BEFORE THE CALIFORNIA STATE BOARD OF EQUALIZATION
450 N STREET
SACRAMENTO, CALIFORNIA

REPORTER'S TRANSCRIPT
FEBRUARY 1, 2007

J1 UPDATE AND OVERVIEW OF
THE BOARD OF EQUALIZATION
RULES FOR TAX APPEALS

Reported by: Juli Price Jackson
No. CSR 5214
PRESENT

For the Board of Equalization:

Betty Yee
Chair

Judy Chu
Vice-Chair

Bill Leonard
Member

Michelle Steel
Member

Marcy Jo Mandel
Appearing for John Chiang, State Controller
(per Government Code Section 7.9)

Gary Evans
Acting Chief, Board Proceedings Division

Robert Lambert
Acting Assistant Chief Counsel

David Gau
Deputy Director
Property and Special Taxes Department

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MR. EVANS: J1, Update and Overview of the Board of Equalization's Rules for Tax Appeals.
Mr. Lambert will make the presentation.
MS. YEE: Thank you.
MR. LAMBERT: Good afternoon. It's late in the day. I'll be brief.

Madam Chair, Members of the Board, staff is here to present a brief overview and status report of the project to replace the Board's prior Rules of Practice with revised, updated and more user friendly Rules of Tax Appeals.

On November 21st, 2006, Board staff presented all five chapters of the Rules for the Board's authorization to begin the formal rulemaking process.

The Board authorized staff to begin the formal rulemaking process for four of the five chapters but deferred consideration of Chapter 3, Property Taxes, until after the staff presented a status report on the 2006 State Assessee Appeals conferences, which we have now presented to you.

Just to briefly highlight some of the differences between the prior Rules of Appeals and the present -- the proposed Rules of Appeals, the new rules are organized by tax in chronological order for easy
access. So, you don't have to be Peter Michaels to understand all of the arcane rules of procedure at the Board here. So, the novice appellant can easily see what the process is.

The new rules address all Board's -- all of the Board's tax and fee programs. It improves the procedural uniformity among the programs, such as, by providing for Appeals Division review of all appeals and providing conferences for property tax State assesssee matters; provides the Board Members with the opportunity for concurring and dissenting opinions; provides a procedure to protect sensitive taxpayer information, if the Board deems it necessary.

It provides for public disclosure of more hearing documents at an earlier time than previously was available and provides kind of a single source of information on Board procedures for taxpayers, which overall gives the entire Board procedures more transparency. So, it's easy to see what all of the steps of the process are.

And with that, we would -- we would like to -- we have asked the Board to -- we presented the Board with some alternatives on the -- with respect to the State assesssee appeals process and we're looking for some guidance as to how the Board would like us to proceed.

We haven't taken the approved chapters to OAL because the chapters are interconnected and
cross-referenced. So, they really need to go as a single group at one time.

So, we would like to get some feedback on how these rules should be -- should possibly be modified if the Board is looking at that for next year. So, we were hoping to be able to bring the entire new appeal rule project to OAL sometime in March.

MS. YEE: Okay.

MS. STEEL: I would --

MS. YEE: Hang on one second, Ms. Steel, and let me just interject for a moment.

For today's purposes, we are looking at basically an overview and a status report?

MR. LAMBERT: Right.

MS. YEE: So, I do want to at least let the -- particularly Ms. Chu and Ms. Steel know that we want to afford you every opportunity to be able to review the rules that have already been before us and that there is this Chapter 3 that is still before us, without formal action having been taken yet.

The staff is seeking some guidance on it. And I was not anticipating taking any formal action today.

MR. LAMBERT: Okay.

MS. YEE: Ms. Steel?

MS. STEEL: It's going to be a new property tax appeals conference? Is that going to delay any appearance before --

MR. LAMBERT: No. Actually this year we
implemented the appeals process -- the appeals
conference processes for virtually every appellant and
nothing was delayed. Nothing was delayed. Everything
happened in a timely manner.

Then there was a survey. The survey was taken
of the participants in the APPEALS conferences. That's
what's reflected in the -- in the status report that was
given to you with a couple of recommendations from the
staff.

MS. YEE: Ms. Chu?

MS. CHU: Well, I'd like to see both
alternatives brought back for us to choose later,
though, I think I would tend to favor Alternative 1
because it gives the greatest flexibility.

MR. LAMBERT: Okay.

MS. MANDEL: And just to let you know where the
Controller is, his view would be only at the option of
the taxpayer.

MR. LAMBERT: Okay.

MS. MANDEL: If the taxpayer wants one, okay.

MR. LAMBERT: Okay.

MS. MANDEL: But if the taxpayer doesn't want
one --

MS. YEE: Okay. Other comments?

Mr. Leonard?

MR. LEONARD: I'd ask that the survey and that
report be actually rewritten for March. Because I -- I
thought we could ask more people involved in -- that
were affected by the process from the -- if I remember right, Appeals personnel weren't asked?

MR. GAU: David Gau, for the record.

That is correct. We asked Appeals. We also did send it out to the taxpayer petitioners, the representatives of the State assessees, so, we did outside and did inside as well and asked Board staff where appropriate, Board Member staff.

MR. LEONARD: We asked Appeals lawyers or did not?

MR. GAU: Yes, we did.

MR. LEONARD: Okay, I didn't see --

MR. LAMBERT: Yes.

MR. LEONARD: -- feedback from there, I guess.

MR. GAU: It was -- it was probably, as far as the status report, blended as Board staff response. Representatives and then Board staff in those two groupings.

MR. LEONARD: And other issue I wanted to raise -- no action today, but have it up for discussion and some policy comments from the staff is -- is to give -- I would propose giving greater authority to Appeals to make recommendations to the Board based on the appeals conference.

A lot of what we got this year was a recitation of facts. To the extent that the Appeals conference holder drew some conclusions on it, I'd like them to share with us. I think that would be helpful in making
our decisions.

    MS. YEE: Okay.

    MR. LAMBERT: Would you like us to, when we bring this back, to actually flesh out a couple of these alternatives with actual provisions or no?

    Or come back and just rework it -- to some extent just provide alternatives essentially in this format?

    MS. YEE: I would say probably the latter to allow for full -- a more full discussion.

    MR. LAMBERT: Okay.

    MS. YEE: Okay. Any other questions or comments?

    Very good. Thank you very much.

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REPORTER'S CERTIFICATE.

State of California  
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County of Sacramento  )

I, JULI PRICE JACKSON Hearing Reporter for the California State Board of Equalization certify that on FEBRUARY 1, 2007 I recorded verbatim, in shorthand, to the best of my ability, the proceedings in the above-entitled hearing; that I transcribed the shorthand writing into typewriting; and that the preceding pages 1 through 8 constitute a complete and accurate transcription of the shorthand writing.

Dated: February 16, 2007

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JULI PRICE JACKSON
Hearing Reporter