

September 18, 2026

The Honorable Sally J. Lieber, Chair
The Honorable Ted Gaines, Vice Chair
The Honorable Antonio Vazquez, Member
The Honorable Mike Schaefer, Member
The Honorable Malia M. Cohen, State Controller

California State Board of Equalization
P.O. Box 942879
Sacramento, CA 94279-0001

Re: Proposed Semiannual Report on the Legal Entity Ownership Program

Dear Chair Lieber and Members of the Board:

The California Taxpayers Association respectfully opposes establishing a permanent semiannual report on the Legal Entity Ownership Program (LEOP). As proposed in Chair Lieber's September 8 memorandum, the proposal lacks clear objectives or ways the Board can recommend LEOP program improvements, defined performance measures, or a sunset date.

As has been discussed during past meetings, staff resources are limited at the State Board of Equalization. An open-ended reporting mandate could consume Board staff resources, and impose new mandates on county assessor offices indefinitely while yielding little more than recurring presentations and renewed debates over California's property tax structure.

Most importantly, LEOP is a tax administration program—not a revenue production program. Its purpose is to determine whether a transaction results in a change in control or ownership under existing law and to provide accurate information to county assessors.

Its purpose is to accurately and consistently administer existing law by identifying transactions that constitute changes in control or ownership, recognizing applicable exclusions, and transmitting correct information to county assessors. The proposal letter seeks to "better assist in the discovery" of ownership changes and changes in control, with the objective of having "critical property tax revenue discovered." Again, LEOP's success should not be driven by the amount of revenue that is generated.

Transactions that are lawful and do not result in reassessment should not be characterized as program failures or "lost revenue." Any potential report should not become a vehicle for circumventing, weakening, or proposing fundamental changes to Proposition 13. Broader proposals advocating for a split roll or split-rate property tax system, more frequent reassessment, stock ownership of publicly traded companies, presumed changes in ownership, or a rewrite of the change-in-control standard are separate policy questions that should not be embedded in a LEOP report.

If the Board proceeds, CalTax recommends a limited pilot project. The reporting requirement should automatically sunset, unless the Board finds that continued reporting is necessary. Once

the pilot project concludes, a final report should summarize findings and recommend regulatory or statutory changes, rather than creating a reporting mandate that continues indefinitely.

The Board also should establish clear guardrails and objectives before directing staff to prepare the first report. Each report should answer defined operational questions, including:

- Why are filings submitted after the statutory deadline?
- Which delays are attributable to taxpayers, BOE processing, Franchise Tax Board information, or county administration?
- Are particular forms, instructions, or filing requirements causing recurring confusion?
- Which discovery methods identify actual reportable events most effectively?
- How frequently are BOE findings amended or corrected?
- How long does each stage of the process take?
- What changes would improve compliance without increasing unnecessary taxpayer burdens?

The reports should analyze reasons for delayed filings. Testimony from county assessors at the Board's January 8, 2026 hearing indicated that some late filings occur following the death of a parent, spouse, or other family member who managed the legal entity. Surviving family members may know that a death-related property statement must be filed with the county but may not understand that a separate BOE-100-B filing is required when property is held through a legal entity.

BOE should track whether late filings are associated with:

- The death or incapacity of an owner or entity manager.
- A lack of notice concerning the BOE-100-B requirement.
- Confusion between county change-in-ownership forms and the BOE-100-B.
- Complex mergers, reorganizations, or multilayered ownership structures.
- Difficulty identifying subsidiaries that hold California real property.
- Incomplete, inaccurate, or conflicting filing instructions.
- Delayed information from the Franchise Tax Board.
- BOE processing backlogs or requests for supplemental information.
- Reliance on professional advisers who were unaware of the filing requirement.

Understanding the causes of late filings will allow the Board to pursue practical solutions. For example, BOE could add a notice or revise unclear filing instructions. Administrative problems should be addressed before the Board considers additional penalties or enforcement authority. Any analysis of processing time should distinguish between delays attributable to the taxpayer, BOE, FTB, and the county assessor. Combining them into a single measurement would make it difficult to identify where improvements are needed.

The reports also must provide a balanced account of LEOP's work. In addition to transactions resulting in reassessment, they should include excluded transactions, determinations that no reassessment was required, corrected findings, penalty abatements, and appeals. A correct determination that no change in ownership occurred is evidence that the program is working—not evidence of lost revenue.

CalTax supports efforts to improve LEOP administration, but the proposal to establish a permanent semi-annual reporting appears unnecessary and unfocused. If the Board proceeds, it should only establish a limited pilot, and identify measurable goals with the intent on using the findings to enact regulatory changes, or propose statutory changes. Any recommendation should address a documented administrative problem, consider costs and taxpayer rights, and avoid using LEOP to alter Proposition 13.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert Gutierrez', with a stylized flourish at the end.

Robert Gutierrez
President and CEO
California Taxpayers Association

CC: Matt Cox, Chief Deputy, Office of Vice-Chair Ted Gaines
Douglas Winslow, Chief Deputy, Office of Chair Sally J. Lieber
Juan Carlos Flores, Chief Deputy, Office of Member Antonio Vazquez
Cody Petterson, Chief Deputy, Office of Member Mike Schaefer
Hasib Emran, Deputy State Controller
Yvette M. Stowers, Executive Director