

State of California Property Tax Assessments Statutes

Basis for Property Tax Assessments – Market Value

All taxable property is assessed at its full cash value (Sec. 401, Rev. & Tax. Code). Full cash value (or fair market value) is the amount of cash or its equivalent that property would bring at a sale in the open market when both the buyer and seller know of all uses and purposes to which the property can be put, and of all enforceable restrictions on such uses and purposes, neither party being able to take advantage of the other (Sec. 110, Rev. & Tax. Code, Reg. 2, 18 CCR).

The State Board of Equalization (BOE) must annually assess every electric generation facility (except those specifically excluded) with a generation capacity of 50 megawatts or more that is owned or operated by an electrical corporation (as defined by Sec. 218 of the Public Utilities Code) (Sec. 721.5, Rev. & Tax. Code). An electric generation facility does not include a qualifying small power production facility or a qualifying cogeneration facility. Power purchase agreements, if they are the only means available to discern income, may be used to discern the value of an asset for assessment purposes.

Real Property Defined

Real property includes the land; any right to possession of land; ownership or claim to ownership of land; all standing timber, whether planted or of natural growth and whether or not owned by the owner of the land; all mines, minerals, and quarries on the land; and any rights or privileges that are appurtenant to standing timber, mines, minerals, and quarries (Sec. 104, Rev. & Tax. Code, Reg. 121, 18 CCR). Real property also includes any improvements on the land, including fixtures (Sec. 105, Rev. & Tax. Code).

Personal Property Defined

Personal property is all property other than real property (Sec. 106, Rev. & Tax. Code).

Intangible Property Taxes

The California Constitution specifically authorizes the taxation of intangible property (Sec. 2, Art. XIII, Cal. Const.). However, intangible property is statutorily exempt from property taxation, and the value may not enhance or be reflected in the value of taxable property, except that taxable property may be assessed and valued by assuming the presence of intangible assets or rights necessary to put the taxable property to beneficial or productive use (Sec. 3(n), Art. XIII, Cal. Const., Sec. 212, Rev. & Tax. Code). Intangible property includes notes, debentures, shares of stock, solvent credits, bonds, deeds of trust, mortgages, and any interests in such property (Sec. 208, Rev. & Tax. Code).

