

Thursday, November 17, 2022

The Board met at 450 N Street, Sacramento, at 10:00 a.m., with Ms. Cohen, Chair, Mr. Schaefer, Vice Chair, and Mr. Vazquez present, Mr. Epolite present on behalf of Ms. Yee in accordance with Government Code, section 7.9.

### PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Ms. Cohen.

### ANNOUNCEMENTS

Opening remarks were made by the Members.

Mary Cichetti, Clerk, Board Proceedings, provided guidelines for public participation and other Boardroom procedures.

### PUBLIC HEARING ON PROPERTY TAX RULE 462.520

Mr. Gaines entered the Boardroom.

Henry D. Nanjo, Chief Counsel, introduced Richard Moon, Tax Counsel, Legal Department, who made introductory remarks regarding public hearing and certification of emergency amendments and adoption of additional amendments to Property Tax Rule 462.520, *Exclusion from Change in Ownership – Intergenerational Transfers* ([Exhibit 11.1](#)).

Speaker: Denisha M. Walton

**ACTION:** Upon motion of Mr. Vazquez, seconded by Ms. Cohen and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Mr. Epolite voting yes, the Board adopted the amendments to Property Tax Rule 462.520 as published.

Exhibits to these minutes are incorporated by reference.

### PUBLIC HEARING ON PROPERTY TAX RULE 462.540

Henry D. Nanjo, Chief Counsel, introduced Richard Moon, Tax Counsel, Legal Department, who made introductory remarks regarding public hearing and certification of emergency amendments and adoption of additional amendments to Property Tax Rule 462.540, *Change in Ownership – Base Year Value Transfers* ([Exhibit 11.2](#)).

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Speakers were invited to address the Board, but there were none.

**ACTION:** Upon motion of Mr. Vazquez, seconded by Ms. Cohen and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Mr. Epolite voting yes, the Board adopted the amendments to Property Tax Rule 462.540 as published.

## **BOARD GOVERNANCE**

Henry D. Nanjo, Chief Counsel, made introductory remarks regarding the suggested revisions to the Board Governance Policy ([Exhibit 11.3](#)).

The Board recessed at 10:48 a.m. and reconvened at 10:56 a.m. with Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Mr. Epolite present.

**ACTION:** Upon motion of Ms. Cohen, seconded by Mr. Epolite and duly carried, Ms. Cohen, Mr. Schaefer, and Mr. Epolite voting yes, Mr. Gaines and Mr. Vazquez voting no, the Board tabled the matter to later in the day.

## **ADMINISTRATIVE SESSION**

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Ms. Cohen, seconded by Mr. Vazquez and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Mr. Epolite voting yes, the Board made the following orders:

**ACTION:** Adopt the consent calendar including a retirement resolution extending sincere and grateful appreciation to Michael Dean Saunders, Senior Specialist Property Appraiser, Training and Certification Unit, County-Assessed Properties Division (CAPD), Property Tax Department, for his dedicated service to the State Board of Equalization and to the State of California and Board Meeting Minutes of October 18-19, 2022.

Yvette M. Stowers, Executive Director, reported the status of pending and upcoming organizational issues, including an update on the revenue impact related to the implementation of Proposition 19 and an update on the California Assessors' Association Annual Conference.

Lisa Renati, Chief Deputy Director, reported the status of operational priorities and the status of agency projects related to the implementation and action plan for Proposition 19 ([Exhibit 11.4](#)).

Margie Wing, Senior Specialist Property Appraiser, Taxpayers' Rights Advocate Office, provided an update on workload of the Taxpayers' Rights Advocate Office and reported on Proposition 19 education and outreach ([Exhibit 11.5](#)).

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David Yeung, Deputy Director, Property Tax Department, reported the status of pending and upcoming projects, activities, and departmental issues, including the Property Tax Department's Proposition 19 implementation actions and guidance.

Glenna Schultz, Principal Property Appraiser, CAPD, reported the status of Letters to Assessors ([Exhibit 11.6](#)), and the Appraisal Training and Certification Program.

Jack McCool, Chief, State-Assessed Properties Division, reported the status of pending and upcoming projects and activities for the Division.

The Board recessed at 11:54 a.m. and reconvened at 1:13 p.m. with Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Ms. Yee present.

