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BOARD OF EQUALIZATION

TRANSCRIPTION OF RECORDED BOARD MEETING

JANUARY 14, 2021

SACRAMENTO, CALIFORNIA

- Present:
- ANTONIO VAZQUEZ, Chair
 - MIKE SCHAEFER, Vice Chair
 - TED GAINES, Board Member
 - MALIA M. COHEN, Board Member
 - YVETTE STOWERS, Deputy Controller
 - BRENDA FLEMING, Executive Director
 - RICHARD MOON, Counsel
 - DAVID YEUNG, Deputy Director

Transcribed by: Matey Sheiner
eScribers, LLC
Phoenix, Arizona

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1 **TRANSCRIBED RECORDED BOARD MEETING**

2 **January 14, 2021**

3 **MR. VAZQUEZ:** We'll go ahead and officially open
4 this meeting. Just a quick reminder. If you're not
5 speaking, please mute your mics. Because otherwise,
6 we're going to get a lot of back feed here from the
7 microphones.

8 With that, Ms. Taylor, if you'd please call the
9 roll.

10 **MS. TAYLOR:** Good morning, Chairman Vazquez.

11 **MR. VAZQUEZ:** Good morning.

12 **MR. GAINES:** I guess the whole team.

13 **MS. TAYLOR:** Vice Chair Schaefer.

14 **MR. SCHAEFER:** Here.

15 **MS. TAYLOR:** Member Gaines.

16 **MR. GAINES:** Here.

17 **MS. TAYLOR:** Member Cohen.

18 **MS. COHEN:** Present.

19 **MS. TAYLOR:** Deputy Controller Stowers.

20 **MS. STOWERS:** Here.

21 **MR. VAZQUEZ:** So we have a full group here.
22 Everybody's in attendance. With that, let me start off
23 with our pledge allegiance. If I can get you all to
24 stand, and we'll begin with the pledge allegiance.
25 (Indiscernible).

1 I pledge allegiance to the flag of the United States
2 of America, and to the republic for which it stands. One
3 nation, under God, indivisible, with liberty and justice
4 for all.

5 (indiscernible), because I knocked it over here
6 yesterday. Members, just, once again, real quickly, let
7 me just remind us all that we are all on a shared line.
8 And today, I understand we have some added participants
9 and guests that will be on the same line with us. So for
10 those especially new that have joined us today for
11 this -- for their presentations, just a quick reminder
12 that -- to be patient with us. In the -- because we're
13 all on the same -- and sharing the same line, I ask you
14 that you all please identify yourself and be recognized
15 before you speak, so our transcriptionist can clearly
16 hear and properly record this meeting.

17 So with that, let me ask Ms. Taylor if she would
18 please announce our first order of business.

19 **MS. TAYLOR:** Our first order of business is an
20 announcement regarding public teleconference
21 participation. Good morning and thank you for joining
22 today's Board of Equalization's meeting via
23 teleconference. Throughout the duration of today's
24 meeting, you will be -- primarily be in a listen-only
25 mode. As you may know from our public agenda notice and

1 our website, we have requested that individuals who wish
2 to make a public comment fill out the public comment
3 submission form found on our additional information
4 webpage in advance of today's meeting, or alternatively,
5 participate in today's meeting by providing your public
6 comment live.

7 After the presentation of an item has concluded, we
8 will begin by identifying any public comment requests
9 that have been received by our board proceeding staff,
10 with the AT&T Operator providing directions for you to
11 identify yourself. After all known public commenters
12 have been called, the operator will also provide public
13 comment instructions to individuals participating via
14 teleconference.

15 Accordingly, if you intend to make a public comment
16 today, we recommend dialing into the meeting on the
17 teleconference line, as the audio broadcast on our
18 website experiences a one-to-three-minute delay. When
19 giving a public comment, please limit your remarks to
20 three minutes. We ask that everyone who is not intending
21 to make a public comment please mute their line or
22 minimize background noise. If there are technical
23 difficulties when we are in the public comment portion of
24 our meeting, we will do our best to read submitted
25 comments into the record at appropriate times. Thank you

1 for your patience and understanding.

2 Our first order of business will be item M, Public
3 Policy Hearing, 1.a.A, Proposition 19 implementation, Part
4 1, strike team reports on the Proposition 19, the Home
5 Protection for Seniors, Severely Disabled, Families, and
6 the Victims of Wildfire or Natural Disasters Act of 2020.
7 This item will be presented by Chairman Vazquez.

8 Hello?

9 **MR. VAZQUEZ:** Thank you. With that, members, let me
10 just, before I begin with my opening remarks, just once
11 again thank you, especially the staff and the members'
12 staff for all your support and in working with me this
13 last year as the chair, and looking forward to continuing
14 working with you as I begin my second year as the chair.
15 And just wanted to thank everybody, especially the staff
16 members, because I know I've -- I'm sure I've put you
17 through a lot of headaches through this last year. But,
18 you know, we've had some very challenging times given,
19 you know, the situation with COVID, and everything else
20 that we have on our agenda.

21 So with that, I just wanted to begin the new year
22 one, wishing everybody good health, and hopefully we'll
23 get past this COVID here soon now with the vaccination
24 moving forward, because I know many of us are probably
25 getting -- are having this cabin fever, and are -- just

1 can't wait to reunite with us -- with our members --
2 especially our members, in person and the public.

3 But today, we are ready to begin, I believe, a very
4 exciting and interesting but well, it looks like, as I'm
5 looking at this Proposition 19 -- and I know many of you
6 have looked at the information and have read the staff
7 reports and all the documents that we received. And it's
8 pretty intense. But let's get -- we'll get started here.
9 On this hearing today, we're really looking to listen and
10 discuss these reports and concerns, these deadlines,
11 these legislative proposals, and the next steps needed
12 for the successful implementation of Prop 19 in about
13 thirty days.

14 I heard from assessors that this is the biggest
15 change in our property tax system since Prop 13, which
16 was back in 1978. It changed five parts of the state
17 constitution, and as we will hear today, it will require
18 revisions to four to five different statutes and several
19 property tax rules, as well as the production of seven to
20 ten new or revised forms, letters to the assessors, LTAs.
21 Most important, this law impacts thousands of people --
22 almost 70,000 people -- annually, who would transfer
23 their property to a child or grandchild, and more than
24 10,000 annually who want to transfer the base year value
25 of their home to a replacement home elsewhere in the

1 state.

2 Today's hearing provides an opportunity for everyone
3 to ask questions, voice concerns, and provide input.
4 This is critical to the board, assessors, and the
5 legislature to help us to craft the best possible
6 legislation rules, guidance, and forms, in a short time
7 we have. For this reason, we will be in listening and
8 question-and-answer mode today and will record and
9 document all input.

10 This gives us time to consider all we've heard and
11 learned overnight and return tomorrow with a well-
12 informed action item and motions we need to take so that
13 we can enter a proposal into the legislative process next
14 week. For anyone listening or wanting to participate
15 today, we will take up tomorrow item M.1.b., board Member
16 discussion and action on strike team reports, sub items
17 1, 2, 3, and 4, on page 3 of the agenda.

18 Members, I would like to give now the opportunity
19 for any members to make any opening remarks if they
20 choose to before we begin. Hearing and seeing none, I
21 will go ahead.

22 We will now proceed with part 1.a., the strike team
23 reports on the Proposition 19. During this part of
24 today's hearing, we have five reports on five different
25 aspects of the implementation of Prop 19, delivered by

1 the speakers who are listed on page 2 of our agenda.
2 After the Board Members have finished their questions and
3 discussion with the speakers, we will open the lines for
4 public comments. Please try to keep your input and
5 concerns focused on the topic as shown on the agenda to
6 the extent possible. Thank you.

7 Ms. Taylor, if you would please first call the first
8 subitem?

9 **MS. TAYLOR:** Thank you. The first subitem is
M.1.a.1.1A1,
10 the Legal Analysis of Current Law and Applicable
11 Guidance, presented by Mr. Moon.

12 Mr. Moon?

13 **MR. MOON:** Hi, this is Richard Moon. Good morning,
14 Chairman Vazquez and members of the board. I'm with the
15 legal department, and I'm here to present the legal
16 memorandum that's attached to the public agenda notice
17 that discusses Prop 19. As you know, Prop 19 was
18 approved on November 3rd by the voters, and for property
19 tax assessment purposes, there were two main parts
20 dealing with two different property tax provisions.
21 The -- one was the base year value transfer provisions,
22 and one was the parent/child, grandparent/grandchild
23 exclusions.

24 There are a number of questions that Prop 19 leaves

1 that it can be properly implemented and administered.
2 And because BOE has the authority and responsibility to
3 prescribe rules and regulations to govern assessors when
4 assessing, and also to prepare and issue instructions to
5 promote uniformity when assessing property, BOE is
6 required to analyze and interpret Prop 19 and issue
7 guidance to assessors so that its provisions can be
8 uniformly and most effectively administered.

9 The legal memo before you, as well as, really, all
10 of the strike teams and -- and this meeting in general is
11 in fulfillment of those requirements. I won't go through
12 all of the details of the specific changes Prop 19 made,
13 since you -- you already have that information from past
14 meetings. But the matrix that's been produced, and
15 again, is part of this -- the agenda notice, and that
16 everyone is now familiar with, highlighted a number of
17 questions raised by the County Assessed Properties
18 Division, and also the California Assessor's Association,
19 that need to be answered.

20 And this memo answers what was perceived to be the
21 most pressing of those questions, again, so that the
22 proposition can be properly implemented and administered.
23 In answering those questions, the general
24 interpretational principle we're required to follow is to
25 effectuate the intent of the legislature. And the best

1 evidence of that intent is the actual words of the
2 provision.

3 For Prop 19, the legislature's intent is expressly
4 stated, and for the base -- base year value transfer
5 provisions, that intent was to limit property tax
6 increases on primary residences by removing unfair
7 location restrictions on certain types of homeowners.
8 And for the -- for the Prop -- for the -- for the
9 parent/child and grandparent/grandchild exclusion
10 provisions, the intent was to limit property tax
11 increases on family homes, use of the primary residence
12 by protecting the rights of parents and grandparents to
13 pass on their family home to their children and
14 grandchildren for continued use as a primary residence,
15 while eliminating what -- what the expressed language
16 calls unfair tax loopholes used by some.

17 Where necessary, we also look at legislative
18 analysis, ballot arguments, and other extrinsic
19 documents. Turning to the specific questions addressed,
20 they're broken into two groups, mirroring the two
21 exclusions dealt with by Prop 19: again, the base year
22 value transfer provisions, and the parent/child and
23 grandparent/grandchild exclusion provisions.

24 For the base year value transfer provisions, there
25 were four question and answers regarding timing and

1 qualification. And the most important question perhaps
2 of these was the question of whether both the sale and
3 purchase of a primary residence needed to be after April
4 1, 2021, which is the operative date. The answer that we
5 came up with based on the explicit text is that -- is
6 that it's the transfer that's important, and that
7 transfer needs to be done after April 1, 2021. And this
8 means that as long as either the sale of the primary
9 residence or the purchase of the replacement primary
10 residence is done after that date, it will qualify.

11 And of course, that's assuming that all of the other
12 requirements are also met. For the parent/child
13 exclusion and the grandparent/grandchild exclusions, the
14 memo addresses seven different questions. And one
15 important question was whether the family home needed to
16 continue as the family home of all of the children. The
17 text of Prop 19 does not answer that question explicitly,
18 but we believe as long as one child maintains the home as
19 the family home, that requirement is satisfied.

20 We also believe that if the family home is no longer
21 maintained as the family home, the exclusion will be
22 lost. But also, that any child who initially received a
23 portion of the family home can make it his or her family
24 home and not lose the exclusion. So just as an example,
25 if a parent were to pass and give the family home to her

1 three children, there's a que -- question of whether it's
2 enough to have only one of the children maintain the
3 property as the family home, or whether all three must
4 use the family home -- must use the home as the family
5 home. Again, the text of Prop 19 is unclear, but we
6 believe that as long as one of the three make it their
7 family home, that that -- the transfer will qualify for
8 the new exclusion.

9 After living in the family home -- again, as an
10 example -- for five years, if that initial child who made
11 the home the family home moves out and decides to rent
12 the property to a third party, the exclusion would then
13 be lost. But if instead, another one of the three
14 children decided to move in and make it their family home
15 after the first child moved out, the exclusion could be
16 maintained.

17 We recognize that there are still many questions
18 that need to be answered, and CAPD and legal are working
19 to answer those questions, and we'll publish further
20 guidance at a -- at a later date. And we anticipate that
21 the answering of questions -- and questions such as these
22 will come up and will be an ongoing process, and guidance
23 covering var -- various topics will be issued from time
24 to time. And I'm happy to take any questions that you
25 may have.

1 **MR. SCHAEFER:** Vice Chair Schaefer. I have a
2 question.

3 **MR. VAZQUEZ:** Yes, yes, thank you, Mr. Moon, that
4 was great.

5 And let me start with Vice Chair Schaefer.

6 **MR. SCHAEFER:** Mr. Moon, have you seen the letter
7 from the California Farm Bureau Federation to many of us,
8 raising a couple of questions? It's a three-page letter
9 that I was just presented with this morning.

10 **MR. MOON:** Yeah, I -- I believe I have -- I have --
11 I have seen that letter. And the question that they
12 have -- or at least the main question, or what I
13 perceived to be the main question in that letter, is
14 addressed in the legal memo. So their question was
15 regarding family farms and whether there needed to be a
16 principal residence or a family home on that fam --
17 family farm in order for the farm to qualify, and based
18 on the language in the proposition, the legal memorandum
19 concludes that it is not necessary to have a principal
20 residence on the family farm.

