




BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: County Executive  
Office  
Department No.: 012  
For Agenda Of: January 30, 2018  
Placement: Administrative  
Estimated Time:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors  
**FROM:** Department Director(s) Contact Info: Mona Miyasato, County Executive Officer   
Jeff Frapwell, Assistant County Executive Officer  
**SUBJECT:** Property Tax Assessment Appeals Case Management Update

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors:

- a) Receive and file a status report on Property Tax Assessment Appeals and the disposition of existing “complex” cases; and
- b) Determine pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(5) that the above action is not a project subject to CEQA review, because the action consists of organizational and administrative activities of governments that will not result in direct or indirect physical changes in the environment.

**Summary Text:**

On October 17, 2017, the Board of Supervisors approved appropriations of \$852,000 to address a surge in property tax assessment appeals cases, particularly “complex cases” where the taxable value on the current assessment roll is \$30 million or more, and directed staff to provide a status report on the disposition of such cases and the expenditure of appropriated funds. This Board Letter provides:

- An update on the assessment appeals cases resolved as of January 23, 2018;
- Information on the assessment appeals process, including the role of the Assessment Appeals Board; and
- A report on the expenditure of funds appropriated to address this surge in assessment appeals.

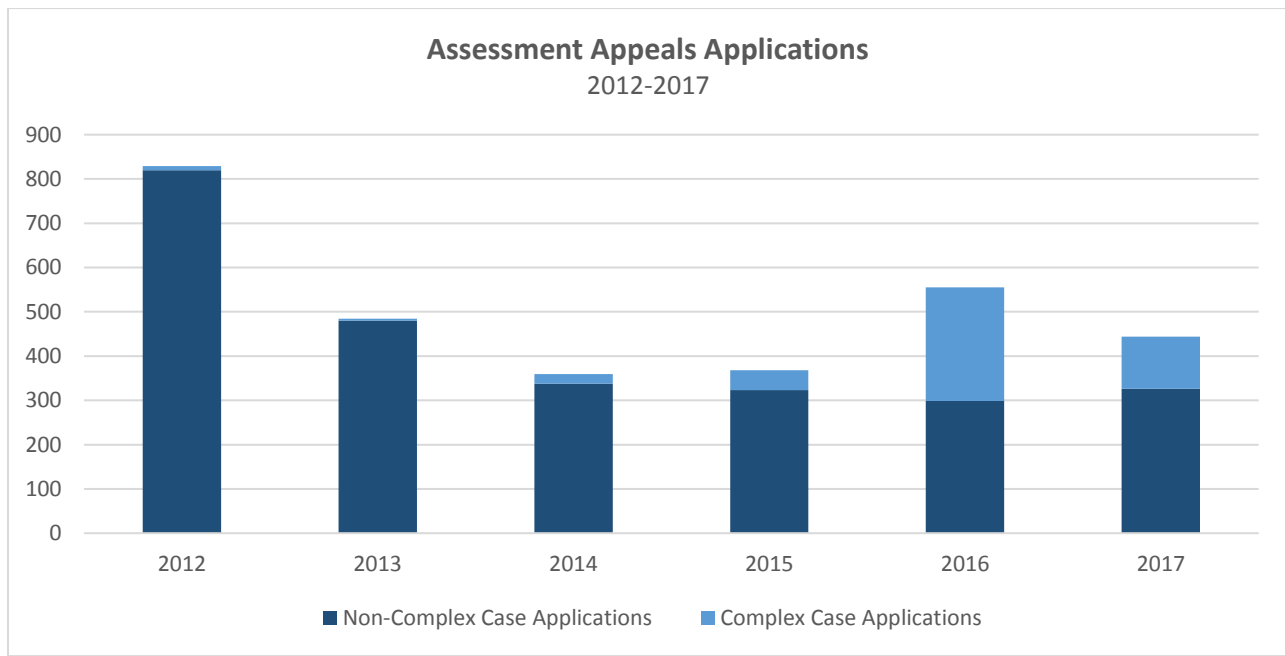
**Background:**

***Assessment Appeals Applications***

To appeal a property’s assessed value, a taxpayer must file an Assessment Appeals Application (application) with the Clerk of the Board during the filing period, which, for regular assessments, begins on July 2 and ends on November 30 of each year. One application must be filed per parcel; multiple parcels that function together and are owned by the same taxpayer may be combined into one case. If the property that is the subject of the appeal has a taxable value of \$30 million