#### **PROPERTY TAX NONAPPEARANCE MATTER, CONSENT**

With respect to the Property Tax Matters, Consent Agenda, upon a single motion of Ms. Cohen, seconded by Mr. Schaefer and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Ms. Yee voting yes, the Board made the following order:

##### **Petition for Reassessment of Unitary Value**

Phillips 66 Pipeline, LLC (0480), SAU22-007

2022, \$62,700,000.00 Unitary Value

**ACTION:** Reduce the 2022 unitary value to \$49,200,000.00 as recommended by staff.

#### **LEGAL APPEALS PROPERTY TAX NONAPPEARANCE MATTERS, ADJUDICATORY**

##### **Petitions for Reassessment of Unitary Value**

Central Valley Gas Storage (0104), SAU22-017

2022, \$33,200,000.00 Unitary Value

Contribution Disclosures pursuant to Government Code, section 15626: None were disclosed.

**ACTION:** Upon motion of Mr. Gaines, seconded by Mr. Schaefer and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Ms. Yee voting yes, the Board ordered that the petition be granted in part and the value be reduced to \$31,100,000.00 as recommended by the Appeals Attorney.

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Wild Goose Storage, LLC (0195), SAU22-018  
2022, \$155,800,000.00 Unitary Value

Contribution Disclosures pursuant to Government Code, section 15626: None were disclosed.

ACTION: Upon motion of Ms. Cohen, seconded by Mr. Schaefer and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Ms. Yee voting yes, the Board ordered that the petition be granted in part and the value be reduced to \$140,900,000.00 as recommended by the Appeals Attorney.

Lodi Gas Storage, LLC (0198), SAU22-019  
2022, \$64,300,000.00 Unitary Value

Contribution Disclosures pursuant to Government Code, section 15626: None were disclosed.

ACTION: Upon motion of Ms. Cohen, seconded by Mr. Schaefer and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Ms. Yee voting yes, the Board ordered that the petition be granted in part and the value be reduced to \$56,300,000.00 as recommended by the Appeals Attorney.

Gill Ranch Storage, LLC (0121), SAU22-020  
2022, \$23,800,000.00 Unitary Value

Contribution Disclosures pursuant to Government Code, section 15626: None were disclosed.

ACTION: Upon motion of Ms. Cohen, seconded by Mr. Schaefer and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Ms. Yee voting yes, the Board ordered that the petition be granted in part and the value be reduced to \$22,500,000.00 as recommended by the Appeals Attorney.

### **ADMINISTRATIVE SESSION (CONTINUED)**

Dustin Weatherby, Chief, Legislative, Research & Statistics Division (LRSD), presented for the Board's consideration suggested proposals from the LRSD for legislation to be sponsored by the State Board of Equalization in the first year of the 2023-24 Legislative Session.

ACTION: Upon motion of Ms. Cohen, seconded by Mr. Schaefer and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Mr. Epolite voting yes, the Board approved the legislative proposal related to Alcoholic Beverage Tax that would amend section 32387 of the Revenue and Taxation Code to authorize electronic service of levies under the Alcoholic Beverage Tax program ([Exhibit 11.7](#)).

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ACTION: Upon motion of Ms. Cohen, seconded by Mr. Schaefer and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Mr. Epolite voting yes, the Board approved the legislative proposal related to Alcoholic Beverage Tax that would amend sections 32401 and 32440 of the Revenue and Taxation to require any determinations or cancelations made by the Board under the Alcoholic Beverage Tax program that are in excess of \$50,000 to be made public for 10 days after the effective date of the determination or cancelation ([Exhibit 11.8](#)).

ACTION: Upon motion of Ms. Cohen, seconded by Mr. Schaefer and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Mr. Epolite voting yes, the Board approved the legislative proposal related to Property Tax that would amend sections 62.1, 62.5, and 69.4 of the Revenue and Taxation Code to include references to section 63.2 relating to the intergenerational transfer exclusion and 69.6 relating to the over 55/disabled/disaster base year value transfer ([Exhibit 11.9](#)).

#### **BOARD GOVERNANCE (CONTINUED)**

ACTION: Upon motion of Ms. Cohen, seconded by Mr. Vazquez and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Ms. Yee voting yes, the Board took from the table the matter of suggested revisions to the Board Governance Policy (see [Exhibit 11.3](#)).

