



MALIA M. COHEN

MEMBER, SECOND DISTRICT
STATE BOARD OF EQUALIZATION

December 10, 2020

TO: Members of the Board of Equalization

FROM: Malia M. Cohen, Member, Second District

RE: Board of Equalization Board Meeting, December 16, 2020, L.1.b.
Overview of the Former BOE Committee Structure and Proposed Committee Structure – Part II

Discussion and possible Board action to direct the Executive Director to provide the Board a proposal for consideration on formally establishing Board Work Groups and associated guidelines and procedures.

This Item is for discussion and possible Board action to develop a structure for Board Members to engage in significant policy discussions without requiring the full use of Agency resources needed for regularly scheduled Board meetings.

Background

Under Government Code section 15606, and the rules governing our Board, it is the Board Chair's prerogative to hold special meetings at such times and places as the Chair directs. The Chair may establish new standing advisory committees, subcommittees, or special advisory committees.

At my request, during the March 27, 2019 Board Meeting (Overview of the former BOE Committee Structure and Proposed Committee Structure -- Part I), the Executive Director provided the following historical context to the Board's prior committee structure process: *"The committee structure used prior to AB 102 was organized into four committees, each chaired by a Board Member. The committees were staffed by tax program employees who received assignments from the Committee Chair or the Committee Chair's staff. In September 2017, the Board discontinued the prior structure based on the legislative restrictions that prohibit Board Members and Board Members' staff from directing program staff."*

Despite discussions regarding the possible re-establishment of Board committees, there has been no action to date on this subject.

However, in the interim, with the concurrence of the Board, other processes for examining property tax administration issues have emerged, including Informational Hearings and Board Work Groups

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Informational Hearings

In August 2019 as part of the Board's initiative to Modernize California's Property Tax System, the Board approved a plan to convene four statewide Informational Hearings to gather information from industry experts and the public. The Board's goal was to host one hearing in each equalization district.

In September 2019, the Board held the first in the series of Informational Hearings on Modernizing Property Tax Administration (Part I). The hearing, held in San Diego, focused on The Current State of Property Tax Administration; The Future of Property Tax Administration -- Understanding Trends; Property Tax Administration: Strengths, Challenges & Opportunities, including workforce planning, recruitment and retention, training and continuing education, and compensation; and, Emerging Issues - The impact of the then proposed Split Roll Initiative on Property Tax Administration.

Two months later, in December 2019, a second Informational Hearing on Modernizing Property Tax Administration (Part II) was held in San Jose. This Informational Hearing focused on Assessment Appeals Boards: Strengths, Challenges & Opportunities, including the role of the Board of Equalization, Perspectives from Urban, Mid-sized, and Rural Counties; Achieving Efficiencies in Best Practices; Assessment of Personal Property & Fixtures, Ensuring Accurate & Consistent Valuations & Application Methods, including Determining Lifting Schedules for Personal Property and Fixtures; and, Emerging Issues -- Opportunity Zones: Property Tax Implications.

In July 2020, a third Informational Hearing on Modernizing Property Tax Administration (Part III) was held in Sacramento. This Informational Hearing was held on Modernizing California's Property Tax System - Discussion of the Newly Qualified Split Roll Initiative -- Proposition 15.

The fourth Informational Hearing (Part IV) that will be held in BOE District 3 has yet to be scheduled.

Board Work Groups

In October of 2019, the Board established its first Board Member "Work Group."

Work Groups have been established to address property tax administration issues affecting the Board of Equalization, County Assessors, and Assessment Appeals Boards. These have included:

- In 2019, a Workforce Planning Work Group to address workforce challenges with recruitment and retention, training and continuing education, and compensation.
- In 2020, a Work Group on the Impact of COVID-19 on Property Tax Administration, addressing the filing of 571 Property Tax Filing May 7 Deadline Relief; Assessment Appeals Boards relief, deadline extensions; Section 170 Disaster Relief for COVID-19 Calamity; Proposition 8 Decline in Value Relief; Waiver of Wet Signature Requirement of 571 and Other Forms; and,
- In 2020, a Work Group on COVID-19 County Boards of Equalization/Assessment Appeals Boards to provide guidance on remote hearings through Letters to Assessors (LTA's) and other processes as appropriate.

The Work Groups have provided the public, taxpayers, Assessors, Assessment Appeals Boards, local government representatives, stakeholders, and practitioners with the opportunity to express their views on complex and challenging property tax administration issues in an open, substantive, and transparent setting.

The Work Group process has allowed the Board to receive commentary and proposals from some of the most distinguished and respected experts in property tax administration, tax policy, and other best practices in governmental administration.

Based upon these meaningful presentations, the Board received data and recommendations to address staffing and training needs at the BOE and at County Assessors offices. The Board has also been able to provide guidance through LTA's, regarding the policies and procedures for conducting remote Assessment Appeals Board hearings.

Proposal for Discussion - Formally Establish Board Work Groups

The experience of the Board in 2019 and 2020 under two Chairs has informed the following proposal.

Recognizing that there will be property tax administration issues that do not automatically fall within the parameters of the Board's standard Public Agenda Notice, I recommend, that the Board formally establish Work Groups with associated guidelines and procedures. Work Groups would not constitute a substitute for the BOE's Interested Parties process. Rather, these Work Groups would complement the Interested Parties Process and provide a mechanism for Board Members, to work in conjunction with public, taxpayers, Assessors, Assessment Appeals Boards, local government representatives, stakeholders, and practitioners to investigate and provide recommendations for operations, policy, legislative, or regulatory reforms.

Possible Structure and Rules of Engagement for Work Groups

At the March 28, 2019 Board Meeting, the Executive Director commented about a proposed Board Working Group structure:

"The working group would include a program rank-and-file employee with subject matter expertise in the committee's subject matter, an attorney from the Legal Department, and the Committee Lead. The working group may also include one rank-and-file employee from another Board Member's office and may include other program staff with subject matter knowledge. The working group configuration is intended to provide peer-to-peer collaboration and information sharing."

Building upon this initial guidance, a Board Work Group could comprise the following elements:

- Formed either by the Chair of the Board or at the suggestion of two Members of the Board, with the concurrence of a majority of the Board.
- Allow for two Board Members and staff from their offices to participate.
- Authorize meetings of the Work Group to occur at any time, subject to notice requirements.

- Limit BOE staff participation. For example, other than to assist with enabling telecommunication services, Board Proceedings staff would not be required to attend, nor would BOE Legal staff be required to attend. However, BOE subject matter experts could attend at the direction of the Executive Director.
- Provide public notice of the Board Work Group meetings to ensure the public has an opportunity to participate. However, the Board does not need to schedule the Work Groups meetings as part of a regularly scheduled Board Meeting.

Conclusion

Acknowledging the need for the Board to have a structure for Board Members to engage in significant policy discussions without requiring the full use of Agency resources needed for regularly scheduled Board meetings, I request that the Executive Director report to the Board her recommendations on formally establishing Board Work Groups with associated guidelines and procedures.