colusa County revalued all properties except those which had been reappraised for the 1975-76 tax roll. Staff enrolled the properties appraised for the 1975-76 tax roll at the value shown in the 1975-76 tax roll and increased them by applying the two percent annual inflation factor. To revalue parcels that had not been appraised for the 1975-76 tax roll, the Assessor's office formulated factors from 1975 sales for each property type by studying each mapbook area and determining the ratio between their value and the 1975-76 base year.

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\* Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

Then appraisers applied these factors to the parcels not appraised for the 1975-76 tax roll to reflect 1975 full market values.

Staff manually reviewed the master property file to identify those parcels that had realized changes in ownership or any other assessable change. The Assessor's Office then reviewed the building permits file and office file to identify parcels with new construction. They revalued these parcels and then manually applied the two percent annual inflation factor.

Locally secured property in Colusa County subject to revaluation under the language of Proposition 13 falls into one of four categories :

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised For The  
1975-76 Tax Roll

Parcels without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll needed

no adjustment for the 1978-79 tax roll. For those properties the base year was 1975-76 and their value on the 1978-79 tax roll was unchanged from the value on the 1975-76 tax roll except for application of the two percent annual inflation factor provided for in Proposition 13.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

In Colusa County, the Assessor revalued all 3,940 parcels requiring revaluation due to changes in ownership which occurred from March 1, 1975 through February 28, 1978.

Appraisers revalued parcels with changes in ownership by using the sales price or by conducting a conventional appraisal. They compared a parcel's sales price to comparable sales data. If the sales price reflected full market value, it was enrolled on the 1978-79 tax roll. When the sales price did not reflect full market value, appraisers conducted a conventional appraisal. Each appraiser manually applied the two percent annual inflation factor after revaluing the parcel for the change in ownership. They then enrolled the new value on the 1978-79 tax roll.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Approximately 3,253 parcels in Colusa County needed revaluation due to new construction which occurred from March 1, 1975 through February 28, 1978. Appraisers used conventional appraisal and actual cost methods to revalue an estimated 1,653 of these parcels for the 1978-79 tax roll. They applied the two

percent annual inflation factor first to the value of the older portion of the parcel and then to the newly constructed portion. After this procedure, they enrolled the sum of the two values on the 1978-79 tax roll. The 1,600 parcels remaining will be revalued by 1981.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year Value

Appraisers revalued parcels which had not been appraised for the 1975-76 tax roll and which had realized no subsequent changes in ownership or new construction to reflect 1975 full market values. As previously mentioned, factors were formulated and applied to these parcels to reflect these values.

Colusa County applied the two percent annual inflation factor provided for in Proposition 13 to all property values according to the base year enrolled on the 1978-79 tax roll. The Assessor's office could not determine what value the two percent inflation factor added to the total assessed value of the 1978-79 tax roll.

Colusa County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll resulted in a 14.47 percent increase over the 1977-78 tax roll as compared to a 20.68 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
 CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation<sup>2</sup></u>	<u>Percentage of Value Increase</u>
1975-76	9,480	\$ 78,844,440	
1976-77	9,568 <sup>3</sup>	85,601,640	8.57
1977-78	9,691 <sup>4</sup>	103,304,090	20.68
1978-79	9,856	118,254,948	14.47

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially attributable to annual increases in number of parcels.

APPROACH TO DEVELOPING  
 THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll, or thereafter, by its appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practice could affect its 1978-79 tax roll.

In 1975, Colusa County appraised all parcels on a five-year cycle; however, they did not appraise one-fifth of all parcels every year. In some years, they appraised more than one-fifth of the total parcels and in other years, less than one-fifth.

For the 1975-76 tax roll, staff used conventional methods to reappraise 3,304 parcels with a total assessed valuation of \$13,100,000. The following table illustrates the number and type of parcels reappraised.

TABLE 2

COLUSA COUNTY 1975-76 REAPPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	1,881	19.84
Multiple Family	20	.21
Vacant	60	.63
Rural/Agricultural	1,253	13.22
Commercial/Industrial	<u>90</u>	<u>.95</u>
Total	<u>3,304</u>	<u>34.85</u>

The Colusa County Assessor's office used sales data from 0 to 14 months old to value parcels for the 1975-76 tax roll. To allow for differences in the age of data used, appraisers made adjustments as new sales data became available. Also, by consulting a sales and cost manual issued by the State and by relying on their experience and knowledge about parcel values in their county, appraisers developed factors to update these values to the March 1, 1975 lien date. The Assessor considered parcels which were revalued for the 1975-76 tax roll to be at 100 percent of full market value on the lien date. He estimated those parcels that were not revalued for the 1975-76 locally secured roll to be at 92 percent of full market value on the 1975 lien date.

COLUSA COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	3,802	\$ 7,500,000	3,703	\$ 13,723,857
Multiple Family	62	2,000,000	100	3,200,000
Vacant	1,150	500,000	1,360	900,000
Rural/Agricultural	4,044	62,271,200	4,273	89,263,396
Commercial/Industrial	420	7,000,000	420	12,000,000
Other (Fish Farm and Boat Landing)	2	145,000		
Total	<u>9,480</u>	<u>\$79,416,200*</u>	<u>9,856</u>	<u>\$119,087,253*</u>

\*Total assessed values for 1975-76 and 1978-79 differ from figures on Table 1 because sources and recording dates are different.

FOOTNOTES

- 1 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowner's and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 2 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September of the Counties of California for the Fiscal Year 1975-76, 1976-77, 1977-78 and 1978-79.
- 3 State Board of Equalization: Budget and Workload Summary of Counties for 1976-77, 1977-78.
- 4 (See Footnote 3).

INYO COUNTY

Inyo County enrolled 9,665 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$111,332,488 in real assessed valuation<sup>2</sup> (.1214 percent<sup>3</sup> of California's total locally secured property value). Inyo County is primarily residential -- single and multiple family parcels comprise about 58 percent\* of the total parcels and 26 percent of the total real assessed value Rural/agricultural parcels account for 16 percent of the total parcels and 51 percent of the total real assessed value (See Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Inyo County revalued all properties except those which had been appraised for the 1975-76 tax roll and which had realized no subsequent changes in ownership or new construction. To identify and adjust individual properties to the proper base year and value, the Assessor designed a computer program which compiled a worksheet using historical information available in the county for each parcel. Appraisers reviewed these worksheets, then identified and manually adjusted all parcels that needed revaluation.

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\*Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

Locally secured property in Inyo County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the 1975-76 Tax Roll

Properties that were appraised for the 1975-76 tax roll that did not realize subsequent changes in ownership or new construction received no adjustment for the 1978-79 tax roll, except for the increase due to application of the two percent per year inflation factor. For those parcels the base year was 1975-76.

Parcels with Changes in Ownership  
from March 1, 1975 through February 28, 1978

Generally, staff appraisers used a trending approach to revalue properties for changes in ownership. For each neighborhood, the staff appraisers selected representative appraisals which had been conducted before and after the date of the change in ownership. Based on these appraisals, they interpolated an appropriate value for each parcel. If other appraisals were not available, staff used only one post-1975-76 appraisal for trending the change in ownership. The Assessor considered appraisals conducted after 1975-76 to be more accurate than those conducted prior to 1975-76. Staff valued changes in ownership using sales prices when trending was not possible.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Building records for each parcel were screened to identify those permits which would trigger a reappraisal. In those cases, staff appraised parcels for the total value added to the property. Appraisers used the depreciated cost approach and, when available, recent appraisals to determine the value of the home with and without the new construction as of the construction date. The difference between these two values would determine the value of the new construction. The two percent per year inflation factor was applied separately to the value of the new construction and the value of the home, according to their base years.

Parcels Not Appraised for the  
1975-76 Tax Roll, Needing Adjustment  
to the 1975-76 Base Year Value

Properties not revalued for the 1975-76 tax roll or subsequently revalued for 1976-77 and 1977-78, which had realized no subsequent changes in ownership or new construction, were revalued to 1975-76 values. Properties revalued in 1976-77 and 1977-78 which realized no subsequent changes in ownership or new construction were trended back by neighborhoods to 1975-76 values. To determine a 1975-76 value for these parcels, the Assessor's staff trended a representative pre-1975-76 appraisal up to a 1975-76 value and a representative post-1975-76 appraisal back to a 1975-76 value, to arrive at an appropriate 1975-76 level of valuation.

Once staff established appropriate base years and values, a computer program selectively applied an increase of two percent to property values according to base years provided by Proposition 13. Inyo County has completed all necessary adjustments for its 1978-79 tax roll. Subsequent to completion of the 1978-79 tax roll, the Assessor instituted a program to review certain areas where confidence in the Proposition 13 values was low. This program was 90 percent complete as of March 1, 1979. The County Assessor could not determine what value the two percent inflation factor added to the total assessed value of the 1978-79 locally secured tax roll.

Inyo County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 10.5 percent increase in locally assessed valuation over the 1977-78 tax roll as compared to a 15.6 percent increase

in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	9,364 <sup>4</sup>	\$ 78,801,903 <sup>5</sup>	
1976-77	9,432 <sup>6</sup>	87,187,150 <sup>7</sup>	10.6
1977-78	9,491 <sup>8</sup>	100,752,205 <sup>9</sup>	15.6
1978-79	9,665 <sup>10</sup>	111,332,488 <sup>11</sup>	10.5

\*Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially attributed to annual increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value as listed on the 1975-76 tax roll, or thereafter, by the appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Inyo County appraised 915 parcels or 9.8 percent of the 9,364 parcels on the tax roll. The following table illustrates the number and type of property appraised.

TABLE 2

INYO COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number Of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	895	9.6
Multiple Family	10	.1
Commercial/Industrial	<u>10</u>	<u>.1</u>
Total	<u>915</u> <sup>12</sup>	<u>9.8</u>

Inyo County used only conventional appraisals for reappraising properties for the 1975-76 tax roll; staff appraised primarily single family parcels in that year.

Since 1975-76 property appraisals were based upon sales data up to 24 months old, a time lag caused properties to be less than market value. The County Assessor estimated that properties appraised for the 1975-76 tax roll were between 84 and 92 percent of full market value as of the March 1, 1975 lien date. He estimated that parcels not appraised for the 1975-76 tax roll were between 76 and 92 percent of full market value as of the March 1, 1975 lien date.

INYO COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	4,776	\$15,758,456	4,975	\$ 23,379,822
Multiple Family	656	3,151,691	658	5,566,624
Vacant	468	1,575,846	565	2,226,650
Rural/Agricultural	1,592	44,123,675	1,595	56,779,569
Commercial/Industrial	936	13,394,687	936	22,266,498
Other	<u>936</u>	<u>787,923</u>	<u>936</u>	<u>1,113,325</u>
Total <sup>13</sup>	<u>9,364</u>	<u>\$78,792,278*</u>	<u>9,665</u>	<u>\$111,332,488</u>

\*Total assessed value for 1975-76 differs from figure in Table 1 because source and reporting date are different.

INYO COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued and which still need to be revalued due to changes in ownership, new construction and nonappraisal for the 1975-76 tax roll, needing adjustment to 1975-76 base year values.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGE IN OWNERSHIP*	2,000	2,000
NEW CONSTRUCTION*	1,700	1,700
NOT APPRAISED FOR THE 1975-76 TAX ROLL NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE*	<u>5,050</u>	<u>5,050</u>
Total	<u>8,750</u>	<u>8,750</u>

\* Breakout of data by property type unavailable.

FOOTNOTES

- 1 This figure is based upon a documented source which the county did not provide.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County 1978-79.
- 4 State Board of Equalization: Assessor's Budgets and Workloads 1975-76.
- 5 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for the Fiscal Year 1975-76.
- 6 State Board of Equalization: Assessor's Budgets and Workloads for 1976-77.
- 7 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the Fiscal Year 1976-77.
- 8 State Board of Equalization: Assessor's Budgets and Workloads for 1977-78.
- 9 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the Fiscal Year 1977-78.
- 10 (See Footnote 1)
- 11 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1978 of the Counties of California for the Fiscal Year 1978-79.
- 12 (See Footnote 1)
- 13 (See Footnote 1)

## MERCED COUNTY

Merced County enrolled 44,313 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$496,081,045 in real assessed valuation<sup>2</sup> (.53 percent<sup>3</sup> of California's total locally secured property value). Parcels in Merced County are primarily residential--single family and multiple family parcels comprise 56 percent<sup>4</sup> of the total parcels and 36 percent<sup>5</sup> of the total assessed value. Rural/agricultural parcels account for another 26 percent<sup>6</sup> of the total parcels and 45 percent<sup>7</sup> of the total assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Merced County revalued all properties except those which had been reappraised for the 1975-76 tax roll. To identify and adjust individual properties to the proper base year and value, the Assessor's office manually reviewed parcel records to identify the latest appraisal date and value for those parcels not appraised for the 1975-76 tax roll. In addition, staff identified parcels which had realized new construction from March 1, 1975 through February 28, 1978. To detect changes in ownership, they researched all property transfers occurring from March 1, 1975 through February 28, 1978. Staff members performed desk appraisals for parcels with changes in ownership or new construction.

To revalue parcels not appraised for the 1975-76 tax roll which had not realized subsequent changes in ownership or new construction, the Assessor's office used a manual trending process.

Locally secured properties in Merced County subject to revaluation under the language of Proposition 13 fall into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through-February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the  
1975-76 Tax Roll

Properties that were appraised for the 1975-76 tax roll without subsequent changes in ownership or new construction needed no adjustment for the 1978-79 tax roll. For those properties the base year was 1975-76 and their value on the 1978-79

tax roll was unchanged from the value on the 1975-76 tax roll, except for increases due to application of the two percent annual inflation factor provided for in Proposition 13.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

In Merced County, appraisers manually appraised 22,000 parcels\* due to changes in ownership between March 1, 1975 and February 28, 1978. Appraisers performed desk appraisals to revalue each parcel. The Assessor's staff applied the two percent annual inflation factor before enrolling the parcel values on the 1978-79 tax roll.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The Assessor's office was unable to give the total number of parcels in this category, but did revalue all identified parcels with new construction from March 1, 1975 through February 28, 1978. To identify parcels with new construction, staff members manually reviewed individual parcel records and noted the completion date and any value the construction added to the parcel. They then used the following two-step process to revalue these parcels. First, appraisers determined the base year value of the parcel without the new construction and applied to it the two percent annual inflation factor to adjust it to the 1978-79 level. Second, staff members increased the value of the new construction by applying the two

\*Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

percent annual inflation factor according to its base year. The values which resulted from the two steps were combined to yield the 1978-79 tax roll value.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year Value

Parcels which had not been appraised for the 1975-76 tax roll and which realized no subsequent changes in ownership or new construction were revalued to reflect the 1975-76 full market values. For these parcels, staff members manually reviewed individual parcel records to determine the latest year of appraisal and value.

The Assessor's office used sales data from January 1974 through February 1975 to determine the 1975-76 full market value levels. Appraisers developed trend factors by neighborhoods or areas and applied these factors according to the year of the last appraisal. Finally, they applied the two percent annual inflation factor to produce the 1978-79 tax roll value.

For the 1978-79 tax roll Merced County applied the two percent annual inflation factor provided for in Proposition 13 to all parcels with a base year one year old or older. The Assessor's office could not determine what value the two percent annual inflation factor added to the total assessed value of the 1978-79 tax roll.

Merced County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to changes in the county's total assessed valuation. The county's 1978-79 total assessed valuation increased 19.5 percent over the 1977-78 tax roll as compared to a 14.1 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	42,102 <sup>8</sup>	\$320,587,930 <sup>9</sup>	
1976-77	42,508 <sup>10</sup>	\$362,954,450 <sup>11</sup>	13.2
1977-78	43,117 <sup>12</sup>	\$414,225,420 <sup>13</sup>	14.1
1978-79	44,313 <sup>14</sup>	\$494,954,695 <sup>15</sup>	19.5

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to annual increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax

roll, or thereafter, by its appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

Merced County's Assessor is newly elected and was unable to give complete details on past assessment practices. He stated that the county may have been on a 5 to 6 year cycle in 1975-76 and that the standard appraisal method used was conventional appraisals. In 1975, the Assessor's office appraised an estimated 8,447 parcels and applied interim adjustments to 3,674 parcels. The following table illustrates the number and type of parcels appraised. The total assessed valuation of parcels reappraised in 1975-76 was not available.

TABLE 2

MERCED COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	6,000	13.5
Multiple Family	200	.5
Rural/Agricultural	2,047	4.6
Commercial/Industrial	200	.5
	<hr/>	<hr/>
Total	8,447	19.1

The Merced County Assessor's office used the March 1, 1975 lien date as a reference point in valuing parcels for the 1975-76 locally secured tax roll. Appraisers used 36 months of sales data for appraisal purposes and time-adjusted the sales data to the March 1, 1975 lien date. The Assessor believes the appraised parcels were at full market value in 1975-76.

MERCED COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	-----1975-76 <sup>16</sup> -----		-----1978-79 <sup>17</sup> -----	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	20,194	\$ 93,874,780	22,730	\$152,302,280
Multiple Family	2,158	16,785,980	2,229	26,925,440
Vacant	4,527	8,228,340	4,102	9,940,930
Rural/Agricultural	11,596	146,515,410	11,590	221,715,300
Commercial/Industrial	2,038	52,508,500	2,050	80,319,415
Other	<u>1,589</u>	<u>3,485,860</u>	<u>1,612</u>	<u>4,877,680</u>
Total	<u>42,102</u>	<u>\$321,398,870*</u>	<u>44,313</u>	<u>\$496,081,045*</u>

\*Total assessed values for 1975-76 and 1978-79 differ from figures on Table 1 because sources and reporting dates are different.

MERCED COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction and nonappraisal for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGES IN OWNERSHIP*	22,000	22,000
NEW CONSTRUCTION*	Unavailable	Unavailable
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE*	16,000	16,000

\* Breakout of data by property type is unavailable.

FOOTNOTES

- 1 Merced County Assessor's Office: Value Summaries  
1978-79 Roll; Actual Use Values by Code Area Section.
- 2 (See Footnote 1)
- 3 State Board of Equalization Assessed Value of County-Assessed  
Property Subject to General Property Taxes, Inclusive of  
Homeowner's and Business Inventory Exemptions, by Class of  
Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 (See Footnote 1)
- 8 (See Footnote 1)
- 9 State Controller's Office: Annual Report of Assessed Valuation  
and Tax Rates as of September 1975 of the Counties of California  
for the Fiscal Year 1975-76.
- 10 State Board of Equalization: Budgets and Workload Summaries of  
the Counties of California for the Fiscal Year 1976-77.
- 11 State Controller's Office: Annual Report of Assessed Valuation  
and Tax Rates as of September 1976 of the Counties of  
California for the Fiscal Year 1976-77.
- 12 State Board of Equalization Budgets and Workload Summaries  
of the Counties of California for the Fiscal Year 1977-78.
- 13 State Controller's Office: Annual Report of Assessed  
Valuation and Tax Rates as of September 1977 of the Counties  
of California for the Fiscal Year 1977-78.
- 14 (See Footnote 1)
- 15 State Controller's Office: Annual Report of Assessed Valuation  
and Tax Rates as of September 1978 of the Counties of  
California for the Fiscal Year 1978-79.
- 16 Merced County Assessor's Office: Value Summaries 1975-76 Roll;  
Actual Use Values by Code Area Section.
- 17 (See Footnote 1)

## PLUMAS COUNTY

Plumas County enrolled 17,535 parcels\* on the 1978-79 locally secured tax roll totaling \$87,581,149 in real assessed valuation (.10 percent<sup>1</sup> of California's total locally secured property value). Residential parcels in Plumas County represent 85.6 percent of all parcels and 74.5 percent of the total real assessed value on the 1978-79 locally secured tax roll, while commercial and industrial parcels comprise 4.3 percent of the total parcels and 16.5 percent of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Plumas County revalued all parcels except those which had been reappraised for the 1975-76 tax roll and which had no subsequent changes in ownership or new construction.

Locally secured parcels in Plumas County subject to revaluation under the language of Proposition 13 fall into one of four categories (see also Appendix B).

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\*Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

- Parcels appraised for the 1975-76 tax roll, with no subsequent changes in ownership or new construction
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, with no subsequent changes.

Parcels Appraised for the 1975-76  
Tax Roll, with No Subsequent Changes  
in Ownership or New Construction

Base values of parcels without subsequent changes in ownership or new construction that were reappraised for the 1975-76 tax roll were not revalued for the 1978-79 tax roll. Their value on the 1975-76 tax roll was increased by the two percent annual inflation factor to yield the 1978-79 tax roll value.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Parcels that had a change in ownership after March 1, 1975, were reappraised by conventional appraisal techniques as of the date of ownership change. Staff appraised an estimated 7,180 parcels, representing 40.9 percent of the total parcels and 40.7 percent of the value on the 1978-79 tax roll. These reappraisals added an estimated \$10,104,073 in assessed value to the 1978-79 tax roll.

Parcels with New Construction  
from March 1, 1975 through  
February 28, 1978

Assessors appraised parcels that had new construction after March 1, 1975 as of the construction's date of the completion. Staff reappraised an estimated 1,233 parcels representing seven percent of the parcels and 10.7 percent of the value on the 1978-79 tax roll by conventional appraisal. These reappraisals added an estimated \$2,733,920 in assessed value to the 1978-79 tax roll.

Parcels Not Appraised for the 1975-76  
Tax Roll with No Subsequent Changes

Parcels not appraised for the 1975-76 tax roll which realized no subsequent changes in ownership or new construction were given a 1975-76 full market value for the 1978-79 tax roll. The Assessor's office revalued an estimated 5,631 parcels representing 32.1 percent of the total parcels and 32.3 percent of the total value on the 1978-79 tax roll. These parcels, which were conventionally appraised, added an estimated \$8,939,050 to the 1978-79 tax roll.

Plumas County applied the two percent annual inflation factor provided for in Proposition 13 to all appropriate parcels. An estimated \$3,170,928 in assessed value was added to the 1978-79 tax roll due to this adjustment.

Plumas County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 17.80 percent increase in locally assessed valuation over the 1977-78 tax roll.

Since construction of the 1975-76 tax roll, Plumas County's assessed valuation on real secured property has increased approximately 35.36 percent. The following table shows the total number of parcels, total assessed valuation and percentage increases in assessed valuation for the last four years.

TABLE 1  
CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase/[Decrease]</u>
1975-76	16,571	\$65,804,416 <sup>2</sup>	
1976-77	16,826 <sup>3</sup>	77,787,660 <sup>4</sup>	18.21
1977-78	17,769 <sup>5</sup>	77,278,407 <sup>6</sup>	[.65]
1978-79	17,535	91,032,187 <sup>7</sup>	17.80

\*Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially attributed to annual increases in number of parcels and the fact that timber was excluded from county assessed rolls after tax year 1976-77.

APPROACH TO DEVELOPING THE  
1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value listed on the 1975-76 tax roll, or thereafter, by the appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's assessment practices for its 1975-76 tax roll could affect the make-up of its 1978-79 tax roll.

Plumas County appraised an estimated 3,491 parcels or 21.06 percent of the 16,571 parcels on the 1975-76 tax roll. Appraisers valued all parcels by conventional appraisal techniques, using comparable sales data up to approximately January 1, 1975. They used the most recent sales to establish values for parcels for the 1975-76 tax roll. Because of this procedure, the Assessor feels that those parcels on the 1975-76 tax roll were at full market value as of the March 1, 1975 lien date. Those parcels that were not reappraised for the 1975-76 tax roll were valued from 52 percent to 87.6 percent of full market value for the 1975-76 tax roll.

PLUMAS COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS \*

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
<b>Residential</b>				
Single Family	5,468	\$30,927,929	5,825	\$41,075,558
Multiple Family	50	460,628	60	613,068
Vacant	8,617	17,767,110	9,136	23,559,330
Rural/Agricultural	663	3,948,246	656	5,342,450
Commercial/ Industrial	713	10,726,070	749	14,450,890
<b>Other</b>				
Timber and Mineral Rights	<u>1,060</u>	<u>1,974,123</u>	<u>1,109</u>	<u>2,539,853</u>
<b>Total</b>	<u><u>16,571</u></u>	<u><u>\$65,804,106*</u></u>	<u><u>17,535</u></u>	<u><u>\$87,581,149*</u></u>

\*Total assessed values for 1975-76 and 1978-79 differ from figures on Table 1 because sources and reporting dates are different.

PLUMAS COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction and nonappraisal for the 1975-76 tax roll, needing adjustment to 1975-76 base year values.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGES IN OWNERSHIP*	7,180	7,180
NEW CONSTRUCTION*	1,233	1,233
NOT APPRAISED FOR THE 1975-76* TAX ROLL NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE	5,631	5,631
	_____	_____
Total	<u>14,044</u>	<u>14,044</u>

\*Breakout of data by property type is unavailable.

FOOTNOTES

- 1 State Board of Equalization: Assessed Value of County Assessed Property Subject to General Property Taxes. Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 2 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates of the Counties of California, as of September 1975, for the Fiscal Year 1975-76.
- 3 State Board of Equalization: Assessment Standards Division Budget and Workloads, 1976-77.
- 4 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates of the Counties of California, as of September 1976, for the Fiscal Year 1976-77.
- 5 State Board of Equalization: Assessment Standards Division, Budget and Workloads, 1977-78.
- 6 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates of the Counties of California, as of September 1977, for the Fiscal Year 1977-78.
- 7 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates of the Counties of California, as of September 1978, for the Fiscal Year 1978-79.

SISKIYOU COUNTY

Siskiyou County enrolled 40,707 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$175,246,820 in real assessed valuation<sup>2</sup> (0.17 percent<sup>3</sup> of California's locally secured property values). In Siskiyou County residential parcels comprise 66 percent<sup>4</sup> of the total parcels and 49.4 percent<sup>5</sup> of the total real assessed value. Commercial/industrial properties account for 4 percent<sup>6</sup> of the parcels and 20.9 percent<sup>7</sup> of the total real assessed valuation, while rural/agricultural properties comprise 10.5 percent<sup>8</sup> of the parcels and 16.9 percent<sup>9</sup> of the total real assessed valuation (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Siskiyou County revalued all parcels except those which had been reappraised for the 1975-76 tax roll and which had realized no subsequent changes in ownership or new construction. To identify and adjust individual parcels to the proper base year and value, the Assessor reviewed historical information available for each parcel.

Locally secured property in Siskiyou County subject to revaluation under Proposition 13 falls into one of four categories:

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978

- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for  
the 1975-76 Tax Roll

The Assessor enrolled parcels appraised for the 1975-76 tax roll with no changes in ownership and new construction at the value shown on the 1975-76 tax roll, after adjusting this value by applying the two percent annual inflation factor.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Siskiyou County based the value of parcels with changes in ownership upon the sales price if the sale was confirmed. They conducted a conventional appraisal if the sale was unconfirmed or if the sale did not reflect full market value. An estimated 19,800 parcels<sup>10</sup> or 48.6 percent of all parcels realized assessable changes in ownership.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The Assessor revalued land, existing structures and additional construction separately and adjusted the values for each by the two percent inflation factor. The staff most frequently

used the conventional appraisal method to value parcels with original construction. In the remaining cases they used either actual cost or adjusted State Manual costs methods. The Assessor most often revalued additions to existing structures using an adjusted State Manual costs method. Conventional appraisal and actual cost were also used to value additions to existing property.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year Value

The Assessor used two methods to obtain the 1975-76 base year value for parcels not appraised for the 1975-76 tax roll which realized no subsequent changes in ownership or new construction. The Assessor's staff selected the method based on the best value after reviewing sales and sales analysis. Staff valued some properties by trending the parcel's last reappraised value for the 1976-77, 1977-78 or the 1978-79 tax roll back to the 1975-76 base year value. They developed these trend factors using sales data by geographical area and then applied them to the first appraised value after 1975-76. Staff adjusted the remaining parcels to the 1975-76 base year value by identifying the first appraisal before and after the 1975-76 tax year. The Assessor then prorated the difference in values of these two appraisals to the 1975-76 base year value.

Siskiyou County applied the two percent annual inflation factor to all parcels with a base year one year or older. The Assessor was unable to determine what value this inflation factor added to the total assessed value of the 1978-79 tax roll.

The County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 11.4 percent<sup>11</sup> increase in the locally assessed valuation over the 1977-78 tax roll, as compared to a 8.1 percent<sup>12</sup> decrease in 1977-78. The decrease in assessed value was caused by the removal of timber from the 1977-78 tax roll. The following table shows the total number of parcels, total assessed valuation and percentage of increase and decrease in assessed valuation for the last four years.

TABLE 1  
CHANGES IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase/[Decrease]</u>
1975-76 <sup>13</sup>	40,199	\$ 143,115,679	
1976-77 <sup>14</sup>	39,816	171,080,203	19.5
1977-78 <sup>15</sup>	40,050	157,294,078	[8.1]
1978-79 <sup>16</sup>	40,707	175,246,820	11.4

\*Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING THE  
1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value as shown on the 1975-76 tax roll, or thereafter, by the appraised value when a purchase, new construction or a change in ownership has occurred. Therefore a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Siskiyou County reappraised 7,758 parcels<sup>17</sup> or 19.3 percent of the 40,199 parcels<sup>18</sup> on the tax roll. The following table illustrates the number and type of parcels, all of which were conventionally reappraised.

TABLE 2

19

SISKIYOU COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	2,407	6.0
Multiple Family	105	0.2
Vacant	1,396	3.5
Rural/Agricultural	705	1.8
Commercial/Industrial	87	0.2
Timberlands	1,658	4.1
Agricultural Preserve	<u>1,400</u>	<u>3.5</u>
Total	<u>7,758</u>	<u>19.3</u>

Based on sales data for parcels sold between 1973 and 1975, the Assessor believes the parcels reappraised for the 1975-76 tax roll were valued at 100 percent of the full market value at the March 1, 1975 lien date.<sup>20</sup> The Assessor was unable to provide the estimated percentage of full market value for parcels not appraised for the 1975-76 tax year.

APPENDIX A

SISKIYOU COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>21</sup>-----</u>		<u>-----1978-79<sup>22</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	9,232	\$ 33,352,687	10,487	\$ 59,187,778
Multiple Family	442	2,901,072	398	4,306,109
Vacant	16,000	18,562,125	16,000	23,101,665
Rural/Agricultural	4,257	24,124,478	4,289	29,661,138
Commercial/Industrial	1,494	25,128,009	1,624	36,617,992
Other	<u>8,774</u>	<u>39,047,308</u>	<u>7,909</u>	<u>22,372,138</u>
Total	<u>40,199</u>	<u>\$143,115,679</u>	<u>40,707</u>	<u>\$175,246,820</u>

FOOTNOTES

- 1 The information is based upon a documented source which the Siskiyou County Assessor identified as Use Codes Recapitulation for 1978-79.
- 2 (See Footnote 1).
- 3 State Board of Equalization: Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemption by Class of Property and by County, 1978-79.
- 4 (See Footnote 1).
- 5 (See Footnote 1).
- 6 (See Footnote 1).
- 7 (See Footnote 1).
- 8 (See Footnote 1).
- 9 (See Footnote 1).
- 10 Estimate based on interview with Siskiyou County Assessor's staff.
- 11 (See Footnote 10).
- 12 (See Footnote 10).
- 13 The information is based upon a documented source which the Siskiyou County Assessor identified as Use Codes Recapitulation for 1975-76.
- 14 (See Footnote 10).
- 15 (See Footnote 10).
- 16 (See Footnote 1).
- 17 The information is based upon a documented source which the Siskiyou County Assessor identified as 1975-76 tax roll reappraisal workload.
- 18 (See Footnote 13).
- 19 (See Footnote 17).
- 20 (See Footnote 10).
- 21 (See Footnote 13).
- 22 (See Footnote 1).

SUTTER COUNTY

Sutter County enrolled 21,285 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$261,946,692 in real assessed valuation<sup>2</sup> (.28 percent<sup>3</sup> of California's total locally secured property value). Sutter County is primarily residential-- single family, multiple family and vacant residential parcels comprise about 57 percent<sup>4</sup> of the total parcels and 35 percent<sup>5</sup> of the total real assessed value. Rural (agricultural) parcels account for another 27 percent<sup>6</sup> of the total parcels and 43 percent<sup>7</sup> of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Sutter County revalued all properties except those which had been reappraised for the 1975-76 tax roll and which had realized no subsequent changes in ownership or new construction. To identify and adjust individual properties to the proper base year and value, appraisers manually reviewed the history of each parcel, then individually calculated and recorded all adjustments.

Locally secured property in Sutter County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership  
from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975  
through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing  
adjustment to the 1975-76 base year value.

Parcels Appraised for the 1975-76 Tax Roll

For those parcels appraised for the 1975-76 tax roll which realized no changes in ownership or new construction from March 1, 1975 through February 28, 1978, base year value was the value shown on the 1975-76 tax roll. The base year value was increased by the two percent per year inflation factor to yield a 1978-79 tax value.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Staff reviewed all parcels with changes in ownership to determine if the sales price reflected market value based on comparable sales data. Where a sales price did reflect market value, the base value was the sales price. If a sales price did not reflect market value, or if a transfer had occurred without a sale, appraisers conducted a desk appraisal based on sales summaries.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Staff appraisers reviewed all building permits filed from March 1, 1975 through February 28, 1978 to identify those new construction permits which would trigger a reappraisal. When a review indicated that a reappraisal was necessary, appraisers applied the appropriate two percent annual inflation factor to the cost of the new construction, and then applied it to the value of the house without the new construction according to the base year of the house. The sum of the two values was the total value on the 1978-79 tax roll.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment  
to the 1975-76 Base Year Value

Properties not appraised for the 1975-76 tax roll which realized no subsequent changes in ownership or new construction were updated to the 1975-76 level. By reviewing neighborhood sales ratio data, staff appraisers were able to determine what level of full market value these parcels achieved. To bring parcels to a 1975-76 level of full market value, appraisers then manually applied adjustments to neighborhoods and to property types within neighborhoods.

Once appraisers established appropriate base years and values, they applied the two percent annual inflation factor to property values according to their base years. Sutter County

has completed all necessary adjustments for its 1978-79 tax roll. The County Assessor could not determine what value the two percent inflation factor added to the total assessed value of the 1978-79 locally secured tax roll.

Sutter County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 9 percent increase in locally assessed valuation over the 1977-78 tax roll. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	20,009 <sup>8</sup>	\$169,663,090 <sup>9</sup>	
1976-77	20,368 <sup>10</sup>	201,584,500 <sup>11</sup>	18.8
1977-78	20,958 <sup>12</sup>	241,153,265 <sup>13</sup>	19.6
1978-79	21,285 <sup>14</sup>	262,959,125 <sup>15</sup>	9.0

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to annual increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value as shown on the 1975-76 tax roll, or thereafter, by the appraised value when a purchase, new construction or a change in ownership occurs. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Sutter County appraised an estimated 5,838\* or 29 percent of the 20,060 parcels on the tax roll. The county was on a three-year appraisal cycle. Staff appraised property by neighborhood taking into consideration geographical boundaries. The following table illustrates the number and type of property appraised.

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\*Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

TABLE 2  
SUTTER COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	4,641	23.1
Multiple Family	150	0.7
Rural/Agricultural	656	3.3
Commercial/Industrial	<u>391</u>	<u>1.9</u>
Total	<u>5,838</u>	<u>29.0</u>

Sutter County used only conventional appraisal to reappraise properties for the 1975-76 tax roll. Reappraisals were done primarily on single family parcels. Since 1975-76 property appraisals were based upon sales data that were up to 12 months old for residential parcels and up to 24 months old for rural property, a time lag caused properties to be less than full market value. The Assessor estimated that properties appraised for the 1975-76 tax roll were between 82 and 95 percent of market value as of the March 1, 1975 lien date. He estimated that parcels not appraised for the 1975-76 tax roll were between 70 and 85 percent of full market value on the March 1, 1975 lien date.