Ms. Cohen moved to amend the Board Governance Policy, VIII. BOARD CHAIR AND VICE CHAIR, A. *Election of the Board Chair and Vice Chair on Agenda*, to remove the text “or earlier if there is no December meeting”, and to add the following language as the second and third sentences: “During a gubernatorial election year, the Board shall defer the election of the Chair and Vice Chair until after the duly elected Board Members are sworn into office. In such instances, the Board will place on the agenda an election to take place in January for the offices of Chair and Vice Chair of the Board.” The motion was seconded by Mr. Schaefer. Mr. Vazquez made a substitute motion that the text regarding election of the Chair and Vice Chair remain as is through December. The substitute motion was seconded by Mr. Gaines but failed to carry, Mr. Gaines and Mr. Vazquez voting yes, Ms. Cohen, Mr. Schaefer, and Ms. Yee voting no.

ACTION: Upon motion of Ms. Cohen, seconded by Mr. Schaefer and duly carried, Ms. Cohen, Mr. Schaefer, and Ms. Yee voting yes, Mr. Gaines and Mr. Vazquez voting no, the Board amended the Board Governance Policy, VIII. BOARD CHAIR AND VICE CHAIR, A. *Election of the Board Chair and Vice Chair on Agenda*, to remove the text:

“or earlier if there is no December meeting”,

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and to add the following language as the second and third sentences:

“During a gubernatorial election year, the Board shall defer the election of the Chair and Vice Chair until after the duly elected Board Members are sworn into office. In such instances, the Board will place on the agenda an election to take place in January for the offices of Chair and Vice Chair of the Board.”

**ACTION:** Upon motion of Ms. Cohen, seconded by Mr. Vazquez and unanimously carried, Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Ms. Yee voting yes, the Board amended the Board Governance Policy, VIII. BOARD CHAIR AND VICE CHAIR, A. *Election of the Board Chair and Vice Chair on Agenda*, to add a final sentence:

“The Board’s vote for a Work Group Chair and a Work Group Co-Chair shall authorize the Members selected to perform only those Work Group duties and to conduct only those Work Group meetings for the assigned purpose of the Work Group and does not connote any transfer of the role of the Board Chair or Board Vice Chair in this Governance Policy”,

and added new section H. *Election of Board Work Group Policy and Charter*, under VII. ROLE AND POWERS OF THE BOARD as follows:

“Pursuant to the Board’s authority under Gov. Code Section 15606(a) to prescribe rules for its own governance and the transaction of its business, and Section 15609 to hold meetings each month at times and places in the state for performing its duties, the Board has established the following Work Group Policy and Charter as the governance structure to be used when it determines committees are necessary or useful in addressing specific issues or concerns:

“1. Work Group Policy is established to: Set forth policies that govern the Work Group structure consistent with the Board’s constitutional and statutory responsibilities and this Governance Policy, all relevant law, and Board Proceedings procedures. Guide the Board in establishing and convening Work Group meetings while upholding the effectiveness and integrity of the Board's processes, including oversight, accountability, transparency, efficiency, and decision-making. Identify and distinguish between the role of the Board Members and their team members as well as the Executive Director and Agency team members. This Work Group Policy applies to both Board Members and their staff.

“2. Chair, Co-chair, and Work Group Members: In proposing/establishing a Board Work Group, the Chair or the Board Member will state its specific purpose and who will serve as the Work Group Chair and Co-Chair. Once approved by the Board, each Board Member will serve as a full Member and participant of the Work Group. The Work Group Chair and Co-Chair shall perform these duties only to conduct and carry out the assigned purpose of the Work Group and shall not interfere with or assume the role of the Board Chair or Vice Chair in Section VIII of this Governance Policy. The Work Group Chair and Co-Chair shall establish the Work Group meeting plan, agenda, supporting material, the list of and

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invitations to invited/scheduled presenters and participants, the location and facility, and preparation of meeting minutes. The Chair of the Board and Executive Director, or designated team member, will review the meeting plan for legal and technical purposes and transmit it to the Board Proceedings Division as appropriate. The Work Group Chair and Co-Chair are responsible for conducting the Work Group meeting and drafting Work Group report(s) so that the information is available to the full Board and the public at a regular date-specific Board meeting.