21 **MR. SCHAEFER:** Okay. Thank you, I have one other
22 question. How do we police the activities of these three
23 children moving in, moving out, et cetera. I mean, do we
24 have a -- a deputy member of the -- of our staff who
25 oversees babysitting, or what happens with one of these

1 claimed exemptions? Or do we rely on them to self-report
2 to us? Or neighbors tattle on them? Just how do we know
3 it's going on?

4 **MR. MOON:** Yeah, that -- that -- well, that's the
5 great question, because that's one of the many details
6 that's not expressly addressed in the proposition. And
7 so that will be a consideration in the draft legislation.
8 And I -- and I believe there's a provision in the draft
9 legislation that allows the assessor to ask for
10 information and requires a -- a child who makes the home
11 the family home if they -- if it's no longer the family
12 home, to -- to report that to the assessor.

13 And of course, as the proposition is administered,
14 and as assessors learn how things are going, and what --
15 and what would or would not be helpful to administering
16 the proposition, you know, that could be added to
17 regulations or -- or legislation.

18 **MR. SCHAEFER:** Well I -- I might like to see the
19 assessor required to annually or -- or you know, every
20 three years, some period of time, make an inquiry to
21 assess -- just to determine what's at -- the facts are.
22 Okay?

23 **MR. MOON:** Yes.

24 **MR. SCHAEFER:** Thank you.

25 **MR. GAINES:** This is Member Gaines. Could I ask --

1 **MR. VAZQUEZ:** Member Gaines, yes, go ahead. I know
2 you had some questions as well.

3 **MR. GAINES:** Yeah, I just want to thank Mr. Moon for
4 the clarity on the family farm issue, that it -- it is
5 a -- a parcel that could be passed on. Because we have
6 so many family farms here, and the interpretation from
7 the very beginning by the farming community -- the farm
8 bureau and others was that these parcels could be passed
9 down in the family. The other clarification is that
10 there's a limit on this, of a million dollars. But that
11 would apply per parcel, because you have many farms where
12 they acquire different parcels, over maybe even decades
13 of time. And so that's a very important aspect, that
14 that million-dollar limit would be applied per parcel.

15 So yeah, thank you for your presentation. I
16 appreciate it.

17 **MS. STOWERS:** Chairman Vazquez, this is Deputy
18 Controller Stowers.

19 **MR. VAZQUEZ:** Yeah. Ms. Stowers, go ahead.

20 **MS. STOWERS:** Kind of going on with the family farm,
21 I do appreciate the analysis, and the entire legal
22 analysis. So -- and you're saying that you don't have to
23 have it -- your primary residence for the family farm to
24 qualify. So that legal advice is in direct conflict with
25 that LTA that we issued late last year. So I would like

1 to know, what are the plans to correct that LTA or send
2 out an additional LTA on that issue?

3 **MR. MOON:** So I know that we are -- there is in the
4 works, I guess for lack of a better way to -- to describe
5 it, an -- an LTA that puts together a lot of the
6 questions and answers that we've been getting and that
7 we've been trying to answer. And that will certainly be
8 addressed. In terms of correcting what's already out
9 there, perhaps Dave Yeung could -- could address that.

10 **MR. YEUNG:** Yes, good morning, all. This is David
11 Yeung, Deputy Director of the Property Tax Department.
12 Mr. Moon is absolutely right. We are looking through our
13 guidance, not only our recently issued guidance, but also
14 our prior guidance from -- from -- from many years ago.
15 And we are reviewing those and -- and seeing where all
16 these inconsistencies, and where revisions and
17 corrections will be needed.

18 And we will -- we are planning on issuing LTAs
19 and -- or other guidance to -- to reflect what is
20 currently out there. So he is -- he is correct.

21 **MS. STOWERS:** And a -- and a follow-up question.
22 Deputy Controller Stowers here. When we say transfer of
23 a family farm, the property -- the family farm has to be
24 actually owned by the parent or the grandchild -- or the
25 grandparent. Could it be held in a corporation?

1 **MR. YEUNG:** Because it's the transfer of real
2 property that's being excluded, it -- it could not be
3 held in a corporation.

4 **MS. STOWERS:** We've had the issue in the past, so
5 I'm assuming that our advice will clearly state that?

6 **MR. YEUNG:** Yes. That -- that can be one of the
7 questions in that question and answer LTA.

8 **MS. STOWERS:** Thank you.

9 **MR. VAZQUEZ:** Thank you. Member Cohen, do you have
10 any questions or comments? Okay.

11 I have a -- just a couple quick ones before we move
12 on. Mr. Moon, you -- you mentioned, you know, the fact
13 that I guess, uh, February 15th is a holiday. So is it
14 correct to assume that if somebody was to file a parent
15 to child claim on the next day, I guess it would be the
16 16th, it would still fall under the current law; is that
17 correct?

18 **MR. MOON:** Yeah. So -- so the -- it's -- it's --
19 it's the -- actually the purchase or the transfer that
20 would need to happen by -- by -- by the text of the
21 proposition, on the 15th. So it -- the triggering action
22 or event is not the filing of the form, but -- but the
23 transfer. And so if the transfer happens before that
24 date, then -- then they would be fine. I -- I guess I
25 shouldn't say fine, but they would be under the old

1 rules.

2 **MR. VAZQUEZ:** Okay. And then my second question is,
3 you also said that -- you know, on this whole transfer
4 fee -- you know, for example, if this transfer fee is
5 denied the exclusion, can they file a claim for a refund
6 with the board of supervisors? And if the board denies
7 that, can they go to court, or are they able --

8 **MR. MOON:** Yes.

9 **MR. VAZQUEZ:** -- this thing to the AAB as another
10 option, I guess?

11 **MR. MOON:** Yes, so -- so if the -- if the
12 parent/child exclusion claim is denied because the
13 homeowner's exemption or the disabled veteran's exemption
14 is denied, they would not have resource to the Assessment
15 Appeals Board, and their resource would be to file a
16 claim for refund. And then when that's denied, then they
17 would need to file an action in superior court.

18 **MR. VAZQUEZ:** Okay. And then my third question is,
19 you know, in the educational field, California
20 educational code has a definition of severely disabled as
21 individuals with exceptional needs that include serious
22 emotional disturbances or severe intellectual
23 disabilities. I am not sure what the definition --
24 possibly be useful in interpreting this Prop 19
25 definition.

1 **MR. MOON:** Yeah. So we -- we looked at several
2 different definitions. And the one we started with was
3 the one that's most closest to property tax. And
4 that's -- there is a definition referred to in Section
5 69.5, which is the current base year value transfer for
6 fifty-five and over individuals. And so we -- we took a
7 look at that definition. But the big difference -- and
8 this gets a little bit technical -- but the big
9 difference between Prop 19 and what's in Section 69.5,
10 vis à vis, the severely disabled requirement, is that for
11 69.5 purposes, they changed the definition of severely
12 disabled to severely and permanently disabled.

13 And essentially, what that means is that the
14 disablement has to be a physical one. And so because the
15 word permanently disabled was not used in Proposition 19,
16 that led us to believe that the definition of severely
17 disabled would be more broad than the definition of
18 severely and permanently disabled. And so the definition
19 in Proposition 19 of severely disabled would not include
20 the requirement that it be a physical disablement. So in
21 that regard, I believe it would be consistent with the
22 educational code definition. But there is a definition
23 of severely and permanently disabled. I believe it's in
24 Section 74.3. And I believe, if I'm not mistaken, the
25 draft legislation reflects a tweaked version of -- of

1 that definition.

2 **MR. VAZQUEZ:** Thank you. And then just one last
3 quick question. You know, you gave a scenario, or I
4 guess in the event a parent passes away and wills this
5 over to I guess three siblings, and you know, as long as
6 one of them identifies it as their principal residence,
7 they qualify for this exemption. I'm wondering, what
8 happens when -- let's say there's only one, and that
9 sibling happens to pass away, you know, two or three
10 years later. Is he or she able to will that to her kids
11 and still qualify for this exemption?

12 **MR. MOON:** Yes. They -- that -- that person who
13 passes away could take advantage of the exclusion. But
14 of course, his or her children would be subject to the
15 same requirements, meaning that his children would then
16 be required to use that home as a family home as well.

17 **MR. VAZQUEZ:** Okay. Thank you. Thanks.

18 Oh, I see Member Cohen. Yes, go ahead.

19 **MS. COHEN:** Thank you very much for recognizing me.
20 Good morning, ladies and gentlemen. My question to
21 speaker -- and my apologies if you already addressed this
22 in your presentation. I just missed it. What happens if
23 a property is in an irrevocable trust? How does law
24 apply to that situation?

25 **MR. MOON:** I'm assuming that you would mean with

1 regard to the parent/child exclusion?

2 **MS. COHEN:** Yes, I'm -- yes, that is correct.

3 **MR. MOON:** And if -- yeah, and if the property is in
4 an irrevocable trust, the property is transferred at the
5 time the property goes into that trust. And so all of
6 the rules that -- that are now in Prop 19 would apply at
7 that time, at the time of that transfer.

8 **MS. COHEN:** And what happens if the property was
9 transferred years ago in the irrevocable trust, well
10 before Prop 19 was ever thought of, let alone voted on.
11 Does that mean it still --

12 **MR. MOON:** Yeah, and --

13 **MS. COHEN:** Please, go ahead.

14 **MR. MOON:** If it was put in -- if it was put into an
15 irrevocable trust, it's considered to have transferred on
16 the date that it was put into the trust. So if that was
17 a long time ago, whatever the rules were at that time
18 would be applied then. And then as long as it stays in
19 that irrevocable trust, that ownership won't change.

20 **MS. COHEN:** Thank you. Thank you.

21 **MR. VAZQUEZ:** Members, if there's no other further
22 questions for the members, let me ask Ms. Taylor if
23 there's any public comments, written, or if the -- if
24 there's somebody on the line that wishes to speak on Mr.
25 Moon's report.

1 **MS. TAYLOR:** Yes, thank you, Chair. We do have
2 written comments, which I will read, and then we'll move
3 to the AT&T line to open it up for public comment. Our
4 first comment is from Sandra. "Under Prop 58, currently
5 a claim for exclusion from reassessment for a parent to
6 child transfer will be timely if filed within six months
7 after the date of mailing of a notice of supplemental or
8 state assessment for the property, even if it was not
9 filed with three years of the change of ownership.

10 "My understanding is that taxpayers will still have
11 three years to file the exclusion for a transfer that
12 occurred before Prop 19 is implemented, such as a death
13 prior to 2/16/21, in order to obtain retroactive
14 exclusion from reassessment. Otherwise, it will only be
15 prospective relief. Will the rule regarding timely
16 filing also continue to allow the timely filing of a Prop
17 58 claim within sixty days of the notice of supplemental
18 or escape assessment in order to obtain retroactive
19 relief, even if that sixty-day period would take us
20 beyond 2/16/21?"

21 Our next comment is from Jeff. "I am a real estate
22 agent and would like to know how to advise my elderly
23 client on her closing timeline. Does everything need to
24 occur April 1st, '21, or later? Can we press now with
25 closing her sale in Orange County in preparation for

1 closing on her new property in San Luis Obispo County?"

2 Our next comment is from Sharon. "How does it
3 affect children who will live in the house as a primary
4 resident?"

5 And our last written comment is from Carol. "I
6 would like to understand family farm better. According
7 to the legal analysis, a family farm does not have to
8 have a primary residence for it to be passed on within
9 the current statute, or when Prop 19 is implemented
10 without a tax increase.

11 "We have a newly acquired adjacent parcel, five
12 acres, that has always been leased for agricultural
13 farming, which we do now. It sits directly in front of
14 us with a right of way between the parcels as a road, but
15 there are two district parcels, one with a primary
16 residence, and the other cultivated. Would both be able
17 to be passed on without changing the taxes?"

18 And I misspoke, we have one more comment from
19 Allison. "Proposition 19 was presented saying that
20 family farms were exempt. Now that it is past, we see
21 there is no exemption, they are treated the same as a
22 primary residence with the parent/child limited
23 exclusion. This was a complete misrepresentation. When
24 looking for guidance from the farm bureau and the
25 California Cattleman's Association, we were told they

1 also thought the family farm was exempt.

2 "Now, trying to navigate these new rules, I've
3 spoken with my estate planning attorney, assessor's
4 office, and BOE, and nobody can answer my questions,
5 concerns. It appears the rules are being decided after
6 the fact. This is unfair. Also, to have such a short
7 time limit with the rules not even decided, how can
8 anyone make an educated decision on how to proceed? This
9 will have such a dramatic effect on family ranches and
10 farms. Most will be taxed out of agriculture, even after
11 generations of succession planning.

12 "I ask that you truly do exempt family farms, as the
13 proposition was originally presented. The only ones
14 making out on this proposition is the real estate
15 industry that wrote it. I feel very wronged by the
16 system."

17 **MR. VAZQUEZ:** Ms. Taylor --

18 **MS. TAYLOR:** AT&T Moderator?

19 **MR. VAZQUEZ:** Yes, please check with AT&T.

20 **MS. TAYLOR:** AT&T Moderator, can you please let us
21 know if there is anyone on the line who would like to
22 make a public comment regarding this matter at this time?

23 **AT&T OPERATOR:** Sure, thank you. If you'd like to
24 say a public comment, you may press star 1 at this time.
25 Star 1 for any public comment. Star 1 for any public

1 comment at this time.

2 And there are no public comments at this time.

3 **MR. VAZQUEZ:** Thank you.

4 Member Gaines, did you have another question before
5 I -- I thought I saw you make a motion or at least move
6 to ask a question.