SUTTER COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----<sup>16</sup></u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
<b>Residential</b>				
Single Family	8,000	Not Available	9,564	\$ 74,632,263
Multiple Family	800	Not Available	1,009	14,810,472
Vacant	1,000	Not Available	1,448	3,001,999
Rural/Agricultural	7,500	Not Available	5,743	112,923,076
Commercial/Industrial	800	Not Available	1,125	33,034,498
Other	<u>1,960</u>	<u>Not Available</u>	<u>2,396</u>	<u>23,544,384</u>
<b>Total</b>	<u>20,060*</u>	<u>\$169,651,330*</u>	<u>21,285</u>	<u>\$261,946,692*</u>

\* Total parcels and assessed values for 1975-76 and 1978-79 differ from figures on Table 1 because sources and reporting dates are different.

SUTTER COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued and which still need to be revalued due to changes in ownership, new construction and nonappraisal in 1975-76, needing adjustment to 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGES IN OWNERSHIP*	7,600	7,600
NEW CONSTRUCTION*	4,400	4,400
NOT APPRAISED FOR THE 1975-76 TAX ROLL NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE*	<u>4,000</u>	<u>4,000</u>
Total	<u>16,000</u>	<u>16,000</u>

\* Breakout of data by property type is unavailable.

FOOTNOTES

- 1 The information was based on a documented source which the county identified as the data processing print-out of final roll by use codes for Sutter County.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 (See Footnote 1)
- 8 State Board of Equalization: Assessor's Budgets and Workloads 1975-76.
- 9 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for the fiscal year 1975-76.
- 10 State Board of Equalization: Assessor's Budgets and Workloads 1976-77.
- 11 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the fiscal year 1976-77.
- 12 State Board of Equalization: Assessor's Budgets and Workloads 1977-78.
- 13 State Controller's Office Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the fiscal year 1977-78.
- 14 (See Footnote 1)
- 15 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1978 of the Counties of California for the fiscal year 1978-79.
- 16 (See Footnote 1)

## YOLO COUNTY

Yolo County enrolled 34,253 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$463,668,151 in real assessed valuation<sup>2</sup> (.49 percent<sup>3</sup> of California's total locally secured property value). Parcels in Yolo County are primarily residential -- single family, multiple family and vacant residential comprise about 71 percent\* of the total parcels and 49 percent of the total real assessed value. Commercial/industrial parcels account for another 7 percent of the parcels and 32 percent of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Yolo County revalued all parcels except those which had been reappraised for the 1975-76 tax roll. The properties reappraised in 1975-76 were enrolled at the value shown on the 1975-76 tax roll plus the two percent annual inflation factor provided for in Proposition 13. To identify and adjust individual properties to the proper base year and value, the Assessor's Office manually reviewed all property files to determine the proper values to be enrolled on the 1978-79 tax roll.

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\*Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

Staff reviewed parcels with changes in ownership to determine whether the sales price was reasonable based on comparable sales data; if so, the sales price was enrolled for the 1978-79 tax roll, plus the two percent annual inflation factor provided for in Proposition 13. If the sales price was not reasonable, staff calculated an estimated full market value based on comparable sales data and enrolled it on the 1978-79 tax roll. Staff determined the amount to be added to base year values for parcels with new construction based on a review of comparable sales data and costs. For parcels not reappraised for the 1975-76 tax roll, staff calculated a percentage factor based on comparable sales data to adjust parcels to 1975-76 full market value.

Locally secured properties in Yolo County subject to revaluation under the language of Proposition 13 fall into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the 1975-76 Tax Roll

Properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll needed no adjustment for the 1978-79 tax roll. For those properties the base year was 1975-76 and their value on the 1978-79 tax roll was unchanged from the value on the 1975-76 tax roll except for application of the two percent annual inflation factor.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

In Yolo County, approximately 9,500 parcels were revalued for changes in ownership which occurred from March 1, 1975 through February 28, 1978. The Assessor's office identified each parcel's latest transfer based on a print-out of transfers for that period. The Assessor's staff compared sales prices to comparable sales data. If the sales price appeared reasonable, appraisers enrolled it on the 1978-79 tax roll after adjusting it by applying the two percent annual inflation factor. If it did not appear reasonable or the transfer was nonmonetary, the staff selected a value from within a range of comparable sales values. They enrolled this value on the 1978-79 tax roll after adjusting for the two percent annual inflation factor.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Yolo County revalued an estimated 10,274 parcels which had realized new construction between March 1, 1975 and February 28, 1978. Staff manually reviewed comparable sales data and cost data to identify the value to be added for new construction.

They employed a two-step process to determine the amount to be enrolled. First, appraisers determined the base year value for the parcel and applied the two percent annual inflation factor. Second, staff identified the value to be added as a result of the new construction and adjusted it by the two percent annual inflation factor. The values which resulted from steps one and two were combined to yield the 1978-79 tax roll value.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year Value

Parcels which had not been appraised for the 1975-76 tax roll and which realized no subsequent changes in ownership or new construction were revalued to reflect 1975-76 full market values. Staff derived a percentage factor based on comparable sales data to adjust these values to 1975-76 full market value levels.

Yolo County applied the two percent annual inflation factor provided for in Proposition 13 to all property values according to the base year enrolled on the 1978-79 tax roll. The Assessor's office estimated that the two percent annual inflation factor added \$18,546,726 to the total assessed value of the 1978-79 tax roll.

Yolo County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to changes in the county's total assessed valuation. The county's 1978-79 total assessed valuation increased 8.15 percent over the 1977-78 tax roll as compared to an 8.56 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increases in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR \*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	31,661 <sup>4</sup>	\$322,099,836 <sup>5</sup>	
1976-77	32,346 <sup>6</sup>	394,818,615 <sup>7</sup>	22.57
1977-78	33,765 <sup>8</sup>	428,609,205 <sup>9</sup>	8.56
1978-79	34,253 <sup>10</sup>	463,540,121 <sup>11</sup>	8.15

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to annual increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll or, thereafter, by its appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

In 1975 Yolo County selected parcels for reappraisal based on sales ratio levels. Those areas with low sales ratios were the first selected for reappraisal.

For the 1975-76 tax roll, staff reappraised 14,435 parcels. The following table illustrates the number and type of parcels reappraised. The total assessed valuation of parcels reappraised in 1975-76 was estimated to be \$174,200,000.

TABLE 2

YOLO COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential	6,000	19.0
Rural/Agricultural	7,131	22.5
Commercial/Industrial	1,200	3.8
Mineral Rights	<u>104</u>	<u>.3</u>
Total	<u>14,435</u>	<u>45.6</u>

Staff appraised residential parcels using a computer-assisted appraisal program and appraised other parcels by conventional appraisal methods. In valuing parcels for the 1975-76 tax roll the Yolo County Assessor's office used sales data up to October 31, 1974 for residential parcels and sales data up to January 31, 1975 for rural/agricultural and commercial/industrial parcels. They did not attempt to adjust the values up to the March 1, 1975 lien date. Parcels appraised for the 1975-76 tax roll were considered to be at 80 to 90 percent of full market value on the lien date. Those parcels that were not appraised for the 1975-76 tax roll were estimated to be at 55 to 70 percent of full market value.

YOLO COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	19,630	\$143,343,105	22,504	\$208,650,668
Multiple Family	633	12,884,773	719	18,546,726
Vacant	950	1,610,596	1,096	2,318,341
Rural/Agricultural	8,232	64,423,867	7,536	83,460,267
Commercial/Industrial	<u>2,216</u>	<u>99,856,995</u>	<u>2,398</u>	<u>150,692,149</u>
Total	<u>31,661</u> <sup>12</sup>	<u>\$322,119,336</u> <sup>13*</sup>	<u>34,253</u> <sup>14</sup>	<u>\$463,668,151</u> <sup>15*</sup>

\* Assessed valuation differs from figures on Table 1 because sources and recording dates are different.

YOLO COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction and non-appraisal for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGE IN OWNERSHIP		
Residential	8,075	8,075
Rural/agricultural	855	855
Commercial/industrial	<u>570</u>	<u>570</u>
Subtotal	9,500	9,500
NEW CONSTRUCTION		
Residential	8,215	8,219
Rural/agricultural	514	514
Commercial/industrial	<u>1,541</u>	<u>1,541</u>
Subtotal	10,274	10,274
NOT APPRAISED FOR THE 1975-76 TAX ROLL NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE		
Residential	3,797	3,797
Rural/agricultural	3,961	3,961
Commercial/industrial	<u>495</u>	<u>495</u>
Subtotal	<u>8,253</u>	<u>8,253</u>
TOTAL	<u>28,027*</u>	<u>28,027*</u>

\*These estimated figures reflect some double counting.

FOOTNOTES

- 1 Yolo County Assessor's Office: Secured Value Summary by Mapbook - 1978-79.
- 2 (See Footnote 1).
- 3 State Board of Equalization: Assessed Value of County - Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 Yolo County Assessor's Office: Secured Value Summary by Mapbook - 1975-76.
- 5 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for the fiscal year 1975-76.
- 6 State Board of Equalization: Budgets and Workloads for 1976-77, from Letters to the Assessor #76-187.
- 7 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the fiscal year 1976-77.
- 8 State Board of Equalization: Budgets and Workloads for 1977-78, from Letters to the Assessor #77-150.
- 9 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the fiscal year 1977-78.
- 10 (See Footnote 1).
- 11 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1978 of the Counties of California for the fiscal year 1978-79.
- 12 (See Footnote 4).
- 13 (See Footnote 4).
- 14 (See Footnote 1).
- 15 (See Footnote 1).

YUBA COUNTY

Yuba County enrolled 18,711 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$124,032,143 in real assessed valuation<sup>2</sup> (.14 percent<sup>3</sup> of California's total locally secured property value). Yuba County is primarily residential--single family, multiple family and vacant residential parcels comprise about 73 percent of the total parcels.\*

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Yuba County revalued all parcels except those which had been reappraised for the 1975-76 tax roll and which had realized no subsequent new construction or changes in ownership. The Assessor's staff manually examined every parcel to (1) identify parcels which changed ownership and/or were subject to new construction, (2) determine parcel appraisal dates and values and (3) review parcels appraised for the 1975-76 tax roll which had received only a "quick review" that year. The values of this last group of parcels were compared to similar appraisal values to ensure that their property values were accurate. Staff used cost data and comparable sales data to revalue parcels with new construction and changes in ownership, respectively.

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\* Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

Parcels requiring adjustment to the 1975-76 lien date were trended on the basis of comparable sales data. Staff applied the two percent inflation factor to each parcel's base year value to adjust it to its 1978-79 level.

Locally secured property in Yuba County subject to revaluation under the language of Proposition 13 falls into one of four categories:

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the  
1975-76 Tax Roll

Staff identified parcels that were appraised for the 1975-76 tax roll without subsequent changes in ownership or new construction by manually examining the property records. Staff isolated those parcels which had received only a "quick review" appraisal for the 1975-76 tax roll and compared their values to other appraisals to gauge their accuracy. Few changes were made to those parcels. All of these parcels were multiplied by the two percent annual inflation factor to arrive at 1978-79 tax roll values.

Parcels with Changes in Ownership  
from March 1, 1975 through February 28, 1978

The Assessor's office manually examined all property records, identified assessable changes in ownership and established base years according to each parcel's date of sale. In order to establish base year values, staff reviewed sales prices and compared them to sales data from similar parcels. If the sales price compared favorably with other sales data, it was selected as the base year value. If the sales price was unavailable or if it did not agree with other data, staff reappraised the parcel on the basis of comparable sales data. Once staff established the base year and value, they applied the two percent annual inflation factor as appropriate, to get the 1978-79 tax roll value.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

During the manual review of all parcels, staff identified the parcels with new construction after March 15, 1975. On a cost basis, staff separately revalued the parcel's new construction. They assigned the new construction its own base year and value and adjusted it for 1978-79 applying the appropriate two percent annual inflation factor. Concurrently, staff reviewed the parcel's appraised value to ensure it had received the appropriate value. The values for the parcel and the new construction were separately adjusted by applying the two percent annual inflation factor based on the parcel's base year. The sum of the value for the parcel and for the new construction was the 1978-79 appraisal value.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year

Yuba County adjusted parcels not appraised for the 1975-76 tax roll which received no subsequent changes in ownership or new construction to the 1975-76 base year. Staff developed percentage adjustment factors based upon comparable sales data to trend most residential parcels to a March 1, 1975 value. These trending factors were developed from information detailing transactions which occurred during the same time frame in which 1975-76 appraisals were conducted. Staff adjusted these 1975-76 values to 1978-79 levels by applying the two percent annual inflation factor as appropriate. While staff used comparable sales data for adjusting agricultural parcels to 1975-76 base levels, they also considered other variables such as parcel size and shape in identifying appropriate adjustment factors. Finally, staff adjusted commercial parcels to 1975-76 base levels by multiplying the appraised value of the improvements by factors supplied by the State Board of Equalization, and by adding in the 1972 value of the land since the 1972 and 1975 commercial land values were virtually the same. This total value was then trended to 1978-79 levels by application of the two percent annual inflation factor.

In general, Yuba County developed its post-Proposition 13 tax roll through trending, cost updating and conventional appraisals. The Assessor's staff applied the two percent annual inflation factor to all parcels with a base year one year old or older. The County Assessor could not determine what value the two percent annual inflation factor added to the total assessed value of the 1978-79 locally secured tax roll.

Yuba County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 12.48 percent increase in locally assessed valuation over the 1977-78 tax roll as compared to a 7.27 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	16,000 <sup>4</sup>	\$ 88,239,875 <sup>5</sup>	
1976-77	16,240 <sup>6</sup>	99,249,710 <sup>7</sup>	12.48
1977-78	16,449 <sup>8</sup>	106,162,590 <sup>9</sup>	6.97
1978-79	18,711 <sup>10</sup>	124,032,143 <sup>11</sup>	16.83

\* Changes in assessed valuation are partially due to annual increases in number of parcels and the fact that timber was excluded from county assessed rolls after 1976-77.

APPROACH TO DEVELOPING THE  
1975-76 POST-PROPOSITION 13 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value as listed on the 1975-76 tax roll. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Yuba County appraised approximately 3,500 or 21.88 percent of the estimated 16,000 parcels on the tax roll. In 1975, Yuba County was appraising parcels based on both standard cycle and need. Staff appraised residential parcels on about a three-year cycle since they were appreciating more rapidly than other parcel types. Other parcel types were appraised every five to six years. Yuba County used only conventional reappraisal methods in 1975-76. To appraise parcels for the 1975-76 tax roll, staff used comparable sales data which was up to one year old for residential parcels and up to two years old for other types of parcels. The Assessor's representative estimated that the 1975-76 full market value level achieved for those parcels appraised for the 1975-76 tax roll was between 85 and 90 percent. The Assessor's representative also estimated that the 1975-76 full market value level achieved for parcels not appraised for the 1975-76 tax roll was about 75 percent.

FOOTNOTES

- 1 This figure is based upon a documented source which the Yuba County Assessor's office did not provide.
- 2 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates of the Counties of California 1975-76, 1976-77, 1977-78, 1978-79.
- 3 State Board of Equalization: Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County 1978-79.
- 4 Estimate provided by Yuba County Assessor's office.
- 5 (See Footnote 2).
- 6 (See Footnote 1).
- 7 (See Footnote 2).
- 8 (See Footnote 1).
- 9 (See Footnote 2).
- 10 (See Footnote 1).
- 11 (See Footnote 2).
- 12 (See Footnote 1).
- 13 (See Footnote 1).

COUNTIES WHICH REVALUED ALL PARCELS  
INCLUDING THOSE REAPPRAISED FOR THE 1975-76 TAX ROLL

COUNTIES STAFF  
AUDITORS VISITED

ALAMEDA  
CONTRA COSTA  
FRESNO  
MONTEREY  
ORANGE  
SAN BERNARDINO  
SAN MATEO

COUNTIES RESPONDING  
BY MAIL

BUTTE  
DEL NORTE  
GLENN  
HUMBOLDT  
KINGS  
MENDOCINO  
MODOC  
TRINITY  
TULARE

ALAMEDA COUNTY

Alameda County enrolled 310,273 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$4,287,536,960 in real assessed valuation<sup>2</sup> (4.68 percent<sup>3</sup> of California's total locally secured property value). Alameda County is primarily residential-- single family, multiple family and vacant residential parcels comprise about 92 percent<sup>4</sup> of the total parcels and 71 percent<sup>5</sup> of the total real assessed value. Commercial and industrial parcels, while constituting only 6 percent<sup>6</sup> of the total parcels on the tax roll, account for another 26 percent<sup>7</sup> of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Alameda County updated all properties including those which had been appraised for the 1975-76 tax roll and which had no subsequent changes in ownership or new construction.\* These properties were updated for several reasons. A time lag averaging nine months existed between the March 1, 1975 lien date and sales dates upon which appraisals were later made,

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\* An exception was certain parcels in economically depressed areas and certain industrial areas which a 1978-run sales-ratio analysis revealed had no significant appreciation during the period between actual valuation and the 1975 lien date.

and staff could not accurately trend parcel values to reflect escalating full market values as of the lien date. Furthermore, in 1978 the Assessor had access to sales data which was unavailable for preparation of the 1975-76 tax roll. This data identified sales immediately around the 1975 lien date. Finally, the Assessor stated he was legally obligated to bring all parcels to their March 1, 1975 full market values.\*

The Assessor's staff used a selective trending technique to update those parcels in the county unaffected by new construction or changes in ownership since the 1975-76 base year. Staff developed factors for each neighborhood and use type from a sales-ratio analysis of 1975 sales occurring 90 days on either side of the March 1, 1975 lien date. They then inserted the factors into a computer program. Approximately 64.5 percent<sup>8</sup> of the real property parcels in the county were adjusted in this manner.

The computer program also identified and adjusted properties with changes in ownership which required reappraisal. The system used actual sales data if it identified a parcel's

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\* The Assessor cited Section 110 (and the added Section 110.1) of the Revenue and Taxation Code, Regulation 460(b)(2)(B) of the California Administrative Code adopted by the State Board of Equalization (SBE) on June 29, 1978, and various SBE directives. The Assessor's updating of properties appraised for the 1975-76 tax roll has been successfully challenged in the Alameda County Superior Court (John W. Holmdahl, et al. vs. Donald J. Hutchinson, et al.). However, the Assessor has not revised the 1978-79 tax roll pending possible appeal to a higher court.

selling price and found it within certain parameters. If the selling price was either unavailable or outside the parameters, the computer multiplied the parcel's tax roll value for the succeeding year by an appropriate factor developed from sales-ratio studies for each year in question.

Approximately 91 percent<sup>9</sup> of the parcels on the 1978-79 tax roll were updated using the computer program. The appraisal staff manually reappraised the remaining 9 percent,<sup>10</sup> which consisted primarily of parcels with new construction and parcels which did not exist in 1975. In all revaluations, whether computer or manual, the two percent annual inflation factor was added to the appropriate base year and incorporated into the 1978-79 tax roll values.

Locally secured property in Alameda County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels on the 1975-76 tax roll with no subsequent changes in ownership or new construction
- Parcels on the 1975-76 tax roll with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels on the 1975-76 tax roll with new construction from March 1, 1975 through February 28, 1978

- Parcels requiring special consideration.

Parcels on the 1975-76 Tax Roll  
with No Subsequent Changes in  
Ownership or New Construction

The Assessor's staff conducted a sales-ratio analysis of sales occurring 90 days on either side of the March 1, 1975 lien date. Staff then divided the percentage of full market value that parcels achieved on the 1975-76 tax roll into the number 1.0 to arrive at individual neighborhood trend factors larger than 1.0 according to use code. All trend factors, regardless of neighborhood or use code, were next multiplied by a .925 cash equivalency adjustment.\* The resultant final trend factors became part of the computer program. The computer multiplied the final factors times the 1975-76 tax roll values to arrive at a 1975-76 base year value for each parcel. The annual two percent inflation factor was then computed and added to the base year value to arrive at the 1978-79 tax roll value.

Parcels on the 1975-76 Tax Roll  
with Changes in Ownership from  
March 1, 1975 through February 28, 1978

The computer program considered and made adjustments for changes in ownership. If the computer determined that a change in

\* The Assessor's staff stated that FHA and VA home sales and installment purchases of other property types often caused market values to be exceeded. The .925 adjustment was developed by the Standards Division and is based on an analysis of market values versus sales prices.

ownership met the criteria for revaluation, it used the sales price, which was logged in the parcel's master property history file, for the base year value. If the sales price fell outside specified parameters or was unavailable, the computer multiplied the parcel's roll value for the succeeding year by an appropriate factor developed from sales-ratio studies for each year in question.\* The annual two percent inflation factor was then added to arrive at the 1978-79 tax roll value.

Parcels on the 1975-76 Tax Roll  
with New Construction from  
March 1, 1975 through February 28, 1978

Appraisal staff reviewed completed building permit cards for the 1976-77, 1977-78 and 1978-79 tax roll years, identified properties meeting revaluation criteria, and made manual adjustments to arrive at the 1978-79 tax roll value for each parcel. New structures and additions/alterations were treated differently as described below:

- New Structures. The value of the conventionally appraised new structure was applied and carried forward by the two percent annual inflation factor from the proper base year. The computer-trended value of the land was adjusted separately by the

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\* The Alameda County Assessor's office stipulated that base year roll value divided by sales price could not be outside a range of .40 through 1.60, inclusively.

two percent annual inflation factor from its appropriate base year. The combined values equaled the total 1978-79 tax roll value.

- Additions/Alterations. For this type of new construction, a "value added" approach was used. Appraisers reviewed property records and identified the portion of an improvement which qualified as newly constructed. The value resulting from previous conventional appraisal of the addition/alteration was added to the value of the unchanged improvement, which had been adjusted by the two percent annual inflation factor up to the year of the new construction. The values were combined to arrive at the total improvement which was then adjusted by the two percent annual inflation factor from this base year. The unaffected base year value of the land was adjusted separately by the two percent annual inflation factor. The combined land and improvement values equaled the total 1978-79 tax roll value.

Appraisers treated parcels which realized both a change in ownership and subsequent new construction in the above manner. However, the new base year value of the property which had changed ownership became the base to which the later new construction was added.

## Parcels Requiring Special Consideration

Parcels requiring special consideration include (a) those which were not on the 1975-76 tax roll, (b) those not reappraised for the 1975-76 tax roll to which no trending factor could be applied and (c) a small number (approximately 1,000) of expensive residential properties not reappraised for the 1975-76 tax roll which were of sufficient diversity to preclude development of accurate trending factors. These special parcel types were treated as follows:

- Parcels not on the 1975-76 tax roll. Included in this group are parcels created by splits or combinations of parcels existing on the 1975-76 tax roll. Appraisers manually reappraised the 1978-79 parcels with assistance from the computer. The computer compared the 1978-79 pre-Proposition 13 tax roll with the 1975-76 tax roll to identify all newly created parcels. The appraisers then reconstructed the existing records of parcels before they were split or combined to arrive at 1975-76 tax roll values for each new parcel. This value was multiplied by the appropriate neighborhood trending factor according to parcel type and adjusted forward to 1978-79 by the two percent annual inflation factor.
  
- Parcels to which no trending factor could be applied. This group includes those parcels in economically depressed areas and certain industrial properties

not appraised for the 1975-76 tax roll which had no significant appreciation during the lag period up to the March 1, 1975 lien date according to the sales-ratio analysis of 1978. These parcels assumed their 1975-76 tax roll values as their 1975-76 base year values. The application of the two percent annual inflation factor yielded these parcels' 1978-79 tax roll values.

- Diverse residential properties. Appraisal staff individually reappraised these properties. Appraisers trended recent conventional appraisal values back to arrive at 1975-76 base year values. The two percent annual inflation factor was applied to determine the 1978-79 tax roll values.

The Alameda County Assessor estimated that the value added by the two percent annual inflation factor to the 1978-79 locally secured tax roll was approximately \$161,000,000.<sup>11</sup>

Alameda County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 1.3 percent decrease in locally assessed valuation below the 1977-78 tax roll. The following table shows the total number of parcels, total assessed valuation and percentage of increase and/or decrease in assessed valuation for the last four years.

TABLE 1  
 CHANGE IN NUMBER OF PARCELS  
 AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels<sup>12</sup></u>	<u>Assessed Valuation<sup>13</sup></u>	<u>Percentage of Value Increase/[Decrease]</u>
1975-76	301,792	\$3,363,300,063	
1976-77	303,409	\$3,744,932,950	11.35
1977-78	305,582	\$4,344,534,213	16.01
1978-79	310,273	\$4,287,536,960	[1.31]

\* Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
 THE 1975-76 TAX ROLL

Under Article XIII (A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll or, thereafter, by its appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll Alameda County appraised 264,197,<sup>14</sup> or 87.6 percent of the 301,792 parcels<sup>15</sup> on the tax roll.\* The remaining parcels were not appraised for the following reasons:

\* Includes conventional appraisal, computer-assisted appraisal (CAAP), and trending methodologies as described on page 238.

- The properties were not included in physical reviews. Included in this group are the diverse residential properties previously mentioned.
- The neighborhood or use type did not need updating based upon market data. This group includes the economically depressed parcels and certain commercial and industrial properties described earlier.
- Appraisers suspended updating commercial/industrial, rural and vacant land until they could conduct physical reviews to equalize the data base or develop better trending techniques.

The following table illustrates the number and type of property appraised.

TABLE 2  
ALAMEDA COUNTY 1975-76 APPRAISALS<sup>16</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	220,133	72.94
Multiple Family	36,955	12.25
Vacant	0	0
Rural/Agricultural	298	.10
Commercial/Industrial	<u>6,811</u>	<u>2.26</u>
Total	<u>264,197</u>	<u>87.55</u>

Alameda County used conventional appraisal, computer-assisted appraisal (CAAP) and trending as their methodologies for reappraising properties for the 1975-76 tax roll. Staff appraised 8,503 parcels<sup>17</sup> by conventional appraisal, based on a physical on-site inspection. Also, 50,096 parcels,<sup>18</sup> all single family residences, were reappraised using CAAP. The remaining 205,598 parcels,<sup>19</sup> all single family residences or multiple family residences, were reappraised using a trending program which applied appropriate sales data for each neighborhood use type to determine a factor to be applied against the data base.

Staff appraised properties for the 1975-76 tax roll based on a sales-ratio analysis which included sales from January 1974 through October 1974. The Assessor's staff confirmed these sales through questionnaires sent to property owners. The time differential between the sales-ratio data and the March 1, 1975 lien date resulted in a time lag averaging nine months<sup>20</sup> for all parcel types. No attempt was made to trend values forward to the lien date, and thus market values achieved were anywhere from 75.11 percent<sup>21</sup> for rural/agricultural parcels to 96.89 percent<sup>22</sup> for vacant residential parcels. Staff estimated that parcels not reappraised for the 1975-76 tax roll were at the same levels of market value as those reappraised for the 1975-76 tax roll. They established this estimation because the non-reappraised parcels (such as those in economically depressed neighborhoods) were either not appreciating rapidly or no new value could be established because of insufficient data.

ADMINISTRATIVE CHANGES IN  
THE COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In Alameda County, alternatives for administrative change are being considered in two areas--sources of property information and methods of maintaining property records.

The office is in the process of exploring alternative methods of obtaining sale information because budgetary restrictions have curtailed the staff's practice of full-scale mail-outs of sales questionnaires. It will take the staff an estimated six months to explore alternatives and to implement those that are adopted.

A new system of maintaining parcel information is within an estimated six months of completion. Under the new system, all information for each parcel will be provided in one folder under a system known as open-shelf filing.

ALAMEDA COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>23</sup>-----</u>		<u>-----1978-79<sup>24</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	222,647	\$1,765,481,116	230,929	\$2,354,453,637
Multiple Family	36,602	544,847,975	38,020	655,634,435
Vacant	17,110	35,378,765	15,124	38,650,661
Rural/Agricultural	4,185	44,476,556	5,086	61,561,715
Commercial/Industrial	19,635	884,629,048	19,397	1,093,232,917
Institutional	1,613	88,458,178	1,717	95,991,120
Corrections*		<u>28,425</u>		<u>[11,987,525]</u>
Total	<u>301,792</u>	<u>\$3,363,300,063</u>	<u>310,273</u>	<u>\$4,287,536,960</u>

\*Certain corrections made after the date the tax roll was surrendered account for adjustments to the tax roll.

ALAMEDA COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction and nonappraisal in 1975-76, needing adjustment to 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u> <sup>25</sup>	<u>Actually Revalued</u> <sup>26</sup>
CHANGE IN OWNERSHIP		
Residential		
Single Family	68,411	68,411
Multiple Family	12,349	12,349
Rural/Agricultural	823	823
Commercial/Industrial	<u>3,631</u>	<u>3,631</u>
Subtotal	<u>85,214</u>	<u>85,214</u>
NEW CONSTRUCTION		
Residential		
Single Family	9,010	9,010
Multiple Family	517	517
Vacant	280	280
Rural/Agricultural	220	220
Commercial/Industrial	<u>934</u>	<u>934</u>
Subtotal	<u>10,961</u>	<u>10,961</u>
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE		
Residential		
Single Family	4,500	4,500
Multiple Family	0	0
Vacant	1,000	1,000
Rural/Agricultural	500	500
Commercial/Industrial	<u>8,849</u>	<u>8,849</u>
Subtotal	<u>14,849</u>	<u>14,849</u>
Total	<u>111,024</u>	<u>111,024</u>

FOOTNOTES

- 1 Alameda County Assessor's Office: Use Summary, 1978-79, October 23, 1978.
- 2 Alameda County Assessor's Office: 1978 Statement of the County Assessor to the Board of Equalization of the State of California, Part One, August 15, 1978.
- 3 State Board of Equalization: Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemption, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 (See Footnote 1)
- 8 Deposition of Alameda County Assessor (John W. Holmdahl et al. vs. Donald J. Hutchinson, et al.) in Alameda County Superior Court.
- 9 Estimate provided by Alameda County Assessor's Office.
- 10 (See Footnote 9)
- 11 Alameda County Assessor's Office: Final Total Gross Local Roll Report, August 25, 1978.
- 12 Alameda County Assessor's Office: Use Summaries, 1975-76 through 1978-79.
- 13 Alameda County Assessor's Office: Certified tax roll, 1975-76 through 1978-79
- 14 (See Footnote 8)
- 15 (See Footnote 1)
- 16 (See Footnote 8)
- 17 (See Footnote 9)
- 18 (See Footnote 9)
- 19 (See Footnote 9)

- 20 (See Footnote 9)
- 21 (See Footnote 9); Based on Sales-Ratio Study.
- 22 (See Footnote 9)
- 23 Alameda County Assessor's Office: 1975 figures are from Alameda County Assessor's Use Summary and Certified Tax Roll, Respectively.
- 24 Alameda County Assessor's Office: 1978 figures are from Alameda County Assessor's Use Summary and Certified Tax Roll, Respectively.
- 25 Alameda County Assessor's Office: Figures provided by Alameda County Assessor's Staff from Internal Documents.
- 26 (See Footnote 25)

## CONTRA COSTA COUNTY

Contra Costa County enrolled 214,444 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$3,508,281,612 in real assessed valuation<sup>2</sup> (3.62 percent<sup>3</sup> of California's total locally secured property value). Parcels in Contra Costa County are primarily residential, totaling 91.5 percent<sup>4</sup> of the total parcels and 68.6 percent<sup>5</sup> of the total real assessed value. Commercial/ industrial parcels comprise another 4.6 percent<sup>6</sup> of the total parcels and 27 percent<sup>7</sup> of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, the Assessor used several methods to value parcels depending upon the property type. To identify and adjust individual parcels to the proper base year and value, the Assessor compiled historical information for each parcel in the county and reconstructed the 1975-76 tax roll.

Locally secured parcels in Contra Costa County subject to revaluation for the 1978-79 tax roll fall into one of the three following categories (see also Appendix B):

- Parcels with a 1975-76 base year value
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978.

Parcels with a 1975-76 Base Year Value

All parcels which realized no changes in ownership or new construction from March 1, 1975 through February 28, 1978 were assigned a base year of 1975-76. Single family residential parcels were trended to a 1975-76 full market value. The trend factors used to value single family residential parcels were determined by homogeneous neighborhood. That is, staff compared sales in each of these neighborhoods from May 1974 to May 1975 (using a November 1974 median value) with the 1975-76 tax roll value to arrive at the trend factor. Then they multiplied the 1975-76 tax roll values by the applicable trend factors to arrive at the post-Proposition 13 base year value. Staff valued all multiple family parcels for the 1978-79 tax roll by factoring the 1975-76 tax roll value by 10 percent and adjusting the value by the two percent annual inflation factor provided for in Proposition 13.

To arrive at a 1975-76 base year value for commercial parcels, including institutions and other special parcels, the Assessor's staff identified the first appraisals before and after March 1, 1975. They then prorated the difference in value of these two appraisals to March 1, 1975.

Industrial parcels retained their 1975-76 tax roll value regardless of year of appraisal and were adjusted for the two percent annual inflation factor. Most rural/agricultural parcels retained their 1975-76 tax roll value. However, staff trended approximately 200 of these parcels which were located in residential neighborhoods.

In the process of revaluing parcels to establish a 1975-76 base year value, the Assessor's staff made no distinction between parcels that had been revalued for the 1975-76 tax roll and those that had not been revalued.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1973

Contra Costa County established the value of parcels with changes in ownership based on the method of transfer. For confirmed sales, the Assessor selected either the sales price or the tax roll value subsequent to the sales date, whichever value was higher. For unconfirmed sales, or those sales which the buyer did not verify, the Assessor selected the higher of these two values: the tax roll

value subsequent to the sale or the value indicated by the transfer stamps. For other types of assessable ownership changes, the Assessor generally chose the tax roll value subsequent to a transfer of property.

The staff identified changes in ownership from March 1, 1975 through February 28, 1978 in Contra Costa County by comparing property owners' names. All deeds were also reviewed for assessable events.

An estimated 94,000 parcels<sup>8</sup> or approximately 44 percent<sup>9</sup> of the total parcels were revalued because of assessable ownership changes, which resulted in an increase in assessed value of \$342,635,916.<sup>10</sup>

An estimated 300 multiple family residential parcels<sup>11</sup> still need to be revalued due to changes in ownership from March 1, 1975 through February 28, 1978. These ownership changes generally involve complex transactions which were difficult to discover.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

To establish the 1978-79 tax roll for parcels with new construction, Contra Costa County used four methods to determine parcel values. Appraisers most frequently used the tax roll value subsequent to the new construction to establish the parcel value. Another method appraisers employed was the market approach, in which they compared sales prices of similar structures to determine value.

Cost tables were also used to determine the value of new construction. Finally, staff adjusted some new construction by conventional appraisal.

Additions to existing structures were given a different base year value than the existing structure. The land or existing structure was given a 1975-76 base year value if there were no changes in ownership from March 1, 1975 through February 28, 1978.

An estimated 27,978 parcels<sup>12</sup> or approximately 13 percent<sup>13</sup> of the total parcels were adjusted because of new construction. These adjustments resulted in an increase in assessed value of \$43,569,441.<sup>14</sup>

Approximately 4,000 single family residential parcels<sup>15</sup> had partially completed construction at March 1, 1978 and were not valued or enrolled for the 1978-79 tax roll. These parcels will be valued and enrolled when construction is completed.

Appraisers adjusted all parcels in Contra Costa County to a March 1, 1978 level by applying the two percent annual inflation factor. This process added \$106,723,917 in assessed valuation<sup>16</sup> to the tax roll. For parcels with new construction, appraisers applied the two percent annual inflation factor separately to original structures, additions and land.

Contra Costa County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 9.3 percent<sup>17</sup> increase in the total assessed valuation over the 1977-78 tax roll as compared to a 17.2 percent<sup>18</sup> increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	197,288 <sup>19</sup>	\$2,603,838,481 <sup>20</sup>	
1976-77	200,477 <sup>21</sup>	2,738,974,320 <sup>22</sup>	5.2
1977-78	206,007 <sup>23</sup>	3,210,297,161 <sup>24</sup>	17.2
1978-79	214,444 <sup>25</sup>	3,508,281,612 <sup>26</sup>	9.3

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by the full cash value of the property as shown on the 1975-76 tax roll or, thereafter, by the appraised value when a

purchase, new construction, or a change in ownership occurs. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Contra Costa County reappraised and revalued an estimated 114,115 parcels<sup>27</sup> or 57.8 percent of the 197,288 parcels<sup>28</sup> on the tax roll. Parcels to be reappraised or revalued were selected based on sales ratio data and the judgment of the Assessor's staff. The following table illustrates the number and the type of property reappraised or revalued. The total assessed valuation of parcels appraised and revalued in 1975-76 was not available.