or more on the current assessment roll, the appeal is classified as a “complex case.” Such cases are subject to local procedural rules adopted by the Board of Supervisors that require the designation of a three-member panel of the Assessment Appeals Board to each case and establish requirements for status conferences, pre-hearing conferences, and hearings.

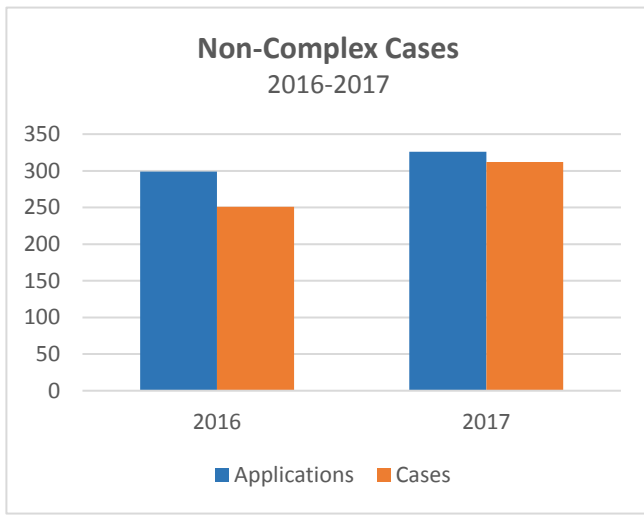
Complex cases have constituted a higher proportion of recently filed appeals. From 2012 to 2015, the Clerk of the Board received, on average, 510 applications per year and, of those, 20 applications were for 4 complex cases. The Clerk of the Board received 555 applications—256 of which were for 19 complex cases—during the 2016 filing period. During the 2017 filing period, the Clerk of the Board received 444 applications, 118 of which were for 15 complex cases. Exhibit 1 summarizes the number of applications received from 2012 to 2017.

**Exhibit 1**

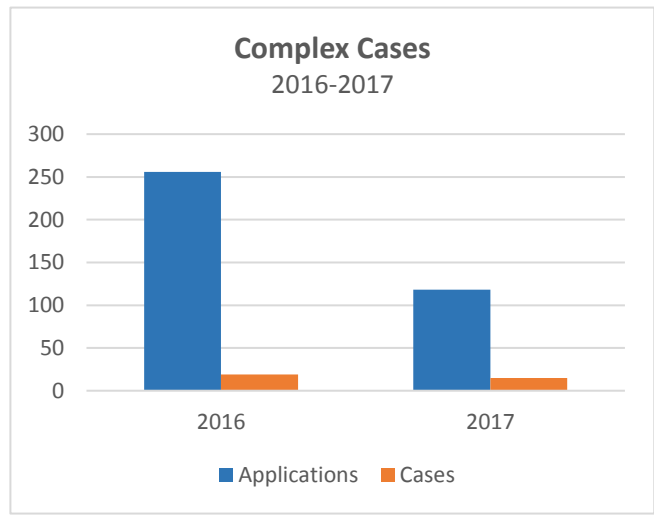


As one application must be filed per parcel and multiple parcels that function together and are owned by the same taxpayer may be combined into one case, a single case may encompass many applications. For example, a complex case for an oil and gas field involves 146 applications filed in 2016 alone. Exhibits 2 and 3 summarize the number of applications received in 2016 and 2017 and the corresponding number of cases.

**Exhibit 2**



**Exhibit 3**



***Complex Cases***

From 2012 to 2015, the appeals filed that qualified as complex cases ranged from one to 6 per year. Of the appeals filed in 2016, 19 qualified as complex cases; such cases involved oil and gas fields (6), hotels (5), space launch sites (2), vacant agricultural land (1), residential properties (1), and other commercial properties (4). Of those filed in 2017, 15 qualified as complex cases; all were for properties with existing open cases and included oil and gas fields (3), hotels (5), space launch sites (2), residential properties (1), and other commercial properties (4). The at-risk value of these cases, which is the difference between the enrolled value and the applicant’s opinion of value, including all existing open cases, total \$7.4 billion.