7 **MR. GAINES:** I did. I just wanted to follow up on
8 Member Cohen's question. She asked the question in
9 reference to a home being passed on in a trust. And so
10 I'd just like some clarification. She mentioned
11 irrevocable trust. How about a revocable trust, or a
12 living trust?

13 **MR. MOON:** So for -- Mr. Gaines, this is Richard
14 Moon from legal department. So from a revocable trust,
15 or a living trust, it would depend on when the property
16 that's placed in that revocable trust goes -- I guess the
17 simplest way to put it, it goes to someone irrevocably.
18 So when it's -- when it's passed to somebody, typically
19 that would happen on the death of the person making the
20 living trust or the revocable trust. And so the property
21 would be considered to be transferred at that time.

22 **MR. GAINES:** I see, okay. So okay, at the time that
23 the trust is written?

24 **MR. MOON:** The time that the trust becomes
25 irrevocable.

1 **MR. GAINES:** Okay, all right. So it would have
2 to -- so it would have to be -- there would have to be a
3 irrevocable clause within a living trust; is that
4 correct? Or just an irrevocable trust itself?

5 **MR. MOON:** Yeah, no, typically, the way that the --
6 the revocable trusts will work or the living trusts will
7 work is that, for example, a parent may put a house in
8 a -- if a -- puts a house in a living trust for the
9 benefit of their child. When the parent passes away, the
10 trust will become irrevocable, and then the house will be
11 considered to have been transferred to the child at that
12 point.

13 **MR. GAINES:** Okay. Okay. Whereas with a -- with an
14 irrevocable trust, that's set up front, and so if
15 that's -- that was done --

16 **MR. MOON:** Correct.

17 **MR. GAINES:** Yeah. Okay.

18 **MR. MOON:** Yeah, that's the date the property is
19 transferred into the trust.

20 **MR. GAINES:** Okay. And then just to clarify again,
21 when we're dealing with a -- say a rental -- let's say a
22 parent had a home, and then they had a -- let's say they
23 kept their first home, and then thought bought a second
24 home, moved into it, and the first home became a rental
25 situation, like that, there is no protection or exemption

1 for the rental home; is that correct?

2 **MR. MOON:** That is correct.

3 **MR. GAINES:** And so if that were to pass onto family
4 members, it would be reappraised upon the death of the
5 second parent?

6 **MR. MOON:** Correct.

7 **MR. GAINES:** Okay. Very well, thank you.

8 **MR. VAZQUEZ:** Thank you. Any other question -- oh,
9 it looks like Member Cohen has some.

10 **MS. COHEN:** Yes, thank you, Mr. Chair.

11 Mr. Moon, I appreciate your expertise on studying up
12 and learning this piece of legislation. I want to make
13 sure I've heard you correctly, what you were telling
14 Member Gaines. Only one piece of property can be
15 transferred from parent to child; is that correct?

16 **MR. MOON:** Well, only the -- only the -- the -- the
17 principal residence, or the family home can be -- can be
18 transferred.

19 **MS. COHEN:** Okay. So that means that if the parents
20 own multiple pieces of property, they're excluded in
21 being transferred?

22 **MR. MOON:** Correct. So if they own multiple
23 properties, only the property that -- that -- that is
24 their family home can be transferred to the child under
25 this exclusion.

1 **MS. COHEN:** Okay. Now how does the law determine
2 what's the family home versus a rental property?

3 **MR. MOON:** Well, the family home is --

4 **MS. COHEN:** So or -- so let me explain. So
5 here's -- parents have four kids. And they have four
6 pieces of property. And they want to transfer each
7 property to each kid. How does the assessor -- how do
8 they determine which home is the family home with that?

9 **MR. MOON:** Well, the -- the family home is -- is
10 defined within Prop 19 as the principal residence. And
11 so of the -- of the four properties the parents owned,
12 the ones that they could pass under the exclusion is the
13 one that they use as their principal residence.

14 **MS. COHEN:** And I guess tax documentations will
15 support of that, right? I don't know how you -- yeah, I
16 would imagine that's how it works by.

17 **MR. MOON:** I -- I apologize, you -- you -- you broke
18 up there, so I couldn't hear what you -- what you said.

19 **MS. COHEN:** Oh, okay, so -- that's okay, I think
20 I've got my answer. My question was, how do
21 you determine which is the family home, unless the family
22 discloses it?

23 **MR. MOON:** Yeah, that -- that -- that would be one
24 of the things that would need to be on the form, some
25 type of certification or assertion that -- that it

1 actually is the family home.

2 **MS. COHEN:** And what kind of certification or
3 assertion qualifies as acceptable?

4 **MR. MOON:** Well, a -- I think that's part of what
5 needs to be in the legislation. Currently, there needs
6 to be a certification essentially stating that it's --
7 it's the principal residence.

8 **MS. COHEN:** I guess I -- so it sounds like the
9 interpretation is ambiguous, we don't really know what it
10 is. That's the follow-up legislation that needs to
11 happen?

12 **MR. MOON:** Yeah. Well, we know that it absolutely
13 needs to be the principal residence. And as -- as to how
14 the assessor actually verifies that, that's not stated
15 explicitly.

16 **MS. COHEN:** Okay, thank you. That clears it up.
17 And this is for any property, whether in a trust, an
18 irrevocable trust, or a revocable trust, this rule is for
19 all of them?

20 **MR. MOON:** Correct. The form -- the form of holding
21 the property is not -- it -- it's not going to have an
22 effect on -- on -- on these rules. I mean, depending on
23 how you hold --

24 **MS. COHEN:** Thank you.

25 **MR. MOON:** -- it, it might just be when these rules

1 operate. But the actual operation of the rules is not
2 affected by -- by the form of -- of -- of the way it's
3 held.

4 **MS. COHEN:** All right, thank you.

5 Mr. Chair, I have no other questions.

6 Mr. Moon, you're incredibly insightful and
7 knowledgeable, and I am grateful for your time and
8 expertise.

9 **MR. MOON:** Thank you.

10 **MR. VAZQUEZ:** Thank you, Mr. --

11 **MS. STOWERS:** Chairman Vazquez?

12 **MR. VAZQUEZ:** Yes, Member Stowers, go ahead?

13 **MS. STOWERS:** Thank you. I -- I think I've asked
14 this question before, but I'm going to ask it again.
15 When it comes to the public comments that we are
16 receiving, I know that we are going to issue guidance
17 LTAs that are going to respond to a lot of these
18 questions. But I am curious if we're going to reach out
19 to the constituents directly and provide them a one-on-
20 one response to the extent that we can.

21 I know we are, but I just want to put it out there
22 for the record.

23 **MR. VAZQUEZ:** Good point. And actually, along those
24 lines, I was going to ask Mr. Moon, especially after we
25 heard the public -- or the written testimony, if he had

1 any thoughts on some of those questions that they raised.

2 **MR. MOON:** Well, first in terms of responding to the
3 individual commenters, I believe it is part of our
4 practice to -- to have one of our departments -- I think
5 typically it's the taxpayer rights advocate who re -- who
6 responds individually after talking with -- with the
7 Property Tax Department, and -- and if necessary, with --
8 with legal as well.

9 With regard to the specific comments that were made
10 during this public comment period, I guess of the --
11 of -- you know, we -- we haven't had a chance to look at
12 any of the comments in detail, but just from what I've --
13 what I heard being read, I think a couple of those
14 comments, or a coup -- or parts of those comments are
15 answered in the legal memo. Particularly, there was a
16 question with regard to -- to -- to filing. And although
17 the -- although the filing requirements are not spelled
18 out in Prop 19, I think sort of the assumption we're
19 working under, and I think what's reflected in the draft
20 legislation at this point, is that the filing
21 requirements would be the same or very similar as to
22 what's required currently under the current parent/child
23 exclusion, and grandparent/grandchild exclusion.

24 **MR. VAZQUEZ:** Thank you.

25 **MR. GAINES:** Chairman Vazquez?

1 **MR. VAZQUEZ:** Yes, Member Gaines, go ahead.

2 **MR. GAINES:** Can I follow up with -- with Mr. Moon
3 with one final question? It will --

4 **MR. VAZQUEZ:** Sure.

5 **MR. GAINES:** Because this comes up too. I want to
6 make sure that our constituents have clarity. But
7 basically, what we've talked about with other property
8 owned that is not a home, there is not an exemption for.
9 So I'm thinking specifically, if you had a cabin, you
10 know, under the old scenario, that cabin could be passed
11 on to children and grandchildren. That is not the case
12 anymore with Prop 19. I just want to -- I want to make
13 sure I'm accurate in that statement.

14 **MR. MOON:** Yeah, that is -- that is correct. If
15 that -- if that cabin is not the principal residence of
16 the parents, it does not -- it will not qualify for Prop
17 19.

18 **MR. GAINES:** Yes, okay, very well, thank you.

19 **MR. SCHAEFER:** And Vice Chair Schaefer here.

20 **MR. VAZQUEZ:** Vice Chair Schaefer, go ahead.

21 **MR. SCHAEFER:** I was advised by staff that we have
22 several anonymous opinions to be presented to us, and I
23 just want to point out that if somebody is anonymous,
24 they have no reasonable expectation of a response. So we

25 are absolved of having to worry about that.

1 **MR. VAZQUEZ:** That is true. But listening to the
2 comments and the discussion right now, especially on this
3 primary residence, I have a quick question for Mr. Moon.
4 And let me just put it out there. So let's say a parent
5 owns four properties and wants to will each one to four
6 siblings, or to their children, right? The -- and you
7 mentioned, the only one that's going to qualify for the
8 exemption is the primary residence, which I'm assuming
9 would be the one that they're currently living in, or
10 they were living in, not the income property, for
11 example, right?

12 **MR. MOON:** Correct.

13 **MR. VAZQUEZ:** And so what happens to the other three
14 properties that are willed to their kids? They get it,
15 but --

16 **MR. MOON:** When they're -- at that point --

17 **MR. VAZQUEZ:** -- they're going to get hit with the
18 tax, right?

19 **MR. MOON:** Correct. At the -- at the -- at the date
20 of the transfer to the three children, the properties
21 would be re-assessed at that point.

22 **MR. VAZQUEZ:** And under the current law, they
23 wouldn't be, right?

24 **MR. MOON:** They wouldn't be, up to a million
25 dollars.

1 **MR. VAZQUEZ:** Under the current law?

2 **MR. MOON:** Under the current law.

3 **MR. VAZQUEZ:** Okay. And under this new law, there's
4 no million dollar -- it's everything, right? On the
5 additional properties?

6 **MR. MOON:** That is correct, yes. That's correct.

7 **MR. VAZQUEZ:** Okay. Thank you. With that,
8 unless -- I don't see any other comments. Let me have
9 Ms. Taylor --

10 **AT&T MODERATOR:** We have some other comments on the
11 phone.

12 **MR. VAZQUEZ:** I'm sorry?

13 **AT&T MODERATOR:** We have additional public comments
14 on the phone.

15 **MR. VAZQUEZ:** Oh, yes, go ahead.

16 **AT&T MODERATOR:** Okay. And it's 1, 0, for your
17 public comment. One moment, while we gather their name.
18 Our first public comment will come from Roberta.

19 **ROBERTA:** I have property that I -- my son lives in
20 it, as his principal residence. So he is -- that is his
21 home of which he owns fifty percent, and I own fifty
22 percent. So on my passing, does his principal residence,
23 of which I own fifty percent, then get reassessed?
24 That's my question.

25 **MR. MOON:** Chairman Vazquez, that's a pretty

1 straightforward question, and if you'd like me to, I can
2 address that.

3 **MR. VAZQUEZ:** Sure, go ahead.

4 **MR. MOON:** So in -- in that situation, the -- the
5 fifty percent that you own, that would pass to your child
6 who is living in the home currently as a family home,
7 and -- and it sounds like you're living there as well, it
8 would not be reassessed.

9 **ROBERTA:** No, I am not living there.

10 **MR. MOON:** Yeah, it would -- it would -- it would
11 not be reassessed.

12 **ROBERTA:** I'm sorry, could you repeat that again? I
13 am not living in the home. The son is living in the --
14 it's his principal residence, but I am fifty percent co-
15 owner.

16 **MR. MOON:** Yeah, it would need to be your residence
17 in order for it to qualify.

18 **ROBERTA:** But it is not.

19 **MR. MOON:** Then it will not qualify.

20 **ROBERTA:** It is not my residence. So then his
21 principal residence, of which I own fifty percent and I
22 am not co-owner, then gets reassessed?

23 **MR. MOON:** The fif -- not his fifty percent. Your
24 fifty percent.

25 **ROBERTA:** Correct. Thank you.

1 **MR. MOON:** Yeah.

2 **MR. VAZQUEZ:** Well, is there any other public --

3 **AT&T MODERATOR:** Thank you.

4 **MR. VAZQUEZ:** -- comment, or was that it?

5 **AT&T MODERATOR:** Yes, one moment, while we get --
6 nope, we have a few in there, we're getting their names.
7 One moment, please.

8 **MR. VAZQUEZ:** No problem.

9 **AT&T MODERATOR:** And just as a reminder, it is 1, 0
10 if you'd like a public comment. One moment, sorry for
11 the delay.

12 (Pause)

13 **AT&T MODERATOR:** And our next question will come
14 from Audrey. Please state your first name and your last
15 name.

16 **MR. FAGELLI:** Audrey Fagelli (ph.).

17 **AT&T MODERATOR:** Your line is open, please go ahead.

18 **MR. FAGELLI:** Okay.