TABLE 2

CONTRA COSTA COUNTY 1975-76 APPRAISALS AND REVALUATIONS<sup>29</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	103,815	52.6
Multiple Family	6,000	3.0
Rural/Agricultural	1,500	0.8
Commercial/Industrial	<u>2,800</u>	<u>1.4</u>
Total	<u>114,115</u>	<u>57.8</u>

Contra Costa used conventional appraisal and interim adjustment methods for reappraising and revaluing parcels for the 1975-76 tax roll. An estimated 10,300 parcels<sup>30</sup> were reappraised by conventional appraisal, based on income data, comparable sales or cost data. The remaining 103,815 parcels<sup>31</sup> were revalued by the use of interim adjustments.

Revalued residential parcels were increased either 10 or 25 percent from the 1974-75 tax roll value. According to the Contra Costa Assessor, the staff used interim adjustments to keep residential property values within a reasonable range, not to bring parcel values up to full market value. Thus, single family and vacant residential parcels revalued for the 1975-76 tax roll were at approximately 81.5 percent<sup>32</sup> of full market value as of the March 1, 1975 lien date.

Multiple family residential parcels were reappraised by conventional appraisal techniques. Appraisers gathered comparable sales data until July 1974 for the 1975-76 tax roll appraisals. Multiple family parcels were estimated at 90 percent<sup>33</sup> of full market value as of the March 1, 1975 lien date because of the time lag between the sales data used for appraisal and the lien date.

For commercial/industrial and rural/agricultural parcels, comparable sales data were approximately six months old when conventional appraisals were done. Commercial/industrial parcels were estimated at 90 percent<sup>34</sup> and agricultural parcels at 85 percent<sup>35</sup>

of full market value as of the March 1, 1975 lien date because of the time lag between the sales data used for appraisal and the lien date.

Those parcels not reappraised or revalued for the 1975-76 tax roll were at approximately 85 percent<sup>36</sup> of full market value on the March 1, 1975 lien date.

ADMINISTRATIVE CHANGES IN  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In Contra Costa County, administrative changes were made in three areas-- suspension of computer-assisted appraisals, staff reductions and recordkeeping. Computer-assisted appraisals were suspended since Proposition 13 made their use impractical.

In fiscal year 1978-79, 48 positions are vacant of the 204 total positions in the Assessor's office, as illustrated by the following table:

TABLE 3  
VACANT POSITIONS BY JOB CLASSIFICATION<sup>37</sup>

<u>Job Classification</u>	<u>Number of Vacant Positions</u>
Appraisal personnel	9
Audit appraisal personnel	2
Clerical	15
Drafting	2
Specialists	1
CETA Appraisal	9
CETA Clerical	<u>10</u>
Total	<u>48</u>

The Assessor will make some administrative changes in appraisal techniques and records. For example, staff will examine deeds for assessable changes and generally expand property records to include partnerships, use codes and base years. Staff will also establish a single cost table. A new management report, entitled Sales Check List, will identify sales for review of assessable events.

The Assessor plans no major changes in his management information system. However, the system will be modified to meet any new legal requirements of the Legislature and the State Board of Equalization.

APPENDIX A

CONTRA COSTA COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>38</sup>-----</u>		<u>-----1978-79<sup>39</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	152,966	\$1,321,072,720	172,068	\$2,163,134,782
Multiple Family	8,098	147,471,805	8,039	195,952,451
Vacant	18,851	38,598,800	16,147	46,787,177
Rural/Agricultural	3,917	76,197,060	3,887	82,402,123
Commercial/ Industrial	9,593	957,521,331	9,788	946,616,131
Other	<u>3,863</u>	<u>62,976,765</u>	<u>4,515</u>	<u>73,388,948</u>
Total	<u>197,288</u>	<u>\$2,603,838,481</u>	<u>214,444</u>	<u>\$3,508,281,612</u>

CONTRA COSTA COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued and which still need to be revalued to 1975-76 levels due to changes in ownership, new construction and needing adjustment to the 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still Need To Be Revalued</u>
CHANGE IN OWNERSHIP			
Residential			
Single Family & Vacant	80,472	80,472	0
Multiple Family	6,750	6,450	300
Rural/Agricultural	3,200	3,200	0
Commercial/Industrial	<u>3,500</u>	<u>3,500</u>	<u>0</u>
Subtotal	<u>93,922</u> <sup>40</sup>	<u>93,622</u> <sup>41</sup>	<u>300</u> <sup>42</sup>
NEW CONSTRUCTION			
Residential			
Single Family & Vacant	26,123	22,123	4,000
Multiple Family	750	750	0
Rural/Agricultural	1,750	1,750	0
Commercial/Industrial	<u>3,355</u>	<u>3,355</u>	<u>0</u>
Subtotal	<u>31,978</u> <sup>43</sup>	<u>27,978</u> <sup>44</sup>	<u>4,000</u> <sup>45</sup>
NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE			
Residential	Unavailable	Unavailable	0
Rural/Agricultural	Unavailable	Unavailable	1,750
Commercial/Industrial	Unavailable	Unavailable	<u>800</u>
Subtotal			<u>2,550</u> <sup>46</sup>
Total			<u>6,850</u>

FOOTNOTES

- 1 Contra Costa County Assessor's Office: Use Code Control Report, Initialization Run, September 14, 1978.
- 2 Contra Costa County Assessor's Office: Tax Rate Area Summary, Assessed Value, Contra Costa County, 1978-79.
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 (See Footnote 1)
- 8 Estimate based on interview with Contra Costa Assessor's staff.
- 9 (See Footnote 8)
- 10 Contra Costa County Assessor's Office: Prepared Assessment Pursuant to Proposition 13, June 29, 1978.
- 11 (See Footnote 8)
- 12 (See Footnote 8)
- 13 (See Footnote 8)
- 14 (See Footnote 10)
- 15 (See Footnote 8)
- 16 Computation derived by Assessor's staff.
- 17 Calculation of increase between the 1977-78 and 1978-79 tax year.
- 18 Calculation of increase between the 1976-77 and 1977-78 total assessed valuation.
- 19 Contra Costa County Assessor's Office: Use Code Control Report, Initialization Run, July 2, 1975.

- 20 Contra Costa County Assessor's Office: Tax Rate Code Summary, Assessed Value, Contra Costa County, 1975-76.
- 21 Contra Costa County Assessor's Office: Contribution of Use Types to the 1976-77 Tax Base.
- 22 (See Footnote 21)
- 23 Contra Costa County Assessor's Office: Contribution of Use Types to the 1977-78 Tax Base.
- 24 (See Footnote 23)
- 25 (See Footnote 1)
- 26 (See Footnote 2)
- 27 (See Footnote 8)
- 28 (See Footnote 19)
- 29 (See Footnote 8)
- 30 (See Footnote 8)
- 31 Contra Costa County Assessor's Office: Recapitulation of Neighborhood, Martinez, John Swett, Richmond and Mount Diablo, San Ramon; and Appraisal Activity Arranged by Area, February 17, 1977.
- 32 (See Footnote 8)
- 33 (See Footnote 8)
- 34 (See Footnote 8)
- 35 (See Footnote 8)
- 36 (See Footnote 8)
- 37 Contra Costa County Assessor's Office: Assessor's Staffing at December 15, 1978.
- 38 (See Footnote 19 and Footnote 20)
- 39 (See Footnote 1)
- 40 (See Footnote 8)
- 41 (See Footnote 8)
- 42 (See Footnote 8)
- 43 (See Footnote 8)

44 (See Footnote 8)

45 (See Footnote 8)

46 (See Footnote 8)

## FRESNO COUNTY

Fresno County enrolled 187,168 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$2,064,206,604 in real assessed valuation<sup>2</sup> (2.16 percent<sup>3</sup> of California's total locally secured property value). Parcels in Fresno County are primarily residential--single family, multiple family and vacant residential parcels comprise about 70 percent<sup>4</sup> of the total parcels and 54 percent<sup>5</sup> of the total real assessed value. Rural, agricultural and open space parcels account for another 24 percent<sup>6</sup> of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Fresno County reappraised all parcels on the 1978-79 tax roll, including those which had been appraised for the 1975-76 tax roll. Since the county's 1975-76 property tax roll computer tape was not available, the Assessor constructed the post-Proposition 13 tax roll by adjusting current parcel values to a 1975-76 level. To identify and adjust individual properties to the proper base year and value, the Assessor's office had to determine the 1975-76 full market value levels. Appraisers established these levels by consulting a sales ratio analysis report and by relying on their

knowledge of the area. From this report appraisers identified full market value levels for each mapbook area and developed trend factors for these areas.

Staff developed a parcel data listing from the 1978-79 tax roll prepared prior to the passage of Proposition 13. This listing yielded a complete record of secured parcels which included (1) the last year a change in ownership occurred, (2) the last year a revaluation occurred, (3) the parcel's present value and (4) the sales price, if applicable. Appraisers compared the data on the listing to the data in the parcel's individual property records. Then, based upon a comparison to sales listings and their knowledge of the area, appraisers determined whether the application of the trend factor yielded a proper 1975-76 base year value. Using this process, the staff manually reviewed every parcel. Once this manual review was completed, the computer program applied the appropriate trend factors, entered manual corrections and applied the two percent per year inflation factor, as provided in Proposition 13.

Locally secured properties in Fresno County subject to revaluation under the language of Proposition 13 fall into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll

- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the  
1975-76 Tax Roll

Parcels without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll were included in the countywide review and revaluation process. When these parcels were reviewed, the appraisers determined whether the application of the trend factor would yield an acceptable value for the 1975-76 base year value. If the value was acceptable, the computer program applied the trend factor and added the two percent per year inflation adjustment. If the value produced was unacceptable, the appraisers would determine a value for the 1975-76 base year and the computer program would adjust only for the inflation factor.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

In Fresno County, approximately 70,000 parcels<sup>7</sup> realized a transfer in ownership from March 1, 1975 through February 28, 1978. The parcel data listing showed the last year of ownership change since 1975 and the sales price when a sale occurred. For parcels where a sale occurred and the sales price was determined to be representative of full market value, the sales price was used as the base year value. The computer program adjusted the base year value by the two percent annual inflation factor. For those parcels where a nonmonetary transfer occurred, appraisers indicated the appropriate base year and performed a desk review.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

In Fresno County, an estimated 33,000 parcels<sup>8</sup> underwent new construction during this period. Appraisers compared the parcel data listing to the parcel's property records to determine whether a value change had occurred due to new construction. If new construction had occurred, the appraiser would first deduct the value of the new construction from the value of the parcel to determine the appropriate base year value. Then appraisers applied the two percent per year inflation factor to this base year value up to the year the new construction occurred. The new construction value was added to this value and adjusted by the two percent per year inflation factor up to 1978-79.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to  
the 1975-76 Base Year Value

Appraisers also individually reviewed parcels that were not appraised for the 1975-76 tax roll whose values remained unchanged. They compared the data from the parcel data listing with the data in the parcel's property records. The appraiser applied the trend factor and determined if the resulting value was acceptable for the 1975-76 base year value by reviewing sales listings and by relying on his knowledge of the area. If the value was unacceptable, appraisers performed a desk review to determine the 1975-76 base year value. The computer program then applied the two percent annual inflation factor to this value to determine the value to be enrolled on the 1978-79 post-Proposition 13 tax roll.

Fresno County applied the two percent annual inflation factor provided for in Proposition 13 to all property values according to the base year enrolled on the 1978-79 tax roll. However, the Assessor's office was unable to determine the value added to the 1978-79 tax roll by the two percent annual inflation factor.

Fresno County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 29 percent increase in locally assessed valuation over the 1977-78 tax roll as compared to an almost 10 percent increase in 1977-78 over 1976-77. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation over the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	174,360 <sup>9</sup>	\$1,259,557,995 <sup>10</sup>	
1976-77	177,229 <sup>11</sup>	\$1,422,523,194 <sup>12</sup>	12.94
1977-78	181,628 <sup>13</sup>	\$1,563,696,633 <sup>14</sup>	9.92
1978-79	187,168 <sup>15</sup>	\$2,017,505,183 <sup>16</sup>	29.02

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll or, thereafter, by its appraised value when a purchase, new construction, or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

In 1975, Fresno County selected parcels for reappraisal based on an analysis of sales ratios. For example, parcels in areas with unacceptable sales ratio levels were the first selected.

For the 1975-76 tax roll, approximately 36,300 parcels<sup>17</sup> of the county's 174,360 parcels<sup>18</sup> were revalued due to a reappraisal. In addition, Fresno County's Assessor estimated that approximately 10,000 additional parcels<sup>19</sup> were appraised but did not require a value change.

Fresno County used conventional appraisals, trending, a computer-assisted appraisal program and the restricted value method for reappraising and revaluing properties in 1975-76. Conventional appraisals were based on physical, on-site inspections. Appraisers applied a factor derived from analysis of sales ratios to trend individual parcels. A multiple regression model consisting of 16 factors was used for computer-assisted appraisals. Appraisals subject to restricted values under the Revenue and Taxation Code (Sections 421 to 429) were used to revalue open space properties.

Appraisers did not adjust for the time difference between appraisal date and lien date. The sales data collected for 1975-76 appraisals covered the period between July 1972 and July 1974 and was supplemented by monthly sales reports up through May 1975. The appraised values for the 1975-76 tax roll were considered to be between 85 and 100 percent<sup>20</sup> of full market value for conventionally appraised parcels and between 70 and 85 percent<sup>21</sup> of full market value for trended parcels.

ADMINISTRATIVE CHANGES IN  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In Fresno County, changes are being made in three areas--appraisal practices, property information and management information.

Because of Proposition 13, parcels will be appraised only if affected by these factors: a change in ownership, new construction or a change in value due to Proposition 8. A report summarizing value changes triggered by these three factors will be prepared in the future.

To identify whether parcels with changes in ownership will require a reappraisal, the Assessor's office is implementing codes which will specify the type of sale which occurred. These codes will alert appraisers by indicating the parcels that need to be appraised. Using these new sales codes, appraisers will prepare a report listing the different types of sales on a quarterly basis. Both appraisal practices and property information changes should be implemented by July 1979.

To assist management in determining workload and scheduling staff, the Project Activity Summary format will be adjusted. This adjusted Activity Summary will be completed by October 1979.

FRESNO COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>22</sup>-----</u>		<u>-----1978-79<sup>23</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
<b>Residential</b>				
Single Family	103,491	\$ 500,463,251	110,320	\$ 931,117,677
Multiple Family	7,840	95,326,334	7,868	145,861,782
Vacant	9,408	11,915,792	12,556	31,969,706
Rural/Agricultural	14,112	142,989,500	14,564	223,787,940
Commercial/Industrial	10,977	285,979,001	11,216	395,625,108
Other	<u>28,532</u>	<u>222,884,117</u>	<u>30,644</u>	<u>335,844,391</u>
<b>Total</b>	<u>174,360<sup>24</sup></u>	<u>\$1,259,557,995<sup>25</sup></u>	<u>187,168<sup>26</sup></u>	<u>\$2,064,206,604<sup>27*</sup></u>

\*Assessed valuation differs from figure in Table 1 because sources and recording dates are different.

FRESNO COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction, appraisal for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value and nonappraisal for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation*</u>	<u>Actually Revalued*</u>
CHANGE IN OWNERSHIP**	70,000 <sup>28</sup>	70,000
NEW CONSTRUCTION**	33,000 <sup>29</sup>	33,000
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE**	55,000 <sup>30</sup>	55,000
PARCELS APPRAISED FOR THE 1975-76 TAX ROLL NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE**	10,000 <sup>31</sup>	10,000
Total	<u>168,000</u>	<u>168,000</u>

\* These estimated figures reflect some double counting.

\*\* Breakout of data by property type is unavailable.

FOOTNOTES

- 1 Fresno County Assessor's Office: Recap Sheet-Valuation Notices for 1978.
- 2 Fresno County Assessor's Office: Assessed Valuations for 1978-79.
- 3 State Board of Equalization Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 Estimate provided by Fresno County Assessor's Office, based on Sales Ratio Analysis Summary Report by Use Code, Recap Sheet-Valuation Notices for 1978, and Assessed Valuations for 1978-79.
- 5 (See Footnote 4)
- 6 (See Footnote 4)
- 7 Estimate provided by Fresno County Assessor's Office, based on no documented source.
- 8 (See Footnote 7)
- 9 Fresno County Assessor's Office: Recap Sheet-Valuation Notices for 1975-76.
- 10 State Controller's Office: Annual Reports of Assessed Valuations and Tax Rates of the Counties of California for fiscal years 1975-76, 1976-77, 1977-78 and 1978-79.
- 11 State Board of Equalization: Assessor's Budgets and Workload Summaries for 1976-77 and for 1977-78
- 12 (See Footnote 10)
- 13 (See Footnote 11)
- 14 (See Footnote 10)
- 15 (See Footnote 1)
- 16 (See Footnote 10)

- 17 Fresno County Assessor's Office: Assessor's Map Book Control Record and Sales Ratio Analysis Printout by Neighborhood.
- 18 (See Footnote 9)
- 19 (See Footnote 7)
- 20 (See Footnote 7)
- 21 (See Footnote 7)
- 22 Estimate provided by Fresno County Assessor's Office, based on control totals for Sales Ratio Analysis Report by primary use code.
- 23 (See Footnote 4)
- 24 (See Footnote 9)
- 25 (See Footnote 10)
- 26 (See Footnote 1)
- 27 (See Footnote 2)
- 28 (See Footnote 7)
- 29 (See Footnote 7)
- 30 (See Footnote 7)
- 31 (See Footnote 7)

MONTEREY COUNTY

Monterey County enrolled 86,064 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$1,372,797,387 in real assessed valuation<sup>2</sup> (1.4 percent<sup>3</sup> of California's total locally secured property value). Residential parcels in Monterey County represent 79 percent<sup>4</sup> of all parcels or an estimated 50.6 percent<sup>5</sup> of the total real assessed value on the 1978-79 locally secured tax roll, while commercial and industrial properties comprise 6.1 percent<sup>6</sup> of the total parcels or an estimated 30 percent<sup>7</sup> of the total real assessed value. Rural and agricultural properties comprise another 7.5 percent<sup>8</sup> of all parcels or an estimated 17 percent<sup>9</sup> of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Monterey County trended the 1978-79 pre-Proposition 13 tax roll back to either March 1, 1975, or to the date of the last major assessable event, such as new construction or change in ownership, occurring from March 1, 1975 through February 28, 1978. Between these dates, most parcels had been given a full market value by either conventional appraisal or computer-assisted appraisal methods. On the other hand, in 1975-76 many parcels had been

revalued through application of an across-the-board 5 percent factor. The Assessor believed that the 1978-79 pre-Proposition 13 tax roll values were more equalized and therefore lent themselves better to trending procedures than the actual 1975-76 tax roll values.

To establish the post-Proposition 13 tax roll for 1978-79, the Assessor utilized sales data from September 1974 through August 1975 and divided the County into 24 homogeneous areas. The Assessor's staff compared the sales data for each parcel with the 1978-79 pre-Proposition 13 roll and computed factors. These factors, separated by property type and area, were ranked in descending order. The 25th percentile was selected as the typical value for each property type and homogeneous area; thus, 24 percent of the values were higher than the typical value while 76 percent were lower. The Assessor selected the 25th percentile rather than the median value or 50th percentile to compensate for the inclusion of June through August 1975 sales data. Figures for June through August 1975 were included to ensure a sufficient sample size and provide a median sales date of March 1, 1975. The factors were adjusted to reflect an inflation factor of two percent per year, then arrayed by month from March 1975 through February 1978 and categorized into homogeneous areas and property types.

Locally secured property in Monterey County subject to revaluation under the language of Proposition 13 falls into one of three categories (see also Appendix B):

- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels needing adjustment to 1975-76 base year values.

Parcels with Changes in Ownership  
from March 1, 1975 through February 28, 1978

For parcels with changes in ownership, Monterey County trended back the pre-Proposition 13 tax roll values to the date of sale. To establish the post-Proposition 13 tax roll value, each pre-Proposition 13 tax roll value was multiplied by the trend factor, a percentage developed on the basis of date of sale, property type and area. The sales price of parcels was not used. This procedure was applied to an estimated 33,000 parcels comprising 38 percent of the total parcels on the 1978-79 tax roll.<sup>10</sup>

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

To establish the post-Proposition 13 tax roll values for parcels with major construction, Monterey County trended the pre-Proposition 13 improvement values back to the date the construction was first added to the tax roll. Land values were trended back to the date of acquisition or March 1, 1975. The Assessor's staff identified major construction by comparing differences in assessed values between years. The staff designated base years for major construction as either March 1, 1975, March 1, 1976, March 1, 1977, or March 1, 1978, depending upon the first time the construction appeared on the tax roll. The appropriate factor, based on construction base year, property type, and area, was multiplied by the pre-Proposition 13 improvement values, which yielded post-Proposition 13 improvement values. This procedure was applied to approximately 1,800 parcels or 2.1 percent of the total parcels on the 1978-79 tax roll.<sup>11</sup>

Monterey County did not establish a new base year for minor additions to existing structures because the Assessor's computerized records did not provide adequate information on such occurrences. The only means for compiling information on minor additions was through a parcel-by-parcel review which was considered impractical.

Parcels Needing Adjustment to  
1975-76 Base Year Values

To establish the post-Proposition 13 tax roll for parcels with no changes in ownership or major construction, Monterey County trended the pre-Proposition 13 tax roll value back to March 1, 1975. This was done by multiplying the pre-Proposition 13 value by the appropriate factor developed for the property type and area to establish post-Proposition 13 tax roll values. This procedure was applied to approximately 51,200 parcels<sup>12</sup> comprising approximately 59.5 percent of the total parcels on the 1978-79 tax roll.

Certain property types including grazing land and dry farming were not trended because their values had not changed significantly.

Appraisers adjusted parcels in Monterey County to a March 1, 1978 level by applying the two percent annual inflation factor. This process added \$68,639,900 in assessed valuation<sup>13</sup> to the tax roll.

Monterey County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 5.3 percent increase in the total assessed valuation over the 1977-78 tax roll as compared to a 21 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
 CHANGE IN NUMBER OF PARCELS  
 AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	82,877 <sup>14</sup>	\$ 961,773,905 <sup>15</sup>	
1976-77	85,500 <sup>16</sup>	\$1,055,132,345 <sup>17</sup>	9.7
1977-78	85,092 <sup>18</sup>	\$1,276,734,620 <sup>19</sup>	21.0
1978-79	86,064 <sup>20</sup>	\$1,344,830,975 <sup>21</sup>	5.3

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
 THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is based upon the full cash value on the 1975-76 tax roll or, thereafter, upon the appraised value when a purchase, new construction or a change in ownership has occurred. In Monterey County, the Assessor did not use the existing 1975-76 tax roll to create the 1975-76 base year values. Instead, he trended the 1978-79 pre-Proposition 13

tax roll values back to 1975-76 levels. The Assessor believes that trending back the 1978-79 pre-Proposition 13 tax roll values provides more accurate base year values than the existing 1975-76 tax roll since many of the parcels on the existing 1975-76 tax roll did not reflect a current appraisal based on market value. But most parcels on the 1978-79 pre-Proposition 13 tax roll had been revalued from March 1, 1975 through February 28, 1978 by either conventional or computer-assisted appraisal methods.

For the 1975-76 tax roll, Monterey County adjusted 70,201 parcels<sup>22</sup> or 84.7 percent of the 82,877 parcels<sup>23</sup> on the 1975-76 tax roll. The following table illustrates the number and type of properties adjusted for the 1975-76 tax roll. The total assessed valuation of parcels appraised in 1975-76 was not available.

TABLE 2

MONTEREY COUNTY 1975-76 APPRAISALS<sup>24</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	51,227	61.8
Multiple Family	3,830	4.6
Vacant	7,530	9.1
Rural/Agricultural	3,030	3.7
Commercial/Industrial	1,772	2.1
Other	<u>2,812</u>	<u>3.4</u>
Total	<u>70,201</u>	<u>84.7</u>

Monterey County used several methods for adjusting parcels for the 1975-76 tax roll: conventional appraisal, computer-assisted appraisal, interim adjustment and other miscellaneous methods. Approximately 8,400 parcels<sup>25</sup> were valued by conventional appraisals, based on a physical, on-site inspection. Another 4,000 parcels<sup>26</sup> were reappraised by computer-assisted appraisal, and 51,700 parcels<sup>27</sup> were revalued by use of a 5 percent interim adjustment. According to the Monterey County Assessor, appraisers used interim adjustments to update property values because they were below full market value.

ADMINISTRATIVE CHANGES IN  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In Monterey County, administrative changes are made in three areas--staff reductions, elimination of a branch office section and the termination of computer-assisted appraisals. No major changes are planned in the Management Information System unless new legal requirements are enacted.

The Assessor's Office lost 27 positions<sup>28</sup> in fiscal year 1978-79, as illustrated by the following table.

TABLE 3  
REDUCTION IN STAFF BY JOB CLASSIFICATION<sup>29</sup>

<u>Job Classification</u>	<u>Number of Positions Eliminated</u>
Auditor Appraiser	1
Appraiser III	4
Appraiser II	12
Appraiser Aides	2
Map Draftsmen	1
Clerical	<u>7</u>
Total Positions Eliminated	<u><u>27</u></u>

The public information section of the branch office in the City of Monterey was closed; those functions will now be handled by the main office in Salinas. The branch office now houses the appraiser's staff in that area. Also, the use of computer-assisted appraisals was terminated since Proposition 13 made its use impractical.

The Assessor does not plan any major changes in his management information system (MIS). He believes the existing MIS is adequate for the office's needs; however, this system will be modified to meet any new legal requirements of the Legislature and the State Board of Equalization.

Minor changes being considered for the MIS include:

- Expansion of property records for such items as principals in partnership and long-term leases
- Expansion of transfer codes to better classify ownership changes
- Designation of base years.

MONTEREY COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total</u> <u>Parcels</u> <sup>30</sup>	<u>Total</u> <u>Assessed Value</u> <sup>31</sup>	<u>Total</u> <u>Parcels</u> <sup>32</sup>	<u>Total</u> <u>Assessed Value</u> <sup>33</sup>
Residential	65,034	\$ 495,419,793	67,955	\$ 694,635,479
Rural/Agricultural	7,026	166,445,385	6,475	233,375,555
Commercial/Industrial	5,195	293,727,150	5,250	411,839,216
Other	<u>5,622</u>	<u>23,498,172</u>	<u>6,384</u>	<u>32,947,137</u>
Total	<u>82,877</u>	<u>\$ 979,090,500</u>	<u>86,064</u>	<u>\$1,372,797,387</u>

MONTEREY COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction and nonappraisal for the 1975-76 tax roll, needing adjustment to 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGE IN OWNERSHIP*	<u>33,000</u> <sup>34</sup>	<u>33,000</u>
NEW CONSTRUCTION		
Residential	12,000	12,000
Commercial/Industrial	2,250	2,250
Other	<u>750</u>	<u>750</u>
Subtotal	<u>15,000</u> <sup>35</sup>	<u>15,000</u>
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE		
Residential	2,450	2,450
Rural/Agricultural	1,980	1,980
Commercial/Industrial	1,700	1,700
Other	<u>1,390</u>	<u>1,390</u>
Subtotal	<u>7,520</u> <sup>36</sup>	<u>7,520</u>
Total	<u>55,520</u>	<u>55,520</u>

\* Breakout of data by property type is unavailable.

## FOOTNOTES

- 1 Monterey County Assessor's Office: Assessor Report of Appraisals for 1978.
- 2 Monterey County Auditor-Controller: Tax Rates and Information for Taxpayers, 1978-79.
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County 1978-79.
- 4 (See Footnote 1)
- 5 Estimate based on a percentage allocation by property type values applied to the total assessed value for 1978-79: Assessment Practice Survey, Monterey County 1975-76, State Board of Equalization.
- 6 (See Footnote 1)
- 7 (See Footnote 5)
- 8 (See Footnote 1)
- 9 (see Footnote 5)
- 10 Estimate provided by Monterey County Assessor based on assessable ownership transfers from March 1975 to February 1978.
- 11 Estimate provided by Monterey County Assessor based on major construction for owner-occupant.
- 12 Estimate provided by Monterey County Assessor based on approximately 86,000 total parcels less 33,000 parcels with assessable changes in ownership and 1800 parcels for major construction for owner-occupant.
- 13 Estimate provided by Monterey County Assessor, based on an estimated 5 percent of the 1978-79 tax roll.
- 14 Monterey County Assessor's Office: Recapitulation of Property Types by Use Codes for 1975-76.
- 15 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for the Fiscal Year 1975-76.
- 16 State Board of Equalization: Assessor's Budgets and Workloads 1976-77.
- 17 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the Fiscal Year 1976-77.

- 18 State Board of Equalization: Assessor's Budget and Workloads 1977-78.
- 19 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the Fiscal Year 1977-78.
- 20 (See Footnote 1)
- 21 State Controller's Office: Annual Report of Assessed Valuation of the Counties of California as of September 1978 for the Fiscal Year 1978-79.
- 22 Monterey County Assessor's Office: Assessor's Report of Appraisal for 1975-76.
- 23 (See Footnote 14)
- 24 (See Footnote 22)
- 25 (See Footnote 22)
- 26 (See Footnote 22)
- 27 (See Footnote 22)
- 28 Interview with Monterey County Assessor.
- 29 (See Footnote 28)
- 30 (See Footnote 14)
- 31 Estimate based on a percentage allocation by property type value applied to the total assessed value for 1975-76: Monterey County 1975-76 and State Board of Equalization.
- 32 (See Footnote 1)
- 33 (See Footnote 5)
- 34 (See Footnote 10)
- 35 Estimate provided by Monterey County Assessor based on construction permits for 1975-76 through 1978-79.
- 36 Estimate provided by the Monterey County Assessor's Office based on parcels not revalued less the parcels that could not be revalued, i.e., undeveloped oil and mineral rights and private roads.

## ORANGE COUNTY

Orange County enrolled 513,066 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$8,384,814,010 in real assessed valuation<sup>2</sup> (9.29 percent<sup>3</sup> of California's total locally secured property value). Orange County is one of the most heterogeneously dynamic counties in the State. Some of its parcels include Disneyland, aerospace industry facilities, ocean-front properties, tract housing, leaseholds, and oil and commercial properties. On the 1978-79 tax roll, single family and multiple family residential parcels, including townhouses and condominiums, comprised approximately 87 percent of the total parcels and 69 percent of the total value.<sup>4</sup> Commercial and industrial properties were approximately 6.2 percent of the total parcels and 25.7 percent of the total assessed value<sup>5</sup> (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Orange County considered all properties for revaluation including some which had been revalued for the 1975-76 tax roll. The Assessor's staff reviewed each parcel in the county to ensure that their values on the 1975-76 base year roll were within established guidelines of achievable market value. The Assessor believed it was his duty to bring properties which were not at full cash

value to that value. He also believed that it was his duty to assess all properties at the same level of market value when constructing the 1975-76 base year roll. Thus, the 1975-76 base year roll would be fair and equitable to all types and locations of property in Orange County.

In developing the 1978-79 tax roll, Orange County followed a two-step procedure. First, staff compared the original 1975-76 tax roll to a sales ratio analysis to identify property values which did not fall within the horizontal band of equity, a tolerance limit ranging from 88 to 96 percent of full market value as of the March 1, 1975 lien date. After reviewing a variety of value indicators, staff appraisers next adjusted all parcels whose value fell outside the band of horizontal equity. The final product was a 1975-76 base line tax roll which listed all properties in horizontal equity. Second, staff appraisers reviewed activities to determine which properties had undergone legally defined changes in ownership and/or new construction because such activities potentially could cause a revaluation. Although approximately 296,687 parcels, or 58 percent<sup>6</sup> of the 1978-79 tax roll required adjustment, Orange County still needs to review approximately 3,000 parcels. They expect to finish revaluing those parcels in fiscal year 1979-80, at which point their 1978-79 tax roll will be complete.

Locally secured property in Orange County subject to revaluation under the language of Proposition 13 falls into one of three categories (see also Appendix B):

- Parcels with no changes in ownership or new construction from March 1, 1975 through February 28, 1978
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978.

Parcels with No Changes in Ownership  
or New Construction from March 1, 1975  
through February 28, 1978

For all parcels realizing no changes in ownership or new construction from March 1, 1975 through February 28, 1978, the base year was 1975-76. In this category appraisers reviewed all parcels, but revalued only those which did not fall within the band of horizontal equity. In making adjustments, appraisers considered the appraisal history of the parcel, sales ratio data and 1975 and prior years' sales and cost data. It is impossible to tell how many parcels needed to be revalued, although they were primarily commercial and industrial or unique parcels.

Parcels with Changes in Ownership  
from March 1, 1975 through February 28, 1978

For parcels with changes in ownership from March 1, 1975 through February 28, 1978. The base year was the year in which the change in ownership occurred. To value residential parcels,

appraisers generally adopted the value listed on the tax roll subsequent to the change. For commercial parcels they generally conducted conventional appraisals. Approximately 199,944 parcels<sup>7</sup> needed to be revalued because of changes in ownership. Of those an estimated 2,700 still need to be revalued.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

For parcels with new construction from March 1, 1975 through February 28, 1978. The base year was the year in which the new construction took place. For the estimated 106,743 parcels<sup>8</sup> with new construction, Orange County appraisers adopted the value added by the new construction as determined by a conventional appraisal when the new construction had been completed. This value was then added to the post-Proposition 13 roll value which had already been adjusted by the two percent inflation factor. The total value became the base value for the 1978-79 tax roll.

Once appropriate base years and values were established, appraisers applied the two percent annual inflation factor to parcel values according to their base years. The County Assessor could not determine what value the two percent annual inflation factor added to the total assessed value of the 1978-79 locally secured tax roll because their system had not been set up to track and separate parcels by base years.

Orange County's interpretation of Proposition 13 and methodology for constructing the 1978-79 locally secured tax roll contributed to a .83 percent decrease in locally assessed valuation from the 1977-78 tax roll, as compared to an approximate 20 percent increase in 1977-78 from the prior year. The following table shows the total number of parcels, total assessed valuation and percentage of increase and/or decrease in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels<sup>9</sup></u>	<u>Assessed Valuation<sup>10</sup></u>	<u>Percentage of Value Increase/[Decrease]</u>
1975-76	464,171	\$5,952,604,520	
1976-77	479,045	\$7,202,591,460	21.00
1977-78	501,836	\$8,662,099,685	20.26
1978-79	509,276	\$8,590,635,610	[.83]

\* Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value as shown on the 1975-76 tax roll or, thereafter, by the appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll. In 1975, Orange County revalued an estimated 359,022 parcels or 79 percent of the 458,182 parcels on the 1975-76 tax roll. The present Assessor was not responsible for that original 1975-76 tax roll.

The following table illustrates the number and type of properties appraised. The total assessed valuation of parcels appraised in 1975-76 was not available.

TABLE 2  
ORANGE COUNTY 1975-76 APPRAISALS<sup>11</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	328,269	72
Multiple Family	22,611	5
Rural/Agricultural	685	.1
Commercial/Industrial	1,861	.4
Other	<u>5,596</u>	<u>1.1</u>
Total	<u>359,022</u>	<u>78.6</u>

Staff first revalued those parcels whose values were comparatively low. Of the total revalued parcels, 18,443<sup>12</sup> were appraised by conventional appraisal methods; the remaining 340,579 parcels<sup>13</sup> were revalued by a trending approach, an analytical procedure in which several value indicators are considered for each parcel.

The results of a sales ratio study of the 1975-76 tax roll indicated that assessed values by property type ranged from 72.3 percent to 94.8 percent<sup>14</sup> of full market value.