As of January 23, 2018, 6 complex cases were scheduled for hearings before the Assessment Appeals Board, 3 were verbally withdrawn by their applicants, and one was pending a written stipulation. The Assessor is actively working with applicants to resolve 6 other cases and has not engaged in formal discussions with applicants in 2 other cases although status conferences are planned for February 2018. The Assessment Appeals Board recently received a written stipulation submitted by the Assessor and United Launch Alliance for 2007 through 2013. All other referenced cases include applications filed during the 2012 through 2016 filing periods.

***Assessment Appeals Process***

The Assessment Appeals Board performs the duties of a local board of equalization as mandated by the State Constitution. Each member of the Board of Supervisors appoints two members to the Assessment Appeals Board for a total of 10 members. Assessment Appeals Board members must be residents of Santa Barbara County and have a minimum of 5 years professional experience in the State as a certified public accountant (CPA) or public accountant, a licensed real estate broker, an attorney, a property appraiser accredited by a nationally recognized professional organization, or a property appraiser certified by the Office of Real Estate Appraisers. Appeals are generally heard by a panel of 3 Assessment Appeals Board members; under certain circumstances, an appeal may be heard by fewer than 3 members.

State law requires the Assessment Appeals Board to make a final determination on an application within two years of its filing unless waived by the applicant. Appraisers in the Assessor's Office typically resolve differences between the Assessor's roll value of the property and an applicant's opinion of value without a hearing of the Assessment Appeals Board either through (1) the withdrawal of the appeal by the applicant or (2) an agreement between the Assessor and the applicant on a new value as specified in a written stipulation. If the two-year limitation expires, the applicant's opinion of value may temporarily become the taxable value of the property by default until the Assessment Appeals Board makes a final determination. Frequently, applicants will waive the two-year limitation at the request of the Clerk of the Board. For all appeals, the Assessor's overall retention rate for properties' roll values has ranged from 87 to 95 percent.

On November 9, 2017, the Clerk of the Board and County Counsel met with the Assessment Appeals Board to:

- Discuss immediate steps that the Assessment Appeals Board may take to assist in concluding open complex cases;
- Discuss the procedural rules for complex cases and their impact on the assessment appeals process; and
- Consider the establishment of an ad hoc committee to review and suggest amendments to the procedural rules for complex cases.

An ad hoc committee comprised of Clare MacDonald, Esq.; Judith Koper, Esq.; and Marilyn Anticouni, CPA, will review changes to the procedural rules suggested by Assessment Appeals Board members and, in concert with the Clerk of the Board, Assessor, and County Counsel, draft revised rules for consideration by the Assessment Appeals Board at its annual Assessment Appeals Organizational Meeting to be held in June 2018. Any revisions to the procedural rules will be brought before the Board of Supervisors for final adoption.

The Assessor and County Counsel have directed staff resources to facilitate resolution of open cases, especially complex cases, within statutory timeframes. The Assessor has assigned one appraiser to oil and gas appeals, which require specialized knowledge due to their complexity; an outside consultant is also used when needed. County Counsel has assigned two additional attorneys to property tax assessment appeals and hired two attorneys to backfill their work.

**Fiscal and Facilities Impacts:**

The Board of Supervisors approved appropriations of \$852,000 to support the Clerk of the Board, Assessor, and County Counsel with the resolution of assessment appeals cases over an 18-month period. Funds are being held in General County Programs for the three offices to draw upon if needed. Although the offices are incurring costs to resolve assessment appeals cases, no office has drawn upon these funds as they are using existing sources first to cover such costs. The County Executive Office will monitor the offices' budgets to determine if draws will be needed before the current fiscal year ends.

**Authored by:**

A.J. Quinoveva, Fiscal & Policy Analyst