19 Is there any consideration at this time of the
20 possibility of a Biden tax plan that's going to tax
21 capital gains at time of transfer as well as lowering the
22 estate tax exclusion, how this affects families that are
23 inheriting that as well as -- or that are inheriting
24 property, and -- as well as having the property taxes
25 raised at the same time, how it's -- just the unfairness

1 of it all?

2 **MR. MOON:** Chairman Vazquez, this is Richard Moon.
3 If I -- if I could make a suggestion, perhaps. It would
4 be more -- a better tactic to take all of the comments
5 and questions that are on the line now, and then have
6 staff reply -- reply to them so that they can give it the
7 attention that -- that each of the questions needs?

8 **MR. FAGELLI:** Okay.

9 **MR. VAZQUEZ:** I was going to suggest that. That --
10 that's a good idea, let's do that.

11 **MR. FAGELLI:** What --

12 **MR. VAZQUEZ:** Is there anybody else on the public
13 line?

14 **AT&T MODERATOR:** Thank you. And our next question
15 will come from Peter. Please state your last name.

16 **MR. KAISER:** Hi, Peter Kaiser (ph.).

17 **AT&T MODERATOR:** Your line is open.

18 **MR. KAISER:** Okay. I've been reading this -- the
19 law, the proposition, and it talks about eliminating
20 unfair tax loopholes, and it talks about East Coast --
21 Peter Kaiser, and the proposition actually talks about
22 eliminating unfair tax loopholes used by East Coast
23 investors, celebrities, wealthy non-California residents,
24 et cetera. And this doesn't apply to many hardworking,
25 middle-class families who were saving up and buying

1 additional vacation homes and so forth.

2 And this may event prevent most of those from being
3 used by their children if the tax rate goes from a few
4 hundred dollars, the annual property tax, to maybe 8, 10
5 thousand dollars a year for that child. And so this may
6 mean that the -- that this will have to be sold, because
7 they can't afford to do that.

8 And if we look carefully at who sponsored this bill,
9 apparently, the Real Estate Association, I think it spent
10 over 50 million dollars to put this through. And this
11 would mean, of course, that if these children all have --
12 most of them have to sell their homes, that -- the second
13 homes, then there would be an -- a very much expanded
14 amount of business for these realtors.

15 And I was wondering if this is -- was this one of
16 the purposes of this proposition, or -- and it's going to
17 really hamper these -- these children from using their
18 normal vacation homes and so forth, which were -- have
19 been kept up and -- and a lot of money has been spent on
20 these over the years. So I'm just wondering, and -- if
21 these are put into trusts, whether living or irrevocable
22 trust, can you still retain the previous assessed value
23 of these second homes that are not primary residences?

24 And thank you very much for this hearing. It's a
25 very confusing time, and the -- the time rate is maybe

1 less than a month away. So can those trusts be modified
2 to handle these issues to protect these hardworking
3 middle-class families?

4 **MR. VAZQUEZ:** Thank you for your comment. So we
5 will have staff get back to you. Is there any other
6 public comment?

7 **AT&T OPERATOR:** Yes, our -- our next comment will
8 come from Robert Spiegel.

9 Please go ahead, your line is open.

10 **MR. SPIEGEL:** Thank you, ma'am. Good morning,
11 members. Robert Spiegel on behalf of the California Farm
12 Bureau Federation. I wanted to start this morning with
13 a -- to -- to thanks and appreciate the opportunity to
14 address the Board and board staff on Prop 19
15 implementation. This is a -- a matter which is of
16 crucial importance to the members in my organization and
17 California's agricultural community.

18 First and foremost, though, I would like to thank
19 legal counsel for agreeing with our interpretation
20 relative to question 6 on page 10 of the legal
21 memorandum. That being which, quote, "Must a family farm
22 also be the principal residence of the transferee?" End
23 quote. For the reasons correctly identified by Mr. Moon
24 and his team, the answer is unequivocally no. The
25 trigger in this instance is not whether the family farm

1 be the principal residence, but rather, does the family
2 farm continue in the manner for growing agricultural
3 commodities, gracing -- or grazing livestock, or other
4 agricultural-related endeavors?

5 Of all of the numerous clarifying and operational
6 questions that folks have related to Prop 19
7 implementation, we believe this to be one of the most
8 critical in ensuring that the transfers of the family
9 farm were eligible for transfer without necessarily
10 triggering a complete full market value re-assessment or
11 valuation. The plain fact is that our farms and our land
12 holdings are quite different than as simply a second
13 home, a vacation property, or any other commercial
14 property, and those are no longer afforded the same
15 exclusion under Prop 19. So the importance of this
16 interpretation cannot be understated and is appreciated
17 by my organization.

18 The second matter I'll address is related to the
19 multiple parcels and the value test referenced in Section
20 2.1(c)(1)(A) and (B) of the initiative. And this was
21 brought up by Member Gaines. As we know, any transfers
22 occurring on or before February 15th this year will be
23 eligible for the Prop 68 and Prop 193 transfer
24 exclusions. However, beginning on February 16th, the
25 exclusion is narrowed to that of a family home as a

1 principal residence, or a family farm.

2 Prop 19's value test effectively eliminated the
3 exclusion of what used to be the first million dollars of
4 all other real property transferred, and essentially,
5 this was a cumulative -- cumulative lifetime limit for
6 the intergen -- inter -- intergenerational transfer. So
7 Prop 19's value test applies to all real property being
8 transferred. As such, it's imperative that each
9 individual parcel, to determine whether or not that
10 parcel exceeds the sum of the factored base year value
11 plus one million dollars.

12 It's possible that under the value test, the
13 transfer of some property may not trigger a fa -- may not
14 trigger a factored base year value adjustment, meaning
15 that the child could assume the base year value of the
16 parent, and thus not assume any additional tax burden.
17 These issues were more fully addressed in our January 7th
18 letter to the board -- to the board and -- and staff.

19 So I'd like to end my comments by recognizing those,
20 and the suggestions and clarifying points made by the
21 California Assessor's Association. The assistance that
22 the individual county assessors have provided to the
23 members of my organization related to Prop 19
24 implementation has been valuable, and I wanted to express
25 our appreciation as well.

1 Farm bureau continues to receive numerous inquiries
2 as to how Prop 19 will be implemented, and what impacts
3 the initiative may have on California's farming and
4 ranching families. It's urgent that the Board of
5 Equalization further clarify and address the issues
6 raised in our letter. And we do again appreciate the
7 legal clarification mentioned at the start of my comments
8 this morning.

9 We at Farm Bureau intend to stay engaged with all
10 the stakeholders as this process continues, and thank you
11 for your consideration and opportunity to comment today.
12 Thank you.

13 **MR. VAZQUEZ:** Thank you.

14 Any other comments?

15 **AT&T OPERATOR:** Yes. Our next one will come from
16 Janice Kerry (ph.). Your line is open.

17 **MS. KERRY:** Thank you for allowing me to talk to you
18 today. My name's Janice Kerry, and I'm contacting you as
19 just a homeowner that is a senior, who is dealing with
20 the fact that my husband works a hundred miles away in
21 (indiscernible), but we live in the Santa Clara County
22 area. And because of the property tax that would be
23 reengaged, even though we could afford a house down
24 there, we couldn't move. So I thank you very much for
25 us. It becomes a really great matter that we can use

1 this.

2 However, there is a bit of confusion. Even my real
3 estate agent doesn't quite understand when we can make
4 this work. Even though it says April 19th, and I heard
5 April 21st batted around, we're -- we're looking at
6 houses, but we have to tell people, we can't close until
7 after -- after April 21st. We're also not sure when we
8 can sell our house, so the whole thing goes through, so
9 that we can afford getting in with Prop 19. So we really
10 would appreciate -- many of us -- and finding out what
11 exactly is -- what we can do so that we can stay legally
12 within the parameters of Prop 19.

13 **MR. VAZQUEZ:** Thank you.

14 **AT&T OPERATOR:** Thank you.

15 And the next question will come from Marianne Welsh.
16 Your line is open.

17 **MS. WELSH:** Yes. My question is basically, is it
18 not reasonable to assume that 600 to 700 percent tax
19 increase is excessive due to the fact that this was an
20 underhanded Proposition 19. It offends both a civil
21 rights issue, unconstitutional, prejudice, plus it has
22 two separate issues, which is against Article 28, Section
23 4, 2.1(b). It -- you only are supposed to have one basic
24 subject on any proposition. This has more than one. And
25 it has two separate -- and they twisted it, and they

1 tried to put it as -- as far as, oh well, it all -- it's
2 just talking about taxes. Not true. It is underhanded.

3 The legislators did not do their work right. They
4 tried to change Proposition 58, which was basically an
5 inheritance. And in my personal opinion, inheritance is
6 a -- is a right. And right now, the State of California
7 is taking that right away from all of us. This -- but
8 the tax situation, any tax -- any property you have that
9 you do not live in, the taxes will go up anywhere from
10 600 to 700 percent. Do you people not think this is
11 excessive taxation without real representation? Because
12 the legislators work for the legislators. They do not
13 work for the people of California. That's my statement.
14 Thank you.

15 **MR. VAZQUEZ:** Thank you. Anybody else?

16 **AT&T OPERATOR:** Thank you. Our next question will
17 come from Richard Waltz (ph.).

18 **MR. WALTZ:** Yes, hi, good morning. I appreciate you
19 taking the call. I -- you might have already covered
20 this subject, but I -- I wasn't able to hear it. I heard
21 about irrevocable trusts and the -- the status of
22 transfer, and that there would reassessment upon
23 transfer. Was there any engagement about the issue of
24 the specific trust called a qualified personal residence
25 trust? Which is something that's utilized quite often

1 here. In my case, I'm a senior.

2 This is something that gifts your residence to your
3 children over a period of sometimes thirty years. And of
4 course, that was done for us twenty years ago, twenty-
5 five years ago. And if now this were to reassess
6 midstream of that trust, that would put us in a taxation
7 place which would be very difficult in a retirement mode.
8 And I just wondered if -- if QPRTs, or a qualified
9 personal resident trust were going to -- how those were
10 going to be considered with regard to re-assessment.

11 **MR. VAZQUEZ:** Thank you.

12 **AT&T OPERATOR:** Thank you. And our next question
13 ca -- will come from Judy Greble (ph.).

14 Judy?

15 **MS. GREBLE:** Good morning. Yes, thank you for
16 taking my call. It's Trudy Greble, and I work in Santa
17 Clara County, where our housing prices are incredibly
18 inflated. And, you know, I've lived here for forty
19 years. I have a child with special needs. I also work
20 with families who have children with special needs, and
21 I'm wondering how 65.9 versus Prop 19 affects them. You
22 know, when we leave our homes to our children, it reduces
23 the burden of caring and providing housing for our sons
24 and daughters. And with that kind of taxation, living on
25 SSI, there's no way our individuals are going to be able

1 to meet the HCBS requirement of being a full and
2 contributing member of their own community.

3 And so I am really concerned about what's going to
4 happen to my child when I die, who lives on \$900 a month,
5 and I have made provisions for her to receive this home
6 in a special needs irrevocable trust. However, she won't
7 get that until I die, and my only option at this point is
8 to transfer the home to her now, which then takes the
9 home out of my -- you know, at -- ownership. And that
10 too is not an option. So I am really concerned about
11 what's going to happen to our disabled population who
12 rely on public benefits and are going to be expected to
13 pay taxes on a home that's been owned by the home for
14 thirty years, and now the property value has, you know,
15 gone up so high that there's no way that they'd be able
16 to pay taxes on the current value of their homes.

17 And thank you for taking my concerns, and I hope
18 that an exception will be considered for individuals who
19 receive public benefits.

20 **MR. VAZQUEZ:** Thank you, that's a good point.

21 **AT&T OPERATOR:** And our next question will come from
22 Marianne Nicholas (ph.).

23 **MS. NICHOLAS:** Yes. Trudy just actually, thank
24 goodness, stole my thunder, because she said it much
25 better than I did. I have a daughter with special needs,

1 and I have the same thing. She's under the disabled
2 dependent child, and we've put her -- put our house into
3 this trust as well.

4 And I guess the comment I would say -- first of all,
5 thank you so much for having us being able to comment.
6 But a lot of these things that have been brought up about
7 revocable, irrevocable, even when it comes to the
8 farmland, it seems as though that should have been prior
9 knowledge before voting. And it seems right now that
10 actually a lot of this is just getting a little bit more
11 solidified even with the Board of Equalization.

12 So it's difficult to vote on something that you're
13 not really privy to, and -- and actually, it really seems
14 to be a lot more fluid, or -- or -- and it's getting a
15 little bit more solid, but not really, in our favor. So
16 anyhow, thank you. I appreciate what you're doing.
17 Thank you so much.

18 **MR. VAZQUEZ:** Thank you.

19 **AT&T OPERATOR:** Thank you.

20 Our next question will come from Alexander Sherp
21 (ph.). Please go ahead.

22 **MR. SHERP:** Thank you. I'd like -- I have a
23 question clarifying the issue of the transfer and the
24 circumstance where there's a decedent with a trust that
25 becomes irrevocable on death. The date of death is in

1 2019, so it predates the proposition. But the -- in the
2 case of a -- an investment property, not residential
3 property, the transfer -- the actual transfer is being
4 held up and won't occur until after February of this
5 year. The trust did become irrevocable upon death of the
6 decedent. There are multiple siblings, so there --
7 there's not a transfer to a specific beneficiary yet. We
8 think we know to which beneficiary that home is -- that
9 investment home is going to be transferred.

10 And so my question is, if -- since the date of death
11 and therefore the irrevocabili -- bility of the trust
12 came into effect prior to 2 -- prior to the effective
13 date of the proposition, but the actual transfer to an --
14 yet -- as yet indetermined beneficiary is after February
15 2020, and it's an investment property, will the transfer
16 be backdated to the date of death in that circumstance?
17 That's my question.