ADMINISTRATIVE CHANGES IN  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative procedures in some county assessor offices. In Orange County, the management information system is changing. For example, all transferred properties will be coded to identify those requiring revaluations. The county will issue additional summary reports, segregating figures on new construction and transfers. Also, the county will begin tracking deeds and transfers and will maintain information on a parcel's base year and ownership including data on multiple owners of single parcels. The county, however, does not plan any major administrative changes. All data concerning the base year will be filed, allowing the county to respond to any changes in either the law or reporting requirements.

ORANGE COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>15</sup>-----</u>		<u>-----1978-79<sup>16</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
<b>Residential</b>				
Single Family	328,269	\$2,965,165,460	360,798	\$4,159,083,550
Multiple Family	22,611	653,805,440	24,907	991,030,030
Vacant	18,879	58,078,650	24,781	90,067,100
Rural/Agricultural	4,597	214,967,330	3,639	221,679,570
Commercial/Industrial	30,207	1,442,492,780	31,895	2,137,512,220
Other	<u>53,619</u>	<u>498,209,430</u>	<u>67,046</u>	<u>785,441,540</u>
Total	<u>458,182 *</u>	<u>\$5,832,719,090 *</u>	<u>513,066 *</u>	<u>\$8,384,814,010 *</u>

\* Total parcels and assessed value for 1975-76 and 1978-79 differ from figures on Table 1 because sources and recording dates are different.

ORANGE COUNTY

Below are estimates of the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued, and which still need to be revalued due to changes in ownership and new construction.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still Need To Be Revalued</u>
CHANGE IN OWNERSHIP*	199,944 <sup>17</sup>	197,244 <sup>18</sup>	2,700
NEW CONSTRUCTION*	<u>106,743<sup>19</sup></u>	<u>106,443<sup>20</sup></u>	<u>300</u>
Total	<u>306,687</u>	<u>303,687</u>	<u>3,000</u>

\* Breakout of data by property type is unavailable.

## FOOTNOTES

- 1 Orange County Assessor's Office: Assessment Roll of Secured Property in the County of Orange, California 1978-79.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 Orange County Assessor's Office: Summary of Parcel Activity, 1975-78.
- 7 Estimate based on transfers, lease lands and sales filed in Orange County from 1975-78; County of Orange Roll File Sales Flag Update 1978-79.
- 8 Estimate is the residual of the total parcel activity minus estimated transfers, lease lands and sales between 1975 and 1978.
- 9 State Board of Equalization: Budgets and Workloads, 1975-76, 1976-77, 1977-78 and 1978-79.
- 10 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September (1975, 1976, 1977, 1978) of the Counties of California for the Fiscal Year (1975-76, 1976-77, 1977-78 and 1978-79).
- 11 Estimates are figures provided by Orange County Assessor's Office, based on no documented source.
- 12 (See Footnote 11)
- 13 (See Footnote 11)
- 14 Orange County Assessor's Office: Figures obtained from Quality Assurance Project Manager and Quality Control and Procedures Principal Appraiser derived from sales ratio study.

- 15 Orange County Assessor's Office: Assessor's Work Sheet Local Roll Assessment Breakdown, 1975-76; Assessment Roll of Property in the County of Orange, California, 1975-76.
- 16 Orange County Assessor's Office: Assessor's Work Sheet Local Roll Assessment Breakdown, 1978-79; Assessment Roll of Secured Property in the County of Orange, California, 1978-79.
- 17 (See Footnote 7)
- 18 Estimates based on current workloads in Orange County Assessor's Office.
- 19 (See Footnote 8)
- 20 (See Footnote 18)

SAN BERNARDINO COUNTY

San Bernardino County enrolled 509,244 parcels<sup>1</sup> on the 1978-79 locally secured roll totaling \$2,476,696,065 in real assessed valuation<sup>2</sup> (2.87 percent<sup>3</sup> of California's total locally secured property value). Parcels in San Bernardino County are primarily residential--single family and multiple family parcels comprise about 46 percent<sup>4</sup> of the total parcels and 66 percent<sup>5</sup> of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, San Bernardino County considered for revaluation all properties including those which had been reappraised for the 1975-76 tax roll.

The Assessor's staff designed a system which utilized both computer and manual review to produce the 1978-79 tax roll. This system created a file listing ownership changes for parcels identified by base years 1976-77, 1977-78 or 1978-79. The computer compared tax rolls for 1976-77, 1977-78 and 1978-79 with corresponding ownership change files to determine a roll value based on the year of the ownership change. Those parcels

unaffected by a change in ownership were assigned a 1975-76 base year value. Staff appraised parcels with new construction and added the value of the new construction to the base year value of the parcel.

The Assessor's staff examined the roll values in every neighborhood for fiscal years 1975-76 to 1978-79 to compute a median and mean sales ratio on a neighborhood-by-neighborhood basis. In areas where the sales ratios were low, a trending factor was computed to adjust the base values to full cash value.

Locally secured property in San Bernardino County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendices B and C):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the 1975-76 Tax Roll

The Assessor's staff tested neighborhood roll values using a sales ratio survey to determine whether they represented full cash value. In neighborhoods where the sales ratios were low, the 1975-76 reappraisals were considered below full cash value. A trending factor generated an amount which, when added to the 1975-76 value, determined the 1978-79 tax roll value.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

As previously discussed, the computer program isolated parcels transferred from 1975-76 through 1978-79 and then assigned each a roll value based on the year a change in ownership occurred. The sales ratio survey for the year of the transfer generated trend values which the computer added to determine the 1978-79 tax roll values.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The Assessor's staff manually re-examined all appraisal records for parcels which had undergone new construction from 1975-76 and 1977-78. Then, staff determined appraised value for the new construction based on similar construction in those years. If there was a change in ownership after new construction or in the

same year as new construction, then the value computed for the change in ownership was deemed to include the new construction. Consequently, no additional value was added in the final stage of computation. But if new construction followed a change in ownership or occurred after 1975-76, the value of the construction was added to the base year value and trend values were added.

Parcels Not Appraised for the 1975-76 Tax Roll,  
Needing Adjustment to the 1975-76 Base Year Value

If a parcel with a 1975-76 base year had not been appraised in that fiscal year, the Assessor revalued it just as he revalued parcels which were reappraised in 1975-76. By using the sales ratio surveys, the Assessor calculated a trend value to bring the 1975-76 tax roll values to full cash value.

San Bernardino County applied the two percent annual inflation factor provided for in Proposition 13 to all property values on the 1978-79 tax roll according to the base year the property was enrolled. The computer program was designed to compute the inflation adjustment for each individual tax roll value--base year value, trend value and new construction value. The computer then combined the appropriate values to determine the final 1978-79 tax roll value. As of January 25, 1979, San Bernardino County had completed all necessary adjustments for the 1978-79 tax roll. The Assessor's office could not determine what value the two percent annual inflation factor added to the total assessed value of the 1978-79 locally secured tax roll.

San Bernardino County's interpretation of Proposition 13 and methodology for constructing its 1973-79 locally secured tax roll contributed to changes in the county's total assessed valuation. In 1978-79 San Bernardino County's locally assessed valuation increased only 10.64 percent over the 1977-78 tax roll as compared to an 18.66 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	485,157 <sup>6</sup>	\$1,863,477,390 <sup>7</sup>	
1976-77	488,675 <sup>8</sup>	2,035,603,975 <sup>9</sup>	9.23
1977-78	497,587 <sup>10</sup>	2,415,489,535 <sup>11</sup>	18.66
1978-79	509,244 <sup>12</sup>	2,672,485,030 <sup>13</sup>	10.64

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in parcel numbers.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by the full cash value listed on the 1975-76 tax roll or, thereafter, by its appraised value when a purchase, new construction, or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For fiscal year 1975-76, San Bernardino County observed a three-year reappraisal cycle. Appraisers first selected parcels within neighborhoods having low sales ratio levels.

Parcels reviewed for the 1975-76 tax roll for reappraisal purposes totaled approximately 266,400, or 55 percent<sup>14</sup> of the 485,157 parcels<sup>15</sup> on the tax roll. However, approximately 183,000, or 38 percent<sup>16</sup> of the parcels actually required a value change; the remaining 17 percent were considered to be at full market value and did not require a value change. The total assessed valuation of parcels revalued in 1975-76 was unavailable.

San Bernardino County used both conventional appraisal and trending for reappraising parcels for the 1975-76 tax roll. The County revalued 101,000 parcels<sup>17</sup> by conventional appraisal based on a

physical on-site inspection. The remaining 82,000 parcels<sup>18</sup> were revalued by trending. In this procedure a factor based on current sales ratio data analyzed by homogeneous neighborhoods was applied to update neighborhoods to current levels.

Appraisers were assigned reappraisals in 1975-76 according to mapbook areas. A typical mapbook area includes approximately 2,500 parcels and requires about four months to complete. The appraisers used only comparable sales data up to the date the revaluation process began for the mapbook area. The data used was typically four to six weeks old but by the time the appraisal process was completed sales data would be at least five months old<sup>19</sup>. It was estimated that the data used reflected approximately 90 percent<sup>20</sup> of full market value at the date of appraisal.

In 1975, revaluations were not adjusted to allow for differences in the age of data used. The parcels revalued for the 1975-76 tax roll achieved an estimated 86 to 96 percent<sup>21</sup> of full market value as of the March 1, 1975 lien date. For parcels not revalued in 1975-76, property ranged between 84 to 92 percent<sup>22</sup> of full market value as of the March 1, 1975 lien date.

ADMINISTRATIVE CHANGES IN THE  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In San Bernardino County, administrative changes are being made in two areas--appraisal practices and data maintenance.

The Assessor's office is changing the method for updating parcel information within their primary data system. Due to Proposition 13, ownership changes will now be recorded for valuation purposes. The Assessor's office will assign appraisers from one area to another based on sales activity.

The Assessor's office plans to install remote computer terminals with direct access to parcel data in late 1979. This system will replace the current one as the primary data source. This system is not a direct result of Proposition 13; however, it will increase the efficiency of the Assessor's office to handle transactions relating to Proposition 13's implementation.

SAN BERNARDINO COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>23</sup>-----</u>		<u>-----1978-79<sup>24</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
<b>Residential</b>				
Single Family	182,742	\$ 913,295,580	216,179	\$1,451,028,615
Multiple Family	16,753	142,924,170	18,223	188,165,690
Vacant	143,938	120,625,630	135,201	131,396,510
Rural/Agricultural	11,900	103,757,800	10,832	96,296,330
Commercial/Industrial	29,291	492,666,020	27,936	408,833,590
Other	<u>100,533</u>	<u>200,519,930</u>	<u>100,873</u>	<u>200,975,330</u>
Total	<u>485,157</u>	<u>\$1,973,789,130*</u>	<u>509,244</u>	<u>\$2,476,696,065*</u>

\*Assessed valuation differs from figures in Table 1 because sources and recording dates are different.

SAN BERNARDINO COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction, and nonappraisal for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGE IN OWNERSHIP		
Residential	139,450	139,450
Rural/Agricultural	7,747	7,747
Commercial/Industrial	<u>7,747</u>	<u>7,747</u>
Subtotal	<u>154,944</u> <sup>25</sup>	<u>154,944</u>
NEW CONSTRUCTION		
Residential	20,744	20,744
Rural/Agricultural	1,154	1,154
Commercial/Industrial	<u>1,154</u>	<u>1,154</u>
Subtotal	<u>23,082</u> <sup>26</sup>	<u>23,082</u>
NOT APPRAISED FOR THE 1975-76 TAX ROLL NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE		
Residential	111,746	111,746
Rural/Agricultural	1,140	1,140
Commercial/Industrial	<u>1,140</u>	<u>1,140</u>
Subtotal	<u>114,026</u> <sup>27</sup>	<u>114,026</u>
Total	<u>292,052</u>	<u>292,052</u>

SAN BERNARDINO COUNTY

Below are the total parcels on the 1978-79 tax roll, appraised for the 1975-76 tax roll, which needed revaluation and were actually revalued.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
Residential	30,448	30,448
Rural/Agricultural	311	311
Commercial/Industrial	<u>311</u>	<u>311</u>
Total	<u>31,070</u> <sup>28</sup>	<u>31,070</u>

FOOTNOTES

- 1 San Bernardino County Assessor's Office: Usage Report for County for 1978-79.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 San Bernardino County Assessor's Office: Usage Report for County, 1975-76.
- 7 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for the fiscal year 1975-76.
- 8 State Board of Equalization: Budgets and Workloads for 1976-77, from Letters to the Assessors #76-187.
- 9 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the fiscal year 1976-77.
- 10 State Board of Equalization: Budgets and Workloads for 1977-78 from Letters to Assessors #77-150.
- 11 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the fiscal year 1977-78.
- 12 (See Footnote 1)
- 13 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1978 of the Counties of California for the fiscal year 1978-79.
- 14 Estimate provided by San Bernardino County Assessor's Office, based on Appraisal Progress Reports.
- 15 (See Footnote 6)
- 16 (See Footnote 14)

- 17 (See Footnote 14)
- 18 (See Footnote 14)
- 19 Estimates provided by San Bernardino County Assessor's Office,  
based on no documented source.
- 20 (See Footnote 19)
- 21 Estimate provided by San Bernardino County Assessor's Office,  
based on State Board of Equalization's Sales Ratio Studies.
- 22 (See Footnote 21)
- 23 (See Footnote 6)
- 24 (See Footnote 1)
- 25 San Bernardino County Assessor's Office: Based on Computer  
Print-out of Totals by Base Years 1975 to 1978 for the  
1978-79 Post-Proposition 13 Roll.
- 26 San Bernardino County Assessor's Office: Based on final  
Assessor Appraisal Update List.
- 27 Estimate provided by San Bernardino County Assessor's Office  
based on in-house analysis prepared by Assessor's staff.
- 28 (See Footnote 27)

## SAN MATEO COUNTY

San Mateo County enrolled 187,787 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$3,291,493,544 in real assessed valuation<sup>2</sup> (3.64 percent<sup>3</sup> of California's total locally secured property value). San Mateo County is primarily residential--single family and multiple family residential parcels comprise about 90 percent<sup>4</sup> of the total parcels and 78 percent<sup>5</sup> of the total real assessed value. Commercial and industrial parcels account for another 16 percent<sup>6</sup> of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, San Mateo County revalued all properties including those which had been reappraised for the 1975-76 tax roll. The county constructed its tax roll in two phases, using a combination of methodologies. In the first phase, which took place before the passage of Proposition 13, appraisers prepared the 1978-79 pre-Proposition 13 tax roll. The appraisal staff used computer-assisted appraisals and conventional appraisals to develop that roll. In the second phase, begun after the passage of Proposition 13, staff trended parcel values back by computer, using 1975-76 sales ratio data to determine the 1975-76 value for each property on the tax roll. Subsequently, staff reviewed all properties with changes in ownership and new construction and adjusted tax roll values accordingly.

Locally secured parcels in San Mateo County subject to revaluation under the language of Proposition 13 fall into one of three categories (see also Appendix B):

- Parcels with no changes in ownership or new construction from March 1, 1975 through February 28, 1978
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978.

Parcels with No Changes in Ownership  
or New Construction from March 1, 1975  
through February 28, 1978

The staff valued all parcels in this category for the 1978-79 tax roll using San Mateo County's trending procedure. For each neighborhood, the Assessor computed a median ratio between the current value and the selling price for all properties that sold in the 1975-76 base year.

By applying the ratio, the appraisal staff trended all of the parcels in the neighborhood back to their 1975-76 levels. They followed this procedure for all of the residential, commercial and industrial parcels. The base year for these parcels was 1975-76.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Appraisers reviewed all parcels with changes in ownership after the 1975-76 lien date. In most cases, they adopted the sales price as the value for the 1978-79 tax roll. However, in some cases, where the sales price did not reflect full market value, appraisers conducted conventional appraisals to determine the full market value of the property on the date of the sale. The year of the change of ownership became the base year for the parcels.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Appraisers valued parcels which had undergone new construction after the 1975-76 lien date by both conventional appraisal and actual cost as determined at the time of the new construction. Individual appraisers used their own discretion in deciding which approach to use in updating the parcel. The year of new construction became the base year for the parcel.

Once appraisers had established appropriate base years and values for each parcel, they applied the two percent annual inflation factor provided for in Proposition 13. The Assessor could not determine what value the two percent annual inflation factor added to the total assessed value of the 1978-79 tax roll because it is impossible to separate parcels by base year.

San Mateo County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll resulted in a 3.61 percent increase in locally assessed valuation over the 1977-78 tax roll as compared to an almost 27 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
 CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	183,673 <sup>7</sup>	\$2,444,200,108 <sup>8</sup>	
1976-77	184,448 <sup>9</sup>	\$2,536,484,222 <sup>10</sup>	3.78
1977-78	186,901 <sup>11</sup>	\$3,209,020,902 <sup>12</sup>	26.51
1978-79	187,787 <sup>13</sup>	\$3,324,845,206 <sup>14</sup>	3.61

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
 THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by the full cash value of the property as shown on the 1975-76 tax roll, or thereafter, by its appraised value when a

purchase, new construction or change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, San Mateo County appraised approximately 93,113, or 51 percent of the 183,673 parcels on the tax roll. The county conducted appraisals on a two-year appraisal cycle; staff planned appraisals so that each neighborhood would be appraised every other year. The following table illustrates the number and type of property appraised. The total assessed valuation of parcels appraised in 1975-76 was not available.

TABLE 2

SAN MATEO COUNTY 1975-76 APPRAISALS<sup>15</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	89,100	49.0
Multiple Family	513	.2
Rural/Agricultural	500	.2
Commercial/Industrial	2,000	1.0
Other	<u>1,000</u>	<u>.5</u>
Total	<u>93,113</u>	<u>50.9</u>

In San Mateo County, property type tended to determine the appraisal methodology appraisers chose for a given parcel. Staff used a computer-assisted appraisal program to appraise all multiple and most single family residences. They appraised 4,000 single family parcels<sup>16</sup> by a trending approach, in which a one or two factor value was applied across-the-board to the values of all parcels in a given neighborhood. Staff appraised rural/agricultural and commercial/industrial parcels by conventional appraisal.

In 1975-76, the Assessor's staff appraised parcels at 90 percent<sup>17</sup> of full market value, based on sales ratio data for the March 1, 1975 lien date.

The Assessor's representative provided estimates on the March 1, 1975 level of full market value achieved for parcels not appraised for the 1975-76 tax roll as follows: single family residences were at 73 percent<sup>18</sup> of value, multiple family residences were at 80 percent<sup>19</sup> of value and commercial and industrial parcels based on sparse sales data were at 75.8 percent<sup>20</sup> of value.

#### ADMINISTRATIVE CHANGES IN COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative procedures in some county assessor offices. San Mateo County is changing the content of property records and the source of information for those records.

The Assessor has introduced a new valuation form to be completed whenever there is a change in a parcel's base year. In order to update sale and non-sale transfer information, the Assessor's staff will send questionnaires to all new owners of properties which realized transfers after March 1, 1979. To improve recordkeeping, the county has ordered 190,000 file folders, which will contain property descriptions and the new valuation form.

Management is now maintaining an activity summary report detailing new construction and transfer activity by use code, area of responsibility and type of transfer. By May 1979, the county will issue a report about the value added to the roll by new construction and transfers. And staff is developing an activity history on all 190,000 parcels which details all new construction and transfer activity from March 1975. Finally, staff will also issue a report of employee productivity in May 1979.

SAN MATEO COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>21</sup>-----</u>		<u>-----1978-79<sup>22</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	150,365	\$1,551,101,834	152,383	\$2,155,441,551
Multiple Family	15,600	360,094,059	17,722	472,985,011
Rural/Agricultural	3,926	48,284,052	3,852	50,936,677
Commercial/Industrial	9,240	379,176,106	8,954	481,887,525
Other	<u>4,542</u>	<u>96,542,289</u>	<u>4,876</u>	<u>130,242,780</u>
Total	<u>183,673</u>	<u>\$2,435,198,340*</u>	<u>187,787</u>	<u>\$3,291,493,544*</u>

\* Assessed valuation differs from figures on Table 1 because sources and recording dates are different.

SAN MATEO COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued and which still need to be revalued due to changes in ownership and new construction from March 1, 1975 through February 28, 1978.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still Need To Be Revalued</u>
CHANGE IN OWNERSHIP			
Residential	54,000	53,500	500
Rural/Agricultural	1,000	1,000	0
Commercial/Industrial	3,000	3,000	0
Other	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Subtotal	<u>59,000</u> <sup>23</sup>	<u>58,500</u>	<u>500</u>
NEW CONSTRUCTION			
Residential	9,500	9,500	
Rural/Agricultural	250	250	
Commercial/Industrial	1,000	1,000	
Other	<u>250</u>	<u>250</u>	
Subtotal	<u>11,000</u> <sup>24</sup>	<u>11,000</u>	
Total	<u>70,000</u>	<u>69,500</u>	<u>500</u>

FOOTNOTES

- 1 San Mateo County Assessor's Office: Assessor's Reports #5 (7/30/78) and #37 (9/26/78).
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' Business and Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 San Mateo County Assessor's Office: Assessor's Reports #5 (July 1975) and #37 (September 1975).
- 8 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for Fiscal Year 1975-76.
- 9 State Board of Equalization: Budgets and Workloads for 1976-77, from Letters to the Assessor #77-187.
- 10 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the Fiscal Year 1976-77.
- 11 State Board of Equalization: Budgets and Workloads for 1977-78, from Letters to the Assessor #77-150.
- 12 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the Fiscal Year 1977-78.
- 13 (See Footnote 1)
- 14 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1978 of the Counties of California for the Fiscal Year 1978-79.
- 15 Estimate provided by San Mateo County Assessor's Office based on the Standards Division's records for appraisal history by neighborhood.

- 16 Figure provided by San Mateo County Assessor's Office, from Computer-Assisted Residential Appraisal and Valuation Schedule.
- 17 Estimate provided by San Mateo County Assessor's Office based on 1975-76 appraisal procedures.
- 18 Estimates provided by San Mateo County Assessor's Office based on average median ratio of appraisals to 1975 sales by neighborhood for this property type.
- 19 (See Footnote 18)
- 20 (See Footnote 18)
- 21 San Mateo County Assessor's Office: Assessor's Reports #5 (July 1978) and #30 (September 1978).
- 22 (See Footnote 7)
- 23 Estimates provided by San Mateo County Assessor's Office based on familiarity with workload.
- 24 Estimates provided by San Mateo County Assessor's Office based on California construction trends.



BUTTE COUNTY

Butte County enrolled 67,084 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$519,541,345 in real assessed valuation<sup>2</sup> (.55 percent<sup>3</sup> of California's total locally secured property value). Butte County is primarily residential--single family, multiple family and vacant residential parcels account for about 84 percent<sup>4</sup> of the total parcels and approximately 62 percent<sup>5</sup> of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Butte County updated all properties including those which had been appraised for the 1975-76 tax roll and which had no subsequent changes in ownership or new construction. These properties were updated for two reasons. First, the Assessor had access to sales data which was unavailable for preparation of the 1975-76 tax roll. A sales-ratio analysis of sales occurring between November 1974 and June 1975 indicated that while many parcels appraised for the 1975-76 tax roll were at lien date full market value, others were not. This condition existed despite the fact that staff trended values of parcels appraised for the 1975-76 tax roll to the March 1, 1975 lien date. Second, the Assessor stated he was obligated to follow the State Board of Equalization's guidelines requiring that all parcels be appraised at their full cash values as of March 1, 1975.

The Assessor's staff used a selective trending technique to update those parcels in the county unaffected by new construction or changes in ownership since March 1, 1975. Staff members developed a set of factors for each neighborhood and property type based upon the sales ratio analysis earlier mentioned. They then inserted these factors into a computer program. The computer multiplied each parcel's last appraised value by its appropriate factor to determine the 1975-76 base year value. The computer also multiplied the base year values by the two percent annual inflation factor provided for in Proposition 13 in order to bring these parcels to 1978-79 tax roll values.

The computer program identified parcels affected by changes in ownership. Appraisal staff then manually updated parcel values using a sales print-out. If a building permit review revealed that a parcel had undergone new construction, appraisers revalued that parcel by manually updating it.

Locally secured property in Butte County subject to revaluation under the language of Proposition 13 falls into one of four categories:

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978

- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the  
1975-76 Tax Roll

Butte County updated properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll to more accurately reflect their March 1, 1975 lien date full market values. The appraisal staff developed factors according to neighborhood and use type based upon a sales-ratio analysis of sales occurring from November 1974 through June 1975. The computer program then multiplied the 1975-76 appraised values on the 1975-76 tax roll by the appropriate factors to determine the 1975-76 base tax roll values. Next, it multiplied the base tax roll values by the two percent inflation factor to arrive at the 1978-79 tax roll values. The Assessor stated that because Butte County properties were not appreciating as rapidly in 1975-76 as those in other counties and because parcel values had been trended to the March 1, 1975 lien date, factors for 1975-76 appraised properties tended to be closely spaced on either side of the number 1.000. (A factor of .999 or less indicated that parcels were found to be over lien date full market value; 1.001 or greater indicated that parcels were under lien date full market

value.) Thus, in most cases, the 1975-76 tax roll values and the factored 1975-76 base roll values were either the same or nearly the same.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Butte County's computer program scanned parcel history files and identified changes in ownership which occurred from March 1, 1975 through February 28, 1978. By matching owners' names and relationships, the computer identified nonsales requiring reappraisals. Appraisers next used a sales print-out to reappraise all transferred properties which required updating. Appraisers determined each parcel's new base year value by its sales price unless they determined that price to be unreasonable. If no sales data were available or if the appraiser determined the price to be unreasonable, he used comparable sales from the print-out and parcel records to determine a parcel's value for the base year in question. He then adjusted the base year value by the two percent inflation factor.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Appraisers screened building permits for those parcels which met revaluation criteria. They next reviewed parcel records to determine what value the new construction added. Once appraisers determined the increase in value, they added this figure to the 1975-76 base year value of the improvement multiplied by the two percent

annual inflation factor for the year in question. The new construction did not alter the value of the land. The year in which the parcel realized new construction became the parcel's new base year.

Parcels Not Appraised for the  
1975-76 Tax Roll, Needing Adjustment  
to the 1975-76 Base Year Value

The computer multiplied each parcel's last appraised value by its appropriate factor to determine the 1975-76 base year values. Parcels appraised before the 1975-76 tax roll required factors greater than 1.000, so their values advanced to 1975-76 base year values. Those appraised after the 1975-76 tax roll had factors less than 1.000, so their values were rolled back to 1975-76 base year values. The computer also multiplied the base year values by the two percent inflation factor in order to adjust these parcels to 1978-79 tax roll values. The Butte County Assessor could not estimate the value added by the two percent annual inflation factor to the 1978-79 locally secured tax roll because it was impossible to separate parcels by base year.

Butte County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 17.1 percent increase in locally assessed valuation over the 1977-78 tax roll as compared to a 15.8 percent increase in 1977-78 over the previous year. The following table shows the total number of parcels, total assessed valuation and percentage of increase and assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE 1975-76\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	63,961 <sup>6</sup>	\$ 334,719,415 <sup>7</sup>	
1976-77	64,677 <sup>8</sup>	383,002,370 <sup>9</sup>	14.4
1977-78	65,672 <sup>10</sup>	443,346,904 <sup>11</sup>	15.8
1978-79	67,084 <sup>12</sup>	519,200,702 <sup>13</sup>	17.1

\* Changes in assessed valuation are partially due to annual increase in number of parcels and the fact that timber was excluded from county assessed rolls after tax year 1976-77.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value listed on the 1975-76 tax roll. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Butte County appraised 15,189,<sup>14</sup> or nearly 24 percent, of the 63,961 parcels<sup>15</sup> on the tax roll. Parcels appraised were selected according to geographical location. The following table illustrates the number and type of property appraised.

TABLE 2  
BUTTE COUNTY 1975-76 APPRAISALS <sup>16</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	5,470	8.5
Multiple	770	1.2
Vacant	4,200	6.6
Rural/Agricultural	3,252	5.1
Commercial/Industrial	1,013	1.6
Other		
Timber	427	.7
Miscellaneous	<u>57</u>	<u>.1</u>
Total	<u>15,189</u>	<u>23.8</u>

Butte County used both conventional appraisals and trending techniques for reappraising properties for the 1975-76 tax roll. Staff members appraised 14,418 parcels<sup>17</sup> by conventional appraisal. They appraised the remaining 771 parcels<sup>18</sup> (all rural/agricultural) by trending their values to 1975-76 levels. This trending methodology was made possible by the 2,481 conventional appraisals<sup>19</sup> the staff accomplished for 1975-76.

The Assessor's staff appraised all parcels at 100 percent of full market value. Although sales data which staff used to compute values varied in age from three to fifteen months, they trended appraised values

to their March 1, 1975 lien dates. In addition, as discussed earlier, the Assessor stated that properties were not appreciating as rapidly in Butte County as in some other counties. The Assessor stated that these conditions enabled his staff to achieve close to full market value for nearly all parcel types. However, he chose not to estimate any ranges of full market value achieved.

## BUTTE COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS\*

	-----1975-76 <sup>20</sup> -----		-----1978-79 <sup>21</sup> -----	
	<u>Total Parcels</u>	<u>Net Total Assessed Value</u>	<u>Total Parcels</u>	<u>Net Total Assessed Value</u>
Residential			56,824	\$321,385,744
Single Family	29,877	\$132,018,203	**	**
Multiple Family	3,318	28,590,488	**	**
Vacant	18,183	21,354,330	**	**
Rural/Agricultural	8,931	108,133,669	6,376	102,596,495
Commercial/Industrial	1,424	47,042,464	3,884	95,559,106
Other				
Timber	827	12,462,317	Not applicable	
Gas and Oil	<u>1,401</u>	<u>7,002,117</u>	<u>***</u>	<u>***</u>
Total	<u>63,961</u>	<u>\$356,603,588</u>	<u>67,084</u>	<u>\$519,541,345</u>

\*Total assessed values for 1975-76 and 1978-79 differ from figures on Table 1 because sources and reporting dates are different.

\*\*No residential totals by parcel type were reported for 1978-79.

\*\*\*Gas and oil are included with Commercial/Industrial for 1978-79 and could not be segregated.

FOOTNOTES

- 1 This figure is based upon a documented source which the county did not provide.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates for the Fiscal Year 1975-76.
- 8 State Board of Equalization: Budgets and Workloads, 1976-77.
- 9 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates, for Fiscal Year 1976-77.
- 10 State Board of Equalization: Budgets and Workloads, 1977-78.
- 11 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates, for Fiscal Year 1977-78.
- 12 (See Footnote 1)
- 13 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates, for Fiscal Year 1978-79.
- 14 (See Footnote 1)
- 15 (See Footnote 1)
- 16 The total figure is based upon a documented source which the county did not provide. Breakdowns by parcel type are estimated by county.
- 17 (See Footnote 1)
- 18 (See Footnote 1)
- 19 This figure is an estimate provided by the county.
- 20 (See Footnote 1)
- 21 (See Footnote 1)

## DEL NORTE COUNTY

Del Norte County enrolled 12,017 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$55,985,931 in real assessed valuation<sup>2</sup> (.06 percent<sup>3</sup> of California's total locally secured property value). Del Norte County is primarily residential-- single family, multiple family and vacant residential parcels comprise about 79 percent\* of the total parcels and 57 percent of the total real assessed value. Commercial and industrial parcels account for another 14 percent of the total parcels and 30 percent of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Del Norte County reviewed all properties on the 1978-79 tax roll. To identify individual parcels that needed adjustment, the Assessor and his staff reviewed the master property records using a step-by-step elimination process. First, they went through the records to identify and adjust all parcels with changes in ownership. Staff also made adjustments at this time for any new construction the parcel had realized after the change in ownership. Second, staff reviewed the remaining parcels to

\* Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

identify and adjust those with new construction. Third, staff reviewed the remaining parcels to identify and adjust those with no subsequent changes in ownership or new construction that had not been appraised for the 1975-76 tax roll. The parcels remaining were those that had been appraised in 1975-76 which had realized no subsequent changes in ownership or new construction. These parcels were adjusted if they were not already at a 1975-76 level of full market value.

Locally secured property in Del Norte County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the  
1975-76 Tax Roll

The Assessor's staff reviewed properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll to determine if they were at full market value.

For those parcels at full market value, their value on the 1978-79 tax roll was unchanged from the value shown on the 1975-76 tax roll except for increases due to application of the two percent annual inflation factor provided for in Proposition 13. For those parcels not at full market value, staff adjusted their values using 1975-76 sales data.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

The Assessor and his staff reviewed each sale to determine if the sales price was representative of full market value. They adopted the actual sales price if it fell within five percent of a representative full market value an appraiser established by reviewing comparable sales data. If the sales price did not fall within these boundaries or if a nonmonetary transfer had occurred, the values which appraisers determined were used as the base year values.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Appraisers reviewed parcels with new construction to identify improvements which would affect the appraised value. Where the value changed due to new construction, parcels were either appraised using the cost of the new construction or, in the case of completely new structures, appraised at full market value using available sales information. Appraisers

applied the two percent annual inflation factor to the value of the parcel up to the date of the new construction , then added to this value the cost of the new construction and finally applied the two percent annual inflation factor to the total to yield the value to be enrolled on the 1978-79 tax roll.

**Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year Value**

The Assessor's staff conducted desk appraisals to revalue parcels that were not appraised for the 1975-76 tax roll which had realized no subsequent changes in ownership or new construction. Cost data and sales information for the 1975-76 tax roll were used to determine appropriate base year values for these parcels.

Once appraisers had established appropriate base years and values, they applied the two percent annual inflation factor March 13, 1979, Del Norte County had completed all necessary adjustments for the 1978-79 tax roll. The County Assessor could not determine what value the two percent annual inflation factor added to the assessed value of the 1978-79 locally secured tax roll.

Del Norte County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured roll contributed to a 20 percent increase in locally assessed

valuation over the 1977-78 tax roll. The following table shows the total number of parcels, total assessed valuation and percentage of increase or decrease in assessed valuation for the last four years.

TABLE 1  
CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase/[Decrease]</u>
1975-76	12,053 <sup>4</sup>	\$ 77,785,785 <sup>5</sup>	
1976-77	11,832 <sup>6</sup>	108,200,727 <sup>7</sup>	39
1977-78	12,021 <sup>8</sup>	47,545,972 <sup>9</sup>	[56]
1978-79	12,017 <sup>10</sup>	57,249,801 <sup>11</sup>	20

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially attributed to annual increases and decreases in the number of parcels and the fact that timber was excluded from county assessed rolls after tax year 1976-77.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll, or thereafter, by its appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

For the 1975-76 tax roll Del Norte County appraised approximately 2,370 or 20 percent of the 11,832 parcels on the tax roll, selecting parcels to be appraised by areas based on sales ratio levels. Staff first selected areas with low sales ratios. The following table illustrates the number and type of property appraised.

TABLE 2  
DEL NORTE COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	530	4.47
Multiple Family	3	.02
Vacant	1,724	14.57
Rural/Agricultural	41	.34
Commercial/Industrial	70	.59
Other	<u>2</u>	<u>.01</u>
Total	<u>2,370</u>	<u>20.00</u>

Del Norte County used both conventional reappraisals and trending methodologies for reappraising properties for the 1975-76 tax roll. Staff revalued approximately 702 parcels by conducting conventional reappraisals, based on physical on-site inspections. The remaining 1,668 parcels were revalued by trending a factor based on current sales information. These trended parcels were mainly located in one subdivision that was considered to be undervalued.

The Assessor estimated that properties appraised for the 1975-76 tax roll were at 100 percent of full market value. Appraisers used an array of sales information up to 24 months old to revalue residential property. At the time of appraisal, staff adjusted property values to the March 1, 1975 lien date. The inflation rate in Del Norte County for the 1974-75 tax roll was nominal. The Assessor estimated that parcels not appraised for the 1975-76 tax roll were between 72 and 100 percent of full market value on the March 1, 1975 lien date.

