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

REPORTER'S TRANSCRIPT
DECEMBER 16, 2020

PROPERTY TAX APPEAL HEARING
APPEAL OF
GATX CORPORATION
(0503)
NO. 1064217
PETITION FOR REASSESSMENT
OF NONUNITARY VALUE

REPORTED BY: Jillian M. Sumner
CSR NO. 13619

1 APPEARING TELEPHONICALLY OR THROUGH VIDEOCONFERENCE

2
3 For the Board of
4 Equalization:

 Honorable Antonio Vazquez
 Chair

 Honorable Mike Schaefer
 Vice Chair

 Honorable Ted Gaines
 First District

 Honorable Malia Cohen
 Second District

 Betty T. Yee
 State Controller

10 For Board Proceedings
11 Staff:

 Catherine Taylor
 Chief
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12 For Department:

 Richard Moon
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 Mike Harris
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 Vincent Gezi
 Senior Specialist Property
 Auditor Appraiser
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APPEARANCES CONTINUED

For Petitioner: Joseph Calvanico
 Representative
 Appraiser

 Robert Federico
 Representative
 Tax Consultant

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1 STATE BOARD OF EQUALIZATION
2 VIDEOCONFERENCE
3 DECEMBER 16, 2020

4 ---oOo---

5 MS. TAYLOR: Our first order of business
6 will be Item B, Property Tax Hearings.

7 Oral hearing procedures are as follows: The
8 oral hearings will be announced in the order
9 presented on the agenda.

10 When I call the case to be heard,
11 participants, please be ready to unmute and turn on
12 your camera as requested.

13 A Legal Appeals Division staff member will
14 introduce your case, stating the issues for the
15 hearing.

16 Each person on the call will then be asked
17 to introduce themselves, and if necessary, their
18 affiliation with the taxpayer for the record.

19 The Board Proceedings has received
20 Contribution Disclosure forms for this morning's
21 hearings from the parties, agents and participants,
22 except for one agent for GATX, William Gannon.

23 All other forms were properly completed and
24 signed. No disqualifying contributions were
25 disclosed.

26 All parties, agents and participants are on
27 the alpha listings provided to your office.

28 For this morning's Board Meeting there are

1 two property tax cases. The first is B1, Petition
2 for Reassessment of Nonunitary Value, GATX
3 Corporation (0503), 1064217.

4 This matter will be introduced by
5 Ms. Garrett, who will provide a brief introduction.

6 Ms. Garrett.

7 MS. GARRETT: Good morning, Chairman Vazquez
8 and Honorable Members of the Board.

9 In the case before you, the petitioner is
10 GATX Corporation, a railcar leasing company, the tank
11 and railcar maintenance repair facility in Colton,
12 California.

13 Petitioner has appealed its 2020
14 Board-adopted unitary -- nonunitary value, which was
15 based on the January 1st, 2020 lien date.

16 Today the parties will present three issues
17 for the Board's consideration.

18 The first issue is whether the petitioner
19 has shown that SAPD erred in calculating the
20 Reproduction Cost New and depreciation within
21 respondent's Reproduction Cost Less Depreciation
22 value indicator.

23 The second issue is whether petitioner has
24 shown that the respondent failed to account for all
25 obsolescence in petitioner's 2020 Board-adopted
26 value.

27 And the third issue is whether petitioner
28 has shown that respondent overstated and

1 over-assessed petitioner's reported asset costs.

2 The parties have an agreed-to resolution on
3 the fourth issue before the Board relating to penalty
4 abatement.

5 The parties have asked for the Board's
6 adoption of this agreed-to issue, and will present on
7 the three remaining issues for the Board's
8 consideration.

9 Petitioner has the burden of proof to show
10 that the 2020 Board-adopted assessment is incorrect
11 or illegal.

12 The parties are present and ready to present
13 their cases before the Board.

14 MR. VAZQUEZ: I was muted here I guess.

15 I'm assuming the petitioner is on the line
16 waiting to present, Ms. Taylor.

17 MS. TAYLOR: Yes, they are.

18 They -- they can unmute and turn on their
19 cameras at your direction.

20 MR. VAZQUEZ: Welcome.

21 Well, let me welcome the petitioner here to
22 the Board of Equalization.

23 You'll have 10 minutes to make your initial
24 presentation, and you'll have an additional 5 minutes
25 on rebuttal.

26 Please unmute and introduce yourselves and
27 your affiliation for the taxpayers for the record.

28 MR. FEDERICO: Okay. My name is Bob

1 Federico. I am a tax consultant for Grant Thornton.
2 We are GATX's consultant.

3 I will not be testifying as to value, that
4 will be Joe Calvanico, who should be on the line. I
5 think he said that he was on a phone line. I don't
6 know if that's working or not. But he will be doing
7 the testifying.

8 MR. VAZQUEZ: Can we check and see if Joe is
9 on the line?

10 MR. CALVANICO: Can you hear me?

11 MR. VAZQUEZ: Yes, I can hear you. Go
12 ahead.

13 MR. CALVANICO: All right.

14 Bob, are you completed then?

15 MR. FEDERICO: Yes, I'm finished. I'm good.

16 MS. TAYLOR: Before we begin, Chair --

17 MR. VAZQUEZ: Yes, Ms. Taylor. Go ahead.

18 MS. TAYLOR: We -- we will ask all
19 participants to be sworn before providing their
20 testimony. So we'll be providing the group oath.

21 Please raise your right hand.

22 Do you swear to tell the truth in these
23 proceedings?

24 MR. CALVANICO: Yes, I do.

25 MR. FEDERICO: I do. Yes.

26 MS. TAYLOR: Thank you.

27 MR. CALVANICO: All right.

28 Well, thank you very much, Mr. Chairman and

1 Honorable Members of the Board. Thank you very much
2 for your time this morning. And I will keep it
3 within the time allotted.

4 I prepared a appraisal, and I wanted to give
5 you my -- just briefly my qualifications.

6 And I -- the -- I've been an appraiser, this
7 next year will be 40 years. I have a MAI, an ASA, an
8 FRICS and CEA designation. I also attended
9 University of Wisconsin where I received a Bachelor's
10 of Art in economics.

11 I also attended the John Marshall Law School
12 here in Chicago, where I got an advanced degree in
13 real estate law.

14 I've earned a number of the designations
15 over the years, but as well as I've published many
16 articles with regard to the valuation of machinery
17 equipment, and the valuation of real estate over the
18 years.

