# Assessor's Case
# Safeway Inc
# Appeal #18-024 – Fort Bragg

The Applicant is requesting a reduction in value of equipment.

The Assessor has calculated changes in assets per year for the store equipment at all the three stores located in Mendocino County. The data came from three audit periods over a 10-year span from 2007 – 2017 (January 1st assessment years) and 571-L form filed by the applicant for 2018 & 2019 assessment years. The store equipment assets were not completely replaced in a twelve-year period. As of assessment year of 2019 the applicant shows at the Fort Bragg location that there is 66.87% of the equipment that is 12 or more years of age and for assessment year of 2018 shows 69.31% of the equipment 12 or more years of age. Nevertheless, the applicant is asking for a reduction in value. The data also shows that the last major store renovations were done in 2006.

The Applicant has stated that they did an analysis. The data they used came from auctions of stores that were closing. The Applicant has submitted industry articles stating that stores should remodel every 5-10 years due to competition. We have not seen major remodels at the stores in Mendocino County since 2006. The article also states that in areas of little competition, a renovation will remain fresh for a much longer period. Is this why we do not see quicker turnover of assets in Mendocino County? The Applicant has given us information on the sale of used equipment at auctions. The assets sold for less than 10% of the roll values (2007-2014 data). The reasons for the sale of assets was due to the stores closing. Assets will still have a useful life when turned over because of competition. Does Safeway/Vons purchase equipment from these auctions when they remodel stores? Any equipment bought from these auctions would be valued at the purchase from the auctions and not new prices. If new items are purchased there should be no reason to have to reduce the value to an auction item cost when the company is purchasing new products. According to the Assessment – Valuation Methodology Letter from the State Board of Equalization "The court has distinguished an "open market transaction" from "a sale resulting from the submission of bids where the seller sells to the highest bidder or the buyer buys from the lowest bidder." Auctions are usually for quick sale of assets and not sales in an open market. These sales do not support the claims on additional physical, functional and economic obsolescence.

We do not see justification for a reduction in value. The county uses a cost approach using the California Assessors Association and the California State Board of Equalization life tables which ensures uniformity of assessment to all grocery stores in our county and throughout the state

| **Ft Bragg** | | 2019 | 2018 | |
|---|---|---|---|---|
| Building SF | 48589 | | | |
| M&S cost per SF | $ 59 | | | |
| Cost based on M&S | 2,866,751 | 2,795,150 | 2,923,569 | Cost based on cost of purchase |
| Appraised Value based on BOE/CAA Tables | | 820,167 | 917,400 | |
| 12 Year Costs | | 1,869,161 | 2,026,396 | |
| 12 Year Asset % | | 66.87% | 69.31% | |

Grocery Equipment Assets per 571L or Audit

| | | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Age | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | 2018 | 4,444 | | | | | | | | | | | | |
| | 2017 | 122,945 | 122,945 | | | | | | | | | | | |
| | 2016 | 88,418 | 88,451 | 88,452 | | | | | | | | | | |
| | 2015 | 33,317 | 33,317 | 31,250 | 31,250 | | | | | | | | | |
| | 2014 | 116,165 | 116,165 | 116,167 | 116,167 | 116,167 | | | | | | | | |
| | 2013 | 26,287 | 26,287 | 28,120 | 28,120 | 28,120 | 32,502 | | | | | | | |
| | 2012 | 21,797 | 31,036 | 31,037 | 31,037 | 31,037 | 32,370 | 30,953 | | | | | | |
| | 2011 | 21,241 | 21,241 | 21,241 | 21,241 | 21,241 | 42,209 | 43,261 | 43,261 | | | | | |
| | 2010 | 7,428 | 7,428 | 145,130 | 145,130 | 145,130 | 152,636 | 157,148 | 157,148 | 157,148 | | | | |
| | 2009 | 31,208 | 31,208 | 31,209 | 31,209 | 31,209 | 31,924 | 31,922 | 31,922 | 47,574 | 47,574 | | | |
| | 2008 | 165,040 | 179,280 | 178,445 | 178,445 | 178,445 | 179,558 | 183,067 | 183,067 | 183,067 | 183,067 | 181,954 | | |
| | 2007 | 5,318 | 5,318 | 5,318 | 5,318 | 5,318 | 6,950 | 17,438 | 18,763 | 18,763 | 20,289 | 26,368 | 26,368 | |
| Remodel Year | 2006 | 1,157,987 | 1,206,940 | 1,205,697 | 1,248,379 | 1,292,676 | 1,300,296 | 1,376,886 | 1,451,485 | 1,451,486 | 1,457,538 | 1,449,753 | 1,455,049 | 1,460,872 |
| | 2005 | 10,135 | 12,719 | 12,719 | 12,719 | 12,719 | 23,377 | 26,536 | 29,133 | 30,019 | 40,520 | 40,520 | 41,542 | 43,764 |
| | 2004 | 46,022 | 46,022 | 46,023 | 46,023 | 46,023 | 51,579 | 51,579 | 51,579 | 51,579 | 51,579 | 51,579 | 57,272 | 60,007 |
| | 2003 | 6,880 | 6,880 | 6,881 | 6,881 | 6,881 | 6,881 | 6,880 | 6,880 | 6,880 | 6,880 | 6,880 | 6,880 | 6,880 |
| | 2002 | 6,300 | 6,300 | 12,412 | 12,412 | 12,412 | 12,412 | 12,412 | 15,118 | 15,118 | 15,118 | 15,118 | 15,977 | 16,268 |
| | 2001 | 18,203 | 18,203 | 18,203 | 18,203 | 18,203 | 18,203 | 18,203 | 18,203 | 18,203 | 18,203 | 18,203 | 18,203 | 18,203 |
| | 2000 | 86,074 | 89,556 | 89,556 | 89,556 | 94,341 | 94,341 | 98,619 | 98,619 | 106,819 | 116,201 | 159,794 | 233,121 | 238,816 |
| | 1999 | 337,918 | 337,918 | 355,516 | 382,019 | 384,417 | 384,417 | 366,819 | 366,819 | 373,031 | 385,060 | 393,343 | 493,681 | 529,689 |
| | 1998 | 7,210 | 7,210 | 7,210 | 7,210 | 7,210 | 7,210 | 7,210 | 7,210 | 7,210 | 7,210 | 7,210 | 8,562 | 8,562 |
| | 1997 | 650 | 650 | 650 | 2,672 | 2,672 | 2,672 | 2,022 | 2,022 | 2,022 | 2,022 | 5,406 | 20,240 | 20,240 |
| | Prior | 123,661 | 123,661 | 123,661 | 123,661 | 123,661 | 96,921 | 123,661 | 123,661 | 125,613 | 156,179 | 156,179 | 204,955 | 204,955 |
| | | 2,444,048 | 2,518,735 | 2,554,897 | 2,537,652 | 2,557,882 | 2,476,458 | 2,554,616 | 2,604,840 | 2,594,482 | 2,507,440 | 2,512,307 | 2,581,850 | 2,608,256 |
| | | **Per 571L** | **Per 571L** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** |