APPENDIX A

DEL NORTE COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>12</sup>-----</u>		<u>-----1978-79<sup>13</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	8,627*	\$17,821,651*	4,063	\$25,015,665
Multiple Family			63	1,302,909
Vacant	1,451	1,645,853	5,233	5,707,816
Rural/Agricultural	265	2,127,894	264	3,774,162
Commercial/Industrial	879		1,706	17,026,081
Other	<u>610</u>	<u>46,236,810</u>	<u>688</u>	<u>3,159,298</u>
Total	<u>11,832**</u>	<u>\$77,787,690**</u>	<u>12,017</u>	<u>\$55,985,931**</u>

\*Totals for single family and multiple family.

\*\*Total parcels and assessed values differ from figures on Table 1 because sources and reporting dates are different.

DEL NORTE COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction and nonappraisal for the 1975-76 tax roll, needing adjustment to the 1975-76 base year values.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGES IN OWNERSHIP		
Residential	1,751	1,751
Rural/Agricultural	33	33
Commercial/Industrial	98	98
Other	<u>26</u>	<u>26</u>
Subtotal	<u>1,908</u> <sup>14</sup>	<u>1,908</u>
NEW CONSTRUCTION		
Residential	348	348
Rural/Agricultural	6	6
Commercial/Industrial	14	14
Other	<u>4</u>	<u>4</u>
Subtotal	<u>372</u>	<u>372</u>
NOT APPRAISED FOR THE 1975-76 TAX ROLL NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE		
Residential	6,724	6,724
Rural/Agricultural	409	409
Commercial/Industrial	482	482
Other	<u>736</u>	<u>736</u>
Subtotal	<u>8,351</u>	<u>8,351</u>
TOTAL	<u>10,631</u> *	<u>10,631</u> *

\*These estimated figures reflect some double counting.  
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FOOTNOTES

- 1 Del Norte County Assessor's Office: Secured Economic Breakdown 1978-79.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County 1978-79.
- 4 State Board of Equalization: Assessor's Budgets and Workloads for 1975-76.
- 5 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for the Fiscal Year 1975-76.
- 6 State Board of Equalization: Assessor's Budgets and Workloads for 1976-77.
- 7 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the Fiscal Year 1976-77.
- 8 State Board of Equalization: Assessor's Budgets and Workloads for 1977-78.
- 9 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the Fiscal Year 1977-78.
- 10 (See Footnote 1)
- 11 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1978 of the Counties of California for the Fiscal Year 1978-79.
- 12 For Total Assessed Value--Del Norte County Assessor's Office: Assessment Roll Totals for 1975-76 in County of Del Norte.
- 13 (See Footnote 1)
- 14 This figure is based upon a documented source which the county did not provide.

GLENN COUNTY

Glenn County enrolled 12,567\* parcels on the 1978-79 locally secured tax roll totaling \$151,787,820 in real assessed valuation (.16 percent<sup>1</sup> of California's total locally secured property value). Glenn County is comprised mainly of rural/agricultural parcels (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, the Glenn County Assessor reviewed all parcels on the tax roll to determine which needed revaluation. The Assessor first took all building permits which had been sequentially filed and placed them in their appropriate parcel files. The Assessor's staff reviewed all recorded documents beginning with fiscal year 1978-79 and worked back to 1975-76 to identify all changes in ownership. Once the staff revalued all parcels with changes in ownership, they reviewed the remaining files to identify and adjust parcels with new construction and to revalue all other parcels that needed revaluation.

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\* Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

Locally secured property in Glenn County subject to revaluation under the language of Proposition 13 falls into one of three categories:

- Parcels with no changes in ownership or new construction from March 1, 1975 through February 28, 1978
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978.

Parcels with No Changes in Ownership  
or New Construction from March 1, 1975  
through February 28, 1978

Staff members reviewed all parcels with no changes in ownership or new construction from March 1, 1975 through February 28, 1978 to determine if they were at appropriate 1975-76 levels of valuation. They revalued all parcels that were not at 1975-76 levels of full market value. The Assessor and his staff developed value parameters based on comparable sales data and their familiarity with parcels. Appraisers used these parameters, a range of acceptable values for each property type, to establish appropriate values. They also manually applied the two percent annual inflation factor to all parcels with a base year one year old or older.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Appraisers reviewed each sale to determine if the sales price was at full market value. If a parcel's sales price was at full market value, this price became the parcel's base value. If a parcel's sales price was not at full market value or if a parcel realized a nonmonetary transfer, the appraisers determined its value using the value parameters as guidelines.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Appraisers determined values of parcels with new construction in various ways. If a property owner contracted for new construction, the staff adopted the contract price as the value of the new construction. However, if the new construction had no contract price, appraisers determined the value that the new construction added to the parcel and adopted it as the new value. For major new construction, staff conducted a desk appraisal to establish parcel values. Originally the staff had considered the base year of the new construction as the base year of the house. This process is being changed to treat the base year of the new construction separately from the base year of the house.

Once appraisers had established appropriate base years and values, they applied the two percent annual inflation factor to property values according to their base years. The County Assessor could not determine what value the two percent inflation factor added to the total assessed value of the 1978-79 locally secured tax roll.

Glenn County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 36 percent increase in locally assessed valuation over the 1977-78 tax roll. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	11,584 <sup>2</sup>	\$89,848,885 <sup>3</sup>	
1976-77	12,055 <sup>4</sup>	\$100,607,285 <sup>5</sup>	12.0
1977-78	12,249 <sup>6</sup>	\$111,471,655 <sup>7</sup>	10.8
1978-79	12,567	\$151,683,034 <sup>8</sup>	36.1

\*Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially attributed to annual increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value listed on the 1975-76 tax roll, or thereafter, by the appraised value when a purchase, new construction or a change in ownership has occurred. Therefore,

a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Glenn County used both conventional appraisal and trending appraisal methodologies for reappraising an estimated 8,519 parcels or 82 percent of the 10,316 parcels on the roll. Approximately 1,854 parcels, most of them single family residential properties, were appraised by conventional appraisal, based on a physical on-site inspection. Approximately 5,708 parcels that were determined to be undervalued were revalued by trending. Appraisers first selected parcels for appraisal in areas where values were comparatively low.

Since properties appraised for the 1975-76 tax roll were based on sales data up to 48 months old, properties were valued at less than full market value. The Assessor estimated that properties appraised for 1975-76 were between 68 and 78 percent of full market value as of the March 1975 lien date. He estimated that parcels not appraised for the 1975-76 tax roll were also between 68 and 78 percent of full market value on the March 1, 1975 lien date.

APPENDIX A

GLENN COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels *</u>	<u>Total Assessed Value *</u>
Residential				
Single Family    )				
Multiple Family ) -	3738	\$14,074,070		
Vacant            )				
Rural/Agricultural	4964	55,314,540		
Commercial/Industrial	657	10,362,595		
Other	<u>957</u>	<u>10,103,850</u>		
Total	<u>10,316*</u>	<u>\$89,855,055**</u>	<u>12,567</u>	<u>\$151,787,820**</u>

\*A breakout of total parcels and total assessed value by property type for 1978-79 is unavailable.

\*\*Total parcels and assessed values differ from figures on Table 1 because sources and reporting dates are different.

FOOTNOTES

- 1 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County 1978-79.
- 2 State Board of Equalization: Assessor's Budgets and Workloads for 1975-76.
- 3 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for the Fiscal Year 1975-76.
- 4 State Board of Equalization: Assessor's Budgets and Workloads for 1976-77.
- 5 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the Fiscal Year 1976-77.
- 6 State Board of Equalization: Assessor's Budgets and Workloads for 1977-78.
- 7 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the Fiscal Year 1977-78.
- 8 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1978 of the Counties of California for the Fiscal Year 1978-79.



HUMBOLDT COUNTY

Humboldt County enrolled 57,598 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$410,221,125 in real assessed valuation<sup>2</sup> (.42 percent<sup>3</sup> of California's total locally secured property value). Humboldt County is primarily residential--single family, multiple family and vacant residential parcels comprise about 56 percent of the total parcels.\*

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Humboldt County revalued almost all properties, including those which had been reappraised for the 1975-76 tax roll and had realized no subsequent changes in ownership or new construction. The Assessor's office manually examined each parcel record and identified such information as dates of transfer, sales prices and/or new construction.

Locally secured property in Humboldt County subject to revaluation under the language of Proposition 13 falls into one of four categories:

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978

\* Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for  
the 1975-76 Tax Roll

Appraisers identified properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll by manually examining parcel records. Most of these parcels were updated to a value that was higher than their original 1975-76 tax roll value. For residential property, staff sampled sales data for the three months prior to the March 1, 1975 lien date and the three months following the lien date. For other types of property, staff reviewed sales data covering a longer period of time. From this sales data, they developed factors for each geographical area they had appraised for the 1975-76 tax roll. They then applied these factors to 1975-76 tax roll values to arrive at values that reflected the increases between the existing 1975-76 tax roll value and the full market value as of the March 1, 1975 lien date. Staff applied the two percent annual inflation factor to these new values.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Properties which realized changes in ownership from March 1, 1975 through February 28, 1978 were identified by a manual examination of the parcel records. This examination verified the date of sale and established the new base year for the parcel. Sales price was compared to similar sales data to determine whether or not the sale reflected current full market value. If the sales price favorably reflected the values of other sales data, it was used as the new base year value. If the sales price did not approximate these values or if the transfer was nonmonetary, staff used comparable sales data to determine a base year value. Transactions such as interspousal transfers that did not require revaluation were either identified during the manual examination of the parcel records or corrected when brought to the attention of the Assessor's office.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Properties that had undergone new construction from March 1, 1975 through February 28, 1978 were identified by a manual examination of the parcel records. Prior to the passage of Proposition 13, the Assessor's staff had routinely examined all building permits for each year and generally valued new construction at cost. Staff then added this value to the existing roll value. When the next appraisal cycle occurred, they appraised the total

parcel. For the 1978-79 tax roll, the parcel, separate from the new construction, was assigned a base year of 1975-76 and reappraised using the factors the Assessor's staff developed. These factors updated the values to reflect full market value as of March 1, 1975. The new construction was generally valued at cost and assigned a base year. Staff then separately adjusted the values for the new construction and the parcel to 1978-79 base year values by applying the two percent annual inflation factor. The sum of these values was the 1978-79 tax roll value.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year Value

Properties that were not appraised for the 1975-76 tax roll which realized no subsequent changes in ownership or new construction were identified by a manual examination of the parcel records. To adjust these parcels to the 1975-76 base year, staff used the factors developed from comparable sales data, multiplying them by the last appraised value for the parcel. Staff then applied the two percent annual inflation factor to this value to produce 1978-79 values. The County Assessor could not determine what value the two percent inflation factor added to the total assessed value of the 1978-79 locally secured tax roll.

Humboldt County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 17.74 percent increase in locally assessed valuation over the 1977-78 tax roll. The following table shows the total number of parcels, total assessed valuation and percentage of increase and/or decrease in assessed valuation for the last four years.

TABLE 1  
 CHANGE IN NUMBER OF PARCELS  
 AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase/Decrease</u>
1975-76	56,679 <sup>4</sup>	\$354,465,390 <sup>5</sup>	
1976-77	56,936 <sup>6</sup>	\$383,615,750 <sup>7</sup>	8.22
1977-78	57,473 <sup>8</sup>	\$348,403,150 <sup>9</sup>	[9.18]
1978-79	57,598 <sup>10</sup>	\$410,221,125 <sup>11</sup>	17.74

\* Changes in assessed valuation are partially attributed to annual increases in number of parcels and the fact that timberlands were excluded from county assessed rolls after tax year 1976-77.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll, or thereafter, by its appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

For the 1975-76 tax roll, Humboldt County appraised approximately 9,030 or 15.93 percent of the 56,679 parcels on the roll. In 1975-76 Humboldt County observed a modified appraisal cycle to insure that parcel types experiencing the most activity were more frequently reappraised. Although on the average parcels were reappraised once every four to five years, parcels in urban and residential areas were more frequently reappraised.

Humboldt County used the conventional appraisal method for all parcels reappraised in 1975-76. The Assessor's staff separated the county into geographical areas and appraised each area sequentially. All parcel types in a geographical area were appraised. The appraisal staff used up-to-date sales data to appraise each area, weighting latest sales the heaviest. The result of this weighting was that those parcels appraised closer to the lien date more accurately reflected full market value as

of the lien date. The Assessor's office did not adjust the valuations to compensate for differences in age of data used and/or to bring the value up to the March 1, 1975 lien date.

The Assessor's representative estimated that parcels appraised for the 1975-76 tax roll were at approximately 95 percent of full market value for residential parcels, 90 percent for commercial parcels and 100 percent for industrial parcels. He estimated that parcels not appraised for the 1975-76 tax roll were between 30 and 60 percent of full market value for all parcel types on the March 1, 1975 lien date.

FOOTNOTES

- 1 This figure is based upon a documented source which the county did not provide.
- 2 (See Footnote 1).
- 3 State Board of Equalization Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1).
- 5 (See Footnote 1).
- 6 (See Footnote 1).
- 7 (See Footnote 1).
- 8 (See Footnote 1).
- 9 (See Footnote 1).
- 10 (See Footnote 1).
- 11 (See Footnote 1).

KINGS COUNTY

Kings County enrolled 34,000 parcels\* on the 1978-79 locally secured tax roll totaling \$276,700,000 in real assessed valuation (.26 percent<sup>1</sup> of California's total locally secured property value). Parcels in Kings County are primarily residential-- single family, multiple family and vacant residential parcels comprise approximately 47 percent of the total parcels. Rural/ agricultural parcels account for another 41 percent of the total parcels. (see also Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Kings County revalued all property except for agricultural preserve parcels and those parcels considered to be at full market value on the 1975-76 tax roll. To identify and adjust individual properties to the proper base year and value, the Assessor's office first reviewed all property appraisal records to isolate parcels with changes in ownership from March 1, 1975 through February 28, 1978.

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\* Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

Staff reviewed building permits issued from March 1, 1975 through February 28, 1978 to identify parcels with new construction. Staff manually appraised parcels requiring revaluation due to changes in ownership or new construction and then applied the two percent annual inflation factor to arrive at the values enrolled on the 1978-79 tax roll. Next, staff identified those parcels that did not need to be revalued. These parcels included agricultural preserve parcels and those parcels that were considered to be at full market value for the 1975-76 tax roll. For these parcels, as appropriate, staff applied the two percent annual inflation factor to adjust the values for the 1978-79 tax roll.

For parcels needing adjustment to the 1975-76 base year, some single family residential parcels were revalued by computer-applied trend factors which were developed based on both sales ratios and the two percent annual inflation factor. Staff derived these sales ratios by comparing sales data collected from December 1, 1974 through May 31, 1975 with the 1975-76 tax roll values. Staff conventionally appraised all other parcels needing adjustment to the 1975-76 base year. They then applied the two percent annual inflation factor and enrolled the new values on the 1978-79 tax roll.

Locally secured property in Kings County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the  
1975-76 Tax Roll

For the 1978-79 tax roll, staff revalued most parcels that were appraised for the 1975-76 tax roll which had no subsequent changes in ownership or new construction. However, as stated earlier, they did not revalue agricultural preserve parcels and those parcels considered to be at full market value on the 1975-76 tax roll. Staff appraised some single family residential parcels by applying computer-trended factors. Staff appraised all other parcels by conventional appraisal methods and applied the two percent annual inflation factor to arrive at the 1978-79 tax roll values.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Kings County revalued 11,500 parcels for changes in ownership which occurred between March 1, 1975 and February 28, 1978. Appraisers reviewed all property appraisal records for deeds which indicated that a parcel had undergone an assessable change in ownership between March 1, 1975 and February 28, 1978. Since parcel changes of this kind required a revaluation, appraisers manually revalued them using sales price and conventional appraisal methods. Appraisers applied the two percent annual inflation factor and enrolled the new values on the 1978-79 tax roll.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Kings County revalued approximately 6,000 parcels which had realized new construction between March 1, 1975 and February 28, 1978. Staff reviewed building permits to identify those parcels that needed to be revalued due to new construction. Appraisers revalued these parcels using the conventional appraisal and actual cost methods. The two percent annual inflation factor was applied first to the value of the parcel before new construction and second, to the value of the new construction. The sum of these two values was the value enrolled on the 1978-79 tax roll.

Parcels Not Appraised for the  
1975-76 Tax Roll, Needing Adjustment  
to the 1975-76 Base Year Value

Appraisers revalued 14,500 parcels to reflect 1975-76 full market value. These parcels had not been appraised in 1975-76 and had realized no subsequent changes in ownership or new construction. Staff revalued these parcels by trending and conventional appraisal methods. As appropriate, parcel values were increased by the two percent annual inflation factor.

Kings County applied the two percent annual inflation factor provided for in Proposition 13 to property values with a base year one year old or older. The Assessor's office could not determine what value this factor added to the total assessed value of the 1978-79 tax roll.

Kings County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to changes in its total assessed valuation. The county's 1978-79 total assessed valuation increased 2.88 percent over the 1977-78 tax roll as compared to a 27.87 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
 CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation<sup>2</sup></u>	<u>Percentage of Value Increase</u>
1975-76	32,000	\$167,757,789	
1976-77	30,931 <sup>3</sup>	185,615,468	10.64
1977-78	31,213 <sup>4</sup>	237,341,345	27.87
1978-79	34,000	244,179,691	2.88

\*Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to annual increases in number of parcels.

APPROACH TO DEVELOPING  
 THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll, or thereafter, by its appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

In 1975, Kings County selected parcels for reappraisal based on the level of neighborhood sales ratios. Neighborhoods with low sales ratio levels were the first selected for reappraisal.

For the 1975-76 tax roll, staff reappraised an estimated 6,400 parcels using conventional appraisal methods. The following table illustrates the number and type of parcels reappraised. The total assessed valuation of parcels reappraised for the 1975-76 tax roll was not available.

TABLE 2

KINGS COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential	2,400	7.5
Rural/Agricultural	3,400	10.6
Commercial/Industrial	<u>600</u>	<u>1.9</u>
TOTAL	<u>6,400</u>	<u>20.0</u>

Included with the 3,400 rural/agricultural parcels appraised for the 1975-76 tax roll were agricultural preserve parcels. The Kings County Assessor's office revalued all agricultural preserve parcels that were subject to restricted values under the Revenue and Taxation Code Sections 421-429.

The Kings County Assessor's office used sales data up to 18 months old in appraising parcels for the 1975-76 tax roll. Adjustments were not applied to these valuations to bring the values up to the March 1, 1975 lien date. The Assessor estimated that these parcels which were revalued for the 1975-76 locally secured tax roll achieved an estimated 85 to 90 percent of full market value

for 1975-76. The parcels not revalued for the 1975-76 locally secured tax roll were considered to be at 85 percent of full market value on March 1, 1975.

KINGS COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential	14,000	Unavailable	16,000	Unavailable
Rural/Agricultural	14,000	Unavailable	14,000	Unavailable
Commercial/Industrial	<u>4,000</u>	<u>Unavailable</u>	<u>4,000</u>	<u>Unavailable</u>
TOTAL	<u>32,000</u>	<u>\$194,300,000*</u>	<u>34,000</u>	<u>\$276,700,000*</u>

\*Assessed value for 1975-76 and 1978-79 differ from figures on Table 1 because sources and reporting dates are different.

KINGS COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction, nonappraisal for the 1975-76 tax roll needing adjustment to the 1975-76 base year value in 1975-76 but revalued for the 1978-79 tax roll.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGES IN OWNERSHIP**	11,500	11,500
NEW CONSTRUCTION**	6,000	6,000
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE**	14,500	14,500
PARCELS APPRAISED FOR THE 1975-76 TAX ROLL NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE**	<u>6,400</u>	<u>6,400</u>
TOTAL	<u>38,400*</u>	<u>38,400*</u>

\* These estimated figures reflect some double counting.

\*\* Breakout of data by property type not available.

FOOTNOTES

- 1 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 2 State Controller's Office: Annual Report of Assessed Valuation of the Counties of California as of September for the Fiscal Years 1975-76, 1976-77, 1977-78, 1978-79.
- 3 State Board of Equalization: Assessors' Budgets and Workloads for 1976-77, 1977-78.
- 4 (See Footnote 3)

## MENDOCINO COUNTY

Mendocino County enrolled 53,852 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$296,392,470 in real assessed valuation<sup>2</sup> (.31 percent<sup>3</sup> of California's total locally secured property value). Parcels in Mendocino County are primarily residential--single family, multiple family and vacant residential parcels comprise approximately 63 percent\* of the total parcels and 52.6 percent of the total real assessed value. Rural/agricultural parcels account for another 25 percent of the parcels and 22.2 percent of the total real assessed value. Commercial/industrial parcels account for 4 percent of the parcels and 22.5 percent of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Mendocino County revalued all properties including those which had been appraised for the 1975-76 tax roll and which had realized no subsequent changes in ownership or new construction. To identify and adjust individual properties to the proper base year and value, the Assessor's office compiled sales data from 1974 to May 30, 1975 by geographic area and property type. The

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\*Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

computer developed sales ratios by comparing the sales data with the values of the parcels on the 1977-78 tax roll and derived trend factors by including the two percent annual inflation factor. The computer applied these trend factors to all parcels to yield the new value for the 1978-79 tax roll.\*

Appraisal staff compared a computer-generated list of sales from March 1, 1975 through February 28, 1978 with county mapbooks to determine which parcels required revaluation due to changes in ownership. They then reviewed individual property records to identify parcels needing revaluation due to new construction. Appraisers manually revalued these parcels, applied the two percent annual inflation factor according to base year values and enrolled this new value on the 1978-79 tax roll.

Locally secured property in Mendocino County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978

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\* However, agricultural preserve parcels were manually reviewed because sales data would not reflect a proper valuation due to restrictions on its value.

- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the  
1975-76 Tax Roll

Mendocino County appraised for the 1975-76 tax roll and adjusted for the 1978-79 roll a total of 9,500 parcels that had realized no subsequent changes in ownership or new construction. Using sales data from 1974 to May 30, 1975, appraisers determined factors by geographic area and property type to adjust parcels to the 1975-76 full market level. These parcel values were then increased by the two percent annual inflation factor.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

In Mendocino County, appraisers revalued 17,000 parcels for changes in ownership which occurred from March 1, 1975 through February 28, 1978. To identify these parcels, the computer searched the list of deeds for sales from March 1, 1975 through February 28, 1978 and printed the parcel number and date of sale. Staff compared this computer print-out with mapbooks which showed the parcel owner's name and the date of the ownership change if a new owner was indicated. Staff identified parcels that had realized a

change in ownership but which did not require revaluation and eliminated them from the computer print-out. They then appraised those parcels that remained on the print-out by adopting the sales price as the appraised value if it represented a fair market value. They used comparable sales data to appraise parcels when the sales price did not represent fair market value and conventional reappraisal methods for those properties whose neighborhoods had no apparent sales data. Finally, staff applied the two percent annual inflation factor to all parcels revalued due to changes in ownership and enrolled the new value on the 1978-79 tax roll.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Mendocino County revalued approximately 5,400 parcels which realized new construction from March 1, 1975 through February 28, 1978. Appraisal staff manually reviewed each property record to identify those parcels requiring revaluation due to new construction. The actual cost and conventional reappraisal methods were used to reappraise these parcels. Appraisers relied more on historical cost to appraise those structures built in 1975 and 1976 and on conventional reappraisals for those properties built in 1977 and 1978. Appraisers applied the two percent annual inflation factor first to the value of the older portion of the parcel and then to its newly constructed portion. They enrolled the sum of the two values on the 1978-79 tax roll.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year Value

To reflect 1975-76 full market values, appraisers revalued 21,952 parcels which had not been appraised for the 1975-76 tax roll and which had realized no subsequent changes in ownership or new construction. They revalued these parcels using trending and conventional appraisal methods.

Mendocino County applied the two percent annual inflation factor provided for in Proposition 13 to property values with a base year one year old or older. The Assessor's office estimated that the two percent inflation factor added \$4,900,000 to the total assessed value of the 1978-79 tax roll.

Mendocino County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to changes in the county's total assessed valuation. The county's 1978-79 total assessed valuation increased 23.97 percent over the 1977-78 tax roll as compared to a .36 percent increase in 1977-78. The following table shows the total numbers of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed, Valuation<sup>4</sup></u>	<u>Percentage of Value Increase</u>
1975-76	50,836 <sup>5</sup>	\$211,785,450	
1976-77	51,504 <sup>6</sup>	235,501,790	11.20
1977-78	52,338 <sup>7</sup>	236,343,070	.36
1978-79	53,852 <sup>8</sup>	292,994,072	23.97

\*Changes in assessed valuation are partially attributed to annual increases in number of parcels and the fact that timber was excluded from county assessed rolls after tax year 1976-77. Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from different sources.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll or, thereafter, by its appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

In 1975, Mendocino County was on a four-year appraisal cycle. An estimated 13,000 parcels were reappraised using conventional appraisal methods for the 1975-76 tax roll. The following table illustrates the number and type of parcels

reappraised. The total assessed valuation of parcels reappraised in 1975-76 was \$86,569,220.<sup>9</sup>

TABLE 2  
MENDOCINO COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	5,066	10.0
Multiple Family	410	.8
Vacant	4,105	8.1
Rural/Agricultural	2,736	5.4
Commercial/Industrial	547	1.1
Other		
Institutional	68	.1
Property Rights*	<u>68</u>	<u>.1</u>
TOTAL	<u>13,000</u>	<u>25.6</u>

\* Property rights include mineral rights and timber rights.

To appraise parcels for the 1975-76 tax roll, Mendocino County Assessor's office studied 12 months of sales data for residential parcels and 24 months of sales data for other types of property. Appraisers did not attempt to bring the appraised values up to the March 1, 1975 lien date. These 1975-76 reappraised residential parcels were considered to be at 94 to 95 percent of full market value on the lien date while other types

of property were estimated at 89 to 95 percent of full market value. For those parcels not revalued for the 1975-76 locally secured tax roll, the Assessor estimated a range of 75 to 90 percent of full market value on March 1, 1975.

MENDOCINO COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS\*

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	20,334	\$ 88,109,637	22,617	\$121,817,305
Multiple Family	1,015	2,118,020	1,077	2,963,925
Vacant	10,676	21,180,201	10,231	31,121,209
Rural/Agricultural	12,708	47,020,046	13,463	65,799,128
Commercial/Industrial	2,035	47,655,452	2,154	66,688,306
Other				
Institutional	508	5,295,050	540	7,409,812
Property Rights	<u>3,560</u>	<u>423,604</u>	<u>3,770</u>	<u>592,785</u>
TOTAL	<u>50,836</u> <sup>10</sup>	<u>\$211,802,010</u> <sup>11</sup>	<u>53,852</u> <sup>12</sup>	<u>\$296,392,470</u> <sup>13</sup>

\*Total assessed values for 1975-76 and 1978-79 differ from figures on Table 1 because sources and reporting dates are different.

MENDOCINO COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership, new construction and nonappraisal for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGES IN OWNERSHIP		
Residential	10,700	10,700
Rural/Agricultural	5,000	5,000
Commercial/Industrial	200	200
Institutional	100	100
Property Rights	<u>1,000</u>	<u>1,000</u>
Subtotal	17,000	17,000
NEW CONSTRUCTION		
Residential	3,400	3,400
Rural/Agricultural	800	800
Commercial/Industrial	600	600
Institutional	100	100
Property Rights	<u>500</u>	<u>500</u>
Subtotal	<u>5,400</u>	<u>5,400</u>
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO THE 1975-76 BASE YEAR VALUE		
Residential	13,832	13,832
Rural/Agricultural	5,350	5,350
Commercial/Industrial	950	950
Institutional	240	240
Property Rights	<u>1,580</u>	<u>1,580</u>
Subtotal	<u>21,952</u>	<u>21,952</u>
Total	<u>44,352</u>	<u>44,352</u>

MENDOCINO COUNTY

Below are the total parcels on the 1978-79 tax roll, appraised for the 1975-76 tax roll, which needed revaluation and were actually revalued.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
Residential	5,993	5,993
Rural/Agricultural	2,313	2,313
Commercial/Industrial	404	404
Institutional	100	100
Property Rights	<u>690</u>	<u>690</u>
Total	<u>9,500</u>	<u>9,500</u>

FOOTNOTES

- 1 Source cited by County Assessor: 1978 Statement of the County Assessor to the Board of Equalization; local print-outs of number of Assessor's parcels by use type and estimates of assessed values.
- 2 (See Footnote 1).
- 3 State Board of Equalization Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates, as of September 1975, 1976, 1977, and 1978, Counties of California for the Fiscal Year 1975, 1976, 1977 and 1978.
- 5 Source cited by County Assessor: 1975 Statement of the County Assessor to the Board of Equalization; local print-outs of number of Assessor's parcels; combination of 1976 D.I.E. and local data on ratio of property types and assessed value.
- 6 State Board of Equalization: Budgets and Workloads Summary for 1976-77, 1977-78.
- 7 (See Footnote 6).
- 8 (See Footnote 1).
- 9 Source cited by County Assessor: Value Change Totals for the 1975-76 tax roll.
- 10 (See Footnote 5).
- 11 (See Footnote 5).
- 12 (See Footnote 1).
- 13 (See Footnote 1).

## MODOC COUNTY

Modoc County enrolled 26,627 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$61,559,840 in real assessed valuation<sup>2</sup> (.07 percent<sup>3</sup> of California's total locally secured property value). Parcels in Modoc County are primarily vacant residential and rural/agricultural properties. Vacant residential parcels comprise an estimated 71.2 percent\* of the total parcels and an estimated 26.2 percent of the total real assessed value. Rural/agricultural parcels account for an estimated 16.2 percent of the total parcels, and an estimated 41.2 percent of the total real assessed value. Single family residential parcels comprise an estimated 8.7 percent of the total parcels and an estimated 20.6 percent of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Modoc County appraised all parcels with no assessable activities at 1975-76 full market values. Assessors revalued parcels which had realized a change in ownership from March 1, 1975 through February 28, 1978 to full market value at the time of the ownership change. Appraisers valued parcels with new construction and

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\* Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

additions during the period from March 1, 1975 through February 28, 1978 at full market value at the time their construction was completed.

Locally secured parcels in Modoc County subject to revaluation under the language of Proposition 13 fall into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll, with no subsequent changes in ownership or new construction
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, with no subsequent changes in ownership or new construction.

Parcels Appraised for the 1975-76 Tax Roll,  
with No Subsequent Changes in Ownership  
or New Construction

An estimated 2,000 parcels appraised for the 1975-76 tax roll with no subsequent changes in ownership or new construction were reappraised for the 1978-79 tax roll. The

Assessor's staff revalued these parcels by conventional appraisal to adjust their base year values up to 1975-76 full market values. They revalued some of these parcels by using comparable sales data which became available after the March 1, 1975 lien date. At the time of the original 1975-76 appraisal, some of the comparable sales may have been several years old; consequently, this later sales data reflects a more accurate 1975-76 full market value. These revaluations added an estimated \$3,000,000 in assessed value to the tax roll.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

The Assessor's staff estimated that 7,500 changes in ownership occurred from March 1, 1975 through February 28, 1978. Because some parcels did not appreciate in value, and because they adjusted the base year value for only 4,000 parcels, some sales were unrecorded and have not been discovered. Appraisers revalued these parcels by conventional appraisal techniques or by using the sales price. An estimated \$8,311,110 in assessed value was added to the 1978-79 tax roll due to ownership changes.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Modoc County revalued approximately 800 parcels which realized new construction from March 1, 1975 through February 28, 1978. Appraisers used conventional appraisal techniques or the

actual cost of the new construction to revalue these parcels. An estimated \$1,924,570 in assessed value was added to the 1978-79 tax roll due to new construction.

Parcels Not Appraised for the 1975-76 Tax Roll, with No Subsequent Changes in Ownership or New Construction

The Assessor revalued 4,320 parcels that were not appraised for the 1975-76 tax roll, which had realized no subsequent changes in ownership or new construction. By using conventional appraisal techniques, they valued these parcels at full market value as of the 1975-76 lien date. An estimated \$10,109,520 in assessed value was added to the 1978-79 tax roll due to these reappraisals.

Modoc County applied the two percent annual inflation factor provided for in Proposition 13 to the value of all appropriate parcels. The application of the inflation factor added an estimated \$692,540 in assessed value to the 1978-79 tax roll.

Modoc County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 26.8 percent increase in the locally assessed valuation over the 1977-78 tax roll, as compared to a 22.8 percent increase in 1977-78.

Since the construction of the 1975-76 tax roll, Modoc County's assessed valuation on real secured property has increased approximately 63.2 percent.<sup>4</sup> The following table shows the total number of parcels, total assessed valuation and percentage increase in assessed valuation for the last four years.

TABLE 1  
CHANGE IN THE NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	26,451 <sup>5</sup>	\$37,713,350 <sup>6</sup>	
1976-77	26,500 <sup>7</sup>	39,561,640 <sup>8</sup>	4.9
1977-78	26,540 <sup>9</sup>	48,564,795 <sup>10</sup>	22.8
1978-79	26,627 <sup>11</sup>	61,559,840 <sup>12</sup>	26.8

\*Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to annual increases in number of parcels and the fact that timber was excluded from county assessed rolls after the tax year 1976-77.

APPROACH TO DEVELOPING THE  
1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value listed on the 1975-76 tax roll, or thereafter, by the appraised value when a purchase, new construction or a change

in ownership has occurred. Therefore, a county's assessment practices for constructing its 1975-76 tax roll could affect the make-up of its 1978-79 tax roll.

Modoc County reappraised an estimated 5,050 parcels or 19 percent of the 26,451 parcels<sup>13</sup> on the 1975-76 tax roll. This reappraisal resulted in an assessed value increase of approximately \$6,838,180.<sup>14</sup> Staff revalued all parcels by conventional appraisal techniques.

The following table illustrates the number and type of parcels reappraised. The total assessed valuation of parcels reappraised for the 1975-76 tax roll was not available.

TABLE 2

MODOC COUNTY REAPPRAISALS FOR THE 1975-76 TAX ROLL

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	780	2.9
Multiple Family	25	.1
Vacant	3,015	11.4
Rural/Agricultural	1,200	4.5
Commercial/Industrial	<u>30</u>	<u>.1</u>
 Total	 <u>5,050</u>	 <u>19.0</u>

The Assessor attempted to appraise all parcels at full market value as of the March 1, 1975 lien date, using comparable sales data for 36 months prior to the lien date. In some areas recent sales data used for comparison were not available for several years. The parcels that were not revalued for 1975-76 were valued at less than full market value on the 1975-76 tax roll. Single family and multiple family residences were estimated to be approximately 96 percent of full market value, vacant residential parcels were at approximately 97 percent, rural/agricultural parcels were at approximately 82 percent and commercial/industrial parcels at approximately 94 percent of full market value.

APPENDIX A

MODOC COUNTY

REAL PROPERTY ASSESSMENTS FOR THE 1975-76 AND  
1978-79 LOCALLY SECURED ROLLS

<u>Property Types</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	2,030	\$ 7,350,000	2,315	\$12,681,320
Multiple Family	70	262,500	80	369,360
Vacant	18,881	9,440,500	18,950	16,128,680
Rural/Agriculture	4,540	16,619,850	4,320	25,392,780
Commercial/Industrial	340	2,500,000	342	5,285,560
Timberland	<u>590</u>	<u>1,540,500</u>	<u>620</u>	<u>1,702,140</u>
Total	<u>26,451</u>	<u>\$37,713,350</u>	<u>26,627</u>	<u>\$61,559,840</u>

MODOC COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to appraisal for 1975-76, needing adjustment to a 1975-76 full market value, changes in ownership, new construction and nonappraisal for 1975-76 tax roll, needing adjustment to a 1975-76 full market value.,

	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
REAPPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO A 1975-76 FULL MARKET VALUE*	2,000	2,000
CHANGES IN OWNERSHIP*	7,500	4,000**
NEW CONSTRUCTION*	800	800
NOT REAPPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO A 1975-76 FULL MARKET VALUE*	4,320	4,320
	<hr/>	<hr/>
Total	<u>14,620</u>	<u>11,120</u>

\*Breakout of data by property type is unavailable.