19 And so with that background and with that
20 experience and knowledge, I've had the opportunity to
21 work with a number of companies very similar to GATX,
22 and I value the assets -- subject assets for a number
23 of -- based on largely the cost approach.

24 We did supplement with the market data
25 approach. And I'm going to tell you a little bit
26 about our cost approach, and then some statistics
27 that I think will be helpful, as well as the basis of
28 our market data as well.

1 So briefly what we did is we used the
2 assessment -- the California Assessors' manual. We
3 used the tables from that particular handbook.

4 And the reason why is that the subject
5 assets -- the subject assets are general industrial
6 items. There is nothing specialized equipment.

7 You know, if you -- the descriptions are
8 pretty clear in so far as there's nothing specialized
9 with respect to the machinery equipment that is
10 actually in place.

11 We're talking about cranes, we're talking
12 about containers, we're talking about tanks, waste
13 basin, water tanks. And really that's really about
14 the most specialized equipment that -- or the most
15 specialized equipment that's there are really, you
16 know, those items.

17 And they all kind of fit within the general
18 industrial category. So we felt that they were --
19 they fit the definition as -- as articulated in the
20 California Assessors' manual.

21 And just to give you a sense of, you know,
22 where we -- or why we feel it was applicable, is that
23 at the end of the day, our replacement cost new,
24 using the information not only in the assessors'
25 manual, but also Marshall Valuation Service, we found
26 that if you -- if you compare the replacement cost
27 new to our fair market value, that the fair market
28 value, one of being 33 percent of the replacement

1 cost new, that's significant.

2 Because the average age of equipment on hand
3 is 16 years. So what -- saying that is basically 67
4 percent depreciated or 33 percent good, that implies
5 a 25-year life for the equipment for all of the
6 equipment.

7 So 25 years seems to be -- or is the
8 actual -- or is the implied life based on the actual
9 market value that we derived. And the -- that is
10 generally a pretty generous life for most machinery
11 equipment. Very few pieces of machinery equipment
12 have a much longer life. In fact, really, for the
13 all intents and purposes, there isn't many that do.

14 What's really significant as well is that --
15 by the way, the oldest asset is 53 years old. Just
16 to kind of give you an idea of some of the age on the
17 equipment that's actually there. With an average age
18 of 16, as I mentioned.

19 What's also significant is that when we
20 looked at the comparable sales to back up the
21 manual -- the tables in the manual, our comparable
22 sales wound up being about three to eleven percent
23 less than the actual lives, or basically lessen the
24 value using the tables in the assessors manual. So
25 at the end of the day, we felt it was pretty
26 applicable.

27 And just to really kind of punctuate it then
28 is also is that when we compared the market value of

1 the tanks on site, that using the direct cost
2 approach, using the size of each of the tanks, the
3 capacity and size of the tanks, the actual
4 replacement cost, new and resulting value based on
5 Marshall Valuation Service, we wound up being -- that
6 was actually 70 percent less than the tables.

7 So we used the tables, and we felt that we
8 were being generous overall with respect to the
9 overall value. And that it seemed to corroborate
10 what the actual Assessors' manual articulated.

11 We also used an amount for economic
12 obsolescence. And the reason why we used economic
13 obsolescence -- I'm not sure if you have my appraisal
14 in front of you, but there's a section in there
15 called the industry -- basically the industry
16 overview on the company's overview.

17 And at the conclusion of that on page --
18 I'll tell you that here in a second -- bear with me a
19 second -- on page 8 of the industry outlook, one of
20 the things that was significant, and this is why
21 we -- we use the economic obsolescence penalty, was
22 when the industry overview and outlook was written,
23 it was positive. Largely because at that point in
24 time there was a speculation that the U.S. Shell oil
25 and gas production business was going to expand in
26 the United States. And we all know that has not
27 happened.

28 And it started to decline as early as 2019

1 or late 2019. Which pretty well buckets or brackets
2 the date of the valuation, late 2019 into early 2020.

3 So they had felt it was going to increase at
4 that point in time around two-and-a-half percent.
5 And really, in essence, what it did is it dropped --
6 it dropped actually very similar to the obsolescence
7 percentage that we articulated that was based on a
8 scale factor, which is a measure used by appraisers
9 that is pretty typical and well thought of in the
10 industry.

11 And our obsolescence was pretty well
12 underscored by not only that scale factor, but seemed
13 to compare up pretty well to the industry factors
14 overall.

15 So just to reiterate, our fair market value
16 of 8,254,000, then 59.79 percent of that to reflect
17 the 4-R Act is \$4,662,000.

18 And just to point out, is that economic
19 obsolescence, if you were to take that out, my value
20 was still \$5,560,000, which is a fair amount less
21 than the value of 7 point -- almost \$5 million by the
22 State.

23 And here, again, I felt the factors that we
24 used were will underscored by the overall market,
25 and -- and -- I'm sorry -- published cost data that
26 was available to me.

27 And that's it. If you have any questions
28 for me, I'd be happy to entertain them.

1 MR. VAZQUEZ: Thank you.

2 Let me move on then to our State-Assessed
3 Property Division for their presentation, which is
4 Mr. Moon.

5 And then we'll allow you to respond to that
6 after his presentation.

7 Is Mr. Moon available --

8 MR. MOON: I am.

9 MR. VAZQUEZ: -- to give his presentation?

10 MR. MOON: Yes, I'm here.

11 Good morning. Richard Moon with the Legal
12 Department. And with me are Mike Harris and
13 Vincent Gezi, Jack McCool and Robert Winn, all of the
14 State-Assessed Properties Division.

15 In this case for GATX, what SAPD had done
16 for their appraisal is use the Reproduction Cost Less
17 Depreciation approach for their equipment in
18 comparable sales for their land, then they applied
19 appropriately the 4-R Act percentage and arrived at
20 the 2020 Board-adopted value of about \$8.1 million.

21 And this is fully consistent with the
22 Board-adopted value last year, and the fact that they
23 added roughly 1.6 million in property this year.

24 I would also mention at the outset, I think
25 I heard petitioner state that they had also used a
26 comparable sales method in their appraisal. But I
27 think that's the first time I'm hearing it. I may
28 have missed it.

1 But I will point you to his own appraisal,
2 which on page 11 says, We did not employ a market
3 data approach to the valuation of the subject. There
4 is little data that could be utilized to identify the
5 tangible asset portion of each market transaction.

6 And so if he does have -- in fact have data,
7 that's something, of course, that we could look at,
8 but not at this point. Certainly for next year if
9 they'd like to pursue it. I'm sure SAPD would be
10 more than happy to look at that.