Forklifts Assets per 571L or Audit

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2018 | | | | | | | | | | | | | |
| 2017 | | | | | | | | | | | | | |
| 2016 | | | | | | | | | | | | | |
| 2015 | | | | | | | | | | | | | |
| 2014 | | | | | | | | | | | | | |
| 2013 | | | | | | | | | | | | | |
| 2012 | | | | | | | | | | | | | |
| 2011 | | | | | | | | | | | | | |
| 2010 | | | | | | | | | | | | | |
| 2009 | | | | | | | | | | | | | |
| 2008 | | | 2,662 | 2,662 | 2,662 | 2,662 | 2,661 | 2,661 | 2,661 | 2,661 | 2,661 | | |
| 2007 | | | | | | | | | | | | | |
| 2006 | | | | | | | | | | | | | |
| 2005 | | | | | | | | | | | | | |
| 2004 | | | | | | | | | | | | | |
| 2003 | | | | | | | | | | | | | |
| 2002 | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | |
| 2000 | | | | | | | | | | | | | |
| 1999 | | | 13,244 | 13,244 | 13,244 | 13,244 | 13,244 | 13,244 | 13,244 | 13,244 | 13,244 | 13,244 | 13,244 |
| 1998 | | | 11,312 | 11,312 | 11,312 | 11,312 | 11,312 | 11,312 | 11,312 | 11,312 | 11,312 | 11,312 | 11,312 |
| 1997 | | | | | | | | | | | | | |
| Prior | | | | | | | | | | | | | |
| | - | - | 27,218 | 27,218 | 27,218 | 27,218 | 27,217 | 27,217 | 27,217 | 27,217 | 27,217 | 24,556 | 24,556 |
| | **Per 571L** | **Per 571L** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** |

Vending Equipment per 571L or Audit

| Age | 2019<br>0 | 2018<br>1 | 2017<br>2 | 2016<br>3 | 2015<br>4 | 2014<br>5 | 2013<br>6 | 2012<br>7 | 2011<br>8 | 2010<br>9 | 2009<br>10 | 2008<br>11 | 2007<br>12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2018 | | | | | | | | | | | | | |
| 2017 | | | | | | | | | | | | | |
| 2016 | | | | | | | | | | | | | |
| 2015 | | | | | | | | | | | | | |
| 2014 | | | | | | | | | | | | | |
| 2013 | | | | | | | | | | | | | |
| 2012 | | | | | | | | | | | | | |
| 2011 | | | | | | | | | | | | | |
| 2010 | | | | | | | | | | | | | |
| 2009 | | | | | | | | | | | | | |
| 2008 | | | | | | | | | | | | | |
| 2007 | | | | | | | | | | | | | |
| 2006 | | | | | | | | | | | | | |
| 2005 | | | | | | | | | | | | | |
| 2004 | | | | | | | | | | | | | |
| 2003 | | | | | | | | | | | | 1,488 | 1,488 |
| 2002 | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | |
| 2000 | | | | | | | | | | | | | |
| 1999 | | | | | | | | | | | | | |
| 1998 | | | | | | | | | | | | | |
| 1997 | | | | | | | | | | | | | |
| Prior | | | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | 1,488 | 1,488 |
| | **Per 571L** | **Per 571L** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** |