“3. Notice Requirements of Work Group Meetings. The Board shall publicly notice each Work Group meeting consistent with public agenda notice (PAN) process and the Bagley-Keene Open Meetings Act to ensure the Board’s stakeholders and the public of their opportunity to fully engage in the discussions, actions, and decisions of the Board and have a seat at the table. Board Work Groups may only discuss meeting items publicly noticed on the public agenda notice. The Board Work Group agenda, minutes, materials and reports shall fulfill all Board Proceedings procedures and public meeting requirements. The Board shall schedule the Work Group adjacent to a regularly scheduled Board Meeting; or, if due to the urgency or importance of the matter or the demands and competing priorities of the BOE team members, the Board may schedule the Work Group meeting at different time.

“4. Report Out on Work Group Information. Following the adjournment of the Work Group meeting, the Work Group Chair shall prepare the meeting minutes and related tasks, including compiling materials received or reports needed for the full Board’s consideration. The Work Group Chair will submit the draft minutes to the Chair of the Board and the Executive Director for approval, and upon approval, transmit to Board Proceedings for posting to the BOE website for Board approval at a regularly scheduled Work Group or Board meeting. The full Board will direct the Work Group’s schedule of updates and reports. The Work Group Chair shall report at the Board’s next regular meeting, accompanied by a written report reflecting the Work Group’s discussions, recommendations, and findings. Conclusion. The Board shall determine and publicly announce the conclusion and final adjournment of the Work Group, including the outcomes, report(s) and/or Board actions resulting from its efforts.”

Ms. Yee left the Boardroom and Mr. Epolite entered on behalf of Ms. Yee in accordance with Government Code, section 7.9.

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## PUBLIC POLICY HEARINGS

Ms. Cohen made introductory remarks regarding what constitutes a possessory interest in housing units owned and leased by a joint powers authority (JPA), who is the interest assigned to, and how such interests are valued and assessed.

Speakers: Henry D. Nanjo, Chief Counsel, BOE  
Richard Moon, Tax Counsel, Legal Department, BOE  
David Yeung, Deputy Director, Property Tax Department, BOE  
Hon. Jeffrey Prang, Los Angeles County Assessor  
Brian Donnelly, Director of Operations, Major Appraisals, Los Angeles County Assessor's Office  
Hon. Joaquin Torres, San Francisco City & County Assessor  
Sean Rawson, Co-Founder, Waterford Property Company  
Ben Barker, Financial Advisor, California Municipal Finance Authority (CMFA)  
Jennifer Ott, Assistant City Manager, City of Hayward, Alameda County  
Shaun C. Bradley, Vice President, Affordable Housing, HomeFed Corporation  
Guy Penini, Principal, BLDG Partners  
Matt Avital, Principal and Founder, Ascenda Capital

The Board recessed at 3:15 p.m. and reconvened at 3:27 p.m. with Ms. Cohen, Mr. Schaefer, Mr. Gaines, Mr. Vazquez, and Mr. Epolite present.

## BOARD MEMBER REQUESTED MATTERS

Ms. Cohen stated for the record that the matters of the Board Member Strategic Plan and Property Tax Abatement Board Work Group Report are deferred to a later date.

Ms. Cohen made introductory remarks, and each Member reported issues raised at their respective District County Assessors Meeting held during the Annual Meeting of the State Board of Equalization and County Assessors. Ms. Cohen provided a report on District 2 issues ([Exhibit 11.10](#)).

## PUBLIC POLICY HEARINGS (CONTINUED)

Ms. Cohen invited persons to address the Board regarding the implementation of Proposition 19, *The Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act of 2020*, but none provided comment.



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Ms. Cohen invited persons to address the Board regarding the impact of public calamities on property tax administration: county boards of equalization/assessment appeals boards (AAB) remote hearings, but none provided comment.

#### **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA**

Ms. Cohen invited persons who wish to address the Board regarding items not on the agenda to come forward, but none provided comment.

#### **CLOSING**

The Board adjourned at 3:51 p.m., in memory of former Executive Director Brenda Fleming's father, Donald Joiner.

*The foregoing minutes are adopted by the Board on December 13, 2022.*