11 The initial petition originally requested a
12 \$3.4 million reduction. But they changed that
13 request to 4.62 million without really explaining the
14 cause.

15 But this would represent about a \$2.8
16 million decrease from last year, even though they
17 added about 1.6 million in property this year.

18 GATX, as you know, did provide an appraisal
19 report that's the basis for their reduction request.
20 However, there were a number of issues with the
21 report, such that we cannot recommend any reduction
22 in value based on it.

23 And so I'll go through some of the issues
24 that we had with that report. And they should cover
25 the issues that were mentioned by the appeals
26 attorney at the outset of this hearing.

27 For that appraisal, the first issue that we
28 had was that the appraisal used index factors, as

1 petitioner had stated, that are contained in our
2 Assessors' Handbook 581, and that are also reflected
3 in a CAA, California Assessors' Association issue
4 paper that publishes business assessment factors
5 every single year.

6 The only problem is these are the wrong
7 factors to use for state-assessed properties. And
8 SAPD calculates its own factors that are more
9 specific for state-assessed properties.

10 The index factor table used by GATX are for
11 commercial, industrial, and agricultural and
12 construction equipment, which does not fit into the
13 factors that SAPD had developed.

14 But we should also point out the GATX
15 California location does not match the industry
16 company type categories that are listed in the
17 Assessors' Handbook.

18 But in any case, those factors, as the
19 Assessors' Handbook says itself, are for locally
20 assessed, county-assessed properties, and not for
21 state-assessed properties.

22 The second issue that we had was that the
23 appraisal applied a 125 percent maximum trend factor
24 that's recommended guidance, again, for
25 locally-assessed properties.

26 And further, this factor is used in
27 conjunction with a minimum percent good factor, but
28 the appraisal used the maximum factor, but not the

1 minimum percent good factor with no explanation.

2 The SAPD's factor, on the other hand, that
3 should have been used and that apply to this property
4 do not apply maximum trend factor, and they do not
5 cap a minimum percent good factor.

6 The third issue that we had was with the
7 obsolescence adjustment. They used an inutility
8 adjustment. And that's for a reduced utilization of
9 the property. But the calculation was largely
10 unsubstantiated. And specifically no detail was
11 really provided for two major components of the
12 formula, which are capacity and scale.

13 So for capacity, petitioner used a table
14 produced by the federal reserve, even though that
15 table is not appropriate for use to determine
16 petitioner's specific capacity.

17 And for the scale factor, the precise scale
18 factor used was not even stated in the report. SAPD
19 had to reverse engineer what scale factor was used,
20 and then asked petitioner to confirm that at the
21 appeals conference.

22 Thus petitioner is requesting about an
23 18 percent reduction to its property for inutility,
24 without explaining why the numbers used to calculate
25 that reduction are appropriate for this property, and
26 particularly for property -- some of this property
27 that's already valued at salvage value.

28 The Board has published guidance as to how

1 to properly demonstrate utility, and petitioner has
2 not followed that guidance.

3 And then finally, SAPD discovered that about
4 half of the listed property had lower useful lives
5 than what SAPD uses. And of course lower lives are
6 going to reduce the value of the property.

7 But petitioner has not explained why the
8 lives and why the factors that are used are
9 incorrect, and why the ones that they have used are
10 correct.

11 And for these reasons, we recommend no value
12 reduction for this substantive appraisal reasons or
13 issues that are raised here.

14 However, SAPD did apply a penalty for late
15 filing. But due to a processing error, reported it
16 incorrectly, depriving petitioner an opportunity to
17 request abatement of that penalty.

18 And for that reason, SAPD is recommending
19 removal of that penalty amount, and no other change
20 to the Board-adopted value.

21 Thank you very much. And we'd be happy to
22 take any questions.

23 MR. VAZQUEZ: Okay.

24 MR. GAINES: I've got a question if I could,
25 Chair.

26 MR. VAZQUEZ: Thank you, Mr. Moon.

27 Members, I have several questions myself. I
28 was wondering if we can just hold our questions until

1 after we allow the petitioner to -- his five minutes
2 for rebuttal. If we can hold that.

3 MR. GAINES: Yeah. Great.

4 MR. VAZQUEZ: Okay.

5 Is it Mr. Federico or is it Joe? Who is
6 going to do the rebuttal?

7 MR. CALVANICO: This is Joe Calvanico. I'll
8 follow up on that.

9 MR. VAZQUEZ: Okay. You have five minutes.

10 MR. CALVANICO: Thank you, sir. Thank you,
11 Mr. Chairman. I appreciate it. And Honorable
12 Members of the Board.

13 I -- and the one thing I'm going to -- I
14 agree with one thing that the State said, in that I
15 did not follow their guidance.

16 I'm a professional appraiser using --
17 appraising one particular set group of assets. And,
18 you know, using mass appraisal advice doesn't
19 necessarily always lead to the most accurate value.

20 As the assess -- or as the State pointed
21 out, that they say there's a state -- state-assessed
22 property, which is true. But it's a nonunitary
23 asset. So nonunitary assets are assets that are not
24 included in the entire approach, and can be, you
25 know -- are classified that way, because they don't
26 necessarily fit the entire business model.

27 In this particular case, as I mentioned,
28 most of this was fairly standard industrial equipment

1 that is found on site.

2 And, in fact, the state assess manuals
3 reflect that definition in terms of -- in terms of
4 the assets that are overall covered by all the tables
5 within the context of the, quote/unquote,
6 locally-assessed property, including manufacturing
7 machinery equipment.

8 The -- and as I pointed out at the outset of
9 my presentation, that our value implies a 25-year
10 life. And as I mentioned, that's probably a --
11 that's probably higher than most of the lives even
12 within state-assessed area. So overall we think it
13 reflects value.

14 The other thing that -- that I wanted to
15 mention from that perspective is that within the
16 context of the market data, absolutely true in the
17 report that we said that there was no market data for
18 an entire facility, such as the subject. And that's
19 what that -- that was necessarily articulating.
20 Essentially, it would be -- it would be prudent as an
21 appraiser just to trust tables overall.

22 So of course I have market data that I use
23 to substantiate what I have. And I'm articulating
24 that now because obviously it's called into question
25 in the fact that the assets that we used for market
26 data definitely underscore and -- and agree with the
27 factors that we use that were from the state overall
28 manual.

1 With regard to the second item that they
2 mentioned with regard to the 125 percent rule, you
3 know, there's generally guidance in there for
4 locally-assessed properties. It's absolutely true.