Labs Assets per 571L or Audit

| Age | 2019<br>0 | 2018<br>1 | 2017<br>2 | 2016<br>3 | 2015<br>4 | 2014<br>5 | 2013<br>6 | 2012<br>7 | 2011<br>8 | 2010<br>9 | 2009<br>10 | 2008<br>11 | 2007<br>12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2018 | 7,144 | | | | | | | | | | | | |
| 2017 | | | | | | | | | | | | | |
| 2016 | | | | | | | | | | | | | |
| 2015 | | | | | | | | | | | | | |
| 2014 | | | | | | | | | | | | | |
| 2013 | 6,900 | 6,900 | 6,900 | 6,900 | 6,900 | 6,900 | | | | | | | |
| 2012 | 5,070 | 1,400 | 2,756 | 2,756 | 2,756 | 3,409 | | | | | | | |
| 2011 | | | | | | | | | | | | | |
| 2010 | 3,763 | 3,763 | 3,763 | 3,763 | 3,763 | 3,763 | | | | | | | |
| 2009 | | | | | | | | | | | | | |
| 2008 | | | | | | | | | | | | | |
| 2007 | 5,979 | 5,979 | 5,980 | 5,980 | 5,980 | 5,980 | | | | | | | |
| 2006 | | | 68,815 | 68,815 | 68,815 | 68,815 | | | | | | | |
| 2005 | | | | | | | | | | | | | |
| 2004 | | | | | | | | | | | | | |
| 2003 | | | | | | | | | | | | | |
| 2002 | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | |
| 2000 | | | | | | | | | | | | | |
| 1999 | | | | | | | | | | | | | |
| 1998 | | | | | | | | | | | | | |
| 1997 | | | | | | | | | | | | | |
| Prior | | 584 | | | | | | | | | | | |
| | 28,856 | 18,626 | 88,214 | 88,214 | 88,214 | 88,867 | - | - | - | - | - | - | - |
| | **Per 571L** | **Per 571L** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** |

Office Equipment Assets per 571L or Audit

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2018 | | | | | | | | | | | | | |
| 2017 | | | | | | | | | | | | | |
| 2016 | | | | | | | | | | | | | |
| 2015 | | | | | | | | | | | | | |
| 2014 | | | | | | | | | | | | | |
| 2013 | 1,833 | 1,833 | | | | | | | | | | | |
| 2012 | | | | | | | 2,103 | | | | | | |
| 2011 | | | | | | | | | | | | | |
| 2010 | | | | | | | | | | | | | |
| 2009 | | | | | | | | | | | | | |
| 2008 | | | | | | | | | | | | | |
| 2007 | | | | | | | 384 | 1,479 | 1,479 | 1,479 | | | |
| 2006 | | | | | | | | | | | | | |
| 2005 | | | | | | | | | | | | | |
| 2004 | | | | | | | | | 11,224 | 11,224 | | | |
| 2003 | | | | | | | | | | | | | |
| 2002 | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | |
| 2000 | | | | | | | | | | | | | |
| 1999 | | | | | | | | | | | | | |
| 1998 | | | | | | | | | | | | | |
| 1997 | | | | | | | | | | | | | |
| Prior | | | | | | | | 584 | 584 | 4,113 | 4,043 | 4,043 | 4,043 |
| | 1,833 | 1,833 | - | - | - | - | 2,487 | 2,063 | 13,287 | 16,816 | 4,043 | 4,043 | 4,043 |
| | **Per 571L** | **Per 571L** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** |

Phone & Postage Meter Equipment Assets per 571L or Audit

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2018 | | | | | | | | | | | | | |
| 2017 | | | | | | | | | | | | | |
| 2016 | | | | | | | | | | | | | |
| 2015 | | | | | | | | | | | | | |
| 2014 | | | | | | | | | | | | | |
| 2013 | | | | | | | | | | | | | |
| 2012 | 5,057 | 5,057 | | | | | 539 | | | | | | |
| 2011 | | | | | | | | | | | | | |
| 2010 | 4,080 | 4,080 | | | | | 3,763 | 3,763 | 3,763 | | | | |
| 2009 | 88,149 | 88,149 | | | | | | | | | | | |
| 2008 | 2,575 | 2,575 | | | | | | | | | | | |
| 2007 | 8,321 | 8,324 | | | | | | | | | | | |
| 2006 | | 68,814 | | | | | | | | | | | |
| 2005 | | | | | | | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 2004 | | | | 14,102 | 14,102 | 14,102 | 14,102 | 14,102 | 14,102 | 14,102 | 14,102 | 14,102 | 14,102 |
| 2003 | | | | | | | | | | | | | |
| 2002 | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | |
| 2000 | 4,278 | 4,278 | | 26,397 | 26,397 | 26,397 | 26,397 | 26,397 | 26,397 | 26,397 | 26,397 | 26,397 | 26,397 |
| 1999 | 30,842 | 30,842 | | | | | 17,598 | 17,598 | 17,598 | 17,598 | 17,598 | 17,598 | 17,598 |
| 1998 | 11,312 | 11,312 | | | | | | | | | | | |
| 1997 | | | | | | | | | | | | | |
| Prior | | | | | | | | | | | | | |
| | 154,614 | 223,431 | - | 40,499 | 40,499 | 40,499 | 62,408 | 61,869 | 61,869 | 58,106 | 58,106 | 58,106 | 58,106 |
| | **Per 571L** | **Per 571L** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** |

