

AMENDED IN ASSEMBLY MAY 8, 1995

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1286**

Introduced by Assembly Member ~~Willard Murray~~ *Takasugi*

February 23, 1995

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An act to add Section ~~726~~ 401.7 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1286, as amended, ~~W. Murray~~ *Takasugi*. Property taxation: pipelines: ~~state~~ assessment.

*Existing property tax law requires the county assessor to assess all property that is subject to taxation at its full value.*

*This bill would require each county assessor, in valuing properties incident to intercounty pipelines, to consider the cost, income, and market approaches to value.*

*This bill would make legislative findings and declarations with respect to the local assessment of pipeline-related properties, and would state the intent of the Legislature in this regard.*

*This bill would declare that it is to take effect immediately as an urgency statute.*

~~Existing property tax law requires the State Board of Equalization to annually assess certain classes of property, including pipelines.~~

~~This bill would, subject to a certain exception, define the term "pipeline," for purposes of assessment by the State Board~~

~~of Equalization, to have the same meaning as set forth in a specified statute.~~

~~This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.~~

~~This bill would make legislative findings and declarations, and would state the intent of the Legislature.~~

~~This bill would take effect immediately as a tax levy.~~

~~Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: no. State-mandated local program: no.~~

*The people of the State of California do enact as follows:*

1 ~~SECTION 1. The Legislature finds and declares all of~~  
2 *SECTION 1. The Legislature hereby finds and*  
3 *declares all of the following:*  
4 *(a) Certain properties, including pipelines, that are*  
5 *located in more than one county, are assessed for*  
6 *purposes of property taxation by the State Board of*  
7 *Equalization.*  
8 *(b) For a limited period, the State Board of*  
9 *Equalization also assessed the values of intercounty*  
10 *pipeline lands and rights-of-way.*  
11 *(c) As a result of a recent appellate court decision, the*  
12 *jurisdiction for the assessment of assessable interests in*  
13 *intercounty pipeline lands and rights-of-way has been*  
14 *determined to rest with the county assessor.*  
15 *(d) There are no specific guidelines currently set forth*  
16 *in statute for the local assessment of intercounty pipeline*  
17 *lands and rights-of-way.*  
18 *(e) This absence of statutory guidelines has caused*  
19 *confusion on the part of both assessors and taxpayers*  
20 *regarding the valuation of these pipeline-related*  
21 *properties.*  
22 *SEC. 2. It is the intent of the Legislature in enacting*  
23 *this act to do all of the following:*



1 (a) Provide statutory clarification to ensure proper  
2 and consistent assessment practices on the part of local  
3 jurisdictions.

4 (b) Ensure efficiency and cost-effectiveness in the  
5 assessment of assessable interests in intercounty pipeline  
6 lands and rights-of-way.

7 (c) Protect taxpayers from duplicative assessments.

8 (d) Avoid administrative waste on behalf of both  
9 assessors and taxpayers.

10 SEC. 3. Section 401.7 is added to the Revenue and  
11 Taxation Code, to read:

12 401.7. The assessor, in valuing lands, rights-of-way,  
13 and other facilities incident to intercounty pipelines, shall  
14 consider the cost, income, and market approaches to  
15 value.

16 the following:

17 ~~(a) The framers of the California Constitution~~  
18 ~~intended that certain properties, including pipelines, that~~  
19 ~~are located in more than one county be assessed for~~  
20 ~~purposes of property taxation by the State Board of~~  
21 ~~Equalization.~~

22 ~~(b) Pipelines cannot exist independently of pipeline~~  
23 ~~easements and ancillary structures, and pipelines derive~~  
24 ~~a portion of their value from those easements and~~  
25 ~~structures.~~

26 ~~(c) As a result of court decisions that require the local~~  
27 ~~assessment of pipeline easements and ancillary~~  
28 ~~structures, there exists administrative waste as well as the~~  
29 ~~potential for duplicative assessments.~~

30 ~~(d) It is the intent of the Legislature in enacting this~~  
31 ~~act to do all of the following:~~

32 ~~(1) Conform statutory law to constitutional intent.~~

33 ~~(2) Ensure efficiency and cost-effectiveness in the~~  
34 ~~assessment of property.~~

35 ~~(3) Protect taxpayers from duplicative assessments.~~

36 SEC. 2. Section 726 is added to the Revenue and  
37 Taxation Code, to read:

38 726. For purposes of assessments by the board, the  
39 term “pipeline” is defined as that term is defined in



1 ~~Section 227 of the Public Utilities Code, except that~~  
2 ~~“pipeline” includes a water pipeline.~~  
3 ~~SEC. 3. This act provides for a tax levy within the~~  
4 ~~meaning of Article IV of the Constitution and shall go into~~  
5 ~~immediate effect.~~

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