5 But the interesting thing is, is that
6 there's actually no rule or statement stating that
7 it's not recommended for state-assessed nonunitary
8 property. So it would be -- it would be inaccurate
9 to say that you shouldn't use it.

10 And, in fact, these assets, because many of
11 them are older, this absolutely applies to each and
12 every one of those assets as a result of that.

13 And as I pointed out, our overall market
14 value with obsolescence using that scale factor,
15 which was really based on the -- the reduction in the
16 industry, or the -- the decline in the industry is
17 well -- is well articulated.

18 And as I mentioned before, even if you take
19 that out, if you take that inutility factor out, our
20 value would be 5.56 million, which would still be
21 less than the \$7.6 million that the State assessed.

22 So that's that.

23 MR. VAZQUEZ: Thank you.

24 I think it was Member Gaines had a question,
25 right? We'll open it up to the Members.

26 MR. GAINES: Thank you very much, Chair
27 Vazquez.

28 I just was curious, because Mr. Moon had

1 mentioned that the penalty was waived. So I was just
2 curious as to how much that penalty was.

3 MR. MOON: Yeah. So the penalty is not
4 waived. What we're asking the Board, or recommending
5 that the Board do is abate that penalty.

6 MR. GAINES: Oh, okay.

7 MR. MOON: We, as staff, of course can't --
8 can't remove that.

9 MR. GAINES: Okay.

10 MR. MOON: And so that would be -- yeah.
11 And so that would be up to you to approve that.

12 The amount of the penalty -- I'll get that
13 in a second -- is 683,000, roughly.

14 MR. GAINES: Okay. Very well. Thank you.
15 I appreciate that.

16 And then I'm just curious as to this
17 argument in reference to a 25-year depreciation
18 table.

19 And I believe it was -- it was Joe Calvanico
20 that had expressed that he thought that that was
21 the -- the proper timeframe of depreciation.

22 And I was just wondering if, Mr. Moon, could
23 you respond to that in terms of his logic and thought
24 process?

25 MR. MOON: Well, I -- I certainly don't want
26 to speak for his logic and his thought process.

27 In terms of the 25-year lives, what -- what
28 I will say -- I'm actually not exactly sure what he's

1 saying.

2 But, again, the lives and the factors that
3 are required to be used are the ones that the SAPD
4 produces.

5 And perhaps one of our appraisers, Vincent
6 Gezi or Mike Harris, would like to chime in.

7 MR. GAINES: Sure. Okay.

8 MR. VAZQUEZ: Are they on the line?

9 MR. GEZI: Yes. Hi. This is Vincent Gezi.
10 Good morning.

11 MR. VAZQUEZ: Good morning.

12 MR. GEZI: Yes. I believe the 25 years may
13 be an average that he -- that they came up with. I
14 don't know how he came up with it. We used a lot of
15 different lives for different categories of property.

16 I will mention that the facility is 72 years
17 old, and it was built in 1948. So many of the assets
18 are -- are older than 25 years.

19 MR. GAINES: Okay.

20 And could you speak to the Marshall
21 Valuation technique?

22 MR. GEZI: Well --

23 MR. GAINES: Are they -- are they just using
24 a different model for valuation of property than the
25 State -- the State uses?

26 MR. GEZI: Well, he didn't use the Marshall
27 Valuation for index factors or percent good in his
28 appraisal.

1 MR. GAINES: Okay. Okay.

2 So maybe he could -- maybe if I could get
3 that clarification then from Mr. Calvanico in terms
4 of -- can you clarify how the Marshall Valuation was
5 used in this?

6 MR. GEZI: Yes, sir, I can.

7 So Marshall Valuation Service Center -- I
8 don't know how familiar you are with it, and if you
9 want me to explain it a little bit more. But it's
10 published cost data that most appraisers rely on.

11 What we -- when we --

12 MR. GAINES: We use it in the insurance
13 business. So that -- that's the reason I'm
14 familiar -- a little bit familiar with it.

15 MR. GEZI: Okay. Very well, sir. Then
16 you're very familiar with it.

17 So the reality is that, as you know, is that
18 the published cost data is pretty accurate.

19 And one of the things we did was we, in
20 using the factors that we used, the factors in the
21 lifing, we corroborated that with Marshall data --
22 you know, with the Marshall Valuation data.

23 And it was consistent with that for this
24 specific equipment, including what I mentioned
25 earlier, the tanks and some of the specific assets
26 for which we found market comparables for. So they
27 reflected the lifing that we used overall.

28 And as was said is that -- so the 25-year

1 life is certainly the average for -- well, not even
2 an average. What it does is it -- the value -- the
3 fair market value that we derived using the lifing,
4 if you would compare it to the replacement cost new,
5 then that would imply a 25-year life.

6 And so obviously within the context of --
7 even though it's a -- as I mentioned, that there's
8 53 -- 53 is the oldest asset that's on site still.
9 The average age is about 16.

10 So that would definitely -- and that was
11 reflected in the Marshall Valuation service as well.

12 MR. GAINES: Okay. And then I'm
13 wondering -- thank you.

14 Mr. Moon, can you help me a little bit on
15 this valuation in terms of the depreciation?

16 How -- how is the State depreciating it
17 versus this proposal coming forward in this Marshall
18 Valuation?

19 MR. MOON: Yeah. I don't know what the
20 difference between our depreciation factors that we
21 use in the Marshall factors are. I think Vincent
22 Gezi would be a better person to answer that
23 question.

24 MR. GAINES: Oh, okay. Yeah. Great. Thank
25 you.

26 MR. GEZI: Yes, Mr. Gaines. Vince Gezi
27 here.

28 I believe our -- our appraisal --

1 State-Assessed Properties Division appraisal, we used
2 different life tables than the petitioner.

3 And it was based on our -- what we use for
4 railroad maintenance facilities in the state of
5 California. And also based on the age of equipment,
6 and age of the facility.

7 MR. GAINES: Okay. All right. So it's not
8 a -- there's not a specific table out there? You're
9 looking --

10 MR. GEZI: No. We used, you know, different
11 life -- life average service lives for different
12 property that they owned.

13 Also, I might mention that they do own quite
14 a bit of buildings and paving out there, not just
15 equipment. So --

16 MR. GAINES: Okay. And so your -- the
17 tables that the State is using are specific to that
18 particular type of property?