Shopping Carts Equipment Assets per 571L or Audit

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2018 | 777 | | | | | | | | | | | | |
| 2017 | 2,065 | 2,065 | | | | | | | | | | | |
| 2016 | | | | | | | | | | | | | |
| 2015 | | | | | | | | | | | | | |
| 2014 | 2,199 | 2,199 | 2,200 | 2,200 | 2,200 | | | | | | | | |
| 2013 | | 4,330 | 4,330 | 4,330 | 4,330 | 4,330 | | | | | | | |
| 2012 | 3,690 | 6,798 | 6,798 | 6,798 | 6,798 | 6,798 | 6,798 | | | | | | |
| 2011 | 1,765 | 1,765 | 1,766 | 1,766 | 1,766 | 1,766 | 1,766 | 1,766 | | | | | |
| 2010 | | 1,331 | 1,331 | 1,331 | 1,331 | 1,331 | | | | | | | |
| 2009 | | | | | | | | | | | | | |
| 2008 | 1,826 | 1,826 | | | | | | | | | | | |
| 2007 | 2,671 | 7,481 | 7,480 | 7,480 | 7,480 | 7,480 | 4,810 | 4,810 | 6,682 | 6,682 | 6,682 | 6,682 | |
| 2006 | | 22,708 | 22,708 | 22,708 | 22,708 | 22,708 | 22,708 | 25,358 | 25,358 | 25,358 | 22,708 | 22,708 | 22,708 |
| 2005 | | | | | | | | 981 | 981 | 981 | 981 | 981 | 981 |
| 2004 | | | | | | | | | 645 | 645 | 645 | 645 | 645 |
| 2003 | | | | | | | | | | | 1,428 | 1,428 | 1,428 |
| 2002 | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | |
| 2000 | | | | | | | | | | | | | |
| 1999 | | | | | | | | | | | 4,020 | 4,020 | 4,020 |
| 1998 | | | | | | | | | | | 1,996 | 1,996 | 1,996 |
| 1997 | | | | | | | | | | | | | |
| Prior | | | | | | | | | | | 602 | 602 | 602 |
| | 14,993 | 50,503 | 46,613 | 46,613 | 46,613 | 44,413 | 36,082 | 32,915 | 33,666 | 33,666 | 39,062 | 39,062 | 32,380 |
| | **Per 571L** | **Per 571L** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** |

Network/LAN Equipment Assets per 571L or Audit

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2018 | 13,613 | | | | | | | | | | | | |
| 2017 | 15,375 | 8,462 | | | | | | | | | | | |
| 2016 | 1,629 | 2,306 | 2,306 | | | | | | | | | | |
| 2015 | 7,674 | 7,674 | 7,675 | 7,675 | | | | | | | | | |
| 2014 | 8,580 | | | | | | | | | | | | |
| 2013 | 1,649 | | | | | | | | | | | | |
| 2012 | | | | | | | 8,572 | | | | | | |
| 2011 | | | | | | | 1,355 | 1,355 | | | | | |
| 2010 | | | | | | | | | | | | | |
| 2009 | 5,480 | 2,342 | 2,342 | 2,342 | 2,342 | 5,349 | 5,603 | 5,603 | 5,603 | 5,603 | | | |
| 2008 | | 3,138 | | | | | | | | | | | |
| 2007 | | | | | | | | | | | | | |
| 2006 | | | | | | | | | | | | | |
| 2005 | | | 3,138 | 3,138 | 3,138 | 3,138 | | | | | | | |
| 2004 | | | | | 2,414 | 2,414 | 2,414 | 2,414 | 2,414 | 2,414 | | | |
| 2003 | | | | | | | | | | | | | |
| 2002 | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | |
| 2000 | | | | | | | | | | | | | |
| 1999 | | | | | | | | | | | | | |
| 1998 | | | | | | | | | | | | | |
| 1997 | | | | | | | | | | | | | |
| Prior | | | | | | | | | | | | | |
| | 54,000 | 23,922 | 15,461 | 13,155 | 7,894 | 10,901 | 17,944 | 9,372 | 8,017 | 8,017 | - | - | - |
| | **Per 571L** | **Per 571L** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** |