18 **MR. VAZQUEZ:** Thank you.

19 **AT&T OPERATOR:** And our next question will come from
20 John Bentoncourt (ph.). Please go ahead, your line is
21 open.

22 **MR. BENTONCOURT:** Yeah, we -- we're cattle ranchers
23 right on the edge of the east bay. And we're in a
24 Williamson Act contract at the time, and -- and we -- we
25 solely want to keep this ranch in production as a cattle

1 ranch for my son. At the time of reassessment, will that
2 take place on the -- on the resale value, or on the value
3 under the Williamson Act of the agricultural value of the
4 land?

5 **MR. VAZQUEZ:** Thank you.

6 **AT&T OPERATOR:** Our next question will come from
7 Lorna Chris (ph.). Your line is open.

8 **MS. CHRIS:** Yes. I'd like to know, if we were to
9 place the property, our homes, into an irrevocable trust,
10 should we do so before the February 15th deadline, and if
11 so, what are the tax implications if we do this before
12 February 15th? This home is currently occupied by me and
13 my daughter, and I intend to leave the home to my
14 daughter. Then a further question is, if we do, within
15 this rev -- irrevocable trust, place the home as being
16 transferred to my daughter before February 15th, is she
17 then -- she has no children. Is she then able to
18 transfer it upon her death to either a niece or a nephew,
19 to keep it in the family, and if so, does that -- does it
20 stay under the exclusion?

21 **MR. VAZQUEZ:** Thank you.

22 **AT&T OPERATOR:** And our next question will come from
23 Esther Kent (ph.).

24 **MS. KENT:** Yes. This is Esther, and thank you for
25 taking my call. Actually, my question is exactly the

1 same as the previous call -- caller. I don't know
2 what -- she didn't specify a name. I guess I missed the
3 name. But yes, if we place our property into an
4 irrevocable trust before the 15th, what are the
5 implications? Will it be able to transfer upon death to
6 my kids, beneficiaries, without being reassessed?

7 **MR. VAZQUEZ:** Thank you.

8 **AT&T OPERATOR:** And our last question -- our last
9 question in for public comment will come from Vanessa
10 Chavez. Please go ahead.

11 **MS. CHAVEZ:** Good morning, members. Vanessa Chavez
12 with the California Association of Realtors. With
13 respect to the first round of proposed Prop 19 follow-up
14 legislation, CAR has two immediate concerns, one of which
15 requires sic -- swift action by the legislature to
16 provide clarity for California homeowners across the
17 state. First and of most immediate concern is how the
18 April 1st effective date impacts property transfers needs
19 to be clarified in legislation.

20 Specifically, legislation is needed to clarify that
21 the purchase or sale of either the original or
22 replacement property may occur prior to April 1st, 2021.
23 CAR legal analysis of this issue, and the intent of the
24 initiative concurs with the opinion of the BOE chief
25 counsel as put in the question 1 of the memorandum, Prop

1 19, initial interpretation questions and answers dated
2 January 8th, 2021, which states S subdivision B of
3 section 2.1, that the operative requirement is that the
4 transfer of the base year value must be on or after April
5 1st, and not the purchase or sale of either the original
6 or replacement property.

7 This is the most pressing issue for us, as this
8 draft legislation would allow California homeowners to
9 feel secure in their decision-making prior to the
10 effective date. Regarding the issue of calculating a new
11 tax basis, CR believes that Prop 19's calculation of a
12 new tax base must be consistent with the provisions
13 included in existing law, as outlined in revenue and
14 taxation code 69.5, which implements Prop 16, which
15 remain in the constitution.

16 As you are aware, Section 2.1(d)(2)(A) and (B) of
17 Proposition 19 address the calculation of the tax base.
18 Section A expressly utilizes the term "of equal or lesser
19 value". Yet the proposed legislation does not address A
20 or the terms. Revenue and Taxation Code 69.5(g)(5)
21 defines equal or lesser value for the Prop 60
22 constitutional provision which includes the formula for
23 calculating the tax rates for when a property is sold.

24 CAR believes that the provisions for calculating the
25 tax rates should remain consistent with what is currently

1 in existing law, since the term appears twice within the
2 same constitutional article, Article 13A, on the
3 identical subject matter. Therefore it should have the
4 same meaning.

5 CAR would like to thank the BOE and its staff for
6 their engagement on the issue. We look forward to
7 continuing to work with the BOE, with the California
8 Professional Firefighters, the California Assessor's
9 Association, and other stakeholders, to provide timely
10 clarification to the provisions of Prop 19. Thank you so
11 much.

12 **MR. VAZQUEZ:** Thank you.

13 Ms. Taylor, I'm assuming that was the last one?

14 **MS. TAYLOR:** Yes, that's my understanding.

15 **AT&T OPERATOR:** We do have someone else queued up.
16 From the line of Tricia Crane, your line is open.

17 **MS. CRANE:** Good morning, good morning. Tricia
18 Crane. I'm a Santa Monica resident. Greetings to Mr.
19 Vazquez. And I am the chair of the neighborhood
20 association that met just last week. Many, many people,
21 a much larger meeting than we ever had, because people
22 are really confused and taken by surprise. The reason
23 being that the full text of Prop 19 was not included in
24 the ballot, and people had no idea that the knock-on
25 effects were going to be as dramatic as they are. They

1 had no idea that their inheritance was endangered by this
2 proposition that will only benefit the realtors.

3 There are huge implications, as you've heard from
4 fam -- from families that are not wealthy, specifically
5 families with children who are disabled, and who have
6 been counting on being able to gift their home to their
7 children. These are young -- these are adults who cannot
8 afford the increased property taxes that have been
9 foisted on us as the market has pushed up the value of
10 our family homes. And now people are going to face
11 having to sell them and lose them and lose the security
12 they once were able to offer to their children.

13 So I really thank you for your work on this. I
14 think that this is -- this is very, very problematic for
15 the security of our working class and middle class, who
16 have only had their family homes to leave to their
17 children and are now threatened with losing them. I -- I
18 would really ask you to look at the implications for
19 this, for the security of a huge population in
20 California, and -- and the very misleading nature of this
21 proposition. Thank you.

22 **AT&T OPERATOR:** Thank you. And our next question or
23 comment comes from Olga Cuba. Your line is open.

24 **MS. CUBA:** Hi. I would like to thank you first of
25 all for having this meeting and giving us the opportunity

1 to listen to -- for Prop 19. My concern was, being from
2 a big family of seven, my parents who live in Santa
3 Monica have worked very hard, my dad being a gardener all
4 his life. They got a little bit of money, bought two
5 properties in Santa Monica, and you know, we're planning
6 to give these (indiscernible) to their seven children.

7 But now that this proposition has been passed, my
8 parents are very concerned that their dream and hard work
9 will not go to their children. They wanted to have a
10 stable place for their children to live with -- in, since
11 not all of their children went to school, some have some
12 type of disabilities and will need a home to live in.
13 Now living in Santa Monica is very expensive. And if --
14 if the properties would have to be reevaluated, what
15 would that mean to their children, to their hard work?
16 That would mean that the children would have to sell the
17 properties and would have to move from California, a
18 place where -- Santa Monica, where they were raised.

19 And it's very concerning, because my parents did not
20 have the opportunity to take us to trips. They didn't --
21 we didn't go to restaurants. We didn't have all that
22 when we were raised because my parents were trying to
23 make a capital to be able to give to their children to be
24 able to live in a one-bedroom apartment in Santa Monica.

25 So it's a concern to us that this Proposition 19

1 didn't really think about the whole situations of middle-
2 class people or lower middle-class people. So I just
3 wanted to let you know how some people are feeling about
4 this proposition, and how can it be changed, so it
5 doesn't really affect the middle-class people that work
6 so, so, so hard.

7 Thank you so much for listening. I just needed
8 to -- to let you guys know how my family -- how my
9 parents are feeling about this. Thank you.

10 **AT&T OPERATOR:** And our next question or comment
11 comes from the line of Lorna Chris. Your line is open.

12 **MS. CHRIS:** Yes, I'm wondering, are the decisions
13 that we make under Prop 19 as it stands now, irrevocable?
14 That goes to the bigger issue, that there seem to be --
15 there are undoubtedly -- or we would hope, going to be
16 revisions made in this proposition, as the proposition
17 was both poorly worded and confusing to so many. So what
18 we want to know is, if we make a decision, which we seem
19 to be forced to do, before February 15th, and there is a
20 revision to Prop 19 put on the ballot at some point in
21 the future, are the decisions that we make prior to
22 February 15th, or is there going to be some step back
23 that we could take, and go to our -- to revisit this
24 whole thing?

25 **AT&T OPERATOR:** And at this time, we have no further

1 questions in queue.

2 **MS. COHEN:** Mr. Chair, this is Malia Cohen. May
3 I -- may I speak? Can you guys hear me okay? Okay, I'm
4 just going to go ahead. I'm not sure where Tony is. But
5 I want to thank every member of the public that came out
6 to speak to this issue. It's incredibly important. And
7 I can certainly feel the pain and the frustration and --
8 and the disappointment. It almost feels like government
9 kind of let us down, particularly for those people who --
10 like my family, my parents worked very, very hard to own
11 their property, and now it's faced with this immediate
12 transfer of ownership.

13 A couple thoughts. First, I want to pose to the
14 great thinkers on this call, the staff, how do we reverse
15 this legislation? Or address where the gaps and the
16 loopholes are? I think it's an important question to ask
17 on the record, and this is for the benefit of those
18 persons that are calling in.

19 That's my first question. And then my second
20 question, or more or less is a statement. Occurred to me
21 that we probably need to be doing more outreach between
22 now and the deadline in February, February 16th. And I
23 will be partnering with my county assessors to start
24 producing online town halls on this legislation and the
25 impacts that it will have.

1 For those of you that don't know, my name's Malia
2 Cohen, and I represent District 2, which is one fourth of
3 the State of California. Every county -- twenty-two
4 counties from Santa Barbara all the way north to Del
5 Norte County. Coastal communities. I myself reside in
6 San Francisco. My parents live in San Francisco. Most
7 of my family is in the immediate Bay area. So it's a
8 very expensive market, so I'm incredibly sensitive to --
9 to -- to folks that live in ex -- ex -- expensive parts
10 of the country.

11 Also represent the Monterey, so -- Monterey --
12 Monterey area. And so there's a lot of farmland also in
13 my constituency. So I'm going to partner with my
14 assessors, try to bring information to a PowerPoint
15 presentation and just educate people, very, very quickly.
16 So my original question we posed to staff, can someone
17 tell me, how do we correct a lot of the gaps in this
18 legislation that was passed by -- by initiative, it was
19 placed on the ballot. So I don't know if it's Mr. Moon
20 that takes the question, but it's out there. But yeah,
21 I'd appreciate if someone can answer.

22 **MR. MOON:** Ms. Cohen, this is Richard Moon, from the
23 legal department. Because this was passed as a voter
24 ballot initiative, by the voters, it would require
25 another ballot initiative to -- to undo this. As you

1 said, there are some gaps or unanswered questions, and to
2 the extent that those exist, that could be -- those gaps
3 could be filled, or questions answered through -- through
4 legislation.

5 **MS. COHEN:** Mr. Moon, are you part of the effort to
6 work with the legislature to address these challenges
7 that we heard on the line today?

8 **MR. MOON:** Yes. Currently, the California
9 Assessor's Association is working on draft legislation
10 and -- staff members including myself are working in
11 partnership with them.

12 **MS. COHEN:** Thank you. And do you know how we could
13 get a status update as to what's happening with your
14 efforts?

15 **MR. MOON:** Yeah. I believe that will be the next
16 part of the Strike Team Report.

17 **MS. COHEN:** All right, I appreciate that.

18 So to the members of the public, please stay -- stay
19 tuned for the -- for some answers or options to remedy
20 some of these challenges that we've heard -- that we've
21 heard.

22 Thank you, I have no further comment.

23 **MR. GAINES:** This is Member Gaines. I'm wondering
24 if I could just follow up on Member Cohen's comments just
25 briefly.

1 **MR. VAZQUEZ:** Sure, go ahead. Members, I just lost
2 my internet connection, so I'm on the phone.

3 **MR. GAINES:** Oh, okay, all right.

4 **MR. VAZQUEZ:** Just so you know. Anyway, go ahead,
5 Member Gaines.

6 **MR. GAINES:** Yeah, I wanted to thank Member Cohen
7 for her comments about outreach, because I think this is
8 a -- a moment when we need to do more outreach in terms
9 of Prop 19 and providing clarity for our constituents.
10 And so I think in the weeks ahead, we ought to be
11 focusing on our -- our districts and reaching out and
12 answering questions with regard to the lack of clarity
13 in -- in parts of the initiative. I'm sure we'll be
14 gleaning a lot more information through the course of
15 today and tomorrow where those areas are and working
16 together collaboratively with our assessors.

17 But also with our own leadership within the BOE,
18 making sure that we're communicating with the legislature
19 and seeing if we can figure out some of these grey areas
20 that don't have the clarity that our constituents need.
21 So thank you.

22 **MR. VAZQUEZ:** Thank you.

23 Ms. Taylor, you know, I got cut off there, so I was
24 wondering, we're -- we're pretty much done with public
25 comment, right?

1 **MS. TAYLOR:** Correct.

2 **MR. VAZQUEZ:** So did you -- when I lost the
3 connection here, did you read off the next sub item, or
4 not yet?

5 **MS. TAYLOR:** Not yet.