19 MR. GEZI: Yes. We used 12 different index
20 factors for different categories that we saw.

21 MR. GAINES: Okay.

22 MR. GEZI: That they owned and used and
23 possessed.

24 For example -- I'll give you an example. We
25 used index for buildings and steel buildings and
26 wood, building and improvement, paving asphalt,
27 paving concrete, tanks, water wells, and railroad
28 freight cars. But were very specific in our trend

1 factors that we used for their property.

2 MR. GAINES: And I'm just curious as to how
3 Marshall does it. Are they asked specific --

4 MR. GEZI: Well, I don't think they used the
5 Marshall & Swift for their index factors. They
6 used -- they used the Assessors' Handbook 581, which
7 is for county-assessed properties.

8 MR. GAINES: Okay.

9 MR. GEZI: And they used a very generic for
10 commercial and industrial, agriculture and
11 construction property.

12 MR. HARRIS: This is Mike Harris. Can I
13 step in here?

14 MR. GAINES: Yes, please do.

15 MR. HARRIS: I -- I -- I want to clear up
16 something. We also incorporate Marshall in our
17 development of our index factors; however, we -- we
18 narrow our focus on the specific type of equipment
19 that you would find in this facility and railroad
20 property.

21 So while we both -- I think, from what I
22 understand of the petitioner's use of the county
23 factors, they're a little more broad in how they
24 apply it. Because they're covering more property,
25 more -- different pieces of equipment are
26 incorporated in their -- in their factors.

27 Wherein our use of Marshall Swift, we're --
28 or Marshall Valuation, we're more focused on the

1 railroad property.

2 MR. GAINES: Okay. Now you're speaking to
3 the petitioner, or are you speaking to Marshall
4 Valuation?

5 MR. HARRIS: Well, I'm talking about how --
6 how Marshall Valuation is used.

7 MR. GAINES: Yes. Okay.

8 Okay. So the petitioner is using it on a
9 more extensive basis than -- than we would?

10 MR. HARRIS: Right. Well, the petitioner
11 has taken county factors that are much broader in use
12 covering different -- much broader categories of
13 equipment.

14 MR. GAINES: Okay.

15 MR. HARRIS: Where the State-Assessed
16 Properties Division is using a more focused, narrow
17 category for just railroad type property and specific
18 property that's found at this facility.

19 MR. GAINES: Okay. That's -- that's
20 helpful. Thank you.

21 And just, in closing, if I could have
22 Joseph Calvanico, if he could just respond to that.

23 MR. CALVANICO: Certainly.

24 MR. GAINES: Thank you.

25 MR. CALVANICO: Just to give you an idea.
26 So I heard that there were a number of different
27 categories that the State used. And just to let you
28 know, we used about 30 different categories.

1 And we were very specific about the
2 particular items of equipment, because, as I
3 mentioned, we're using the valuation of one
4 particular taxpayer and one facility.

5 And so when we went to corroborate the
6 actual factors and the lifing used is, is that we
7 were specific to the actual equipment and use within
8 the context of the subject property.

9 And so that when we -- when we went to the
10 California Assessors' Manual to use the particular
11 lifing for the particular broader category, we went
12 to Marshall to see within the context of the 30
13 categories we had, how they -- how they translate it
14 to that.

15 So the 30 categories that we did have,
16 actually, in terms of -- and I'm happy to articulate
17 each and every one of them to you, if you'd like in
18 terms of --

19 MR. GAINES: No, no. So 30 -- how about
20 just -- okay, 30 categories versus how many used by
21 the State?

22 MR. CALVANICO: Vince, do you have that?

23 MR. GEZI: Well, I believe he might be
24 referring to the percent for life to use for percent
25 good. But that's not the case for trend factors.

26 And also the information he just presented,
27 it's not in his appraisal.

28 MR. GAINES: Okay. Okay. So that's not

1 clarified in the appraisal?

2 MR. GEZI: No, it's not.

3 MR. GAINES: Okay. All right. Thank you
4 very much. I appreciate it. It's clear as mud.

5 MR. GEZI: Yes, thank you.

6 MR. SCHAEFER: Chair Vazquez, Vice Chair
7 Schaefer here.

8 MR. VAZQUEZ: Yes. Vice Chair Schaefer, go
9 ahead.

10 MR. SCHAEFER: I have a question to the
11 petitioner.

12 The respondent alleges that you used the
13 wrong factors, agricultural factors or county
14 property assessment factors in calculating the value
15 of the state-assessed property.

16 I'm not sure what you're talking about
17 there. Is that true? And please explain.

18 MR. CALVANICO: It's actually not true, and
19 there are several tables that we used overall just in
20 general.

21 And in the appraisal -- and each of those
22 categories that I talked about are articulated in the
23 appraisal. In fact, if you look at pages of the
24 appraisal, which included each of the equipment
25 tables that we did use. If you start on page 13 and
26 go through -- bear with me a second. I apologize --
27 34. So 13 to 34, each and every specialized listing
28 or the asset listing is there, along with the actual

1 tables and the commercial percent good.

2 And for each of the different factors that
3 we use -- not factors, but the depreciation
4 schedules, we used it for -- for the appropriate
5 equipment overall, including industrial, commercial.
6 We applied them directly to the correct items,
7 including -- agricultural is -- is a misnomer,
8 because it's also construction equipment that's
9 looped into there. And there are things that are
10 construction equipment on site, so we've included
11 those as well.

12 MR. SCHAEFER: Thank you.

13 I also would like to ask our staff, we all
14 agree on abatement of the penalty here?

15 MR. MOON: I'm sorry, Mr. Schaefer, are you
16 asking that of staff or are you asking that of your
17 fellow Board Members?

18 MR. SCHAEFER: I'm asking that of staff.

19 MR. MOON: Yes. Yes, staff is recommending
20 that the Board abate that penalty.

21 MR. SCHAEFER: All right. I'd like to ask,
22 are we pretty quick to assess a penalty? I would be
23 happier if we didn't have to abate it, because we
24 never tagged it into the valuation.

25 I think we are admitting some negligence on
26 our part in giving the penalty in the first place,
27 and that's why we are abating it.

28 It costs the public and it costs the

1 petitioners a lot of time and money to go in and ask
2 for an abatement of it when they have pretty good
3 reason for it. And when they have pretty good reason
4 for it, it just raises my mind, I guess maybe I'm
5 pro-business here, is that we should have been a
6 little slower to assess a penalty that we can't
7 defend.

8 MR. MOON: Mr. Schaefer, if I can respond.

9 We're statutorily required to assess this
10 penalty if the filing is late. And so what we do,
11 the mechanism that the Board has, is that because
12 we're statutorily required, we -- we put the penalty
13 on if they're late.