Computer Equipment Assets per 571L or Audit

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2018 | 2,359 | | | | | | | | | | | | |
| 2017 | 1,237 | 1,237 | | | | | | | | | | | |
| 2016 | 5,721 | 608 | | | | | | | | | | | |
| 2015 | 6,471 | 6,471 | 5,615 | 6,471 | | | | | | | | | |
| 2014 | 8,608 | 8,608 | 8,608 | 8,608 | 9,701 | | | | | | | | |
| 2013 | 6,982 | 3,489 | 3,489 | 3,489 | 3,489 | 3,489 | | | | | | | |
| 2012 | 10,248 | 12,095 | 12,704 | 12,704 | 13,692 | 13,692 | 5,889 | | | | | | |
| 2011 | 641 | 641 | 803 | 803 | 1,975 | 3,685 | 4,128 | 4,128 | | | | | |
| 2010 | 618 | 1,136 | 951 | 951 | 2,554 | 4,834 | 4,400 | 4,400 | 4,400 | | | | |
| 2009 | | 1,439 | 1,685 | 2,673 | 3,123 | 4,074 | 5,301 | 5,301 | 5,301 | 5,301 | | | |
| 2008 | | 13,688 | 935 | 935 | 935 | 1,423 | 488 | 488 | 1,521 | 1,521 | 1,521 | | |
| 2007 | | | 448 | 448 | 448 | 448 | 244 | 244 | 244 | 244 | 727 | 727 | |
| 2006 | | | 12,525 | 14,451 | 15,664 | 17,298 | 15,036 | 15,745 | 16,472 | 16,472 | 16,472 | 16,871 | 16,871 |
| 2005 | | | 30 | 798 | 798 | 798 | 768 | 768 | 768 | 768 | 768 | 2,214 | 2,214 |
| 2004 | | | 1,599 | 1,599 | 1,599 | 1,599 | 1,599 | 1,599 | 6,866 | 6,866 | 9,280 | 10,322 | 10,906 |
| 2003 | | | | | | | | | 3,012 | 3,012 | 3,012 | 3,504 | 3,504 |
| 2002 | | | | | 869 | 869 | 869 | 869 | 5,715 | 5,715 | 20,145 | 20,145 | 20,418 |
| 2001 | | | | | | | | | 2,401 | 4,775 | 6,137 | 6,137 | 6,137 |
| 2000 | | | | | | | | | | | | | |
| 1999 | | | 2,046 | 2,046 | 2,046 | 2,046 | 2,046 | 2,046 | 2,046 | 2,046 | 2,046 | 2,046 | 2,046 |
| 1998 | | | | | | | | | | | 334 | 2,572 | 2,572 |
| 1997 | | | | | | | 650 | 650 | 650 | 3,844 | 5,343 | 5,343 | 5,343 |
| Prior | | | | | | | | | | | | 1,680 | 1,680 |
| | 42,885 | 49,412 | 51,438 | 55,976 | 56,893 | 54,255 | 41,418 | 36,238 | 49,396 | 50,564 | 65,785 | 71,561 | 71,691 |
| | **Per 571L** | **Per 571L** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** |

POS Equipment Assets per 571L or Audit

| Age | 2019<br>0 | 2018<br>1 | 2017<br>2 | 2016<br>3 | 2015<br>4 | 2014<br>5 | 2013<br>6 | 2012<br>7 | 2011<br>8 | 2010<br>9 | 2009<br>10 | 2008<br>11 | 2007<br>12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2018 | 3,932 | | | | | | | | | | | | |
| 2017 | 10,756 | | | | | | | | | | | | |
| 2016 | 12,247 | 9,021 | 9,018 | | | | | | | | | | |
| 2015 | 586 | 500 | 2,085 | | | | | | | | | | |
| 2014 | | | | | | | | | | | | | |
| 2013 | 13,115 | 1,596 | | | | | | | | | | | |
| 2012 | 8,775 | 8,775 | 8,771 | | 3,096 | 3,096 | 4,513 | | | | | | |
| 2011 | 2,431 | 2,894 | 6,484 | 7,286 | 7,687 | 8,088 | 12,705 | 12,705 | | | | | |
| 2010 | 409 | 409 | 2,242 | 2,242 | 2,242 | 2,242 | 3,139 | 3,139 | 3,139 | | | | |
| 2009 | | | | | | | | | | | | | |
| 2008 | 670 | 8,215 | 12,578 | 12,578 | 14,714 | 16,934 | 34,535 | 40,225 | 40,225 | 44,226 | 43,116 | | |
| 2007 | | | 244 | 244 | 244 | 244 | 6,546 | 6,930 | 7,639 | 7,639 | 9,703 | 9,703 | |
| 2006 | | 2,934 | 2,931 | 2,931 | 2,931 | 2,931 | | | | | | | |
| 2005 | | | | | | | | | | | | | |
| 2004 | | 1,153 | 1,728 | 1,728 | 1,728 | 1,728 | 1,728 | 8,640 | 19,565 | 20,090 | 31,314 | 34,397 | 34,397 |
| 2003 | | | | | | | | | | | | | |
| 2002 | | 610 | 610 | 610 | 610 | 610 | 610 | 610 | 610 | 610 | 610 | 610 | 610 |
| 2001 | | | 791 | 791 | 791 | 791 | 791 | 2,727 | 2,727 | 2,727 | 10,569 | 10,569 | 10,569 |
| 2000 | | | | | | | | | | | | | |
| 1999 | | | | | | | | | | | | 25,290 | 25,290 |
| 1998 | | | | | | | | | | | | 42,989 | 42,989 |
| 1997 | | | | | | | | | | | | | |
| Prior | | | | | | | | | | | 329 | 12,939 | 17,645 |
| | 52,921 | 36,107 | 47,482 | 28,410 | 34,043 | 36,664 | 64,567 | 74,976 | 73,905 | 75,292 | 95,641 | 136,497 | 131,500 |
| | **Per 571L** | **Per 571L** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** |