\*\*Approximately 3,500 ownership changes were not revalued, since the Assessor felt that their values had not appreciated and because some sales were unrecorded and have not been discovered.

FOOTNOTES

- 1 Estimated figures provided by the Office of the Assessor, County of Modoc, from the 1978-79 Assessment Roll.
- 2 (See Footnote 1).
- 3 State Board of Equalization: Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Home-owners and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 Estimated figures provided by the Office of the Assessor, County of Modoc, from the 1975-76 Secured Assessment Roll and the 1978-79 Assessment roll.
- 5 Estimated figures provided by the Office of the Assessor, County of Modoc, from the 1975-76 Secured Assessment Roll.
- 6 State Controller's Office: Annual Reports of the Counties of California, for the Fiscal Years 1975-76, 1976-77, 1977-78 and 1978-79.
- 7 State Board of Equalization: Assessment Standards Division, Budget and Workloads, 1976-77.
- 8 (See Footnote 6).
- 9 State Board of Equalization: Assessor's Budget and Workloads, 1977-78.
- 10 (See Footnote 6).
- 11 (See Footnote 1).
- 12 (See Footnote 6).
- 13 (See Footnote 5).
- 14 Office of the Assessor, County of Modoc: 1974-75 and 1975-76 State Board of Equalization Form R-802.

TULARE COUNTY

Tulare County enrolled 93,969 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$782,241,943 in real assessed valuation<sup>2</sup> (.76 percent<sup>3</sup> of California's total locally secured property value). Residential parcels account for 59 percent<sup>4</sup> of Tulare County's total parcels, and agricultural parcels comprise about 23 percent<sup>5</sup> of the total parcels (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Tulare County enrolled all parcels at their 1975-76 tax roll values plus the valued added by application of the two percent annual inflation factor, unless the parcels were identified as having either changed ownership or undergone new construction.

The Assessor's staff used a computer system and conventional appraisals to prepare the 1978-79 tax roll. The computer first multiplied the 1975-76 tax roll's land and improvement values for each parcel by 2 percent (the first year's inflation factor).

The computer then compared these values with the 1976-77 tax roll to arrive at an interim roll. The interim roll contained (a) the first year's tax roll values adjusted by the two percent annual inflation factor if no changes in ownership or new construction were identified by the computer's roll comparison, (b) the 1976-77 tax roll value if the parcel had been both appraised for 1976-77 and had undergone a change in ownership and (c) the 1976-77 appraisal value if the improvement's value had increased by 75 percent or more.

The computer also identified ownership changes in parcels not appraised for 1976-77 to enable appraisers to later manually adjust these properties. It did not, however, identify minor new construction such as additions and alterations which increased an improvement's value by less than 75 percent. Appraisal staff later manually adjusted this type of new construction if it met Proposition 13 revaluation criteria.

After staff had adjusted the interim roll by applying the two percent annual inflation factor, it then became the base roll against which the computer compared the 1977-78 tax roll. This comparison resulted in a second interim roll reflecting 1977-78 changes, if applicable. Staff repeated this process once more with the second interim roll serving as a base against which the 1978-79 pre-Proposition 13 tax roll was compared. This third interim roll, modified by the manual adjustments earlier described, became the county's 1978-79 tax roll.

Tulare County used the above methodology in preparing its 1978-79 tax roll because the Assessor believed it would be the fastest, most logical means of providing taxpayers and local government officials a tax roll. Moreover, the Assessor believed his methodology was the most legally correct.

Locally secured parcels in Tulare County subject to revaluation under the language of Proposition 13 fall into one of four categories:

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for  
the 1975-76 Tax Roll

Properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll needed no adjustment for the 1978-79 tax roll. The 1975-76 base year values were multiplied successively by the two percent annual inflation factor in each stage of the computer comparison program in order to yield the 1978-79 tax roll values.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

The computer identified all changes in ownership but only adjusted the values of parcels which had realized a change in ownership during the year of appraisal. In this case, the computer assigned the appraised value. Thus, for the remaining parcels with changes in ownership, manual adjustments were necessary. Appraisal staff reviewed changes in ownership from March 1, 1975 through February 28, 1978 from a sales data print-out. Next, they reviewed parcel deeds and other documents to determine if the transfer met Proposition 13 revaluation requirements. If the transfer was a sale, appraisal staff used the sales price for base value, if it reflected full market value as judged by the appraisers. If the transfer was not a sale, staff used conventional appraisal techniques to arrive at an appropriate base year value. Appraisers manually applied the two percent annual inflation factor from the appropriate base year.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The computer was programmed to identify and adjust all improvements with increases in value of 75 percent or more. The computer assigned the improvements' conventionally appraised value for that year as the new value. This technique was used primarily for identification and reappraisal of new structures. Land values were unaffected, and the computer carried them forward to 1978-79 separately.

The computer program did not identify improvements which increased in value by less than 75 percent (primarily additions and alterations). Instead, appraisal staff manually reappraised these improvements after reviewing appraisal records to determine which met the revaluation criteria of Proposition 13. Appraisers determined the replacement cost of the addition or alteration, then carried this amount forward to the 1978-79 level separately from the values for the land and improvement.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year Value

Parcels not appraised for the 1975-76 tax roll which realized no subsequent changes in ownership or new construction were rolled back to their 1975-76 tax roll values, increased by application of the two percent annual inflation factor. Included in this group were parcels which were last appraised before and after 1975-76. The Assessor has begun adjusting these parcels to reflect 1975-76 appraisal values. An estimated 15,000\* were to have been adjusted by fiscal year 1979-80, and another 15,000 are tentatively scheduled for updating by fiscal year 1980-81.

The County Assessor could not determine what value the two percent annual inflation factor added to the total assessed value of the 1978-79 locally secured tax roll because it was impossible to separate parcels by base year.

\*Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

Tulare County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 4.7 percent increase in locally assessed valuation over the 1977-78 tax roll as compared to a 12.9 percent increase in 1977-78 over the 1976-77 tax roll. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
 CHANGE IN NUMBER OF PARCELS  
 AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	87,537 <sup>6</sup>	\$541,460,309 <sup>7</sup>	
1976-77	93,610 <sup>8</sup>	\$595,080,059 <sup>9</sup>	9.9
1977-78	91,192 <sup>10</sup>	\$671,599,055 <sup>11</sup>	12.9
1978-79	93,969 <sup>12</sup>	\$702,831,637 <sup>13</sup>	4.7

\*Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
 THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value as shown on the 1975-76 tax roll or, thereafter by the appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Tulare County appraised approximately 46,000 parcels or nearly 53 percent of the 87,537 parcels<sup>14</sup> on the roll. Appraisal staff conducted conventional appraisals exclusively. Parcels to be appraised were selected according to geographical location regardless of parcel type. The following table illustrates the number and type of property appraised.

TABLE 2  
TULARE COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential	35,000	40.0
Rural/Agricultural	9,500	10.9
Other*	<u>1,500</u>	<u>1.7</u>
Total	<u>46,000</u>	<u>52.6</u>

\*Includes commercial/industrial and miscellaneous other parcel types.

Since 1975-76 appraisals were based on sales data from 1 to 24-months old, a time lag averaging six to seven months existed for all parcel types. This lag caused properties to be valued at less than full market value. The Assessor estimated there was a three-fourths percent per month appreciation in residential property values during the six to seven months before the lien date. Thus he concluded that residential properties for the 1975-76 tax roll were at approximately 95 percent of full market value as

of the lien date. He could not estimate percentages of full market value achieved for other parcel types appraised for 1975-76. In addition, he could not estimate the percentage of full market value achieved for any parcel types not revalued for the 1975-76 tax roll.

APPENDIX A

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	-----1975-76 <sup>15</sup> -----		-----1978-79 <sup>16</sup> -----	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	42,000	\$136,021,476	52,880	Not Available
Multiple Family	622	23,489,652	2,537	Not Available
Vacant	7,811	9,763,750	*	Not Available
Rural/Agricultural	21,800	237,081,609	21,735	Not Available
Commercial/Industrial	4,210	61,182,350	4,494	Not Available
Other	<u>11,094</u>	<u>78,732,153</u>	<u>12,323</u>	<u>Not Available</u>
Total	<u>87,537</u>	<u>\$546,270,990</u> **	<u>93,969</u>	<u>\$782,241,943</u> **

\*Included with single family residential for 1978-79.

\*\*Total assessed values for 1975-76 and 1978-79 differ from figures in Table 1 because sources and recording dates are different.

FOOTNOTES

- 1 This figure is based on a documented source which the county did not provide.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 State Board of Equalization: Assessor's Budget and Workloads, 1975-76.
- 7 State Controller: Annual Report of Assessed Valuation and Tax Rates, as of September 1975 of the Counties of California for the Fiscal Year 1975-76.
- 8 State Board of Equalization: Assessor's Budget and Workloads, 1976-77.
- 9 State Controller: Annual Report of Assessed Valuation and Tax Rates, as of September 1976 of the Counties of California for the Fiscal Year 1976-77.
- 10 State Board of Equalization: Assessor's Budget and Workloads, 1977-78.
- 11 State Controller: Annual Report of Assessed Valuation and Tax Rates, as of September 1977 of the Counties of California for the Fiscal Year 1977-78.
- 12 (See Footnote 1)
- 13 State Controller: Annual Report of Assessed Valuation and Tax Rates, as of September 1978 of the Counties of California for the Fiscal Year 1978-79.
- 14 (See Footnote 6)
- 15 (See Footnote 1)
- 16 (See Footnote 1)

COUNTIES WHICH ADOPTED ASSESSED VALUES  
ON THE 1975-76 TAX ROLL

COUNTIES STAFF  
AUDITORS VISITED

SAN DIEGO  
SAN FRANCISCO  
SANTA CLARA  
SANTA CRUZ  
VENTURA

COUNTIES RESPONDING  
BY MAIL

NEVADA  
PLACER  
SOLANO  
TEHAMA

SAN DIEGO COUNTY

San Diego County enrolled 530,753 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$6,535,710,000 in real assessed valuation<sup>2</sup> (7.12 percent<sup>3</sup> of California's locally secured property value). The parcels in San Diego are primarily residential totaling 89.1 percent<sup>4</sup> of all parcels and 75.7 percent<sup>5</sup> of the total assessed value. Commercial and industrial parcels comprise another 5.1 percent<sup>6</sup> of all parcels and 16.3 percent<sup>7</sup> of the total assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, San Diego County revalued only those parcels with changes in ownership and/or new construction from March 1, 1975 through February 28, 1978. All other parcels were enrolled on the 1978-79 tax roll at the value shown on the 1975-76 tax roll adjusted by the two percent annual inflation factor. The county enrolled parcels with changes in ownership and new construction as of the year subsequent to the date of the event and valued these parcels based on sales price or conventional appraisal.

Locally secured parcels in San Diego County subject to revaluation under Proposition 13 fall into three categories for the 1978-79 tax roll (see also Appendix B):

- Parcels with a 1975-76 base year with no changes in ownership and/or new construction from March 1, 1975 through February 28, 1978
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978.

Parcels with a 1975-76 Base Year  
with No Changes in Ownership and/or  
New Construction from March 1, 1975  
through February 28, 1978

The San Diego County Assessor enrolled approximately 188,500 parcels with no changes in ownership or new construction since March 1, 1975 on the 1978-79 tax roll at their 1975-76 tax roll value, adjusted by the two percent annual inflation factor. The Assessor plans to revalue approximately 125,500 parcels<sup>8</sup> which had not been reappraised in 1975-76 to their 1975-76 full market value if staff and budget support are available.

Parcels with Changes in  
Ownership from March 1, 1975  
through February 28, 1978

To establish the 1978-79 tax roll for parcels with changes in ownership, San Diego County valued parcels at their adjusted sales price if there was a confirmed sale or by a

desk appraisal if it was an unconfirmed sale. Those parcels which were confirmed sales were valued at the sales price for land and improvements less 10 percent to reflect a cash equivalency. Staff conducted desk appraisals on parcels with unconfirmed sales or sales that did not accurately reflect current market value.

The Assessor estimates that 211,932 parcels<sup>9</sup> realized changes in ownership from March 1, 1975 through February 28, 1978. Staff revalued 171,932 parcels<sup>10</sup> for the 1978-79 tax roll, using the adjusted sales prices for 75 percent of the parcels and desk appraisals for the remaining parcels. The remaining 40,000 parcels<sup>11</sup> that were transferred will be revalued if budget support and personnel are provided.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The Assessor's staff manually reviewed all parcels to identify new construction. Appraisers then revalued land, existing structures and additional construction separately and adjusted the values by the two percent annual inflation factor. If the land or existing structures had not changed ownership since March 1, 1975, it was valued at the 1975-76 tax roll value. Staff revalued 130,279 parcels<sup>12</sup> (24.5 percent<sup>13</sup> of the 1978-79 tax roll) for new construction. The Assessor plans to revalue approximately 96,000 of these parcels<sup>14</sup> to bring the land and/or existing structures to a full market value for 1975-76, because of non-appraisal for the 1975-76 tax roll.

San Diego County adjusted all parcels with a base year one year or older by the two percent annual inflation factor. The Assessor could not determine what value the two percent annual inflation factor added to the total assessed value of the 1978-79 tax roll.

San Diego County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to changes in the county's total assessed value. In 1978-79, San Diego County's locally secured tax roll increased 1.89 percent<sup>15</sup> over the 1977-78 tax roll.

Since the 1975-76 tax roll, San Diego County's assessed valuation on real secured property increased 34.8 percent.<sup>16</sup> The following table shows the total number of parcels, total assessed valuation and percentage increases in assessed valuation for the last four years.

TABLE 1  
CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76 <sup>17</sup>	491,460	\$4,848,517,750	
1976-77 <sup>18</sup>	498,662	\$5,464,082,500	12.70
1977-78 <sup>19</sup>	512,534	\$6,414,418,000	17.39
1978-79 <sup>20</sup>	530,753	\$6,535,710,000	1.89

Total 1975-76 to 1978-79 percentage value increase 34.8 percent.

\*Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by the full cash value listed on the 1975-76 tax roll, or thereafter, by its appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's assessment practices for its 1975-76 tax roll could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, San Diego County reappraised 141,872 parcels <sup>21</sup>, or 28.9 percent of the 491,460 parcels <sup>22</sup> on the tax roll. Staff selected for reappraisal parcels whose values were comparatively low. The following table outlines the various reappraisal techniques used and the number of parcels reappraised.

TABLE 2

SAN DIEGO COUNTY 1975-76 REAPPRAISALS<sup>23</sup>

<u>Type of Reappraisal</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Conventional reappraisal	71,572	14.6
Computer-assisted appraisal	52,846	10.7
Trended using sales-ratio data	<u>17,454</u>	<u>3.6</u>
Total	<u><u>141,872</u></u>	<u><u>28.9</u></u>

Based upon a sales-ratio study of parcels for a one year period ending July 1975, the Assessor stated that residential parcels reappraised for the 1975-76 tax roll were valued between 91.6 percent and 93.4 percent of full market value. All other parcels were between 89.0 percent and 98.1 percent of full market value at the March 1, 1975 lien date.<sup>24</sup> According to the same sales-ratio study, those residential parcels not reappraised for the 1975-76 tax roll were between 75 percent and 78 percent of full market value while other parcels were between 63.6 percent and 74.6 percent of full market value at the March 1, 1975 lien date.<sup>25</sup>

ADMINISTRATIVE CHANGES IN  
THE COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative procedures in some county assessor offices. In San Diego County administrative changes were made in two areas--suspension of the computer assisted appraisals and staff and budget reductions. The computer assisted appraisals are no longer being fully utilized, but the system is being maintained and updated for possible future use. No major changes are planned in the operation of the Assessor's office until new directives are received from the Legislature, State Board of Equalization and/or the courts.

The budget of the Assessor's office was reduced by \$362,193 and 30.83 positions have been eliminated.<sup>26</sup> At the present time, the Assessor's office has another 22 vacant positions.<sup>27</sup>

SAN DIEGO COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>28</sup>-----</u>		<u>-----1978-79<sup>29</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	326,498	\$2,685,241,500	374,215	\$3,840,661,750
Multiple Family	38,333	647,109,250	39,946	883,483,500
Vacant	70,322	224,555,250	58,664	221,584,750
Rural/Agricultural	22,806	293,336,500	22,388	328,320,500
Commercial/Industrial	26,477	838,036,000	27,293	1,063,007,000
Other	<u>7,024</u>	<u>160,239,250</u>	<u>8,247</u>	<u>198,652,500</u>
Total	<u>491,460</u>	<u>\$4,848,517,750</u>	<u>530,753</u>	<u>\$6,535,710,000</u>

SAN DIEGO COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued and which still need to be revalued due to changes in ownership, new construction and non-appraisal for 1975-76 with no changes in ownership or new construction.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still Need To Be Revalued</u>
CHANGE IN OWNERSHIP			
Residential	197,521	160,240	37,281
Rural/Agricultural	3,815	3,095	720
Commercial/Industrial	6,146	4,986	1,160
Other	<u>4,450</u>	<u>3,611</u>	<u>839</u>
Subtotal	<u>211,932</u> <sup>30</sup>	<u>171,932</u> <sup>31</sup>	<u>40,000</u> <sup>32</sup>
NEW CONSTRUCTION*			
Residential	116,079	30,543	85,536
Rural/Agricultural	5,472	1,440	4,032
Commercial/Industrial	6,644	1,748	4,896
Other	<u>2,084</u>	<u>548</u>	<u>1,536</u>
Subtotal	<u>130,279</u> <sup>33</sup>	<u>34,279</u> <sup>34</sup>	<u>96,000</u> <sup>35</sup>
PARCELS NON-APPRAISAL FOR 1975-76, WITH NO CHANGES IN OWNERSHIP OR NEW CONSTRUCTION			
Residential	111,820	0	111,820
Rural/Agricultural	5,271	0	5,271
Commercial/Industrial	6,401	0	6,401
Other	<u>2,008</u>	<u>0</u>	<u>2,008</u>
Subtotal	<u>125,500</u> <sup>36</sup>	<u>0</u>	<u>125,500</u> <sup>37</sup>
Total	<u>467,711</u>	<u>206,211</u>	<u>261,500</u>

\* For new construction, 130,279 parcels have been revalued for new construction, of which 96,000 parcels still need to be revalued for land and/or existing structures to bring them up to 1975-76 full market value levels.

FOOTNOTES

- 1 San Diego County Assessor's Office: Inventory of Parcels and Values - Entire County, August 1, 1978.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemption, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 (See Footnote 1)
- 8 Estimate based on interview with San Diego County Assessor and staff.
- 9 (See Footnote 8)
- 10 (See Footnote 8)
- 11 (See Footnote 8)
- 12 (See Footnote 8)
- 13 (See Footnote 8)
- 14 (See Footnote 8)
- 15 Increase in assessed values was computed using Inventory of Parcels and Values - Entire County for 1977-78 and 1978-79.
- 16 Increase in assessed values was computed using Inventory of Parcels and Values - Entire County for 1975-76 and 1978-79.
- 17 San Diego County Assessor's Office: Inventory of Parcels and Values - Entire County, August 15, 1975.
- 18 San Diego County Assessor's Office: Inventory of Parcels and Values - Entire County, 1976-77.

- 19 San Diego County Assessor's Office: Inventory of Parcels and Values - Entire County, 1977-78.
- 20 (See Footnote 1)
- 21 San Diego County Assessor's Office: Summary of Realty Work Loads from 1972 through 1978.
- 22 (See Footnote 17)
- 23 (See Footnote 17)
- 24 (See Footnote 8)
- 25 (See Footnote 8)
- 26 San Diego County Assessor's Office: Staffing Schedule, 1977-78 and 1978-79.
- 27 Data provided by the San Diego County Assessor's staff.
- 28 (See Footnote 17)
- 29 (See Footnote 1)
- 30 (See Footnote 8)
- 31 (See Footnote 8)
- 32 (See Footnote 8)
- 33 (See Footnote 8)
- 34 (See Footnote 8)
- 35 (See Footnote 8)
- 36 (See Footnote 8)
- 37 (See Footnote 8)

## SAN FRANCISCO COUNTY

San Francisco County enrolled 154,497 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$3,413,318,841 in real assessed valuation<sup>2</sup> (3.76 percent<sup>3</sup> of California's total locally secured property value). San Francisco County is primarily residential--single family and multiple family parcels comprise about 86 percent<sup>4</sup> of the total parcels and 61 percent<sup>5</sup> of the total real assessed value. Commercial and industrial parcels account for another 6 percent of the total parcels and 33.5 percent<sup>6</sup> of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, San Francisco County adopted the 1975-76 tax roll values for all parcels except for those with changes in ownership or new construction from March 1, 1975 through February 28, 1978. Staff appraisers reviewed and identified all parcels with new construction and changes in ownership and updated them to a proper base year value adjusted by the two percent annual inflation factor provided for in Proposition 13.

Locally secured property in San Francisco County subject to revaluation under the language of Proposition 13 falls into one of three categories (see also Appendix B):

- Parcels with no changes in ownership or new construction from March 1, 1975 through February 28, 1978
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978.

Parcels with No Changes in Ownership  
or New Construction from March 1, 1975  
through February 28, 1978

For those parcels realizing no changes in ownership or new construction from March 1, 1975 through February 28, 1978, the base year value was the value shown on the 1975-76 tax roll. The base year value was increased by the two percent per year inflation factor to yield a 1978-79 tax roll value.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

The San Francisco County Assessor identified all parcels with changes in ownership by running a computer program which identified all parcels that showed any change in title from March 1, 1975 through February 28, 1978. The appraisers individually reviewed each parcel to determine if the change would trigger a reappraisal. In the case of parcels which were sold, appraisers accepted the sales price as the 1978-79 base year value, if it appeared reasonable. This procedure applied in approximately

98 percent of the sales. However, if the sales price did not appear reasonable or if there was no sale, staff used the market appraisal approach to determine value. Appraisers determined the value of nonresidential parcels using the income or cost approach if necessary. The year in which the parcel realized a change of ownership became the base year by which appraisers determined the appropriate inflation factor.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Sân Francisco County used two sources of data to identify parcels with new construction. First, appraisers used a computer program to identify all parcels with construction completion dates in the years 1975, 1976 and 1977. Second, they were able to isolate parcels with minor new construction such as additions to a house by reviewing "Request to Change Roll" forms which are completed when the county reappraised property because of new construction. Appraisers identified those parcels which realized assessable new construction.

Because of the short time available to complete the tax roll, the appraisers only updated major new construction, for instance, residential parcels with new construction valued over \$5,000 and major commercial/industrial parcels with new construction valued over \$50,000.

Staff valued new construction by adding that value to the value of the existing improvements, then applying the two percent annual inflation factor. Staff then added the value of the land, adjusted by the two percent annual inflation factor, to get a total 1978-79 tax roll value.

Once appraisers established appropriate base years and values, they applied the two percent annual inflation factor to property values according to their base years. As of February 28, 1979, San Francisco County had completed all necessary adjustments for their 1978-79 tax roll. The County Assessor determined that the two percent annual inflation factor added \$163,208,375<sup>7</sup> to the total assessed value of the 1978-79 locally secured tax roll before any adjustments were made for new construction or changes in ownership. This figure is 6 percent of the 1975-76 locally secured tax roll.

San Francisco County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 9.92 percent increase in locally assessed valuation over the 1977-78 tax roll as compared to a 9.85 increase in 1977-78 over the previous year. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	153,564 <sup>8</sup>	\$2,735,421,054 <sup>9</sup>	
1976-77	154,232 <sup>10</sup>	\$2,841,154,974 <sup>11</sup>	3.87
1977-78	153,952 <sup>12</sup>	\$3,120,929,837 <sup>13</sup>	9.85
1978-79	154,497 <sup>14</sup>	\$3,430,503,452 <sup>15</sup>	9.92

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll or, thereafter, by its appraised value when a purchase, new construction, or a change in ownership has occurred. Therefore a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

For the 1975-76 tax roll San Francisco County appraised 137,653 parcels or 90 percent of the 153,564 parcels on the tax roll.<sup>16</sup> The goal for that year was to adjust all parcels to approximately

the same level of valuation. The Assessor relied primarily on a trending approach to accomplish his goal. The following table illustrates the estimated number and type of property appraised. The total assessed valuation of parcels appraised in 1975-76 was not available.

TABLE 2

SAN FRANCISCO COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	90,383 <sup>17</sup>	59
Multiple Family	33,594 <sup>18</sup>	22
Commercial/Industrial	9,469 <sup>19</sup>	6
Other	<u>4,207<sup>20</sup></u>	<u>3</u>
Total	<u><u>137,653<sup>21</sup></u></u>	<u><u>90</u></u>

The Assessor used conventional appraisal methods based on a physical on-site inspection of the property to appraise approximately 14,353 parcels.<sup>22</sup> Most of these parcels were commercial or industrial, although some were residential. He appraised the remaining 123,300 parcels<sup>23</sup> by a trending procedure. That procedure entailed analyzing sales data by neighborhood and developing a factor, which when applied to each parcel in the neighborhood, resulted in the 1975-76 tax roll value. Trending was used for residential parcels only; different factors were developed for single family residences, residences with several flats and multiple family residences.

The data used to develop trending factors was based on 1974 sales. Therefore, residential parcels appraised for the 1975-76 tax roll were not at 100 percent of full market value as of the lien date, March 1, 1975. The Assessor estimated that for parcels appraised for the 1975-76 base year, single family residences were at 83 percent<sup>24</sup> of full market value, multiple family residences were at 90 percent<sup>25</sup> of full market value and commercial/ industrial parcels were at 100 percent<sup>26</sup> of full market value.

He further estimated that parcels not appraised for the 1975-76 base year were at the same levels. Since the goal for the 1975-76 tax roll was to value all parcels at the same level, parcels whose values were not changed for the 1975-76 tax roll remained the same because their values on the 1974-75 tax roll were consistent with the goals for the 1975-76 tax roll.

ADMINISTRATIVE CHANGES IN  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In San Francisco County, two changes are being made in the content of property records. For each parcel, staff will identify a base year. Also, staff will code all transactions so that they can readily identify those which will need a reappraisal.

SAN FRANCISCO COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	-----1975-76 <sup>27</sup> -----		-----1978-79 <sup>28</sup> -----	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	95,140	\$ 808,594,437	97,062	\$1,065,947,050
Multiple Family	35,362	797,963,437	35,036	1,010,415,700
Vacant	9,341	39,984,542	8,420	36,929,054
Commercial/Industrial	9,514	945,253,347	9,368	1,142,347,112
Other*	<u>4,207</u>	<u>128,343,820</u>	<u>4,611</u>	<u>157,679,925</u>
Total	<u>153,564</u>	<u>\$2,720,139,583**</u>	<u>154,497</u>	<u>\$3,413,318,841**</u>

\* Includes flats and stores combined, parcels with no use codes and other miscellaneous parcels.

\*\* Assessed valuation differs from figures on Table 1, because sources and recording dates are different.

SAN FRANCISCO COUNTY

Below are estimates of the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership or new construction from March 1, 1975 through February 28, 1978.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGE IN OWNERSHIP*	<u>35,864</u> <sup>29</sup>	<u>35,864</u>
NEW CONSTRUCTION		
Residential	2,031	2,031
Commercial/Industrial	<u>105</u>	<u>105</u>
Subtotal	<u>2,136</u> <sup>30</sup>	<u>2,136</u>
Total	<u>38,000</u>	<u>38,000</u>

\* Breakout of data by property type is unavailable.

FOOTNOTES

- 1 San Francisco County Assessor's Office: Valuation Statistics, Real Estate by Class, 1978-79.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 Estimate provided by San Francisco County Assessor's Office.
- 8 San Francisco County Assessor's Office: Valuation Statistics, Real Estate by Class, 1975-76.
- 9 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for the Fiscal Year 1975-76.
- 10 State Board of Equalization: Assessors' Budgets and Workloads for 1976-77.
- 11 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the Fiscal Year 1976-77.
- 12 State Board of Equalization: Assessors' Budgets and Workloads for 1977-78.
- 13 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the Fiscal Year 1977-78.
- 14 (See Footnote 1)
- 15 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1978 of the Counties of California for the Fiscal Year 1978-79.
- 16 San Francisco County Assessor's Office: Annual Report, 1975.

- 17 Estimate provided by San Francisco County Assessor's Office, based on familiarity with workload.
- 18 (See Footnote 16)
- 19 (See Footnote 16)
- 20 (See Footnote 16)
- 21 (See Footnote 15)
- 22 (See Footnote 16)
- 23 (See Footnote 16)
- 24 (See Footnote 16)
- 25 (See Footnote 16)
- 26 (See Footnote 16)
- 27 (See Footnote 7)
- 28 (See Footnote 1)
- 29 (See Footnote 16)
- 30 Estimate provided by San Francisco County Assessor's Office, based on new construction for one year.

SANTA CLARA COUNTY

Santa Clara County enrolled 346,935 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$5,450,356,180 in real assessed valuation<sup>2</sup> (5.82 percent<sup>3</sup> of California's total locally secured property value). . . Parcels in Santa Clara County are primarily residential--single family and multiple family parcels comprise about 88 percent<sup>4</sup> of the total parcels and 66 percent<sup>5</sup> of the net total real assessed value. Commercial and industrial parcels account for another 26 percent<sup>6</sup> of the net total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Santa Clara County is revaluing only those properties which were either subject to new construction or which had changed ownership from March 1, 1975 through February 28, 1978. All other properties were enrolled at the value shown on the 1975-76 tax roll. To identify and adjust individual properties to the proper base year and value, the Assessor's office designed a computer program which compiled historical information available in the county for each parcel. Parcels were subject to manual review if exceptions were noted; otherwise, the value determined by the computer program was enrolled on the 1978-79 tax roll.

The computer program yielded a complete listing of secured parcels which included parcel number, transfer number and date, roll year, inflation factor and land and improvement values. Based on an analysis of transfers, the computer program compared adjusted confirmed sales prices to existing roll values and identified exceptions (see page 3). These exceptions were then reviewed. The program also identified parcels unchanged since the 1975-76 tax roll. These parcels were enrolled on the 1978-79 tax roll at their 1975-76 tax roll value with an added inflation increase of two percent per year as provided for in Proposition 13.

Locally secured properties in Santa Clara County subject to revaluation under the language of Proposition 13 fall into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the 1975-76 Tax Roll

Properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll needed no adjustment for the 1978-79 tax roll. For those properties the base year was 1975-76 and their value on the 1978-79 tax roll was unchanged from the value on the 1975-76 tax roll except for the addition of the two percent annual inflation factor provided for in Proposition 13.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

In Santa Clara County transfers in ownership occurred for 138,000 parcels<sup>7</sup> from March 1, 1975 through February 28, 1978. The computer program identified each parcel's latest transfer by document number and date and then separated the parcels by base year according to the date of the transfer.

The Assessor's staff entered transfers with confirmed sales prices into the computer after making minor adjustments. Then they compared the adjusted confirmed sales price with the existing roll value for the applicable base year. If the adjusted confirmed sales price fell within a realistic range of the existing roll value, the adjusted price would be enrolled on the 1978-79 tax roll. If not, the staff noted an exception and later manually reappraised the parcel.

Approximately 90,000<sup>8</sup> of the 138,000 transfers<sup>9</sup> passed the comparison and were enrolled on the 1978-79 tax roll. The remaining 48,000 transfers were enrolled on the 1978-79 tax roll at their 1975-76 tax roll value plus the two percent annual inflation factor until the staff could manually appraise them. As of February 5, 1979, approximately 20,000 transfers<sup>10</sup> had been manually reappraised and enrolled on the 1978-79 tax roll, superseding the 1975-76 base year value. The remaining 28,000 transfers will be manually reappraised and are expected to be completed by June 1980, the deadline provided in Senate Bill 1571 for completing the 1978-79 tax roll.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The various cities and agencies in Santa Clara County issued approximately 65,900 building permits<sup>11</sup> between March 1, 1975 and February 28, 1978. As of February 5, 1979, the Assessor's office had not reviewed the permits to determine which will actually require an appraisal and which will not. For example, if a parcel undergoes a change in ownership after new construction, no reappraisal is required. The change in ownership supersedes any value added due to new construction. Consequently, parcels with new construction either remain at the 1975-76 tax roll value or, if new construction occurred before the sale and the sales price is enrolled on the 1978-79 tax roll, the parcel adopts the sale value. The

Assessor's office plans to complete the review of the 65,900 permits<sup>12</sup> by June 1980, the deadline provided in Senate Bill 1571 for completing the 1978-79 property tax roll.

Parcels Not Appraised for the  
1975-76 Tax Roll, Needing Adjustment  
to the 1975-76 Base Year Value

Properties that were not revalued in 1975-76 and which realized no subsequent changes in ownership or new construction required no adjustment except for the two percent annual inflation factor provided for in Proposition 13. For those properties a 1975-76 base year was assigned.

Santa Clara County applied the two percent annual inflation factor provided for in Proposition 13 to all property values according to the base year enrolled on the 1978-79 tax roll. The Assessor's office could not determine what value the two percent annual inflation factor added to the total assessed value of the 1978-79 tax roll.

Santa Clara County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to changes in the county's total assessed valuation.

The county's 1978-79 total assessed valuation increased 2.7 percent over the 1977-78 tax roll as compared to a 14 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
 CHANGE IN NUMBER OF PARCELS  
 AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	323,964 <sup>13</sup>	\$4,079,610,431 <sup>14</sup>	
1976-77	329,993 <sup>15</sup>	4,650,863,831 <sup>16</sup>	14.00
1977-78	338,220 <sup>17</sup>	5,302,049,684 <sup>18</sup>	14.00
1978-79	346,935 <sup>19</sup>	5,446,872,637 <sup>20</sup>	2.73

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in parcel numbers.

APPROACH TO DEVELOPING  
 THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll or, thereafter, by its appraised value when a purchase, new construction, or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

In 1975, Santa Clara County appraised all parcels in the county on an annual cycle. Each appraiser worked a particular geographic location where he was responsible for every parcel.

For the 1975-76 tax roll, 323,964 parcels, or 100 percent<sup>21</sup> of the roll, were appraised. However, only an estimated 298,047 or 92 percent<sup>22</sup> of the parcels actually required a value change; the remaining 8 percent,<sup>23</sup> considered to be at full market value, did not require a value change. The following table illustrates the number and type of property appraised. The total assessed valuation of parcels appraised in 1975-76 was not available.

TABLE 2

SANTA CLARA COUNTY 1975-76 APPRAISALS\*

<u>Property Type</u>	<u>Number of Parcels</u> <sup>24</sup>	<u>Percentage of Total Parcels</u> <sup>25</sup>
Residential		
Single Family	241,418	74
Multiple Family	17,883	5
Vacant	14,902	5
Rural/Agricultural	8,941	3
Commercial/Industrial	11,922	4
Other	<u>2,981</u>	<u>1</u>
Total	<u>298,047</u>	<u>92</u>

\*Parcels with an actual value change for the 1975-76 tax roll. The remaining 8 percent of parcels were considered to be at full market value and did not require a value change.

In appraising parcels in 1975, appraisers used both conventional reappraisals, based on physical on-site inspections, and manual reviews (desk reviews using tables, formulas and comparable sales data). However, appraisers did not employ any single technique for adjusting values. By studying three years of sales data, they attempted to reflect property values as of March 1 for the 1975-76 tax roll. Appraisers did not always adjust for the time difference between appraisal date or date of last sales data collected and lien date. They believed this time lag would not significantly affect the appraisal of the parcel at full market value. In fact, the Assessor's staff estimates that all properties appraised in 1975 were at 99.2 percent<sup>26</sup> of full market value.

ADMINISTRATIVE CHANGES IN  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In Santa Clara County, changes are being made in three areas--management information, appraisal practices and system operation and use. The Assessor estimates that ownership changes and new construction will generate approximately 75,000 annual appraisals.<sup>27</sup> In order to handle the increased workload with its present staff, the Assessor's office is modifying the Appraisal Data System to handle individual parcel appraisals more efficiently. To assist the appraisers in analyzing sales data, staff is

designing new files containing value sheets for parcels transferred by a sale. The first phase in redesigning the system is expected to be implemented by March 1979.