14 And then if there are circumstances that
15 make it reasonable that it was late, then staff will
16 recommend abatement to the Board.

17 And in this case, we believe that it is
18 reasonable that the penalty be abated, because of the
19 processing error that staff had made.

20 MR. SCHAEFER: All right. Thank you.

21 I would like to be considered as favorable.
22 And on us abating penalties or not assessing
23 penalties, I think we have to realize that any
24 business interest, from the little guys to the big
25 guys, is having a much tougher time this year than
26 they've had before. And we should help them out
27 whenever we can legally do so.

28 Thank you.

1 MS. YEE: Mr. Chairman.

2 MR. VAZQUEZ: Yes. I think I hear -- you
3 know, Controller Yee, I can't see you, but I think I
4 hear you.

5 MS. YEE: Okay. I'm on.

6 MR. VAZQUEZ: Go ahead.

7 MS. YEE: Good morning, Members.

8 I just wanted to make an observation about
9 this appeals case. It is one that I have some
10 concern about with respect to what the petitioners
11 are relying on with respect to the guidance on
12 valuation.

13 And I appreciate Board Member Gaines'
14 questions about, you know, just what all was
15 incorporated into some of the calculations.

16 You know, a really threshold issue here, and
17 I want to be sure that petitioners understand this,
18 and that is, you know, what application of guidance
19 is actually being conducted here.

20 And it looks like a lot of the guidance
21 petitioners relied on are -- are standards that have
22 been established for county-assessed properties.

23 And even though they are standards in
24 guidance for county-assessed properties, that's not
25 to say that even counties are going to be mandated to
26 look at applying those at every turn. There are
27 going to be unique situations where they're going to
28 have to apply that appropriately.

1 But I'm just concerned that, year after
2 year, when we do the valuation for this particular
3 petitioner, that we understand that the guidance that
4 should be relied upon is, first of all, Property Tax
5 Rule 6, which this Board adopts, that relies on
6 essentially the reproduction or replacement cost
7 approach to value. That is the preference when
8 either reliable sales data or reliable income data
9 are available.

10 And then just taking it from that particular
11 threshold guidance, to then apply more specific
12 factors that are adopted by this Board for
13 state-assessed properties.

14 So I'm just a little concerned that I don't
15 want petitioner to be repeating, I guess, this
16 reliance on county-assessed properties guidance
17 documents that are -- include the Assessors'
18 Handbook, as well as, you know, the California
19 Assessors' Association guidance as well.

20 So I just wanted to point that out. Because
21 to Mr. Schaefer's point, I mean, I think our time is
22 all valuable, but I want to be sure at the very least
23 that the threshold level that we're applying be
24 appropriate guidance for the properties that are
25 rightfully before this Board.

26 So I just wanted to make that observation.
27 And believe that the State-Assessed Properties has
28 appropriately determined the valuation for this

1 petitioner.

2 MR. CALVANICO: I'm Joe Calvanico.

3 Am I allowed to respond to that?

4 MR. VAZQUEZ: Sure. Go ahead.

5 MR. CALVANICO: Okay. The way I understand,
6 and -- and correct me if I'm wrong, but the mandate
7 in the state of California for assessed property is
8 market value.

9 What I provided to you as an appraiser is my
10 opinion of fair market value of this equipment. It
11 doesn't really matter how -- well, it does matter how
12 I came up with it. And I explained how I did.

13 The reason why I gave it to you in the terms
14 that I did was largely because of the fact that the
15 California Assessors' manual has particular tables.
16 And whether or not they're mandated, if they reflect
17 market value and they are consistent with things like
18 Marshall Valuation Service, which is a service that
19 most appraisers rely on to help provide market value,
20 in addition to comparable sales and the like, that's
21 what comes up with market value.

22 So it's not a matter of using incorrect
23 guidance or anything like that. What it is is it's
24 coming up with market value, and that's what I did.

25 MS. YEE: All right.

26 MR. MOON: May -- may I respond briefly?

27 MS. YEE: Yeah. Thank you, Mr. Moon.

28 MR. MOON: I -- I would just say, it's -- of

1 course they're absolutely right that what we're
2 mandated to assess is market value, but we have
3 standards and guidance that help us to get there.

4 And it sounds like -- and quite honestly,
5 I'm a little bit confused. But it almost sounds like
6 what the petitioner is saying is that they came up
7 with a study, or they did a study of their own trend
8 factors and index factors.

9 And if that's the case, and if that fits
10 better than our factors, then we're more than happy
11 to look at it. But I don't believe that was in the
12 appraisal.

13 What was in the appraisal was just that they
14 used the age 581 factors. And based on that, we
15 would not recommend any kind of reduction.

16 Thank you.

17 MR. VAZQUEZ: Thank you for that
18 clarification.

19 Controller Yee, did you have more questions,
20 or is that --

21 MS. YEE: No, I was just -- thank you,
22 Mr. Moon, for that clarification.

23 I mean, this is not by any means a strict
24 formulaic, you know, method of how we get to the
25 valuation. But we're certainly happy to look at
26 methods that were employed that are consistent with,
27 you know, how we look at state-assessed properties
28 generally.

1 But what I am saying is that I hope the
2 petitioner understands that this Board actually does
3 adopt factors that are more specific. And I just
4 really am perplexed as to why kind of the more
5 generalized factor tables were employed here on the
6 part of the petitioners that are more appropriately
7 for county-assessed properties.

8 Thank you.

9 MR. GAINES: Could I do a follow-up question
10 if there --

11 MR. VAZQUEZ: Sure. We have two. I guess
12 we'll go with Member Gaines, and then we'll go to
13 Vice Chair Schaefer.

14 Go ahead, Member Gaines.

15 MR. GAINES: I just wanted to follow up with
16 Mr. Moon in terms of the factors that we are using.

17 Are they -- I mean, the argument by
18 Joe Calvanico is that -- that they don't reflect the
19 market.

20 So, you know, then the question is, do we
21 need to adjust our factors?

22 And I don't know the process for doing that.
23 But I just thought I'd ask the question.

24 MR. MOON: Yeah. If that's his argument --
25 and, again, I'm a little bit confused as to if that's
26 the argument at all. But if that's the argument,
27 then I think what -- what it would behoove him to do
28 is to give us his reasons prior to this hearing, you

1 know, along with his actual appraisal.

2 If he has reasons why he thinks his factors
3 are more appropriate than our SAPD-adopted factors,
4 then we'll be more than happy to listen to his
5 reasonings, and to make a determination as to whether
6 that's the case.