Security Equipment Assets per 571L or Audit

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Age | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2018 | | | | | | | | | | | | | |
| 2017 | | | | | | | | | | | | | |
| 2016 | | | | | | | | | | | | | |
| 2015 | | | | | | | | | | | | | |
| 2014 | | | | | | | | | | | | | |
| 2013 | | | | | | | | | | | | | |
| 2012 | | | 4,354 | 4,354 | 4,354 | 4,354 | 2,548 | | | | | | |
| 2011 | | | | | | | | | | | | | |
| 2010 | | | 4,080 | 4,080 | 4,080 | 4,080 | 899 | 899 | 899 | | | | |
| 2009 | | | 88,149 | 88,149 | 88,149 | 88,149 | 88,149 | 88,149 | 88,149 | 88,149 | | | |
| 2008 | | | 2,575 | 2,575 | 2,575 | 2,575 | | | | | | | |
| 2007 | | | 8,321 | 8,321 | 8,321 | 8,321 | | | | | | | |
| 2006 | | | | | | | | | | | | | |
| 2005 | | | | | | | | | | | | | |
| 2004 | | | | | | | | | | | | | |
| 2003 | | | | | | | | | | | | | |
| 2002 | | | | | | | | | | | | | |
| 2001 | | | | | | | | | | | | | |
| 2000 | | | 4,278 | 4,278 | 4,278 | 4,278 | | | | | 29,256 | 29,256 | 29,256 |
| 1999 | | | | | | | | | | | | | |
| 1998 | | | | | | | | | | | | | |
| 1997 | | | | | | | | | | | | | |
| Prior | | | | | | | | | | | | | |
| | - | - | 111,757 | 111,757 | 111,757 | 111,757 | 91,596 | 89,048 | 89,048 | 88,149 | 29,256 | 29,256 | 29,256 |
| | **Per 571L** | **Per 571L** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** | **Per Audit** |

STATE OF CALIFORNIA

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848.0003



January 4, 2016

Mr.

***Re: Assessment – Valuation Methodology***
***Assignment No.: 15-415***

Dear Mr. :

This is in response to your email, forwarded to us by the Taxpayers' Rights Advocate's Office, requesting our opinion regarding the application of the purchase price presumption to property purchased at auction, as well as an Assessor's duties in valuing such property. Specifically, your email set forth three questions, which are quoted and addressed below.[1] As explained below, it is our opinion that the purchase price presumption does not apply to properties that are purchased at auction because they are not "open market" transactions as contemplated by Revenue and Taxation Code[2] section 110, subdivision (b).

1. *"Are Assessors required to follow [the] Revenue and Taxation Code when valuing property? (If not, please explain.)"*

Yes. Article XIII, section 1, of the Constitution provides in relevant part that "All property… shall be taxed in proportion to its value." This value is determined by assessment, and the duty to assess is placed on the assessor who must perform the duty "in compliance with… [those] statutes prescribing the method by which property is to be assessed," namely, the Revenue and Taxation Code. (See *County of Sacramento v. Irene Hickman* (1967) 66 Cal.2d 841, 845-846; Rev. & Tax. Code, §§ 401 and 405.)

2. *"Would it be correct that the very first preponderance of evidence an Assessor is required to have when determining value is in regard to the purchase price in an open market transaction? (If not, please explain.)"*

We are uncertain what you are asking, however, we believe you may be seeking clarification regarding the application of the purchase price presumption, as described in section 110, subdivision (b) and Property Tax Rule[3] (Rule) 2, to property purchased at auction.

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[1] We do not opine on matters that are the subject of an appeal before a county board of equalization or assessment appeals board. Furthermore, we do not opine on matters that are the subject of pending litigation unless asked to do so by the court hearing the matter. We have been informed by our Taxpayers' Rights Advocate Office that you are engaged in litigation against the County Assessor on this matter. Therefore, we have answered your questions generally and do not address your specific factual situation.

[2] All statutory references are to the California Revenue and Taxation Code unless otherwise indicated.

[3] All subsequent references to "Rules" are to the Property Tax Rules promulgated under title 18 of the California Code of Regulations.

Assessors have a statutory duty to assess all property subject to general property taxation at its full value. (See Rev. & Tax. Code, § 401.) The words "full value," "full cash value," and "fair market value" are defined in section 110, subdivision (a) and Rule 2, subdivision (a) as the price at which a property, if exposed for sale in the open market with a reasonable time for the seller to find a purchaser, would transfer to a buyer for cash or its equivalent. Thus, fair market value is "the value in exchange *under certain stipulated conditions.*" (See Assessors' Handbook Section 501, *Basic Appraisal* (Jan. 2002), p. 10.)

Section 110, subdivision (b) establishes a rebuttable presumption that the property's fair market value is its purchase price if the terms of the transaction were negotiated under specific conditions reflecting an "open market transaction." This is known as the purchase price presumption. If the purchase price presumption is applied at an appeals hearing, it is assumed that a property's purchase price is in fact the fair market value, and whoever wishes to assert a different value (be it taxpayer or assessor) bears the burden of overcoming that presumption by a preponderance of the evidence.

Conversely, the purchase price presumption does not apply if the sale was not an "open market transaction." (See Rule 2, subd. (b).) The court has distinguished an "open market transaction" from "a sale resulting from the submission of bids where the seller sells to the highest bidder or the buyer buys from the lowest bidder." (*Guild Wineries and Distilleries v. County of Fresno* (1975) 51 Cal.App.3d 182, 186.) Purchases at foreclosure auctions are not considered open market transactions because they are, by definition, "forced sales" characterized by nonmarket conditions. (See Property Tax Annotation 460.0031 (Mar. 26, 1999).) Finally, even when a transaction is an open market transaction, the "presumption may nevertheless be rebutted by evidence that the fair market value is otherwise." (*Dennis v. County of Santa Clara* (1989) 215 Cal.App.3d 1019, 1028.)

3. *"Would it be correct to say the response from HCAO dated November 21, 2014 [] clearly shows by their own admission, at the time they determined value, they had NO evidence that this was NOT an open market transaction? (if incorrect, please explain) Two values, other than the purchase price, were determined prior to the date of this statement without such evidence. ($472,000, $415,000)"*

While that may or may not be the case, as explained in footnote 1, we do not opine on matters in pending litigation unless asked to do so by the court hearing the matter. However, even if purchases at auction are open market transactions as contemplated in section 110, subdivision (b), the purchase price presumption may be rebutted. (See *Dennis v. County of Santa Clara, supra,* 215 Cal.App.3d at p. 1028.)