6 **MR. VAZQUEZ:** Okay. Do you want to go ahead and
7 begin the next sub item?

8 **MS. TAYLOR:** Yes.

9 **MR. VAZQUEZ:** Thank you.

10 **MS. TAYLOR:** Yes. The next sub item is M.1.a.3., the
11 Proposed Draft Legislation presented by Mr. Ernest
12 Dronenburg, Mr. Jeff Prang, Mr. Richard Moon, and Mr.
13 David Yeung.

14 **MR. DRONENBURG:** Hi, this is Ernie Dronenburg. Can
15 you hear me?

16 **MR. VAZQUEZ:** I can hear you.

17 **MR. DRONENBURG:** Okay. Many of the questions that
18 were just answered have already been answered and are
19 ready to be drafted. I need to thank Jesse Salinas, the
20 past chair of our legislative committee at the CAA, and
21 Don Gaekle, because both of those persons immediately, in
22 November, established an ad hoc committee, was made up of
23 assessors, assessor staff, Board of Equalization legal
24 staff, and regular staff. And they've been working for
25 over two months now on the corrections. And we believe

1 that there's a collaborative decision on all of the
2 pieces that have been talked about earlier today.

3 With, of course, the current law, which answers some
4 of the questions that were already answered. This --
5 this effort was really ab -- I can't say how much it
6 was -- people -- we had seventy people in the call at
7 times. And they were working through the holidays, and
8 Saturdays and Sundays and get to a product, that we then
9 took to the legislative committee consultants for
10 taxation. Now the process and the details of the
11 process, I'm going to let the chairman -- our current
12 chairman -- because it passed from Jessie to the assessor
13 of LA County, Jeff. And Jeff's going to explain the
14 process, and he's got his technical staff ready to --
15 behind him for any technical questions. But we have --
16 we have a bill, and he'll explain it, that's already
17 drafted, it's ready to go, and it was over -- the initial
18 draft was over 35 pages.

19 So Jeff, why don't you take over from here?

20 **MR. PRANG:** Thank you, Assessor Dronenburg. Mr.
21 Chair, members of the board. Thank you for the
22 opportunity to address you and to let you know that --
23 some of the work that we've been engaged in over the
24 course of the last couple of months since the elections.
25 I did want to let you know that I -- I have a hard stop

1 at 11:45, so I will at that point, if we're not done, I
2 will just let my staff continue from that -- that point
3 forward.

4 The -- the -- as -- as Mr. Dronenburg said, I'm --
5 I'm serving as the legislative chair of the California
6 Assessor -- Assessor's Association this year. I'm happy
7 to have this opportunity to -- to present what has been a
8 collaborative legislative development effort between the
9 California Assessor's Association as well as the Board of
10 Equalization staff. And I do want to emphasize what
11 the -- Assessor Dronenburg stated, that we worked very
12 closely with board staff over the course of the last
13 month or two to respond to the needs in Proposition 19.

14 And I'm looking forward to working with each one of
15 you, as well as the board staff, to find, clarify, and
16 correct deficiencies in order that we can more
17 effectively enact the will of the voters. Prop 19 may
18 have brought confusion to our world as administrators and
19 government officials, but I think we can all agree that
20 this is about finding a -- a quick and expedient way to
21 administer the duly enacted laws of the people of
22 California, well at the same time, we need to ensure fair
23 and equitable treatment for all.

24 But if you'll indulge me for just a brief second, I
25 did want to highlight and personally thank some of the

1 staff people that are working pretty tirelessly and
2 literally weekends and through the -- through the
3 holidays to get where we are today. From the board,
4 Brenda Fleming and David Yeung, Richard Moon and Glenna
5 Schultz have been valuable. From my staff, Nicole White-
6 Gamble, Brian Donnelly, Crystal Taylor (ph.), Lisa Lasaro
7 (ph.), Robert Large (ph.), and Erin Family (ph.). From
8 San Luis Obispo, Barb Edginton. From Santa Clara, David
9 Ginsborg and Nora Galvez. And from San Bernadino,
10 Theresa Valdez (ph.). And I also want to acknowledge San
11 Luis Obispo Assessor Tom Bordonaro, who quarterbacked the
12 California Assessor's Association Prop 19 ad hoc
13 committee, which did a lot of the heavy lifting to
14 prepare us for this legislative package.

15 I -- I really could go on, but this has been
16 obviously a -- a statewide effort. We received input
17 from many other stakeholders, engaged in a pretty robust
18 and healthy discussions between all the assessors in
19 California. There are many others on the BOE, but -- and
20 from the various county assessors who took leading role
21 and help -- have helped put in countless hours to put
22 together this comprehensive legislative Prop 19 package,
23 which I believe you should -- you've all seen.

24 With that being said, I want to focus on how we got
25 here, and what our colla -- collaborative efforts have

1 accomplished. So (indiscernible), we -- in prep -- in
2 preparation for the November election, I think a lot of
3 us were much more concerned about the administrative
4 challenges of Prop 15, which consumed most of our time.
5 But now that we're focused on Prop 19, we're disc --
6 discovering that it is -- it is also quite a challenge,
7 and candidly, I'm not sure what we would have done if
8 both of these measures had passed, because we -- we were
9 simply out -- outgunned and -- and overwhelmed.

10 As it became apparent that Prop 19 was going to be
11 certified, the -- the Board of Equalization, in
12 conjunction with the Assessor's Association, accelerated
13 the discussions about what we're going to need to
14 implement the measure. Formerly, as I indicated, we
15 created an ad hoc committee at the association led by
16 Assessor Bordonaro. Board -- Board of Equalization staff
17 helped to identify a number of issues regarding the
18 implementation challenges. And from this -- this effort,
19 and from your support and direction, the BOE devised the
20 strike teams to focus on the individual aspects of
21 implementing the proposition.

22 In particular, the strike team -- team that I'm most
23 familiar with is the team designated to draft legislative
24 text necessary to implement Prop 19. In that regard, I
25 want to take you through the legislative package, and

1 highlight some of the key elements that, if passed by the
2 legislature, will help all of us provide clear guidance
3 to the public. And -- and once again, we really
4 appreciate the -- the support and guidance we received
5 from board -- board staff.

6 The starting point of our legislative package really
7 began with guidance from the ad hoc committee, the
8 legislative committee, the executive committee or the CAA
9 and board staff interpreting Prop -- what Prop 19 does
10 and does not do was, frankly, a herculean feat in and of
11 itself. As a constitutional amendment, we -- we had to
12 know what could be clarified by the legislature, what's
13 in the constitution, what sort of things could be done by
14 the -- by the -- by the board, and amongst assessors
15 as -- as -- in terms of standardization of policy.

16 Additionally, we had to know what laws Prop 19
17 changed and/or repealed. There is some discussion in --
18 in differences as to what that -- what -- what those
19 points are, and that will have to be decided by the
20 legislature. Once we did have a -- however, a
21 fundamental understanding of what the legislative
22 intent -- we could begin writing the legislative text
23 that we hope will pass this year in the legislature.
24 Before I get too involved in the highlights of that text,
25 I did want to mention that Nicole White-Gamble, who's the

1 director of operations for my office, and Barbara
2 Edginton from the San Luis Obispo County, they were the
3 primary authors and technicians in developing the CAA
4 legislative package. They're both on the line, and
5 they're available to answer more technical questions that
6 you may have about the proposed legislations. And I may
7 defer a number of questions to them.

8 So let me first touch on a couple of -- of key
9 provisions of our proposed legislation. First and
10 foremost, the legislative package attempts to offer clear
11 and more precise language to provide for emergency
12 rulemaking authority by your board in many areas. And I
13 think -- I think it's a consensus among anyone who has
14 delved into the details of Prop 19, that assessors
15 absolutely cannot implement Prop 19 without the Board of
16 Equalization taking a lead and providing guidance in how
17 to uniformly administer the various provisions of the
18 measure, until such time that a legislative package is
19 adopted.

20 I will say, as an aside, that Prop 19 was rushed
21 onto the ballot. There were numerable deficiencies, and
22 it puts both the board as well as assessors in a very
23 awkward position. We are not policymakers. We implement
24 the law as adopted. The adopted law creates a tremendous
25 amount of lack of clarity. Somebody has to make a

1 policy -- policy decision as to how that should be
2 interpreted. That typically is not county assessors;
3 it's more likely the Board of Equalization. But even you
4 will -- I suspect are going to find constraints based on
5 what type of authority you have to make -- to make
6 changes.

7 But since we can't get the legislation passed until
8 later in the legislative session, we have to do something
9 in order to implement it in this interim period. And
10 we're going to have to improvise. So dealing with --
11 first off with the emergency rulemaking, specifically, we
12 need the Board of Equalization to take the lead on one,
13 statewide tracking requirements of -- of data, you know,
14 the movement of -- of taxpayers from one property to
15 another, since we're to -- since qualified Prop 19
16 applicants can move their base year as many as three
17 times. Also, the creation of the required forms.

18 We -- obviously, we're engaged in public education.
19 We need the Board of Equalization to -- to work with us
20 to ensure uniform public education throughout the state.
21 We're going to need letters to assessors that include
22 complex value calculation and the needed comparison
23 tests. All these things are absolutely critical for us
24 to even begin administrating Prop 19.

25 Additionally, the proposed legislative texts

1 clarifies conditions that must be met in order to receive
2 the benefit for parent to child and grandparent to
3 gran -- grandchild exclusions. As it's been stated by
4 Mr. Moon, the property must be the primary residence of
5 the parent or grandparent, if they're the ones
6 transferring the property. This benefit goes both ways,
7 but in most cases, the child or the grandchild is the one
8 receiving the property. The property must become the
9 primary residence of the child or grandchild within one
10 year within filing of the homeowner's exemption.

11 And Member Cohen, we did -- one of those tools that
12 we will be looking at to determine whether it's the
13 primary residence or not would be the homeowner's
14 exemption application.

15 Only the primary residence qualifies for a base year
16 transfer of the property. Other property no longer
17 qualifies for that benefit, and separation of the farm
18 family from the -- the residence, so that no residency is
19 necessarily required for a family farm also requires more
20 detailed clarification.

21 The challenges, the provisions, this -- of this
22 component of Prop 19 is supposed to begin on February
23 16th. We are not ready; I don't know that we will be
24 ready on February 16th, so I am anticipating significant
25 and possibly overwhelming public service challenges for

1 my department as well as other -- I'm sure other
2 assessors will have the same thing. Additional
3 provision -- additional provisions I wanted to highlight
4 are legislative clarification that will provide for --
5 clarification, for instance, if the original home is sold
6 before April 1st, and a replacement property is purchased
7 after April 1st, which rules apply, current rules or Prop
8 19. The definition of severely disabled needs
9 clarification, if Prop 19 extends to both cognitive
10 and/or mental disability, or is it just physical
11 disability? Clarification on whether each spouse is able
12 to claim the base year transfer independently, or if
13 it's -- if they're viewed as a single entity.

14 As you -- as you all know all too well, I'm certain
15 that attempting to get legislation passed is difficult in
16 the best of times, and requires a lot of patience,
17 persistence, and understanding. I do want to, at this
18 point, acknowledge that Rob Grossglauser, who is the
19 legislative advocate for the California Assessor's
20 Association, he's on the line, and he will be available
21 to answer specific questions about a lot of our
22 legislative negotiations today.

23 Policy hearings typically don't take place until
24 March for many of the legislative committees in the first
25 year of the new se -- new session. Our work in

1 collaboration with those stakeholders gives us the
2 opportunity to -- that we hope that will -- to pass our
3 legislative proposal in a committee bill, which typically
4 allows us to bypass some of the hurdles of passing an
5 authored bill. Whether we're able to pass this
6 legislative proposal in a committee bill, or if we need
7 to find authors -- I think I can state pretty
8 definitively that this is an area where you as board
9 members can really help us push this effort forward to
10 provide education and briefings to lawmakers to stress
11 the urgency and the clarification that's needed for this
12 measure to be -- to be administered.

13 And -- and it's important to emphasize that we are
14 the admini -- administrators, attempting to provide clear
15 guidance to constituents on a proposition that the
16 legislature authored and left up to voters to put into
17 law. I can envision that the deficiencies in Prop 19
18 will generate incalculable public service challenges for
19 assessors. Property owners are eager to make decisions
20 now about estate -- estate planning, at a time when we
21 simply do not have the clarity on all of the provisions
22 of law, and where mistakes are extremely likely to -- to
23 be made.

24 You know, the Board of Equalization assessors, we
25 didn't draft the law, but we are the ones who are

1 assigned to administer it and respond publicly.
2 Ultimately, we are going to be held accountable, and we
3 need to convey to the legislature that -- that -- and --
4 and stress the urgency to get this right and to do it
5 quickly.

6 And I wanted to go back to what I said previously
7 about passing legislation during cha -- challenging
8 times. Due to COVID, the challenges are considerably
9 more extensive and cer -- and more uncertain. The
10 legislative calendar is in flux, and other external
11 factors are adding complications. And the full reality
12 here is that it is unlikely that we will get this
13 legislative package passed and signed into law by
14 February 16th, which is the first implementation date.

15 As a contingency, in collaboration with BOE staff
16 and other stakeholders, we are pre -- we have -- have
17 undertaken a two-prong approach -- two-prong legislative
18 approach. The first one, as I stated earlier, is to get
19 the entire legislative proposal either in a commit --
20 committee bill, or through a sponsored legislation. The
21 second one is an absolute must-have bill for the parent
22 to child provisions that go into effect on February 16th.
23 We have an understanding with the legislative leadership
24 that this must-have proposal may be inserted into a
25 budget committee bill that Governor Newsom is likely to

1 sign by the end of the month.