7 And then we would also look to see if that
8 applied only to this specific property, or to all
9 kinds of this general type of property as well to see
10 if an overall adjustment would need to be made to our
11 factors.

12 MR. GAINES: Okay. So what is the process
13 for that? You said it should have been done earlier.
14 So what -- what is that --

15 MR. MOON: Typically, the -- typically it
16 would be done around the March/April/May timeframe.
17 The property statement is due March 1st. I think
18 that's also true for railroad property. Although I
19 could be mistaken on the date.

20 But typically about that timeframe an
21 assessee would present whatever information that they
22 have to support a different value than what the SAPD
23 had -- had come up with. And then there would be
24 back and forth from there.

25 MR. GAINES: All right. Is the
26 petitioner -- was there -- were they aware of that --
27 of that procedure?

28 MR. MOON: I'm not sure if they were aware

1 of that.

2 MR. GAINES: Or should they be aware of it?
3 I'm just trying to --

4 MR. MOON: They should be aware of that.

5 MR. GAINES: -- what's going on.

6 Maybe I could get a response from
7 Joe Calvanico.

8 MR. CALVANICO: So I'm the appraiser. I
9 think I -- I'll turn that over to Bob, who is the
10 consultant -- you know, the consultant, and the
11 company hired me.

12 MR. GAINES: Okay. Then I'd like to hear
13 from Bob.

14 MR. FEDERICO: Yeah. Yeah. If I understand
15 you, I think what you're saying, Mr. Moon, is that
16 that type of information maybe would be more useful
17 sometime after the return is filed.

18 Is that what you're getting at in terms
19 of --

20 MR. MOON: Well, I -- I think what I'm
21 saying is that type of information would be more
22 useful when our appraisers have time to look at it
23 and give it the --

24 MR. FEDERICO: Right.

25 MR. MOON: -- give it the attention that it
26 deserves.

27 MR. FEDERICO: Understood. Understood.

28 MR. GAINES: Wonderful. Great. Thank you.

1 MR. VAZQUEZ: Vice Chair Schaefer, I believe
2 you had a question.

3 MR. SCHAEFER: I wanted to ask Bob Federico,
4 if we applied the factors that you used in your
5 petition, how much of a difference would this make in
6 the valuation?

7 In other words, is there a dollar figure of
8 how much lower your valuation would be?

9 MR. FEDERICO: I would have to defer to our
10 appraiser Mr. Calvanico.

11 MR. CALVANICO: Sure. So without the
12 inutility factors, sir, what we would wind up with is
13 a value of \$5.56 million versus a value of \$7.46
14 million.

15 MR. SCHAEFER: But you're more or less happy
16 with -- with our stipulation here? Well, that's all
17 been figured into the stipulation you have with
18 Mr. Moon? Hello? Okay.

19 MR. CALVANICO: That would be for Bob to
20 address.

21 MR. FEDERICO: Yeah, I'm not -- yeah, I'm
22 not sure of the question, Mr. Schaefer. Could you
23 repeat that?

24 MR. SCHAEFER: Oh. Well, he gave me a
25 figure that was, I think, granting you more relief
26 than you're agreeing to here. But all figures --

27 MR. FEDERICO: Then we were -- then we were
28 asking, yes. Yes.

1 MR. SCHAEFER: Okay. Well, I'm content with
2 that. Thank you.

3 MR. VAZQUEZ: Any other questions from any
4 of the Members?

5 MS. COHEN: Yes, I have a question.

6 MR. VAZQUEZ: I don't see you on the screen
7 here, but I'm assuming you're here somewhere.

8 MS. COHEN: That's true, I'm not on the
9 screen. But can you hear me?

10 MR. VAZQUEZ: I can hear you. Go ahead.

11 MS. COHEN: Okay.

12 So Controller Yee kind of started down this
13 road, and I just wanted to ask, is there -- is there
14 any direct evidence of retired assets, Mr. Federico?

15 MR. FEDERICO: Uh, Joe, I think you can
16 answer that one, too. I know that was part of one of
17 the issues.

18 MR. CALVANICO: I think there were a
19 grouping of assets that both the State and I valued
20 at -- at zero.

21 MR. FEDERICO: And if that's -- I'm not sure
22 if that's a reporting issue where assets that were
23 retired were not reported or removed from the books.
24 I'm not sure. We'd have to get with our client on
25 that one.

26 MR. VAZQUEZ: Member Cohen, are you still
27 there? Maybe you're muted.

28 If you're speaking, Member Cohen, I can't

1 hear you.

2 I'm not hearing Member Cohen. So is there
3 any other --

4 MR. JENKINSON: Mr. Vazquez, I'm sorry.
5 This is Dan Jenkinson with the Board. I'm just
6 observing. But I was just kicked off, so she might
7 have been kicked off as well. I had to sign back in,
8 just so you know.

9 MR. VAZQUEZ: Thank you.

10 Well, let me ask a quick question.
11 Actually, most of my questions were answered. The
12 only thing I have is I guess more of a clarification
13 from the petitioner. And it -- and it sounded like
14 you kind of addressed it, but I just want to be clear
15 on this.

16 So are you saying that your calculations
17 specifically requested by, you know, the factor of
18 your tables are more accurate than the calculations
19 by our staff?

20 MR. CALVANICO: That is correct, yes.

21 MR. VAZQUEZ: Okay.

22 And then the other -- and then I guess we
23 touched on it a little bit when we were getting into
24 the explanation about the 125 percent, I guess,
25 across the Board.

26 Could you explain that relation between the
27 technology advances in the communal value of his
28 assets?

1 MR. CALVANICO: Yes.

2 So, I mean, basically the -- the rule is,
3 it's basically -- the idea behind that particular
4 application, or -- it's not a rule, but let's call it
5 an application -- is that as an asset gets older,
6 that the -- basically that the -- as you trend it
7 forward to the present date, that going beyond
8 125 percent of the original cost would not
9 necessarily be reflective of the actual market.

10 That's really what it means. And we agreed
11 with that.

12 MR. VAZQUEZ: Thank you. Okay.

13 With that, I'm looking at my notes. I think
14 I'm pretty good here.

15 Let me just check, is Member Cohen back on
16 the line? I'm not seeing or hearing her.

17 While we're waiting for that, let me ask
18 Ms. Taylor, do we have any public comment on this
19 item?

20 MS. TAYLOR: We do -- we don't have any
21 written comments, but I can ask AT&T moderator to let
22 us know if there's anyone on the line who would like
23 to make a public comment regarding this matter.