The views expressed in this letter are only advisory in nature. They represent the analysis of the legal staff of the Board based on present law and the facts set forth herein, and are not binding on any person or public entity.

Sincerely,

/s/ *Amanda Jacobs*

Amanda Jacobs
Tax Counsel

AJ/yg
J:/Prop/Prec/Assessment Roll/2016/15-415.doc

cc: Honorable
County Assessor

Mr. Dean Kinnee (MIC:63)
Mr. David Yeung (MIC:61)
Mr. Todd Gilman (MIC:70)
Mr. Mark Sutter (MIC:70)

STATE OF CALIFORNIA
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January 11, 1999
REVISED: March 26, 1999

Honorable Raymond Olivarria
Amador County Assessor
500 Argonaut Land
Jackson, California 95642
Attn: Mr. Jack Quinn

***Re: Application of Rev. & Tax. Code Section 110 presumptions to property sold at execution and/or foreclosure sale.***

Dear Mr. Quinn:

This is in reply to your phone request of December 2, 1998 for a brief summary and the transmittal of any legal opinions and relevant documents concerning the application of the "fair market value presumptions" in Section 110, including the recent amendments thereto (on the treatment of unpaid improvement bonds). Specifically, your questions relate to estimating the fair market value of property sold at execution and/or foreclosure sales.

As we understand it, the reappraisal of a largely undeveloped subdivision in your county has resulted in an appeal by the property owner on the grounds that (1) the assessed value significantly exceeds the purchase price paid at the foreclosure sale, and that (2) the purchase price is the fair market value of the property for assessment purposes. Your office believes that the correct assessed value of the property is the "fair market value" consistent with Section 110, which is appropriately derived in the instant case from the comparative sales approach methodology under Property Tax Rule 4.[1] The appeal raises two possible questions regarding the fair market value presumptions under Section 110. First, would the price paid at a foreclosure sale be or be "presumed" to be fair market value. Secondly, would the rebuttable presumption that the purchase price already reflects the value of the unpaid bonds apply. For the reasons explained in the attached documents, the answer to both questions is no.

Since 1989, section 110 has generally provided that, for real property that was purchased in an open market transaction, "full cash value" or "fair market value" is rebuttably presumed to be the purchase price—that is, the cash value of the total consideration exchanged for the property. Thus, in general, where real property is purchased in an open market transaction, an assessor who sets fair market value at something *other than* the cash value of the total consideration exchanged for the property bears the burden of proof in an assessment appeal. The express language of the presumption, however, authorizes the assessor to *presume* fair market value from a property's purchase price **only** in an open market transaction that is not influenced by the exigencies of either buyer or seller. Moreover, even where the presumption does apply, it may be rebutted by evidence that the fair market value of the property is otherwise. (See

[1] Apparently your office did not use the "subdivision development method" described in Assessors' Handbook 501, *Basic Appraisal,* page 68 (enclosed), since reliable data were available to apply the comparative sales method.

Letter to Assessors No. 90/30, *Dennis v. County of Santa* Clara (1989) 215 Cal.App.3d 1019, copy enclosed.) [2]

The prerequisites necessary to raise the presumption are plainly stated in the provisions of Section 110(a) and (b) as follows:

> "*full cash value or fair market value* means the amount of cash or its equivalent that property would bring if exposed for sale in the open market under conditions in which neither buyer nor seller could take advantage of the exigencies of the other, and both the buyer and seller have knowledge of all of the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions upon those uses and purposes"; and that
>
> "*purchase price*" means "the total consideration provided by the purchaser ... valued in money, whether paid in money or otherwise."

As to the meaning of an "*open market under conditions in which neither buyer nor seller could take advantage of the exigencies of the other*," the discussion set forth in Assessors' Handbook 501, *Basic Appraisal*, page 85, is highly relevant. Of the long list of conditions which must be met, it is clear that "forced sales", like execution or foreclosure sales, fall short of meeting the listed conditions necessary to establish an open market transaction. Further, we have long held that the price paid at execution and/or foreclosure sales does not equal fair market value. For example, in a legal opinion issued on March 29, 1983 (Annotation No. 460.0030) enclosed, the price established as the minimum price for which property is offered at a tax sale and public auction is not *full cash value* or *fair market value* as defined in Section 110, since the provisions of Section 3698.5 control the sale price of such property, not the market place. By definition, an execution or foreclosure sale is a "forced sale" to cover liens or debt within a limited time, and is therefore characterized by "*nonmarket conditions*," including but not limited to, the requirements/complexities of the foreclosure proceedings and the seller's (creditor's) need for cash in a hurry. Such "nonmarket" forces do not shape market value, and cannot be used by the appraiser to formulate an opinion of the property's highest and best use. (The Appraisal of Real Estate, 10th Ed., pages 275-277, 380-382.)