2 But in consulting with legislative staff, they --
3 you know, they've -- they've -- they've been very clear
4 that the entire legislative proposal does not work in
5 the -- in the -- in the budget trailer bill process, and
6 that we're going to have to truncate some of our needs
7 and -- and separate the main body of legislation from
8 some of these critical must-have clarifications, to --
9 hopefully, we can start into this abbreviated process.

10 We're going to purs -- we're pursuing both --
11 both -- both approaches, and Rob could give you more
12 details if you want to -- want to -- want to hear more.
13 But this is probably one area where your leadership is
14 crucially needed in really helping to inform lawmakers of
15 the urgency of this matter and stressing how we cannot
16 implement the will of the voters without this
17 clarification, and that without clarification, taxpayers,
18 property owners, all have urgent needs, are likely to be
19 caught up in red tape and bureaucratic confusion. It may
20 cost them a lot of money and time and create distress in
21 their families.

22 So we -- I know the process is slow, but we need to
23 move fast. So with that, I want to introduce or make
24 available Nicole White-Gamble, who can provide a briefing
25 on the specifics of the legislative proposal. And I

1 apologize, but I have -- I can't answer any questions
2 right now. I have a hard -- hard stop three minutes ago,
3 so I'm going to turn this over to my staff to do the best
4 to answer questions from this point forward. And I'm
5 happy to speak with any of you offline later in the day
6 if you have questions for me.

7 Thank you all very much.

8 **MR. VAZQUEZ:** Thank you.

9 **MR. DRONENBURG :** Thank you, Jeff.

10 **MR. VAZQUEZ:** And sorry, I know we went a little
11 over.

12 Go ahead.

13 **MR. DRONENBURG :** Thanks to Jeff, did a great job. I
14 want to suggest that Rob is available, and the -- the
15 next category is collaborating with the legislature. And
16 he can give us that strategy but ask -- so don't ask
17 questions of these people of -- about anything other than
18 technical aspects, and hold your questions on process
19 until Rob gets up.

20 **MR. VAZQUEZ:** Thank you.

21 **MALE SPEAKER:** Once they present this, you can
22 ask --

23 **MS. WHITE-GAMBLE:** Good afternoon. Can you hear me?

24 **MR. VAZQUEZ:** Yes, go ahead.

25 **MS. WHITE-GAMBLE:** Good afternoon. This is Nicole

1 White-Gamble. I'm director of (indiscernible) services
2 for Assessor Jeffrey Prang. I just wanted to go ahead
3 and give some additional information regarding the
4 language that we have created and are putting forth in
5 front of the legislature. And I also want to note that
6 Barbie Edginton is also on the line, and so I'm going to
7 ask that she also jump in. As I've been looking to the
8 comments and the inquiries that are coming through, I'm
9 hoping that I'll give some insight in terms of what our
10 process has been, how we've moved to get to this point,
11 what our aims and goals are. So essentially, I'm looking
12 at the language, which you'll find is -- what is attached
13 to the agenda, is you actually see the draft la --
14 language that we have created. And we've basically, as a
15 committee and as a group, tackled this in two parts.

16 One part that was dealing with the intergenerational
17 transfers, and by that I mean parent to child,
18 grandparent to grandchild, and also the reverse of that.
19 So that became very important because when we look at the
20 way Prop 19 was written, specifically when we're talking
21 about the intergenerational transfers, we know that one
22 has a very aggressive date of February 16th, 2021. So as
23 administrators, who are going to have to implement this
24 language, we wanted to make sure we could get the
25 clearest understanding. And so we've been very

1 appreciative of the collaboration that has happened
2 throughout the state, with all of our partners, and of
3 course the guidance that we received from the Board of
4 Equalization.

5 The primary document that has basically informed our
6 decisions are -- are obviously the provisions itself.
7 We've also looked at and relied heavily on the
8 interpretation, or the BOE's legal analysis, helped to
9 guide us through this process. So in tackling this,
10 again, like I said, we looked at the first portion of it,
11 which is the intergenerational portion of it. And I
12 think as been noted on the call, of significance, of
13 course, it dramatically narrows the benefits that are
14 available now for parents and children to transfer their
15 property.

16 The second way we looked at this, and the way we
17 grouped it, is we looked at this in terms of the base
18 year transfer portion of it. So there's actually two
19 portions to that. One portion specifically deals with
20 disaster; the other is dealing with both the seniors and
21 also the severely disabled. This was important for us to
22 look at this in two waves. Because when we look at the
23 proposition, we know that it allows for the ability to
24 transfer base year value from one home, your principal
25 residence, to another, throughout the state, which is

1 primarily one of the key pieces of this legislation.

2 But there are differences between the two types.
3 Most notable, there is a three-time limit for a senior
4 and those severely disabled. But we do not believe this
5 limit applies to victims of wildfires and disasters. So
6 if someone had to endure this significant loss more than
7 three times, there's still relief that they can avail
8 themselves to.

9 So understanding the order -- or I should say, the
10 differences of these types of provisions and the
11 implementation date, the process we use, is we try to
12 look at this measure and break it up into pieces that
13 would make the most sense. And we also looked at
14 existing language. It was very informative and helpful
15 for us in terms of formulating the sections or the new
16 provisions. If you're looking at our document, what
17 you'll see is the CA ad hoc team created three new
18 components. And the numbers I'll reference are actually
19 proposed numbers; they don't actually exist. But this is
20 a way for us to tie them back to the existing legislation
21 when appropriate.

22 The first provision or section is 63.2. This deals
23 with all of the intergenerational transfers. The second
24 component is what we refer to as 69.1. This deals with
25 disaster. And then lastly, we have what we call 69.6.

1 This is getting us more detail in terms of the seniors
2 and also the disabled exclusions.

3 I want to preface this by saying that obviously, as
4 we're going through this process for all of us, this has
5 been a continuous learning process for us. And we tried
6 to expand our understanding of what the intent of the
7 legislation is, and then also understanding where those
8 areas are there -- where there was -- where there was
9 grey -- there was grey. And when that existed as much as
10 possible, and understanding and appreciating the -- the
11 intent, we try to fill those areas in as much as
12 possible. As Jeffrey said, we fully realize and
13 understand our obligations to provide as much clarity and
14 understanding as possible to implement and administer
15 this law.

16 So what I'd like to do is I'd like to actually start
17 to reference the document that was provided.

18 And Barbara, what we can do is -- what I'd like is
19 to start to discuss some of the specifics that were
20 mentioned. I'm going to start off -- and if you look at
21 the first page of the document, at the attachment, you'll
22 see that in 63.2, there were several questions that were
23 raised. And one of the fundamental questions was the
24 question regarding how farms -- family farms would be
25 handled in the legislation.

1 And it was noted by Richard Moon, I believe, that we
2 are looking at this as saying that the family farm does
3 not have to have a principal residence associated with
4 it. And so when you look at the documents, as we go
5 through it, you'll find that the way that we address this
6 is we have several different definitions, including the
7 definition of an agricultural commodity.

8 And another question that was raised that I want to
9 bring up is that there was a question regarding how we'll
10 be looking at these different portions of the family
11 farm. And we define it as an appraisal unit. It's the
12 unit that we'll be looking at. And as you go through the
13 draft language, you'll see that we actually request that
14 a lot of information is provided to us regarding the
15 findings, all of the parcels that are associated with the
16 appraisal unit. And then of course we would do an
17 analysis to see what type of structures or other things
18 may be associated with it.

19 So this is something where we've clearly delineated
20 the fact that the family farm does not have to have the
21 principal residence associated with it. And -- and we
22 believe that that benefit -- are two separate benefits.
23 So also, questions regarding what type of information
24 would be (indiscernible), and so it -- it's been alluded
25 to previously in this call. We would have to have a

1 claim that is submitted to us to give us all of the
2 information, so the assessor's office are able to
3 determine the eligibility of -- of the claimant. Other
4 significant portions regarding whether or not -- I should
5 say, if there's multiple transferees, the question is
6 whether or not all of those transferees would have to
7 live in the property, which is not the case. Obviously,
8 if we had one eligible transferee and they resided in the
9 property, they would be able to claim the exclusion.

10 There were also questions that were raised about,
11 how would an assessor determine if a property is the
12 principal residence of a claimant? And essentially,
13 typically, when we talk about the person who is giving
14 the property, we refer to them as the transferor (ph.).
15 And the standard usually is they have to be eligible for
16 the homeowner's exemption or disabled vet. The language
17 of the proposition, Prop 19, is very clear in the fact
18 that the transferee actually has to claim and be approved
19 for the homeowner's exemption within one year of moving
20 in. But what we're saying is, the standard for the
21 transferor, the person who would be giving the property,
22 is they have to be eligible for that.

23 Some of the ways that we typically would know that
24 someone is -- it's their primary residence might be --
25 just a few examples. And there are -- there are

1 certainly more, and I'm sure we'll get more clarification
2 out there. But typically, this may be a place where you
3 actually get your voter's registration at the address
4 associated with it. And you -- they -- also your
5 driver's license may show this. But also, another part
6 of this is the fact that there would be an affidavit that
7 would have to be signed, that basically states that for
8 the transferor, it was their principal residence, and
9 then also for the transferee, the person receiving the
10 property, that they were actually occupying and residing
11 in the property.

12 Some of the other questions that were raised were
13 how would we police -- I don't believe anyone wants to
14 police -- but how would we know if the person who is
15 residing in the property is continuing to reside in the
16 property, and what types of assurances would the
17 assessor's office utilize to make sure that this was a
18 fact? So in the language, we do have specific documents
19 that do require that the homeowner or the transferee
20 using a property is required to notify the assessor if
21 they move out of the property.

22 In addition to that, the draft language -- the
23 comprehensive draft language that was submitted does also
24 allude to the fact that there might be some type of
25 annual requirement for them to affirm that they are still

1 residing in the property.

2 **MR. DRONENBURG:** Nicole, I need to interrupt you for
a
3 second, because our lobbyist is overbooked. And I wanted
4 to get him on before he leaves. And then we'll come back
5 to you. Excuse me for the interruption, but we -- we've
6 slipped way behind schedule. So Rob, why don't you tell
7 them what the process is, and where we are in the
8 process? I think Board Member Cohen asked about that for
9 sure.

10 **MR. GROSSGLAUSER:** Sure, and I'm happy to do so.
11 And good afternoon, now, everyone. Robert Grossglauser
12 with the California Assessor's Association. The CAA,
13 along with the board, and many interested parties, have
14 been educating legislative in both the senate and the
15 assembly, as well as the governor's office, on the
16 clarifications necessary, and the sensitivity to the
17 timing of things. That process has been underway for a
18 few weeks now.

19 Due to the legislative counter limitations and the
20 processes in place in the COVID environment, the ability
21 to pass a full Prop 19 clarification package has yet to
22 be realized. It doesn't mean that it won't occur. It
23 just means that the timing is -- is quite difficult. And
24 so with that, we also might be put into a place that a

25 smaller portion of the cleanup will be necessary to meet

1 the February 15th deadline. And then the larger package
2 to be worked on between now and April 1.

3 I think that what Ernie, you've said, and what
4 Assessor Prang has also stated, is that it is key for
5 everyone to engage the legislators, and that they can be
6 educated and understand both the clarifications
7 necessary, and the timing of things. So the legislative
8 process is a very dynamic one. And so I can never be
9 held to a certain timeline, but I can say with assurance
10 that legislative staff are diligently looking at this and
11 working with their various committees and the leadership
12 offices to see if there isn't something that can be done
13 to help implement the voter's will and the passage of
14 Prop 19 by the appropriate timelines.

15 **MR. VAZQUEZ:** Mr. Dronenburg, is there others?

16 **MS. WHITE-GAMBLE:** Hello? Hi -- hi, this is Nicole,
17 I guess Nicole White-Gamble. I will just continue very
18 briefly. There was a couple more points about the
19 document that I wanted to make, and then I think we can
20 move from there. Just to note, there was discussion
21 about the severely disabled, which is under our -- our
22 Section 69.6. And I do want to note, just to reiterate
23 which has -- what has already been discussed, we do have
24 a definition that is -- at least in the draft language,
25 that is a little bit more expansive, because it does move

1 beyond both physical disabilities.

2 And the other piece of it was, there were several
3 questions that -- and comments made about the ability for
4 there to be prospective relief. This was in regards to
5 the three years or also six months after receiving notice
6 that someone would still have the ability to file a
7 claim. And I would just like to state that in the
8 language that we provided, the draft language does
9 include sections that address those issues. And then the
10 other thing I wanted to address is the fact that there
11 were lots of questions. And I know that our office --
12 and I'm sure other assessor's offices throughout the
13 state have receive the -- the question of whether or not,
14 do both activities, if they're doing a base year
15 transfer, does both the sale of the original property or
16 the purchase of a replacement property have to occur
17 after April 1st. And based on the legal analysis
18 provided by the BOE, and also our understanding of it, I
19 do want to note that the draft language, at least, does
20 state that our interpretation in the language, if it were
21 accepted, does allow for either one of those events to
22 occur after or on April 1st with the new provisions under
23 Prop 19 being applied.

24 And so the key to that is that the equal or lesser
25 provision is not in effect. The purchase price of the

1 replacement property could exceed the original. But then
2 of course, based on the ACA language and calculations,
3 the difference would be added on to the current assessed
4 value if that base were transferred.

5 Barb, I'm going to ask you if there's any other
6 significant points that you think that need to be
7 highlighted at this point. I will make one other point.
8 When you're looking at this document, it looks like it
9 is -- and it is a rather large document. But I do want
10 to state that when you're looking at this, there's
11 actually two versions of the document. We like to think
12 of this as a living document. And as we get more
13 information and -- and further understanding, of
14 course -- and we've been trying to make updates to it.
15 And so what you'll see is, the first portion of the
16 document is -- has a revision date of 1/08/2021. And I
17 want to make note of that.