SANTA CLARA COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

	-----1975-76 <sup>28</sup> -----		-----1978-79 <sup>29</sup> -----	
	<u>Total Parcels</u>	<u>Net Total Assessed Value</u>	<u>Total Parcels</u>	<u>Net Total Assessed Value</u>
<b>Residential</b>				
Single Family	263,127	\$1,995,341,513	287,180	\$2,857,297,574
Multiple Family	18,341	397,709,181	18,846	493,122,742
Vacant	16,641	119,050,109	15,083	195,174,220
Rural/Agricultural	10,173	148,470,183	8,577	127,184,332
Commercial/Industrial	13,343	968,611,617	13,963	1,348,094,760
Other	<u>2,339</u>	<u>80,500,153</u>	<u>3,286</u>	<u>92,939,037</u>
Total (net)	<u>323,964</u>	<u>\$3,709,682,756*</u>	<u>346,935</u>	<u>\$5,113,812,665*</u>
(gross)		<u>\$4,082,207,068<sup>30</sup>**</u>		<u>\$5,450,356,180<sup>31</sup>**</u>

\* The net total value is the gross value of assessed real property on the roll plus personal property less exemptions for business inventory, homeowners and others.

\*\* Assessed valuation differs from figures in Table 1 because sources and recording dates are different.

SANTA CLARA COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued, and which still need to be revalued due to changes in ownership or new construction.

	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still Need To Be Revalued</u>
CHANGES IN OWNERSHIP*	138,000 <sup>32</sup>	110,000 <sup>33</sup>	28,000
NEW CONSTRUCTION*	<u>65,900<sup>34</sup></u>	<u>0</u>	<u>65,900</u>
Total	<u>203,900</u>	<u>110,000</u>	<u>93,900</u>

\* Breakout of data by property type is unavailable.

FOOTNOTES

- 1 Santa Clara County Assessor's Office: Land Use Statistics for 1978 roll.
- 2 Santa Clara County Assessor's Office: 1978 statement of the County Assessor to the State Board of Equalization.
- 3 State Board of Equalization Assessed Value of County--Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 Santa Clara County Assessor's Office: Appraisal Data Systems File for Transfers, 3/1/75 to 2/28/78.
- 8 Santa Clara County Assessor's Office: Special Proposition 13 Job Stack final count.
- 9 (See Footnote 7)
- 10 Santa Clara County Assessor's Office: Record of ownership change roll corrections for the 1978 tax roll.
- 11 Santa Clara County Assessor's Office: Building Permit Status Report for 1975 to 1978.
- 12 (See Footnote 11)
- 13 Santa Clara County Assessor's Office: Land Use Statistics for 1975 roll.
- 14 State Controller's Office: Annual Reports of Assessed Valuation and Tax Rates, 1975-76.
- 15 State Board of Equalization: Budget and Workload Summary of Counties for 1976-77, 1977-78.
- 16 State Controller's Office: Annual Reports of Assessed Valuation and Tax Rates, 1976-77.
- 17 (See Footnote 15)

- 18 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates, 1977-78.
- 19 (See Footnote 1)
- 20 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates, 1978-79.
- 21 (See Footnote 13)
- 22 Estimate provided by Santa Clara County Assessor's Office, based on no documented source.
- 23 (See Footnote 22)
- 24 (See Footnote 22)
- 25 (See Footnote 22)
- 26 State Board of Equalization: County Ratios of Assessed to Full Cash Value.
- 27 Santa Clara County Assessor's Office: Request for Data Processing Services--Modifications for Amendment 13A.
- 28 (See Footnote 13)
- 29 (See Footnote 1)
- 30 (See Footnote 14)
- 31 (See Footnote 2)
- 32 (See Footnote 7)
- 33 (See Footnotes 8 and 10)
- 34 (See Footnote 11)

## SANTA CRUZ COUNTY

Santa Cruz County enrolled 81,504 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$785,746,750 in real assessed valuation<sup>2</sup> (.83 percent<sup>3</sup> of California's total locally secured property value). Parcels in Santa Cruz County are primarily residential--single family, multiple family and vacant residential parcels comprise approximately 91 percent<sup>4</sup> of the total parcels and 75 percent<sup>5</sup> of the total real assessed value. Commercial and industrial parcels account for another 7 percent of the total parcels or 21 percent<sup>6</sup> of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Santa Cruz County revalued only those properties which were either subject to new construction or which had changed ownership between March 1, 1975 and February 28, 1978. All other properties were enrolled at the value shown on the 1975-76 tax roll regardless of the year of reappraisal. To identify and adjust individual properties for the 1978-79 tax roll, the Assessor's staff designed a computer program which compiled information about each parcel in the county and categorized the parcels into four lists. These lists were reviewed and staff identified parcels which needed to be manually checked against the individual real property files.

If value exceptions were noted, those parcels were manually reviewed and adjusted; otherwise, the value determined by the computer program was enrolled on the 1978-79 tax roll.

The computer program yielded the following four lists:

(1) all parcels sold since March 1, 1975; (2) all vacant parcels that have not sold since March 1, 1975; (3) all parcels vacant in 1975 and now developed; and (4) all others. List #1 compared sales prices with the tax roll values on the lien date subsequent to the sale of the parcel. The parcels in which the subsequent lien date value was greater than the sales price were manually reviewed. List #2 identified vacant parcels which had not changed ownership since March 1, 1975. The program enrolled these parcels on the 1978-79 tax roll at a figure which combined their 1975-76 tax roll value and the amount added by the inflation factor of two percent per year. List #3 identified vacant parcels which had realized new construction since the 1975-76 tax roll. The fourth list was a composite listing of parcels not identified in the first three lists. The staff analyzed the fourth list for parcels with any changes since March 1, 1975, and identified those parcels which needed to be manually checked against the individual real property files.

Locally secured property in Santa Cruz County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the 1975-76 Tax Roll

Properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll needed no adjustment for the 1978-79 tax roll. For those properties the base year was 1975-76 and their value on the 1978-79 tax roll was unchanged from their value on the 1975-76 tax roll except for the addition of the two percent annual inflation factor provided for in Proposition 13.

Parcels with Changes in Ownership from March 1, 1975 through February 28, 1978

In Santa Cruz County changes in ownership occurred for 31,500 parcels<sup>7</sup> between March 1, 1975 and February 28, 1978. For each parcel the computer printout indicated parcel number, sales price, current value and sales price plus the two percent annual inflation factor.

To determine the base year value, the computer program compared the sales price with the value on the lien date subsequent to the sale. This lien date value was selected as the base year value if the recorded sales price was lower. The sales price was selected as the base year value if it was greater than the lien date value. If the transfer was a nonmonetary transfer, the lien date value subsequent to the transfer date was selected as the base year value. After the base year values were established, the two percent annual inflation factor adjustment was applied and the values were enrolled on the 1978-79 tax roll.

Approximately 24,300<sup>8</sup> of the 31,500 ownership changes were enrolled on the 1978-79 tax roll with the sales price as the base year value. The remaining 7,200<sup>9</sup> ownership changes were enrolled on the 1978-79 tax roll using the lien date value subsequent to the date of the change in ownership as the base year value. As a final step, the Assessor's office is manually reviewing the transfers for any possible errors, for example, interspousal transfers which would not trigger a reappraisal. They estimate that 10 percent of the transfers did not require a reappraisal.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The appraisers identified all parcels with new construction since March 1, 1975. The county established base year values for both the older portions and newly constructed parts of the parcel and applied the two percent annual inflation factor.

Parcels Not Appraised for the 1975-76 Tax Roll,  
Needing Adjustment to the 1975-76 Base Year Value

Parcels which realized no subsequent changes in ownership or new construction since March 1, 1975 were not reappraised. Those properties were assigned a 1975-76 base year so that their value on the 1978-79 tax roll was that shown on the 1975-76 tax roll, adjusted by the two percent annual inflation factor.

Santa Cruz County applied the two percent annual inflation factor provided for in Proposition 13 to all property values according to the base year enrolled on the 1978-79 tax roll. The computer applied the two percent annual inflation factor to the sales price for transfers according to the base year, and it also adjusted 1975-76 base year parcels by the two percent annual inflation factor before enrolling their values on the 1978-79 tax roll. For those parcels in which the base year values were manually appraised, the two percent annual inflation factor was manually calculated and added to the value. The Assessor's office could not determine what value the two percent annual inflation factor added to the total assessed value of the 1978-79 tax roll.

Santa Cruz County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll resulted in a 2.15 percent increase in locally assessed valuation over the 1977-78 tax roll as compared to a 20.22 percent

increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	78,065 <sup>10</sup>	\$556,407,160 <sup>11</sup>	
1976-77	78,581 <sup>12</sup>	\$639,813,390 <sup>13</sup>	14.99
1977-78	80,192 <sup>14</sup>	\$769,190,890 <sup>15</sup>	20.22
1978-79	81,504 <sup>16</sup>	\$785,746,750 <sup>17</sup>	2.15

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value as shown on the 1975-76 tax roll or, thereafter, by its appraised value when a purchase, new construction, or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For its 1975-76 tax roll, Santa Cruz County selected parcels for reappraisal based on an analysis of sales ratios. That is, parcels in neighborhoods with low sales-ratio levels were the first selected. Approximately 70,000<sup>18</sup> of the county's 78,065 parcels<sup>19</sup> were appraised; most of these required a value change. However, it was not possible to determine the exact number of value changes which occurred. The following table illustrates the number and type of properties appraised. The total assessed valuation of parcels revalued for the 1975-76 tax roll was not available.

TABLE 2

SANTA CRUZ COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels<sup>20</sup></u>	<u>Percentage of Total Parcels<sup>21</sup></u>
Residential		
Single Family	47,734	61
Multiple Family	2,885	4
Vacant	17,435	22
Rural/Agricultural	101	less than 1
Commercial/Industrial	<u>1,845</u>	<u>2</u>
Total	<u>70,000</u>	<u>89</u>

Santa Cruz County used conventional appraisals, trending and interim adjustments for revaluing properties for the 1975-76 tax roll. Conventional appraisals for the 1975-76 tax roll were based on physical on-site inspections. Trending factors, developed from market and economic data and other relevant information, were applied to individual parcels while interim adjustments, percentage increases not based on quantifiable data, were used to revalue other properties.

Appraisers did not adjust for the time difference between appraisal date and lien date. Adjustments were sometimes made between the appraisal date and the date of last sales data collected. The sales data collected for 1975-76 appraisals ranged from 0 to 36 months old. The appraised values were considered to be at 1975-76 full market value.

ADMINISTRATIVE CHANGES IN  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative and management procedures in some county assessor offices. In Santa Cruz County, administrative changes are being made in four areas--staffing, workload assignments, management information and reorganization.

Presently, the Assessor's office has twelve staff appraiser positions and three supervisory appraiser positions. This office plans to reclassify two of the staff appraiser positions to appraiser aide positions by June 30, 1979, and eliminate two additional staff appraiser positions by June 30, 1980. In addition, one or two staff appraisers may be assigned to work on computer-assisted appraisals when that system is introduced.

Prior to Proposition 13, Santa Cruz County appraisers specialized in appraising certain property types. For instance, an appraiser would handle only single family or commercial properties. But as a result of Proposition 13, these specializations will be eliminated and new assignments will be based on workloads necessitated by changes in ownership and new construction.

The Assessor's staff is expanding parcel files to include additional data on parcel characteristics. These files will also segregate value increases by specific categories such as new construction, remodeling or sales. Also, staff is planning summary reports which will classify reappraisal data by property type, location, value added to the roll and reason for reappraisal. These changes are expected to be completed by July 1, 1979.

The county will also reorganize the Standards division in order to systematically process, review and control all permits and deed changes. This reorganization, expected to be completed by July 1, 1979, will also result in modification of data processing management reports which will be in use by September 1, 1979.

SANTA CRUZ COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76<sup>22</sup>-----</u>		<u>-----1978-79<sup>23</sup>-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	49,531	\$292,963,498	51,755	\$414,247,258
Multiple Family	2,994	17,527,731	3,097	24,784,024
Vacant	18,092	106,835,691	18,909	151,064,527
Rural/Agricultural	1,040	19,702,910	1,060	27,501,136
Commercial/Industrial	5,056	119,209,740	5,298	168,149,805
Other	<u>1,352</u>	<u>167,590</u>	<u>1,385</u>	<u>Minimal</u>
Total	<u>78,065</u>	<u>\$556,407,160</u>	<u>81,504</u>	<u>\$785,746,750</u>

SANTA CRUZ COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation and were actually revalued due to changes in ownership or new construction.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>
CHANGE IN OWNERSHIP*	31,500 <sup>24</sup>	31,500
NEW CONSTRUCTION*	Unavailable	Unavailable
Total	<u>31,500+</u>	<u>31,500+</u>

\* Breakout of data by property type is unavailable.

FOOTNOTES

- 1 Santa Cruz County Assessor's Office: Secured Property Report (for 1978-79 tax roll).
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County 1978-79.
- 4 Estimate provided by Santa Cruz County Assessor's Office, based on no documented source.
- 5 (See Footnote 4)
- 6 (See Footnote 4)
- 7 (See Footnote 4)
- 8 (See Footnote 4)
- 9 Estimate provided by Santa Cruz County Assessor's Office, based on Print-out of Parcels with ownership changes whose sales price was less than the subsequent roll value.
- 10 Santa Cruz County Assessor's Office: Work Area Recap of Sales Ratio Summary Report for 1975-76 tax roll.
- 11 Santa Cruz County Assessor's Office: Work Area Recap of Sales Ratio Summary Report for 1975-76 tax roll.
- 12 State Board of Equalization: Budgets and Workloads for 1976-77, from Letters to the Assessor #76-187.
- 13 Santa Cruz County Assessor's Office: Preliminary Assessment Roll 1976-77.
- 14 State Board of Equalization: Budgets and Workloads for 1977-78, from Letters to Assessor #77-150.
- 15 Santa Cruz County Assessor's Office: Preliminary Assessment Roll 1977-78.
- 16 (See Footnote 1)
- 17 (See Footnote 1)
- 18 (See Footnote 4)

19 (See Footnote 10)

20 Santa Cruz County Assessor's Office: Manual count of rural parcels appraised for the 1975-76 tax roll as indicated on mapbook pages; Appraiser Worksheet for Commercial/Industrial Appraisals for 1975; Residential figures are estimates based on Appraisal Inventory Sales Listings.

21 (See Footnotes 20 and 10)

22 Santa Cruz County Assessor's Office: Work Area Recap of Sales Ratio Summary Report for 1975-76 Tax Roll; residential figures are estimates based on Appraisal Inventory Sales Listings.

23 Santa Cruz County Assessor's Office: Secured Property Report for 1978-79 Tax Roll; estimates by property types based on percentages from 1975-76 tax roll.

24 (See Footnote 4)

## VENTURA COUNTY

Ventura County enrolled 159,910 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$1,964,432,747 in real assessed valuation<sup>2</sup> (2.16 percent<sup>3</sup> of California's total locally secured property value). Ventura County is primarily residential--single family and multiple family parcels comprise about 77 percent<sup>4</sup> of the total parcels and 71 percent<sup>5</sup> of the total real assessed value. Commercial and industrial parcels account for another 16 percent<sup>6</sup> of the total real assessed value (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Ventura County revalued only those properties which had either undergone new construction or which had changed ownership between March 1, 1975 and February 28, 1978. All other properties were enrolled at the value shown on the 1975-76 tax roll regardless of their year of reappraisal. To identify and adjust individual properties which had undergone a change in ownership to the proper base year and value, the Assessor developed a computer program which compared the names of owners on the 1975-76 tax roll with those on the 1976-77, 1977-78 and 1978-79 tax rolls. This program yielded a list of parcels with nonmatching owner names. Appraisers manually examined these parcels for changes in ownership. Also listed and manually examined were parcels on the

1978-79 tax roll which did not appear on the 1975-76 tax roll. Appraisers then manually identified and valued new construction projects from appraisal records.

Locally secured property in Ventura County subject to revaluation under the language of Proposition 13 falls into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

#### Parcels Appraised for the 1975-76 Tax Roll

Properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll were not revalued for the 1978-79 tax roll. For those properties the base year was 1975-76 and their value on the 1978-79 tax roll was the value shown on the 1975-76 tax roll increased by the two percent annual inflation factor provided for in Proposition 13.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

The staff manually established a base year value for each parcel which had changed ownership by comparing the sales price and tax roll value for each parcel in the year of ownership change. If the sales price approximated comparable sales, it became the base year value. If the buyer would not reveal the sale price, appraisers listed the value on the lien date following the sale if the parcel had been revalued for that year. If the parcel had not been revalued, a revaluation was performed based on comparable sales of like properties in the area within the year of the transfer.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The staff manually reviewed appraisal records for parcels with new construction. The value added to the base year values of these parcels was not necessarily based on cost but on the value that similar construction added to similar parcels. However, cost figures were used if they accurately represented the value added.

If new construction took place after the lien date in the same year as a change in ownership which occurred prior to the lien date, the value of the new construction was added to the base year value for the year of the ownership change to arrive at the 1978-79 tax roll value. However, the ownership change base year value

superceded any new construction value when the new construction occurred prior to the change in ownership. For example, if a parcel had undergone new construction before its sale then it retained the change in ownership base year value.

Parcels Not Appraised for the 1975-76 Tax Roll,  
Needing Adjustment to the 1975-76 Base Year Value

Those properties not appraised for the 1975-76 tax roll which realized no subsequent change in ownership or new construction were not updated to the 1975-76 level. The Assessor plans to update those parcels to 1975-76 full cash value by June 30, 1980.

Once appraisers established appropriate base years and values, they applied the two percent annual inflation factor to update values to 1978-79. If a parcel had realized new construction after the base year, appraisers first applied the two percent annual inflation factor to the total construction value, and then added to it the adjusted base year value. The County Assessor could not determine what value the application of the two percent annual inflation factor added to the total assessed value of the 1978-79 locally secured roll; however, the staff stated that in the future this type of data will be available.

Ventura County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to an approximate decrease of 5.4 percent in

locally assessed valuation from the 1977-78 tax roll as compared to an increase of almost 28 percent in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase and/or decrease in assessed valuation for the last four years.

TABLE 1  
CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase/[Decrease]</u>
1975-76	142,768 <sup>7</sup>	\$1,356,564,125 <sup>8</sup>	
1976-77	145,341 <sup>9</sup>	\$1,627,047,797 <sup>10</sup>	19.94
1977-78	152,256 <sup>11</sup>	\$2,076,069,086 <sup>12</sup>	27.60
1978-79	159,910 <sup>13</sup>	\$1,964,432,747 <sup>14</sup>	[5.38]

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by the full cash value listed on the 1975-76 tax roll or, thereafter, by its appraised value when a purchase, new construction, or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

For the 1975-76 tax roll, Ventura County appraised 102,511 parcels or 72 percent of the 142,768 parcels on the tax roll. The parcels appraised were selected based on their rates of appreciation. For example, single family tract homes were appreciating at a much faster rate than other parcel types in 1975-76. Therefore, a much higher percentage of these were appraised. The following table illustrates the number and types of properties appraised for the 1975-76 tax roll.

TABLE 2  
VENTURA COUNTY 1975-76 APPRAISALS<sup>15</sup>

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	89,414	63
Multiple Family	3,322	2
Vacant	919	1
Rural/Agricultural	4,950	3
Commercial/Industrial	2,940	2
Other (mineral sites)	<u>966</u>	<u>1</u>
Total	<u><u>102,511</u></u>	<u><u>72</u></u>

Ventura County used conventional appraisal, computer-assisted appraisal program (CAAP) and trending to reappraise properties for the 1975-76 tax roll. The Assessor's records indicate that 15,596 parcels<sup>16</sup> were revalued by conventional

appraisal, based on a physical on-site inspection, 78,810 parcels<sup>17</sup> by a modified CAAP method and the remaining 8,105 parcels<sup>18</sup> by application of a trending factor.

Properties were revalued for the 1975-76 tax roll at 100 percent of full market value. Tract homes and homogeneous custom homes appraised on the modified CAAP system realized approximately 100 percent full market value because that system was able to submit comparable sales data around March 1, 1975. However, because of time lags in sales data collection not all types of property were at 100 percent of full market value by the March 1, 1975 lien date. The level of market value achieved for parcels not appraised for the 1975-76 tax roll was not available.

ADMINISTRATIVE CHANGES IN  
COUNTY ASSESSOR'S OFFICE

Enactment of Proposition 13 has modified administrative management procedures in some county assessor offices. In Ventura County, changes were made in three areas--staffing, administrative procedures and collection of management information.

Proposition 13 budgetary restrictions cut four positions in the Assessor's office; two of these were management positions in the Administrative Division management. As a result, other division chiefs assumed the functions of that

department. Appraisers are now assigned according to geographic concentration areas, instead of previous countywide cyclical assignments. New tract homes construction, however, will remain a countywide function.

The office has also changed its information system. The office now maintains base year data on all land and improvements. The staff modified input document forms to capture data which reflects increases in assessed value due to new construction, transfers and the two percent annual inflation factor. Finally, staff maintains data from all building permits and deed changes to provide up-to-date information in accordance with Proposition 13.

VENTURA COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

	-----1975-76 <sup>19</sup> -----		-----1978-79 <sup>20</sup> -----	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	97,698	\$ 609,996,825	115,853	\$1,186,892,999
Multiple Family	6,458	107,137,532	7,713	160,059,964
Vacant	16,758	48,479,097	16,505	52,136,344
Rural/Agricultural	9,127	199,896,749	6,438	168,756,390
Commercial/Industrial	6,856	286,675,604	7,864	299,640,431
Other	<u>5,871</u>	<u>104,378,318</u>	<u>5,537</u>	<u>96,946,619</u>
Total	<u>142,768</u>	<u>\$1,356,564,125</u>	<u>159,910</u>	<u>\$1,964,432,747</u>

VENTURA COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued and which still need to be revalued due to changes in ownership, new construction and nonappraisal for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still Need To Be Revalued</u>
CHANGE IN OWNERSHIP			
Residential	51,060	51,060	
Rural/Agricultural	1,665	1,665	
Commercial/Industrial	<u>2,775</u>	<u>2,775</u>	
Subtotal	<u>55,500</u> <sup>21</sup>	<u>55,500</u>	
NEW CONSTRUCTION			
Residential	16,835	16,835	
Rural/Agricultural	185	185	
Commercial/Industrial	<u>1,480</u>	<u>1,480</u>	
Subtotal	<u>18,500</u> <sup>22</sup>	<u>18,500</u>	
NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO THE 1975-76 BASE YEAR VALUE			
Residential	13,182	0	13,182
Rural/Agricultural	3,626	0	3,626
Commercial/Industrial	<u>2,708</u>	<u>0</u>	<u>2,708</u>
Subtotal	<u>19,516</u> <sup>23</sup>	<u>0</u>	<u>19,516</u>
Total	<u>93,516</u>	<u>74,000</u>	<u>19,516</u>

FOOTNOTES

- 1 Ventura County Assessor's Office: 1978 Use Code Summary.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 (See Footnote 1)
- 5 (See Footnote 1)
- 6 (See Footnote 1)
- 7 Ventura County Assessor's Office: Property Type by Review Method, 1972-1978.
- 8 Ventura County Assessor's Office: In-house work document re: Prior Years' Valuations, March 30, 1978.
- 9 (See Footnote 7)
- 10 Ventura County Assessor's Office: 1976 Statement of the County Assessor to the Board of Equalization.
- 11 (See Footnote 7)
- 12 Ventura County Assessor's Office: 1977 Statement of the County Assessor to the Board of Equalization.
- 13 (See Footnote 1)
- 14 (See Footnote 1)
- 15 Ventura County Assessor's Office: Site Code Runs and Analysis.
- 16 (See Footnote 15)
- 17 (See Footnote 15)
- 18 (See Footnote 15)
- 19 (See Footnote 7)

- 20 (See Footnote 7)
- 21 Estimate provided by Ventura County Assessor's Office, based on the percentage of 1979-80 roll change projects for changes in ownership (75%) applied to the total number of parcels in compiling the 1978-79 tax roll.
- 22 Estimate provided by the Ventura County Assessor's Office, based on the percentage of 1979-80 tax roll change projects which results in a transfer in the same tax year (25%) applied to the total number of parcels treated by the office in compiling the 1978-79 roll.
- 23 Estimate provided by Ventura County Assessor's Office, based on the number of parcels not revalued for the 1975-76 tax roll less the average number of non-revalued parcels which transferred from 1975 to 1978.



NEVADA COUNTY

Nevada County enrolled 48,586 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$223,980,270 in real assessed valuation<sup>2</sup> (.23 percent<sup>3</sup> of California's total locally secured property value).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Nevada County manually examined all property records and identified those that had realized changes in ownership or new construction from March 1, 1975 through February 28, 1978.

Locally secured property in Nevada County subject to revaluation under the language of Proposition 13 falls into one of

- Parcels with no changes in ownership or new construction from March 1, 1975 through February 28, 1978
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978.

Parcels with No Changes in Ownership  
or New Construction from March 1, 1975  
through February 28, 1978

For those parcels with no changes in ownership or new construction from March 1, 1975 through February 28, 1978, the base year was 1975-76 and their value on the 1978-79 tax roll was the 1975-76 tax roll value adjusted by the two percent annual inflation factor.

Parcels with Changes in Ownership  
from March 1, 1975 through February 28, 1978

The Nevada County Assessor's office manually identified all transfers. The base year value assigned to transfers was the appraisal value on the tax roll preceding the appropriate lien date. They then adjusted that value for the 1978-79 tax roll by applying the appropriate two percent annual inflation factor. Appraisers initially considered all transfers to be changes in ownership. After Nevada County surrendered its tax roll, the State Board of Equalization issued rules relating to parcel transfers. As a result, the tax roll contains errors which the Assessor is correcting by manually reviewing most transfers. To revalue the parcels the appraisers are using sales prices if they fall within certain parameters; otherwise appraisers are using comparable sales data to reach an appraisal value.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

During their manual review of the property records, the Assessor's staff identified parcels which had undergone new construction. Prior to passage of Proposition 13, appraisers typically reappraised new construction using a conventional reappraisal for both land and improvements. After the passage of Proposition 13, and pursuant to the ensuing State Board of Equalization's regulations, the Assessor's office separated the cost of the new construction from the appraised value of the land and improvements. Appraisers then gave the land and improvements the same appraised value they had on their 1975-76 tax bill and adjusted them for the 1978-79 tax roll by applying the appropriate two percent annual inflation factor. They valued new construction at cost, assigned it a base year and adjusted it for the 1978-79 tax roll by applying the appropriate two percent annual inflation factor. The totals of land and improvements and new construction became the 1978-79 tax roll value.

Nevada County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 7.27 percent increase in locally assessed valuation over the 1977-78 tax roll as compared to a 14.91 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years. The Assessor's office could not determine what value the two percent inflation factor added to the total assessed value of the 1978-79 locally secured tax roll.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	45,921 <sup>4</sup>	\$168,237,640 <sup>5</sup>	
1976-77	46,622 <sup>6</sup>	\$181,714,950 <sup>7</sup>	8.01
1977-78	47,452 <sup>8</sup>	\$208,799,840 <sup>9</sup>	14.91
1978-79	48,586 <sup>10</sup>	\$223,980,270 <sup>11</sup>	7.27

\* Changes in assessed valuation are partially due to annual increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value as listed on the 1975-76 tax roll. Therefore, a county's 1975 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll Nevada County appraised approximately 12,000 \* or 26 percent of the 45,921 parcels on the tax

\*Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

roll. In 1975, Nevada County used only conventional appraisal methods, which included on-site inspections. The county was generally on a four-to-five year appraisal cycle but this cycle varied depending upon the activity level. For example, parcels with new construction sales and areas with more rapidly increasing appreciation rates were generally appraised more often. Exceptions to the cycle rule include areas such as the Central Sierra where there was little, if any, activity.

Appraisals made for the 1975-76 tax roll were based on sales data accumulated during the twelve months preceding July 1974. This time lag caused parcels to be undervalued for the March 1, 1975 lien date. No adjustments were applied to the valuations to account for differences in age of data or to bring the values up to the March 1, 1975 lien date. The Assessor's representative estimated that this time lag resulted in parcels being at 85 to 95 percent of full market value by March 1, 1975. He also estimated that parcels not appraised for the 1975-76 tax roll were between 70 and 80 percent of full market value on the March 1, 1975 lien date.

FOOTNOTES

- 1 Nevada County Assessor's Office: 1978-79 Property Tax Roll Worksheet.
- 2 (See Footnote 1).
- 3 State Board of Equalization: Assessed Value of County-  
Assessed Property Subject to General Property Taxes,  
Inclusive of Homeowners' and Business Inventory Exemptions,  
by Class of Property and by County 1978-79.
- 4 Nevada County Assessor's Office: 1975-76 Property Tax Roll Worksheet.
- 5 (See Footnote 4).
- 6 Nevada County Assessor's Office: 1976-77 Property Tax Roll Worksheet.
- 7 (See Footnote 6).
- 8 Nevada County Assessor's Office: 1977-78 Property Tax Roll Worksheet.
- 9 (See Footnote 8).
- 10 (See Footnote 1).
- 11 (See Footnote 1).

PLACER COUNTY

Placer County enrolled 66,392 parcels<sup>1</sup> on the 1978-79 locally secured tax roll totaling \$533,508,648 in real assessed valuation<sup>2</sup> (.57 percent<sup>3</sup> of California's total locally secured property value). Parcels in Placer County are primarily residential--single family, multiple family and vacant residential parcels comprise approximately 68 percent\* of the total parcels and 70 percent of the total real assessed value. Commercial/industrial parcels account for another 4 percent of the total parcels and 12 percent of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Placer County is revaluing all properties except those which had been appraised for the 1975-76 tax roll. The properties appraised in 1975-76 were enrolled at the value shown on the 1975-76 tax roll plus adjustment for the two percent annual inflation factor. To identify and adjust individual properties to the proper base year and value, the Assessor's office reviewed all property record files and a print-out of each parcel's latest transfer date to identify parcels with new construction and changes in ownership occurring from March 1, 1975 through February 28, 1978.

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\*Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

Staff reviewed parcels with changes in ownership to determine whether the sales price had been confirmed by a signed sales letter received from the buyer. In most cases, the sales price was confirmed and that value was enrolled for the 1978-79 tax roll. If the sales price was not confirmed or if it was a nonmonetary transfer, staff reviewed comparable sales data to determine a percentage increase to be applied to each parcel's 1975-76 tax roll value. The resulting value was enrolled on the 1978-79 tax roll plus adjustment for the two percent annual inflation factor. Staff determined the amount to be added to base year values for parcels with new construction based on information in the property file records. The Assessor's staff is in the process of revaluing parcels which were not appraised for the 1975-76 tax roll and which realized no subsequent changes of ownership or new construction since March 1, 1975.

Locally secured properties in Placer County subject to revaluation under the language of Proposition 13 fall into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978
- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the  
1975-76 Tax Roll

Parcels without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll needed no adjustment for the 1978-79 tax roll. For those parcels the base year was 1975-76 and their value on the 1978-79 tax roll was unchanged from the value on the 1975-76 tax roll except for application of the two percent annual inflation factor provided for in Proposition 13.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Placer County revalued approximately 25,000 parcels for changes in ownership which occurred from March 1, 1975 through February 28, 1978. The Assessor's office identified each parcel's latest transfer based on a print-out of transfers for that period and a review of each parcel's property record file. Staff determined whether the sales price had been confirmed by reviewing a signed sales letter received from the buyer. If the sales price had been confirmed, the Assessor's staff enrolled it on the 1978-79 tax roll after adjusting it to include the two percent annual inflation factor. If the sales price was not confirmed or if it was a nonmonetary transfer, staff reviewed comparable sales data to determine a percentage increase to be applied to the parcel's 1975-76 tax roll value. They enrolled the resulting value on the 1978-79 tax roll after adjusting it to include the two percent annual inflation factor.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Placer County revalued approximately 2,500 parcels which had undergone new construction between March 1, 1975 through February 28, 1978. Staff reviewed records of parcels to identify what value new construction added to properties in the year in which the construction occurred. Appraisers applied the two percent annual inflation factor to the base year value of the parcel up to the year in which the new construction occurred. They added the new construction value to this adjusted value to arrive at a new base year value. As a final step, they applied the two percent annual inflation factor to this new base year value before enrolling it on the 1978-79 tax roll.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment  
to the 1975-76 Base Year Value

Parcels which had not been appraised for the 1975-76 tax roll and which realized no subsequent changes in ownership or new construction will be revalued to reflect 1975-76 full market values. Of the 36,000 parcels needing revaluation, Placer County expects to revalue 19,500 parcels during fiscal year 1979-80 and the remaining 16,500 parcels during fiscal year 1980-81.

Placer County applied the two percent annual inflation factor provided for in Proposition 13 to all property values according to the base year enrolled on the 1978-79 tax roll. The Assessor's office estimated that the two percent annual inflation factor added \$24,400,000 to the total assessed value of the 1978-79 tax roll.

Placer County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to changes in the county's total assessed valuation. The county's 1978-79 total assessed valuation increased 23.72 percent over the 1977-78 tax roll as compared to a 9.85 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	61,094	\$363,712,270 <sup>4</sup>	
1976-77	62,346	\$390,882,532 <sup>5</sup>	7.47
1977-78	64,003	\$429,400,874 <sup>6</sup>	9.85
1978-79	66,392	\$531,295,045 <sup>7</sup>	23.72

\*Changes in assessed valuation are partially attributed to annual increase in number of parcels and the fact that timber was excluded from county assessed rolls after tax year 1976-77.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll or,

thereafter, by its appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

In 1975-76 Placer County selected parcels for reappraisal based on the level of neighborhood sales ratios. Neighborhoods with low sales ratio levels were the first selected for reappraisal. For the 1975-76 tax roll, staff adjusted an estimated 22,800 parcels. The following table illustrates the number and type of reappraised parcels. The total assessed valuation of parcels reappraised in 1975-76 was not available.

TABLE 2  
PLACER COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	20,200	33.06
Vacant	2,150	3.52
Commercial/Industrial	<u>450</u>	<u>.74</u>
Total	<u>22,800</u>	<u>37.32</u>

In appraising parcels in 1975, appraisers used conventional reappraisals, based on physical on-site inspections, to adjust 4,000 parcels. The remaining 18,800 parcels were adjusted by a trending procedure.

The Assessor's office believes that parcels conventionally reappraised for the 1975-76 tax roll were at 100 percent of full market value at the March 1, 1975 lien date and that parcels trended for the 1975-76 tax roll were somewhat below 100 percent of full market value at the March 1, 1975 lien date. Those parcels that were not appraised for the 1975-76 tax roll were estimated to be at 75 percent of full market value.

PLACER COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential	27,436	\$167,736,047	45,388	\$373,897,938
Rural/Agricultural	1,957	10,939,308	1,839	24,231,668
Commercial/Industrial	2,065	21,878,615	2,702	63,926,806
Other				
Vacant Land	20,078	43,757,229	14,619	42,285,556
Unclassified	<u>9,558</u>	<u>120,332,382</u>	<u>1,844</u>	<u>29,166,680</u>
Total	<u>61,094</u>	<u>\$364,643,581*</u>	<u>66,392</u>	<u>\$533,508,648*</u>

\* Assessed valuation differs from figures on Table 1 because sources and recording dates are different.

PLACER COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued and which still need to be revalued due to change in ownership, new construction and nonappraisal for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still Need to be Revalued</u>
CHANGES IN OWNERSHIP*	25,000	25,000	-0-
NEW CONSTRUCTION*	2,500	2,500	-0-
PARCELS NOT APPRAISED FOR THE 1975-76 TAX ROLL, NEEDING ADJUSTMENT TO THE 1975-76 BASE YEAR VALUE*	<u>36,000</u>	<u>-0-</u>	<u>36,000</u>
TOTAL	<u>63,500</u>	<u>27,500</u>	<u>36,000</u>

\* Breakout of data by property type is unavailable.