Finally, statutory law recognizes that when a property is sold at an execution or foreclosure sale, it is sold *subject to* various types of debt encumbrances, which are reflected in a discounted purchase price. For example, Section 3712 states that the title transferred to the purchaser in an execution sale is, among other things, (1) not free of unpaid assessments under the Improvement Bond Act of 1915, (2) not free of any federal Internal Revenue Service liens, and (3) not free of unpaid special taxes under the Mello-Roos Community Facilities Act.[3] Based on the foregoing, the price paid at an execution or foreclosure sale is not valid as an indicator of fair market value and should be disregarded; the fair market presumption in Section 110(a) does not apply. (See AH 501, pages 85-91.)

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[2] Regarding *fair market value*, Section 2(a) of Article XIII A of the California Constitution states that "...full cash value means ... the appraised value of real property when purchased...". Revenue and Taxation Code Section 110.1(a) implements this constitutional provision by stating that, "... 'full cash value' of real property ... means the *fair market value* as determined pursuant to Section 110 for ... (2) (A) ..the date on which a purchase or change in ownership occurs."

[3] The provision for unpaid special taxes under Mello-Roos was recently added to Section 3712 by AB 1224 (Thomson, 1997) which became effective on January 1, 1998. See Legislative analysis of amendment enclosed.

For similar reasons, the newly enacted rebuttable presumption added to Section 110 (b), that the value of public improvements financed by the sale of bonds is reflected in the purchase price, does not apply to the price of properties sold at execution or foreclosure sales. Senate Bill 1997, enacted as an urgency measure effective September 23, 1998, amended Section 110 to establish a rebuttable presumption[4] that, where the terms of an *open market purchase* of real property include the purchaser's assumption of debt used to repay bonds sold to finance public improvements, the value of those improvements *is* reflected in the total consideration, *exclusive* of the assumed debt. The amendments made by this legislation mean that if an assessor sets the fair market value of real property purchased in an open market transaction at the cash value of the total consideration actually exchanged (i.e., *including* the purchaser's assumption of debt used to finance public improvements) then the assessor bears the burden of rebutting the presumption that the value of the financed improvements was reflected in the total consideration *excluding* the assumed debt.[5]

Based on the express language adopted however, this presumption does not arise if the property was not purchased in an open market transaction. Since an execution or foreclosure sale is a forced sale as noted above, it is a "nonmarket" transfer, and the price of a property sold at such a sale is not representative of fair market value. Therefore, this presumption does not apply.[6] Moreover, even in an open market transaction, this presumption applies only to the purchaser's assumption bonded indebtedness for improvements financed under 1911, 1913, and 1915 assessment bonds, not under Mello-Roos bonds.[7]

The requirement that is relevant and applicable to the *delinquent payments* under the Mello Roos bonds in instant case is Property Tax Rule 4, which states in part:

> When reliable market data are available with respect to a given real property, the preferred method of valuation is by reference to sales prices. In using sales prices of the appraisal subject or of comparable properties to value a property, the assessor shall:
>
> * * *
>
> (b) When appraising an unencumbered-fee interest, (1) convert the sale price of a property encumbered with a debt to which the property remained subject to its unencumbered-fee price equivalent by adding to the sale price of the seller's

---

[4] Letter to Assessors on this newly added rebuttable presumption will be issued to all counties shortly.

[5] Under the amendments to section 110, "purchase price" means the stated price paid in an open market transaction, unless the assessor can show by evidence that the value of the improvements financed with the sale of the bonds is *not* already reflected in the stated price. To rebut the presumption and adjust the price to reflect the assumed debt, the assessor must show evidence that the value of the improvements financed by the bonds is not already reflected in the stated purchase price. See Legislative analysis enclosed.

[6] As a practical matter this legislation would not shift to the assessor the burden of proving, in an assessment appeal, that the value of public improvements financed by debt assumed by a purchaser in a *nonmarket* transaction was *not* included in the total consideration. That is, in a nonmarket transaction, the assessor may set fair market value without regard to the total consideration paid and the assumed debt.

[7] As stated in Letter to Assessors No. 89/68 and AH 501, pages 70-71, (enclosed), Mello-Roos bonds are similar to a general property tax levy and should be treated as special taxes. Under the language of Rule 4(b), no adjustment of the sale price for the unpaid cash equivalent principal of Mello-Roos bonds is implied, since the principal amount of the Mello-Roos bonds is not tied to specific parcels.

> equity the price for which it is estimated that such debt could have been sold under value-indicative conditions at the time the sale price was negotiated....
>
> * * *

Since the rule expressly requires that any existing debt encumbering a property, i.e., delinquent payments secured by liens against the property, must be added to the stated sale price in order to arrive at the actual consideration paid, (i.e., the cash equivalent "purchase price" of the property), delinquent payments under Mello Roos bonds must be treated like any other encumbrances existing on the property on the sale date. That is, delinquent payments (in contrast to future payments) on Mello Roos bonds represent an existing encumbrance or liability which must be converted under Rule 4. Therefore, in order to arrive at the consideration exchanged for the property, it is appropriate to add "delinquent" payments on MelloRoos bonds.

The views expressed in this letter are only advisory in nature, and represent the analysis of the legal staff of the Board based on present law and the facts set forth herein. They are not binding on any person or public entity.

Very truly yours,

Kris Cazadd

Kristine Cazadd
Senior Tax Counsel

KEC:jd
h:/property/precednt/astandiv/1999/01kec.doc

Enclosure

cc: Mr. Richard C. Johnson (MIC:63)
Mr. David J. Gau (MIC:64)
Ms. Jennifer L. Willis (MIC:70)