



MALIA M. COHEN

MEMBER, SECOND DISTRICT
STATE BOARD OF EQUALIZATION

December 8, 2021

TO: Members of the Board of Equalization

FROM: Malia M. Cohen, Member, Second District

RE: Board of Equalization Board Meeting, December 14, 2021, L.1.a
Issues Raised by Second District County Assessors During the Annual
Meeting of the Board of Equalization and County Assessors.

**Discussion and possible Board action regarding the following issues raised by
Second District County Assessors during the Annual Meeting of the Board of
Equalization (BOE) and County Assessors:**

- **Training for members of Assessment Appeals Boards.**
- **Training for county counsels.**
- **Acceptance of electronic signatures.**
- **Review of depreciation valuation guidance and schedules.**
- **Enhanced funding for State Supplementation for County Assessors Program**

This item is to request that the Executive Director provide the Board a report out on proposals to address issues raised by Second District County Assessors.

Background

At the BOE Second District break-out session of the Annual Meeting of the BOE and County Assessors held on October 19, 2021, several County Assessors expressed interest in pursuing proposals to address the following issues.

Training for Members of Assessment Appeals Boards

As stated on the BOE website: "In all counties in California, either one or more assessment appeals boards or a county board of supervisors perform the duties of a local board of equalization, commonly referred to as an appeals board. The appeals board is an independent entity whose function is to resolve disputes between the county assessor and taxpayers over values of locally assessed property. The decisions of an appeals board are legally binding and enforceable."

Assessment appeals boards (AABs) are charged with performing often complex analyses of data and evidence challenging or supporting property valuations.

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In the interest of supporting AABs, it has been suggested that a training program be established to provide guidance to AABs members on valuation issues.

Training for County Counsels

County counsels provide legal guidance on property tax issues to County Assessors and AABs.

To ensure that county counsels possess the knowledge and expertise to provide guidance on complex property tax issues, it has been suggested that a training program be established to enhance the skill set of county counsels who provide guidance on property tax issues.

Acceptance of Electronic Signatures

As stated in Letter to Assessors (LTA) No. 2020/022, linked here <https://www.boe.ca.gov/proptaxes/pdf/Lta20022.pdf>.

"Government Code section 16.5(a) allows for any written communication with a public entity in which a signature is required, any party to the communication to affix a signature by use of a digital signature, and that digital signature will have the same force and effect as the use of a manual signature if it embodies all of the following attributes: (1) It is unique to the person using it. (2) It is capable of verification. (3) It is under the sole control of the person using it. (4) It is linked to data in such a manner that if the data are changed, the digital signature is invalidated. (5) It conforms to regulations adopted by the Secretary of State.

"Effective January 1, 2017, Assembly Bill 2296 (Chapter 144, Statutes 2016) amended Government Code section 16.5 and Civil Code section 1633.2 to clarify that a "digital signature" authorized by Government Code section 16.5 and subject to regulations adopted by the Secretary of State is one type of "electronic signature" that a public agency may choose to adopt under the Uniform Electronic Transactions Act. (See Government Code section 16.5(d) and (e); and Civil Code section 1633.2(e), (g), and (h)).

"It should be noted that Government Code section 16.5(b) provides that the use or acceptance of a digital signature is at the option of the parties and it does not require a public entity to use or permit the use of a digital signature. Thus, an Assessor may elect to accept electronically filed documents, but they are not required to do so.

"In summary, if an Assessor chooses to accept electronically filed business property statements, the Assessor must submit procedures to authenticate those property statements to the BOE for approval. For all other types of documents, an Assessor may elect to accept electronically filed documents if the provisions of Government Code section 16.5 and Civil Code section 1633.2 are met; however, BOE approval of procedures to authenticate those documents is not required."

It has been suggested that the requirement of wet signatures on documents submitted to County Assessor's offices be eliminated. This may require a statutory solution.

Review of Depreciation Valuation Guidance and Schedules

The BOE provides guidance on the valuation of property. This includes depreciation schedules and related guidance, as described in various Assessors Handbooks (AH), including, but not limited to the following:

- AH 504, Assessment of Personal Property and Fixtures (October 2002, reprinted January 2015)
- AH 511, Assessment of Manufactured Homes and Parks (November 2001, reprinted January 2015)
- AH 513, Assessment of Shopping Centers (January 1983, reprinted January 2015)
- AH 510, Assessment of Taxable Possessory Interests (December 2002, reprinted January 2015)
- AH 516, Assessment of Cemeteries (January 1983, reprinted January 2015)
- AH 573, Assessment of Vessels (February 2002, reprinted January 2015)
- AH 581 Equipment and Fixtures Index, Percent Good and Valuation Factors (January 2021)
- AH 582, Explanation of the Derivation of Equipment Percent Good Factors (February 1981, reprinted January 2015)

It has been suggested that the BOE review its depreciation valuation guidance and schedules to ensure that valuation procedures, methods, and recommendations are consistent with contemporary values.

Enhance Funding for State Supplementation for County Assessors Program

The State of California 2018 Budget Act appropriated \$5 million to create the State Supplementation for County Assessors' Program (SSCAP). This three-year pilot program was created to provide funding to assist County Assessors in performing property assessments. SSCAP funds are available for both new assessment staff and technological improvements and require a local match at the rate of one local dollar for every two dollars the County receives in SSCAP funds.

In 2019, the Agency and the California Assessor's Association joined my office in discussions with the Administration about expanding the program to increase funding and change the criteria to increase smaller County participation and their ability to leverage the grant funding.

It has been suggested that expanding the program could be beneficial due to prior success in utilizing the grant funds to address technology and personnel challenges in local Assessor's offices.

Recommendation

In the interest of fulfilling the Board's Constitutional and statutory responsibilities, I request that the Executive Director report to the Board her recommendations on possible BOE actions the Board and agency may take to address the issues raised.

I also recommend that the Executive Director consult the CAA in developing her response to the Board on this item.

Therefore, I respectfully ask my Board Member colleagues to join me in this request