FOOTNOTES

- 1 Figures provided by Placer County Assessor's Office, based on various Assessor's office records and reports.
- 2 (See Footnote 1)
- 3 State Board of Equalization: Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 4 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1975 of the Counties of California for the fiscal year 1975-76.
- 5 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1976 of the Counties of California for the fiscal year 1976-77.
- 6 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1977 of the Counties of California for the fiscal year 1977-78.
- 7 State Controller's Office: Annual Report of Assessed Valuation and Tax Rates as of September 1978 of the Counties of California for the fiscal year 1978-79.

SOLANO COUNTY

Solano County enrolled 71,547 parcels\* on the 1978-79 locally secured tax roll totaling \$754,020,176 in real assessed valuation (.76 percent<sup>1</sup> of California's total locally secured property value). Parcels in Solano County are primarily residential-- single family, multiple family and vacant residential parcels comprise about 83 percent of the total parcels and 60 percent of the total real assessed value. Commercial and industrial parcels account for another 23 percent of total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Solano County revalued only those properties which were either subject to new construction or which had changed ownership from March 1, 1975 through February 28, 1978. All other properties were enrolled at the value shown on the 1975 -76 tax roll regardless of the year in which they were reappraised. To identify and

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\*Unless otherwise indicated, all figures are estimates.  
Accuracy of these estimates may vary depending upon information provided to us by individual counties.

adjust individual parcels to the proper base year and value, the Assessor's office designed a computer program which replaced the 1978-79 pre-Proposition 13 values with 1975-76 values and increased them by applying the two percent annual inflation factor. The computer then yielded a print-out which listed all parcels and their corresponding assessee and values for each year from the 1975-76 tax roll through the 1978-79 tax roll. Using this list, appraisers identified and manually revalued those parcels that had realized changes in ownership from March 1, 1975 through February 28, 1978. They reviewed the building permits file to identify those parcels that needed revaluation due to new construction. Appraisers revalued these parcels and applied the two percent annual inflation factor accordingly.

Locally secured properties in Solano County subject to revaluation under the language of Proposition 13 fall into one of four categories (see also Appendix B):

- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978

- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value.

Parcels Appraised for the 1975-76 Tax Roll

Parcels that were appraised for the 1975-76 tax roll without subsequent changes in ownership or new construction needed no revaluation for the 1978-79 tax roll. For those properties the base year was 1975-76 and their value on the 1978-79 tax roll was unchanged from the value on the 1975-76 tax roll, except for increases due to application of the two percent annual inflation factor.

Parcels with Changes in Ownership from March 1, 1975 through February 28, 1978

In Solano County, 45,587 parcels had realized changes in ownership from March 1, 1975 through February 28, 1978. Appraisers identified parcels with changes in ownership by reviewing the previously described computer print-out which listed the assessee and values of all parcels for each year from the 1975-76 tax roll through the 1978-79 (pre-Proposition 13) tax roll. Parcels listed with a different assessee from year to year indicated a change in ownership, so these parcels' master property files were then manually reviewed for assessable changes.

The Assessor's staff revalued an estimated 18,000 parcels by using the sales price or conventional appraisal

methods, and enrolled them on the 1978-79 tax roll. The remaining 27,587 parcels still need to be revalued.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Appraisers identified parcels that had new construction by reviewing the file of building permits issued in Solano County from March 1, 1975 through February 28, 1978. An estimated 10,324 parcels on the 1978-79 locally secured tax roll required revaluation. As of March 7, 1979, appraisers had actually revalued 5,330 of these parcels using data based on actual cost of the construction or on conventional appraisals. Staff applied the two percent annual inflation factor first to the value of the parcel before new construction and second, to the value of the new construction. The sum of these two values was the value enrolled on the 1978-79 tax roll.

Parcels Not Appraised for the 1975-76 Tax Roll,  
Needing Adjustment to the 1975-76 Base Year Value

There are 24,322 parcels which realized no subsequent changes in ownership or new construction that were not appraised for the 1975-76 tax roll. The Assessor enrolled them on the 1978-79 tax roll at the value shown on the 1975-76 tax roll, increased by application of the two percent annual inflation factor. They plan to revalue all of these parcels. Appraisers will complete 1,200 of these revaluations during the 1979-80 tax year and will revalue the remaining 23,122 parcels during the 1980-81 tax year.

Solano County applied the two percent annual inflation factor provided for in Proposition 13 to all parcels enrolled on the 1978-79 tax roll. The County Assessor's office could not determine what value the two percent inflation factor added to the total assessed value of the 1978-79 tax roll.

Solano County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll resulted in changes in the county's total assessed valuation. The county's 1978-79 total assessed valuation increased 7.25 percent over the 1977-78 tax roll as compared to a 22.04 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u> <sup>2</sup>	<u>Percentage of Value Increase</u>
1975-76	60,000	\$490,604,970	
1976-77	62,452 <sup>3</sup>	556,377,138	13.41
1977-78	68,822 <sup>4</sup>	678,975,919	22.04
1978-79	71,547	728,234,152	7.25

\* Due to limitations in the availability of data, figures for parcel counts may vary because they are taken from reports from different sources. Changes in assessed valuation are partially due to annual increases in number of parcels.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll, or thereafter, when a purchase, new construction or a change in ownership occurs. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

In 1975, Solano County appraised parcels in the county on a three-year cycle. For the 1975-76 tax roll, 20,000 parcels or one-third of the roll were reappraised. The following table illustrates the number and type of parcels reappraised.

TABLE 2

SOLANO COUNTY 1975-76 APPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	15,000	25.0
Multiple Family	800	1.3
Vacant	1,200	2
Rural/Agricultural	1,000	1.7
Commercial/Industrial	<u>2,000</u>	<u>3.3</u>
Total	<u>20,000</u>	<u>33.3</u>

In valuing parcels for the 1975-76 tax roll, appraisers used conventional appraisal, the computer-assisted appraisal program and trending methods based on sales ratio data. By studying 12 months of sales data, appraisers attempted to reflect March 1, 1975 values by adjusting parcels when newer sales data was available. The Solano County Assessor's office estimates that all properties appraised for the 1975-76 tax roll were at 90 to 95 percent of full market value as of lien date, March 1, 1975. The Assessor estimated that parcels not appraised for the 1975-76 tax roll were at 80 percent of market value as of that date.

SOLANO COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS\*

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
Residential				
Single Family	43,200	\$143,905,447	49,308	\$392,060,551
Multiple Family	2,400	46,255,322	2,601	48,609,938
Vacant	3,300	51,394,802	7,437	15,157,733
Rural/Agricultural	3,000	56,534,283	3,823	53,066,208
Commercial/Industrial	6,000	195,300,250	3,553	172,117,837
Other			4,825	73,007,909
Recreational	300	5,139,480		
Institutional	<u>1,800</u>	<u>15,418,441</u>		
Total	<u>60,000</u>	<u>\$513,948,025</u>	<u>71,547</u>	<u>\$754,020,176</u>

\* Total assessed values for 1975-76 and 1978-79 differ from figures on Table 1 because sources and reporting dates are different.

SOLANO COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued and which still need to be revalued due to changes in ownership, new construction and nonappraisal in 1975-76, needing adjustment to the 1975-76 base year value.\*

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still need to be Revalued</u>
CHANGES IN OWNERSHIP**	45,587	18,000	27,587
NEW CONSTRUCTION**	10,324	5,330	4,994
NOT APPRAISED FOR THE 1975-76 TAX ROLL NEEDING ADJUSTMENT TO 1975-76 BASE YEAR VALUE**	<u>24,322</u>	<u>1,200</u>	<u>23,122</u>
Total	<u>80,233</u>	<u>24,530</u>	<u>55,703</u>

\* These estimated figures reflect some double counting.

\*\*Breakout of data by property type is unavailable.

FOOTNOTES

- 1 State Board of Equalization Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County 1978-79.
- 2 State Controller's Office: Annual Reports of Assessed Valuation and Tax Rates, 1975-76, 1976-77, 1977-78, 1978-79.
- 3 State Board of Equalization: Budget and Workload Summary of Counties for 1976-77, 1977-78.
- 4 (See Footnote 3).

TEHAMA COUNTY

Tehama County enrolled 32,633 parcels\* on the 1978-79 locally secured tax roll totaling \$131,482,907 in real assessed valuation (0.14 percent<sup>1</sup> of California's locally secured property value). In Tehama County, residential parcels comprise 55.5 percent of the total parcels and approximately 37 percent of the total real assessed value. Rural/agricultural parcels account for 30 percent of the parcels and 35 percent of the total real assessed valuation, while commercial/industrial parcels comprise 8 percent of the parcels and 25 percent of the real assessed valuation. Timber lands and mineral parcels represent 6.5 percent of the total parcels and 3.1 percent of the total real assessed value (see Appendix A).

APPROACH TO DEVELOPING THE  
POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Tehama County revalued only those parcels which realized changes in ownership and/or new construction between March 1, 1975 and February 28, 1978. As appropriate, other parcels were enrolled on the 1978-79 tax roll as the value shown on the 1975-76 tax roll adjusted by the two percent annual inflation factor. The Assessor enrolled parcels with

\*Unless otherwise indicated, all figures are estimates. Accuracy of these estimates may vary depending upon information provided to us by individual counties.

changes in ownership and new construction as of the year subsequent to the date of the event and valued these parcels based on sales price, conventional appraisal or cost methods.

Locally secured property in Tehama County subject to revaluation under Proposition 13 falls into the following categories:

- Parcels with no changes in ownership and/or new construction from March 1, 1975 through February 28, 1978
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978.

Parcels with No Changes in Ownership  
and/or New Construction from  
March 1, 1975 through February 28, 1978

The Tehama County Assessor enrolled parcels with no changes in ownership or new construction since March 1, 1975 on the 1978-79 tax roll at their 1975-76 tax roll value, adjusted by the two percent annual inflation factor. These include both parcels reappraised and parcels not reappraised for the 1975-76 tax roll. For these parcels the base year is 1975-76.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

For parcels realizing changes in ownership, Tehama County determined values by using the sales price if it was a confirmed sale, or by conducting a conventional appraisal if it was an unconfirmed sale or a transaction that did not reflect full market value.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

The Assessor revalued land, existing structures and additional construction separately and adjusted the values by the two percent annual inflation factor provided by Proposition 13. Approximately 1,300 parcels, 4 percent of the 1978-79 tax roll, were revalued for new construction. If the land or existing structure had not realized a change in ownership since March 1, 1975, it was valued at the 1975-76 tax roll value.

Tehama County adjusted all parcels with a base year one year or older with the two percent annual inflation factor. This process added an estimated \$6,257,515 in assessed valuation to the 1978-79 tax roll.

Tehama County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 10.4 percent increase in locally assessed valuation

over the 1977-78 tax roll as compared to a 1.1 percent increase in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase in assessed valuation for the last four years.

TABLE 1  
CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation</u>	<u>Percentage of Value Increase</u>
1975-76	29,660	\$102,246,993	
1976-77	31,272	117,765,214	15.2
1977-78	31,796	119,051,564	1.1
1978-79	32,633	131,482,907	10.4

\*Changes in assessed valuation are partially attributed to annual increase in number of parcels and the fact that timberlands were excluded from county assessed rolls after tax year 1976-77.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value as shown on the 1975-76 tax roll or, thereafter, by the appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect the make-up of its 1978-79 tax roll.

For the 1975-76 tax roll, Tehama County adjusted 22,383 parcels or 75.5 percent of the 29,660 parcels on the tax roll. The following table illustrates the number and the type of parcels appraised.

TABLE 2

TEHAMA COUNTY 1975-76 APPRAISALS

<u>Parcel Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	7,450	25.1
Multiple Family	40	.1
Vacant	6,660	22.5
Rural/Agricultural	<u>8,233</u>	<u>27.8</u>
Total	<u>22,383</u>	<u>75.5</u>

Tehama County used three methods for adjusting parcels for the 1975-76 tax roll: conventional reappraisal, trending and income evaluations. The Assessor reappraised 1,630 parcels by conventional appraisals, trended another 12,520 parcels, and revalued the remaining 8,233 parcels by an income evaluation method used for agricultural preserve parcels.

Parcels that were appraised by conventional reappraisal and trending for the 1975-76 tax roll were valued at 90 percent of full market value. Single residential parcels not reappraised

for the 1975-76 tax roll were between 30 and 90 percent of the full market value, while multiple family and vacant residential parcels were between 50 and 90 percent of the full market value. Commercial/industrial parcels not reappraised for 1975-76 were at 75 percent of full market value for the 1975-76 tax roll.

TEHAMA COUNTYREAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS

<u>Property Type</u>	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value</u>	<u>Total Parcels</u>	<u>Total Assessed Value</u>
<b>Residential</b>				
Single Family	8,000	\$ 22,330,743	8,810	\$ 32,870,726
Multiple Family	80	562,358	163	2,498,175
Vacant	8,281	5,275,945	9,137	13,148,290
Rural/Agricultural	9,137	36,410,154	9,790	46,019,017
Commercial/Industrial	2,247	21,689,975	2,610	32,870,726
Other	<u>1,915</u>	<u>15,977,818</u>	<u>2,123</u>	<u>4,075,973</u>
Total	<u>29,660</u>	<u>\$102,246,993</u>	<u>32,633</u>	<u>\$131,482,907</u>

FOOTNOTE

- 1 State Board of Equalization: Assessed Value of County Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemption, by Class of Property and by County, 1978-79.

## TRINITY COUNTY

Trinity County enrolled 10,570 parcels\* on the 1978-79 locally secured tax roll totaling \$39.7 million in real assessed valuation (.04 percent<sup>1</sup> of California's total locally secured property value). The Federal Government owns 72 percent of the parcels in Trinity County; lumber companies own another 8 to 10 percent (see Appendix A).

### APPROACH TO DEVELOPING THE POST-PROPOSITION 13 TAX ROLL

In constructing the 1978-79 locally secured tax roll, Trinity County revalued all properties including those which had been appraised for the 1975-76 tax roll. To determine the 1975-76 full market value of its properties, Trinity County developed and implemented a trending process which incorporated two factors. First, the Assessor's office took all sales data after March 1, 1975 and adjusted the values by one percent a month to the March 1, 1975 lien date. Appraisers compared these values by area and property type to those on the existing 1978-79 pre-Proposition 13 tax roll. This comparison produced the first set of factors which staff used to reduce the existing 1978-79 parcel values. Then, the Assessor's

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\* Unless otherwise indicated, all figures are estimates.  
Accuracy of these estimates may vary depending upon information provided to us by individual counties.

office developed the second factor to further reduce values of parcels with either a 1975-76, 1976-77 or 1977-78 base year. The Assessor applied the second factor reduction to compensate for inflated comparable sales data used from these years. Finally, the Assessor applied the two percent annual inflation factor to all parcels with a base year one year old or older.

Locally secured properties in Trinity County subject to revaluation under the language of Proposition 13 falls into one of four categories:

- Parcels not appraised for the 1975-76 tax roll, needing adjustment to the 1975-76 base year value
- Parcels appraised for the 1975-76 tax roll
- Parcels with changes in ownership from March 1, 1975 through February 28, 1978
- Parcels with new construction from March 1, 1975 through February 28, 1978.

Parcels Not Appraised for the 1975-76  
Tax Roll, Needing Adjustment to the  
1975-76 Base Year Value

Parcels not appraised for the 1975-76 tax roll which realized no subsequent changes in ownership or new construction were revalued for the 1978-79 tax roll. The Assessor's office took the existing 1978-79 values and reduced them by 12 percent for improved property and by 16 percent for unimproved land. The Assessor

reduced this value by an additional 22 percent to obtain the 1975-76 base year value. Staff adjusted these values by the two percent annual inflation factor to raise them to 1978-79 levels.

Parcels Appraised for  
the 1975-76 Tax Roll

Properties without subsequent changes in ownership or new construction that were appraised for the 1975-76 tax roll were revalued for the 1978-79 tax roll in the same manner as parcels not reappraised for the 1975-76 tax roll. However, the Assessor's staff is returning their new parcel values to their original 1975-76 appraised values, a change which will be completed by June 30, 1980.

Parcels with Changes in Ownership from  
March 1, 1975 through February 28, 1978

Due to the heterogeneous nature of property and to inadequate sales data, the Assessor did not use comparable sales for revaluing changes in ownership. Rather, he revalued approximately 3,500 of the estimated 6,500 parcels which changed ownership during this period by a trending process. First, staff reduced the 1978-79 pre-Proposition 13 tax roll values by 12 percent for improved property or by 16 percent for unimproved lands. Second, staff increased the reduced parcel values by one percent per month to reflect property appreciation up to the date of transfer. If a parcel's base year was 1976 or 1977, the Assessor's staff reduced the value again by 10 percent before applying the appropriate two percent annual inflation factor.

Parcels with New Construction from  
March 1, 1975 through February 28, 1978

Due to time constraints and insufficient staff, appraisers revalued only 648 of the 1,123 parcels which realized new construction. Parcels with new construction were revalued in the same manner as were parcels with changes in ownership.

Trinity County's interpretation of Proposition 13 and methodology for constructing its 1978-79 locally secured tax roll contributed to a 17 percent increase in locally assessed valuation over the 1977-78 tax roll as compared to an almost 41 percent decrease in 1977-78. The following table shows the total number of parcels, total assessed valuation and percentage of increase and decrease in assessed valuation for the last four years.

TABLE 1

CHANGE IN NUMBER OF PARCELS  
AND ASSESSED VALUATION SINCE THE 1975-76 BASE YEAR\*

<u>Tax Roll</u>	<u>Number of Parcels</u>	<u>Assessed Valuation<sup>2</sup></u>	<u>Percentage of Value Increase [Decrease]</u>
1975-76	9,903	\$48,776,165	
1976-77	10,143 <sup>3</sup>	\$62,093,630	27.3
1977-78	10,320 <sup>4</sup>	\$36,812,400	[40.7]
1978-79	10,570	\$43,064,530	17.0

\* Changes in assessed valuation are partially attributed to annual increases in number of parcels and the fact that timber was excluded from county assessed rolls after tax year 1976-66. Due to limitations in the availability of data, figure for parcel counts may vary because they are taken from reports from different sources.

APPROACH TO DEVELOPING  
THE 1975-76 TAX ROLL

Under Article XIII(A) of the State Constitution, formerly Proposition 13, the assessed value of each parcel is initially determined by its full cash value on the 1975-76 tax roll, or thereafter, by its appraised value when a purchase, new construction or a change in ownership has occurred. Therefore, a county's 1975-76 assessment practices could affect its 1978-79 tax roll.

For the 1975-76 tax roll, Trinity County generally observed a five-year appraisal cycle which was modified to give priority to areas with increased sales activity. For the 1975-76 tax roll, 2,870 parcels or 29 percent of the tax roll was appraised. The remaining parcels were left unchanged. The following table illustrates the number and type of property appraised.

TABLE 2  
TRINITY COUNTY 1975-76 REAPPRAISALS

<u>Property Type</u>	<u>Number of Parcels</u>	<u>Percentage of Total Parcels</u>
Residential		
Single Family	840	8.5
Multiple Family	35	0.4
Vacant	1,330	13.4
Rural/Agricultural	420	4.2
Commercial/Industrial	<u>245</u>	<u>2.5</u>
Total	<u>2,870</u>	<u>29.0</u>

In appraising parcels for the 1975-76 tax roll, the Assessor's office used conventional appraisal methods which included physical on-site inspections. Comparable sales data used for appraisals was 12 to 48 months old. The Assessor estimates that revalued parcel values were at approximately 80 percent of full market value. The parcels not appraised for the 1975-76 tax roll were from 50 to 66 percent of full market value.

TRINITY COUNTY

REAL PROPERTY ASSESSMENTS FOR THE  
1975-76 AND 1978-79 LOCALLY SECURED TAX ROLLS\*

	<u>-----1975-76-----</u>		<u>-----1978-79-----</u>	
	<u>Total Parcels</u>	<u>Total Assessed Value**</u>	<u>Total Parcels</u>	<u>Total Assessed Value**</u>
TOTAL	9,903	\$31,400,000 <sup>2</sup>	10,570	\$39,700,000 <sup>2</sup>

\* Breakout of data by property type is unavailable.

\*\*Figures for total assessed valuation in 1975-76 and 1978-79 differ from figures in Table 1 because sources and reporting dates are different.

TRINITY COUNTY

Below are the total parcels on the 1978-79 tax roll which needed revaluation, were actually revalued and which still need to be revalued due to changes in ownership, new construction and nonappraisal in 1975-76, needing adjustment to the 1975-76 base year value.

<u>Property Type</u>	<u>Needed Revaluation</u>	<u>Actually Revalued</u>	<u>Still Need To Be Revalued</u>
CHANGES IN OWNERSHIP*	6,500	3,500	3,000
NEW CONSTRUCTION*	1,123	648	475
PARCELS NOT APPRAISED FOR THE 1975-76 TAX ROLL NEEDING ADJUSTMENTS TO 1975-76 BASE YEAR VALUE*	<u>4,000</u>	<u>4,000</u>	<u>0</u>
Total**	<u>11,623</u>	<u>8,148</u>	<u>3,475</u>

\*Breakout of data by property type is unavailable.

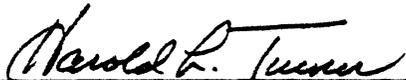
\*\*Total does not equal the 1978-79 tax roll total because all figures are estimates.

FOOTNOTES

- 1 State Board of Equalization Assessed Value of County-Assessed Property Subject to General Property Taxes, Inclusive of Homeowners' and Business Inventory Exemptions, by Class of Property and by County, 1978-79.
- 2 State Controller's Office: Annual Report of Assessed Valuation of the Counties of California for 1975-76, 1976-77, 1977-78 and 1978-79.
- 3 State Board of Equalization: Assessors' Budgets and Workloads, 1976-77.
- 4 State Board of Equalization: Assessors' Budgets and Workloads, 1977-78.

This supplemental report contains detailed information regarding the assessment practices of each county that we reviewed. For full perspective it should be used in conjunction with our report No. 861.1 entitled County Property Tax Assessment Practices: An Analysis of the 1978-79 Post-Proposition 13 Assessment Roll and Base Value Options.

Respectfully submitted,

*for*   
THOMAS W. HAYES  
Acting Auditor General

Date: April 16, 1979

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APPENDICES

ARTICLE XIII(A) OF THE CALIFORNIA CONSTITUTION

That Article XIII A is added to the Constitution to read:

Section 1.

(a) The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2.

(a) The full cash value means the county assessors valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975-76 tax levels may be reassessed to reflect that valuation.

(b) The fair market value base may reflect from year to year the inflationary rate not to exceed two percent (2%) for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction.

Section 3.

From and after the effective date of this article, any changes in state taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

Section 4.

Cities, counties, and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such city, county, or special district.

Section 5.

This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6.

If any section, part, clause, or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect.

This is an abridged version of the questionnaire administered to county assessors. The complete version included pages for auditor comments and documentation of information sources.

INTRODUCTION

This survey is divided into five sections. Each section deals with the following:

- I. The make-up of the 1975-76 locally secured roll.
- II. The approach to establishing the 1978 (post-Proposition 13) locally secured roll.
- III. The make-up of the 1978-79 locally secured roll.
- IV. The assessor's estimated 1979-80 workload.
- V. Changes in the assessor's management information system.

1975

- I. The following questions refer only to real property assessments on the 1975-76 locally secured rolls. The questions are designed to assist us in determining: (1) the actual number and value of parcels on the 1975-76 roll, (2) the number of revaluations conducted in 1975-76, (3) the impact on revenues if properties revalued in 1975-76 were frozen due to the Holmdahl court case.
- A. Indicate the total number of parcels and total assessed value by the following property types for the 1975-76 locally secured roll. (If actual figures are not available, please estimate either number or percentage.)

	Total Number of Parcels	Percentage of Total Parcels on the Roll	Total Assessed Value	Percentage of Total Assessed Value on the Roll
Single Family Residential				
Multiple Family Residential				
Vacant Residential				
Rural (agricultural)				
Commercial/Industrial				
Others (List)				
A. _____				
B. _____				
Total		100%		100%

(\* Estimates)      (✓ Documented figures)

1975

I. B. How many parcels on the 1975-76 locally secured roll were revalued for that year and which of the following methodologies were used?

	Total Number of Parcels	Total Value of Parcels	Of those parcels that were revalued, how many were revalued by the following methods?				Other
			Single Family	Residential Multiple Family	Vacant	Rural (Agricultural)	
Conventional Reappraisal (Each parcel individually appraised)							
Computer Assisted Appraisal Program (CAAP is a computerized multiple regression model. Its conventional reappraisal to verify results)							
Trending (One or two factor procedure / formula/ to update values applied across the board)							
Interim Adjustments (Application of an across-the-board factor not based on quantifiable data)							
Other Method Explain							
Totals							

Numbers of parcels are preferable; where not available, please "X" those methods used. (: Estimates) (✓ Documented figures)

1975

1. C. The following questions pertain to time lags that existed in preparing the 1975-76 locally secured roll. (Please break down answers by property type, if possible.)

1. a. Did you use a single fixed date which was used as a reference point in valuing each parcel?

Yes  No

b. If yes

(i)

	Date Used	Please express this time lag as a percent of full market value.
Single Family Residential		
Multiple Family Residential		
Vacant Residential		
Others (List)		
A. _____		
B. _____		

(ii) Were the appraisal figures adjusted to increase or decrease the value to the 3/1/75 lien date. If so, what was the adjustment and how was it determined?

1. C. 2. a. If a single fixed date was not used as a reference point in valuing each parcel, how old in months was the typical sales data or other data that was used to value each parcel?

	Number of Months	Please express this time lag as a percent of full market value.
Single Family Residential		
Multiple Family Residential		
Vacant Residential		
Others (List)		
A. _____		
B. _____		

b. Was an adjustment applied to the valuations to allow for differences in the age of data used and/or to bring the value up to the 3/1/75 lien date?

Yes  No

If yes, what were the adjustments and how were they determined? \_\_\_\_\_

1975

I. D. For those parcels revalued for the 1975-76 locally secured roll, please estimate the 1975 full market value level achieved (i.e., percentage of true full market value).

	Percent of Full Market Value	Comments
Single Family		
Multiple Family		
Vacant Residential		
Rural (Agricultural)		
Commercial/Industrial		
Others (List)		
A. _____		
B. _____		

I. E. For those parcels not revalued for the 1975-76 locally secured roll, please estimate the 1975 full market value level achieved (i.e., percentage of true full market value).

	Percent of Full Market Value	Comments
Single Family		
Multiple Family		
Vacant Residential		
Rural (Agricultural)		
Commercial/Industrial		
Others (List)		
A. _____		
B. _____		

(\* Estimates)      (✓ Documented figures)

1978

II. Describe your general approach to preparing the 1978-79 (post-Proposition 13) locally secured roll and why was that approach taken?

III. The following questions refer only to real property assessments on the 1978 (post-Proposition 13) locally secured roll. The questions are designed to identify (1) the relationship between the 1975 secured roll and the 1978 secured roll, (2) the procedures used to produce the 1978 roll, (3) the methodologies used to value properties on the 1978 secured roll, and (4) the application in your county of the Proposition 13 provision for a two percent yearly adjustment in property values.

A. Indicate the total number and assessed value of parcels by the following property types for the 1978-79 secured roll. (If actual figures are not available, please estimate either number or percentage.)

	Total Number of Parcels	Percentage of Total Parcels on the Roll	Total Assessed Value	Percentage of Total Assessed Value on the Roll
Single Family Residential				
Multiple Family Residential				
Vacant Residential				
Rural (agricultural)				
Commercial/Industrial				
Others (List)				
A. _____				
B. _____				
Total		100%		100%

(\* Estimates)      (✓ Documented figures)

III. C. Changes in Ownership (continued)

2. How many parcels were ACTUALLY updated for the 1978-79 locally secured roll for changes in ownership and by what amount? (If actual numbers are not available, please estimate either number or percentage.)

	Number of Parcels	Total <u>Increase</u> in Assessed Value
Single Family		
Multiple Family		
Vacant Residential		
Rural (Agricultural)		
Commercial/Industrial		
Others (List)		
A. _____		
B. _____		
Total		

III. C. Changes in Ownership (continued)

3. What techniques were used to update properties for change in ownership? Rank the techniques you used in the approximate order of frequency (1, 2, 3, etc.). Do not rank the techniques you do not use.

- Sales Price \_\_\_\_\_
- Conventional Reappraisal \_\_\_\_\_
- CAAP (Computer Assisted Appraisal Program) \_\_\_\_\_
- Trending \_\_\_\_\_
- Others (List)
- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_

III. C. Changes in Ownership (continued)

4. How many parcels still need to be revalued due to changes in ownership?

\_\_\_\_\_

5. For parcels not revalued, when will reassessment be completed?

	Number of Parcels	Percent of Ownership Changes to be Revalued
a. During the remainder of 1978-79		
b. During 1979-80?		
c. During 1980-81?		

(# Estimates) (✓ Documented figures)

1978

III. B. 1. How many parcels needed revaluation in 1978 due to the passage of Proposition 13 (i.e., between 3/1/75 and 2/28/78 how many parcels need revaluation due to change of ownership, new construction and the fact that parcels needed to be brought to the 1975 level).

2. What was the total amount in assessed valuation added to the 1978-79 locally secured roll as a result of these changes (i.e., the 1978 (post-Proposition 13) locally secured roll less the 1975 locally secured roll).

III. C. Changes in Ownership

1. How many parcels on the 1978 locally secured roll NEEDED revaluation due to changes in ownership between 3/1/75 and 2/28/78? (If actual numbers are not available, please estimate either number or percentage.)

	Total Number of Parcels	Percentage of Total Parcels on 1978 Roll	Total Increase in Assessed Value Due to Ownership Changes	Total Assessed Value of Parcels With Ownership Changes
Single Family				
Multiple Family				
Vacant Residential				
Rural (Agricultural)				
Commercial/Industrial				
Others (List)				
A. _____				
B. _____				
Total				

(\* Estimate)      (✓ Documented Figure)

1978

III. D. New Construction

1. How many parcels on the 1978 locally secured roll NEEDED revaluation due to new construction between 3/1/75 and 2/28/78? (If actual numbers are not available, please estimate either number or percentage.)

	Total Number of Parcels	Percentage of Total Parcels on 1978 Roll	Total Increase in Assessed Value Due to New Construction	Total Assessed Value of Parcels With New Construction
Single Family				
Multiple Family				
Vacant Residential				
Rural (Agricultural)				
Commercial/Industrial				
Others (List)				
A. _____				
B. _____				
Total				

(# Estimate)      (✓ Documented figures)

III. D. New Construction (continued)

2. How many parcels were ACTUALLY updated for the 1978-79 locally secured roll for new construction and by what amount? (If actual figures are not available, please estimate either number or percentage.)

	Number of Parcels	Total <u>Increase</u> in Assessed Value
Single Family		
Multiple Family		
Vacant Residential		
Rural (Agricultural)		
Commercial/Industrial		
Others (List)		
A. _____		
B. _____		
Total		

III. D. New Construction (continued)

3. What techniques were used to update parcels for new construction? Rank the techniques you used in the approximate order of frequency (1, 2, 3, etc.). Do not rank the techniques you do not use.

	Original Construction	Additions to Existing Property
Actual Cost		
Conventional Appraisal		
CAAP (Computer Assisted Appraisal Program)		
Trending		
Others (List)		
1. _____		
2. _____		
3. _____		

III. D. New Construction (continued)

4. How many parcels still need to be revalued due to new construction?

5. For parcels not revalued, when will reassessment be completed?

	Number of Parcels	Percent of New Construction to be Revalued
a. During the remainder of 1978-79		
b. During 1979-80?		
c. During 1980-81?		

(\* Estimates) (✓ Documented Figures)

1978

III. E. The following questions pertain only to those parcels that were not revalued on the 1975-76 locally secured roll and had no subsequent changes in ownership or new construction.

1. How many parcels on the 1978-79 locally secured roll fell into this group and thus NEEDED revaluation?

	Total Number of Parcels	Percentage of Total Parcels On 1978 Roll	Total Increase in Assessed Value of These Parcels	Total Assessed Value of These Parcels
Single Family				
Multiple Family				
Vacant Residential				
Rural (Agricultural)				
Commercial/Industrial				
Others (List)				
A. _____				
B. _____				
Total				

(\* Estimate)      (✓ Documented figures)

1978

- III. E. 2. How many parcels were ACTUALLY revalued to 1975 levels, that had not been revalued in 1975, nor had any changes in ownership or new construction?

	Number of Parcels	Total <u>Increase</u> in Assessed Value
Single Family		
Multiple Family		
Vacant Residential		
Rural (Agricultural)		
Commercial/Industrial		
Others (List)		
A. _____		
B. _____		
Total		

- III. E. 3. What techniques did you use to bring parcels to 1975 levels that had not been revalued in 1975, nor had any new construction or change in ownership? Rank the techniques you used in the approximate order of frequency (1, 2, 3, etc.). Do not rank the techniques you do not use.

Conventional Appraisal \_\_\_\_\_

CAAP (Computer Assisted Appraisal Program) \_\_\_\_\_

Trending \_\_\_\_\_

Others (List)

1. \_\_\_\_\_

2. \_\_\_\_\_

- III. E. 4. How many parcels still need to be revalued to 1975 levels?

5. For parcels not revalued, when will reassessment be completed?

	Number of Parcels	Percent of Parcels Not Revalued in 1975, (& No Other Changes) to be Revalued
a. During the remainder of 1978-79		
b. During 1979-80?		
c. During 1980-81?		

(\* Estimates) (✓ Documented Figures)

1978

III. F. The following questions pertain only to those parcels that had been revalued for the 1975-76 locally secured roll and had no subsequent changes in ownership or new construction.

1. How many parcels were revalued for the 1978-79 locally secured roll?

	Total Number of Parcels	Percentage of Total Parcels on 1978 Roll	Total Increase in Assessed Value Due to Revaluations	Total Assessed Value of These Parcels
Single Family				
Multiple Family				
Vacant Residential				
Rural (Agricultural)				
Commercial/Industrial				
Others (List)				
A. _____				
B. _____				
Total				

( Estimate)      ( Documented Figures)

1978

III. F. 2. Indicate by property type, the methodologies used to conduct revaluations for the 1978-79 locally secured roll of parcels that had been revalued for the 1975-76 locally secured roll and that had no subsequent changes (Please "X").

	Single Family	Multiple Family	Vacant Residential	Rural (Agricultural)	Commercial/Industrial	Other	
						A.	B.
Conventional Reappraisal							
CAAP (Computer Assisted Appraisal Program)							
Trending							
Others (List)							
1. _____							
2. _____							
3. _____							

3. For parcels revalued in 1975-76, how many more will be revalued (i.e., how many had not been revalued as of 2/23/78 and will be revalued by 6/30/80?)

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4. For parcels that will be revalued, when will revaluation be completed?

- a. During the remainder of 1978-79?
- b. During 1979-80?
- c. During 1980-81?

Number of Parcels

(\* Estimates)      (✓ Documented figures)

1978

III. G. 1. Were all properties with a base year one year old or older updated for inflation (i.e., 2 percent adjustment provided for in Proposition 13).

Yes       No

If no, why not? \_\_\_\_\_

2. Total assessed value added to the 1978-79 locally secured roll by the 2 percent inflation adjustment. \$ \_\_\_\_\_

1979-80

IV. The following questions are designed to determine the estimated assessor workload for 1979. (If actual figures are not available, please estimate either number or percentage.)

- A. How many parcels will need updating due to changes from 3/1/78 to 2/28/79
- B. Upon how many months data is your estimate based?
- C. What percent of the value of the secured roll will these changes represent?

Ownership Changes	New Construction

(\* Estimates)      (✓ Documented figures)

- V. Please describe any changes you are making or are planning to make in:
- A. The content of property records maintained
  - B. The sources of property information (e.g., a copy of all building permits will go to the assessor's office)
  - C. The methods of maintaining property records
  - D. The types of summary reports produced by your office
- (Please include in your description your anticipated time for completion of each change.)

Office of the Auditor General

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
Secretary of State  
State Controller  
State Treasurer  
Legislative Analyst  
Director of Finance  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Democratic/Republican Caucus  
California State Department Heads  
Capitol Press Corps