24 MR. VAZQUEZ: Please.

25 MS. TAYLOR: AT&T moderator, can you please
26 let us know if there's anyone on the line who would
27 like to make a public comment?

28 AT&T MODERATOR: Okay.

1 Ladies and gentlemen, if you would like to
2 make a public comment, please press one, then zero at
3 this time.

4 Once again, if you'd like to make a public
5 comment, please press one, then zero.

6 I'm allowing a few moments for anyone to
7 queue up.

8 So far we have no one in queue.

9 MR. VAZQUEZ: Thank you.

10 Do we have Member Cohen back on?

11 I think she might have fell off our line
12 here, because I don't see or hear her.

13 MS. COHEN: Yes, I'm here. I'm back.

14 MR. VAZQUEZ: Oh, I'm sorry.

15 MS. COHEN: Thank you.

16 MR. VAZQUEZ: I was just checking in. I --
17 I think -- I wasn't sure if you were finished with
18 your questions.

19 MS. COHEN: I -- I'm finished. Thank you.

20 MR. VAZQUEZ: Okay.

21 With that, Members, this item is now before
22 us.

23 MS. YEE: Mr. Chairman, I'd like to make a
24 motion.

25 MR. VAZQUEZ: Sure. Go ahead, Controller
26 Yee.

27 MS. YEE: I'll move that we grant the
28 petition for reassessment in part, consistent with

1 the recommendation as to their agreed-to penalty
2 abatement issue, and to deny the petition as to all
3 other issues.

4 MR. SCHAEFER: Vice Chair, I would second
5 that.

6 MR. VAZQUEZ: It's been moved, and it's been
7 second by our Vice Chair Schaefer.

8 Any comments or questions from any of the
9 Members?

10 MR. GAINES: If I could.

11 MS. COHEN: Yes.

12 MR. VAZQUEZ: Yes. Member Gaines, go ahead.

13 MR. GAINES: Malia, did you want to speak
14 first?

15 MS. COHEN: Actually, thank you very much.

16 I just -- Mr. Chair, I just wanted to say
17 that in abundance of caution and to avoid any
18 appearance of conflict, I'm going to recuse myself
19 from this vote.

20 MR. VAZQUEZ: Okay.

21 MS. COHEN: Thank you.

22 Thank you, Mr. Gaines.

23 MR. VAZQUEZ: Thank you.

24 MR. GAINES: Thank you, Member Cohen.

25 It just seems to me that this process, while
26 I'm sympathetic to businesses and how difficult it is
27 to do business in the state of California, that, you
28 know, we have a process through the BOE.

1 And I would think the petitioner would have
2 an opportunity, even next year, to ask these
3 questions, and -- and do it in a little different
4 timeframe. Ask those questions upfront in terms of
5 whether it's accurate to what's occurring within the
6 marketplace. Do that within the March timeframe.

7 And if we adjust accordingly, then we would
8 have a more accurate valuation method at the BOE.
9 If -- if there's still disagreement, then that could
10 come forward. But we as Members would know that that
11 was challenged earlier on in the process.

12 And I just think that, you know, I want to
13 make sure that our standards are accurate, but I
14 think that process didn't occur in this case. So I
15 cannot support it.

16 Thank you. I would -- I would agree --
17 actually, I would agree with Member Yee's motion.

18 Thank you.

19 MR. VAZQUEZ: Controller Yee, yes, go
20 ahead.

21 MS. YEE: Thank you.

22 I appreciate Board Member Gaines' comment,
23 particularly directed to the petitioners.

24 I will say that, you know, this is a process
25 where there can be quite a bit of give and take, if
26 petitioners come forward with documentation of their
27 analyses, and certainly how they've arrived at
28 certain factors to be considered.

1 And so -- but the burden of proof is on the
2 petitioner. And I -- maybe this is a good reminder
3 to all petitioners during the state-assessed
4 valuation process, that, you know, after the property
5 statements are due, there is just this ongoing -- I
6 think from the State-Assessed Properties Division
7 staff of wanting to engage to get to the right
8 valuation.

9 I mean, this is -- we're really trying to do
10 that. And I know the staff there really do try to
11 help petitioners do that. They will welcome any
12 analyses, studies, appraisals, to help get to that
13 point.

14 And, you know, our goal here is just to get
15 to the right valuation given the guidance that we
16 rely on.

17 But I will say, too, that -- and I'm not --
18 this is not directed to the petitioner. But
19 oftentimes, I think without understanding the
20 guidance and standards that are available to be
21 applied here, that the tendency is for those who come
22 before the Board to get to the -- frankly, the best
23 valuation they can using all different methods,
24 whether -- without regard to whether they are
25 applicable for county-assessed properties as compared
26 to state-assessed properties.

27 So I think we have a mismatch here. And
28 that's, to me, the threshold issue. Which is why I

1 made the motion that I did.

2 But I think your comment is well taken,
3 Member Gaines. And that is start that engagement
4 much earlier in the process.

5 MR. VAZQUEZ: Thank you.

6 Any other comments or questions?

7 Seeing and hearing none, let me ask

8 Ms. Taylor to call the roll on the motion.

9 MS. TAYLOR: Thank you, Mr. Chairman.

10 Chairman Vazquez.

11 MR. VAZQUEZ: Aye.

12 MS. COHEN: Pardon me --

13 MS. TAYLOR: Vice Chair Schaefer.

14 MR. SCHAEFER: Aye.

15 MS. TAYLOR: Member Gaines.

16 MR. GAINES: Aye.

17 MS. TAYLOR: Member Cohen is not

18 participating.

19 MS. COHEN: Actually, Ms. Taylor, I
20 misspoke. I got ahead of myself. I will be voting,
21 and I'm voting in support of the motion on the table.

22 Thank you. Aye.

23 MS. TAYLOR: Controller Yee.

24 MS. YEE: Aye.

25 MR. VAZQUEZ: So that's unanimous of all
26 those present and voting.

27 Thank you.

28 With that, let me have Ms. Taylor please

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call the next item.

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REPORTER'S CERTIFICATE

State of California)
) ss
County of Sacramento)

I, Jillian Sumner, Hearing Reporter for the California State Board of Equalization, certify that from December 16, 2020 videoconference, 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 49 constitute a complete and accurate transcription of the shorthand writing.

Dated: December 31, 2020

Jillian Sumner

JILLIAN SUMNER, CSR #13619

Hearing Reporter