18 And then what you'll see is, I believe it's after
19 page 17 if I'm not mistake -- actually, after -- yes, I
20 believe it's page 17. What you'll see is there's also --
21 let me actually go past that. It's actually page 23.
22 24. Still going. I'm sorry. Actually, after page 26,
23 what you'll find is there's a repeat of some of the
24 language. And the difference between those is that as
25 we've learned, and we've had more discussions with the

1 legislature, we've found that the sunset language that we
2 have for provisions in 69.3, we believe that now, our
3 understanding is that that language will not sunset when
4 it comes to the principal residence of the home, that
5 they will run in parallel.

6 And so the latest version from one -- page 1 to page
7 26 actually is showing the new provisions without that
8 language being included. So I did want to note that in
9 terms of the document.

10 Barb, I'm going to ask now if there's any other
11 points or key points that you think that need to be
12 highlighted that I may have missed. Would you please
13 share those?

14 **MS. EDGINTON:** Thank you. This is Barbara Edginton.
15 I'm with the San Luis Obispo County Assessor's Office.
16 I'm a manager in that office. And I think that there's
17 just --

18 And Nicole, I thought you did a very nice job,
19 and -- and I appreciate all the work that you've put into
20 it.

21 And thank you, members of the board, for -- for
22 letting us speak on this. I think I only have a couple
23 of things that I'd like to maybe highlight for you. And
24 that is, number one, Ni -- what Nicole just brought up,
25 which is that there will be the -- there will be

1 concurrent versions of how the base year value transfers
2 are -- could be administered. And there is going to be
3 some confusion about how to basically make this -- make
4 the different concurrent versions work together, and so
5 that people would understand which versions they would
6 come under.

7 So we will need a lot of assistance in that regard,
8 and a lot of guidance from the Board of Equalization and
9 their -- and their staff in -- in helping us to
10 administer that. The second point that I think is going
11 to be important for us to emphasize for you when
12 you're -- when you're going through this draft is, I
13 heard earlier that the -- regarding a family farm, that
14 the hope was that the -- that in -- that the exclusion,
15 the -- the million-dollar calculation, would apply per
16 parcel. And I think that when that was voiced, if the --
17 the way that I understood that was that the expectation
18 was -- was that it would be per assessor parcel number,
19 as to per the family farm unit.

20 The way that our draft reads is that that exclu --
21 that million-dollar exclusion would be handled per the
22 farm unit as opposed to per assessor parcel number. As
23 was mentioned, some of the farms may be a single
24 assessment number, and others may have many multiples of
25 assessment numbers. So depending on how the particular

1 county has mapped those -- those particular farm --
2 what's ended up as the farm unit, some farms may end up
3 with many multiples of that million-dollar application if
4 it was per assessor parcel number, while others may end
5 up with only one-million-dollar exclusion applied to it.

6 So I think that it's important to, number one,
7 recognize that particular issue, and then to provide
8 guidance to the -- on how you think that should be
9 administered and -- by assessment staff, and how you
10 believe consistency can be handled in -- in regard to
11 that.

12 And other than that, I -- I don't think I have
13 anything that I wanted to highlight. And if you have any
14 questions, we'd be happy to try to answer them.

15 **MR. GAINES:** Member Vazquez?

16 **MR. VAZQUEZ:** Yes, Member Gaines, go ahead.

17 **MR. GAINES:** Could I just comment in reference to
18 that? Because the whole -- the whole issue on the -- as
19 it relates to farm parcels was an exemption designed to
20 allow those parcels to pass on to the next generation.
21 And so I -- I just want to reiterate that the
22 understanding, or what's been explained to us is that
23 that would -- it would break down on a per-parcel basis.

24 And -- but the original intent was an exemption for
25 family farms. So I -- I want to make sure that the --

1 any interpretation of that is done in a manner that
2 allows the passage of those parcels to the next
3 generation.

4 **MR. VAZQUEZ:** Thank you. Is our chair -- Mr.
5 Dronen -- Dronenburg still on the line?

6 Ms. Taylor, did we lose Mr. Dronenburg?

7 **MR. DRONENBURG:** Hi, it's Ernie. I'm sorry.

8 **MR. VAZQUEZ:** Oh.

9 **MR. DRONENBURG:** I had the mute button on.

10 **MR. VAZQUEZ:** Oh.

11 **MR. DRONENBURG:** I -- I would -- I would just like
12 to sum up by saying, this is -- this is so extremely
13 important that we work on this thing with all due
14 diligence. And we've -- we've gone a long ways, but we
15 have a -- a collaborative method that's been one of the
16 first that I've experienced in my mixed history with the
17 board and the assessors. And it's really been a
18 gratifying process to see working together like this.
19 The next step is to actually introduce the one-page
20 bill -- that's the shortened bill -- and the full pa --
21 full bill into the legislative committees. And it's --
22 the one-page bill is what we're hoping to get into the
23 budget trailer bill. You know, the -- I don't know why
24 they call it a budget trailer bill at this point in the
25 legislative process, other than they're going to have a

1 special budget bill this year.

2 And so it would be a budget trailer bill, as a part
3 of the special budget the governor hopes to get out by
4 the end of this month. And we -- we've been working with
5 the speaker's office as well as the comm -- committee
6 consultants. They've seen the total package, and they
7 are very complimentary on it, and they -- and believed
8 that -- that in total, it's a great package. But they
9 just need -- the -- you know, the -- we can only move one
10 small piece into this vehicle of the budget trailer bill.
11 We have to take the total package and put it into a
12 regular -- hopefully, a committee bill.

13 And then once we've got the -- the single page done,
14 then we can take those pieces out of the om -- I'll call
15 it omnibus (ph.) bill that includes everything, and --
16 and then get that -- that one passed. But we need to get
17 it into the process just to get it out by April. But
18 I'm -- and I think that's a -- the summation of our
19 presentation today.

20 **MR. VAZQUEZ:** Mr. Dronenburg, I -- I had a list
21 of -- were -- were you also going to have Mr. Moon and
22 Mr. Yeung weigh in, or is that separate?

23 **MR. DRONENBURG:** No, they're welcome to weigh in
24 absolutely.

25 **MS. FLEMING:** Chairman Vazquez and members, this is

1 Brenda Fleming. Thank you to Assessor Ernie Dronenburg
2 and president of CAA, and also Assessor Prang. What we'd
3 like to do is, and -- and just to acknowledge and give
4 thanks and appreciation to all of the public commenters
5 and to the electeds who have joined us today to
6 participate in this conversation, we thank you for your
7 patience as we've been a bit fluid moving through today's
8 agenda.

9 What we would like to do with your permission,
10 members, is to continue the conversation on the agenda
11 items specifically going through the legislation. That
12 allows us to honor the -- the order of the agenda
13 material and public commenters. And then following that,
14 since we have had the primary speakers on the
15 collaboration with the legislature, I will just -- at the
16 end of -- at the end of the -- the presentation on the
17 draft legislation, I can make some comments for you also.

18 What I'd like to do, chair and members, is -- is --
19 to honor the public and -- and others are on the line,
20 just continue with -- with the order of the business as
21 it's listed on the agenda, if that's your pleasure.

22 **MR. VAZQUEZ:** Sure. I have no problem with that.
23 I'm just wondering now, since we've heard from Mr. Prang
24 and some of his staff along with --

25 **MS. FLEMING:** Right.

1 **MR. VAZQUEZ:** -- Mr. Dronenburg --

2 **MS. FLEMING:** We should proceed with -- with --
3 proceed with the BOE staff, and Mr. Richard Moon and Dave
4 Yeung to make their comments.

5 **MR. VAZQUEZ:** Okay, let's do that.

6 **MS. FLEMING:** Thank you, sir.

7 **MR. YEUNG:** Yes, good afternoon all. This is --
8 this is David Yeung, Deputy Director of the Property Tax
9 Department. Thank you for this opportunity to address
10 you all. First of all, I would like to recognize the
11 outstanding efforts and immense amount of work
12 everybody -- all the assessors, their staff, and -- and
13 the BOE staff has put into this effort. So my -- my --
14 my compliments and thank you very much.

15 I -- what I wanted to do here was perhaps move back
16 to the macro level. I know from the discussion from Mr.
17 Moon this morning, from Ms. White-Gamble and Ms.
18 Edginton, that we have really delved into some of the
19 details of Prop 19. But if you will just allow me, I --
20 I would just like to maybe pull back a little and look at
21 it from the macro level. So from the -- the proposed
22 legislation, there are -- there are three proposed
23 statutes that -- that -- that were brought up. The first
24 one is 63.2, and 63.2 will implement the parent/child and
25 grandparent/grandchild exclusion.

1 If I could just focus you on some of the key
2 elements that will need to be in there, in -- in that
3 legislation, top of that is -- if we -- if we are talking
4 about implementation quickly and effectively, top of that
5 is the following requirements. The whole process starts
6 with the following requirements. The -- the Prop 19
7 is -- is a little bit -- it does not address it directly,
8 but -- but the proposed legislation 63.2 will -- will
9 give some more specific guidelines on -- on -- on the
10 following requirements. Also, what 63.2 will address is
11 as you've already heard, some of the eligibility
12 requirements, and on -- ongoing verification
13 requirements.

14 So those will need to be in there also. And -- and
15 one more element that is key and has been generating a
16 whole lot of discussion on is providing clarification on
17 the family farm, what applies, what is in, what is out.
18 And specifically, the issue has been raised as to what
19 exactly is the unit. Is the unit the -- the individual
20 up -- parcels, or is it the whole farm as a -- as a
21 whole -- as one appraisal unit? So those are some of the
22 elements that will be addressed in 63.2.

23 Moving onto the next one will be 69.1. The proposed
24 Section 69.1 will implement the base year value transfer
25 for victims of wildfire and disaster. And very similar

1 to 6 -- to the grandparent/grandchild and the
2 parent/child exclusion, a very needed element in that
3 legislation will be, of course, the filing requirements
4 and very specific filing requirements.

5 Another element in there will be clar -- expressed
6 expansion of the base year transfer to all 58 counties,
7 that the counties, now you are able to transfer your base
8 year value, if your property's been destroyed by a
9 disaster, to all 58 counties, and you do not need the
10 county to have a statute that allows you to bring in or
11 import in a base year transit from another county.
12 And -- and a -- and a removal of the value limitations.
13 So now that -- before, you had to qualify under a
14 specific value that had to be equal or the same as the
15 original home, they -- there has been a removal of that
16 requirement for anything above it. You can transfer to
17 a -- to a home -- to a replacement home that is actually
18 valued higher. But the difference will be then added to
19 the -- to the base year.

20 And then the last one -- the last proposed
21 legislation will be Section 69.6. And that will
22 implement the base year transfer for seniors and the
23 disa -- and the severely disabled. As the same with the
24 other two proposed sections, the key element there for
25 implementation is the filing requirements, and that

1 proposed legislation will address that. It will also
2 address the expansion of the benefit -- the transfer of
3 up to three years. And for the -- particularly for the
4 board, it will actually provide that certain information,
5 how many times a person has taken that benefit, be
6 basically reported to the board, so the board can track
7 how many times they have transferred a base year value.
8 And when they hit the limit of three, that they are not
9 eligible for any more.

10 So those are just -- those are a big mac -- that is
11 a big macro view of the three proposed legislations. I
12 hope that was helpful. I am available for any questions
13 you may have. And if not, I believe Mr. Moon is also
14 available for his comments.

15 **MR. VAZQUEZ:** Yes, Mr. Moon, go ahead.

16 **MR. MOON:** Good afternoon, this is -- good
17 afternoon, this is Richard Moon with the legal department
18 again. And what I'd like to do first is also offer my
19 thanks to CAA and their staff, and in particular Ms.
20 White-Gamble and Ms. Edginton. They were not assigned an
21 easy task, but they really did a fantastic job of pulling
22 things together in a very short time. But it's the
23 nature of legislation that it doesn't address every
24 potential situation.

25 And so what I'd like to address just very briefly is

1 some of the quote, unquote, gaps that the -- that staff
2 is looking to address, whether that be via guidance in
3 the form of something like an LTA, or legal opinions, or
4 rulemaking. And I would also note, as Assessor Prang had
5 mentioned, that the draft legislation explicitly provides
6 authority for the board to do emergency regulations. So
7 we would -- that would be available to us should the --
8 should the legislation pass.

9 And so I just wanted to mention, several things that
10 we would like to do with -- with future guidance. And --
11 and one of those things is to explain and to give
12 examples of how the new assessed values would be
13 calculated, whether that's through the -- the
14 parent/child portion of Prop 19, or whether it's the
15 value -- the base year value transfers. We'd also like
16 to give examples of how an assessed value would be
17 calculated in the parent/child or grandparent/grandchild
18 situation when the family home is no longer the family
19 home of an eligible transferee. There is language in the
20 draft legislation that describes it, but I think as we
21 all know, legislative language sometimes is not as clear
22 as a concrete specific example. And so that's something
23 that we'd like to do.

24 And we'd also like to give guidance on tracking
25 these -- on the effect -- on the Prop 19 (indiscernible)

1 as well. Several other things that we would need to --
2 or are looking -- would look to clarify is the
3 interaction of the Prop 19 base year value provisions
4 with the existing disaster base year value provisions.
5 More specifically, Section 69 and 69.3. We'd also like
6 to give some guidance on the types of property that the
7 base year value transfer could apply to, as well as the
8 types of ownership that would qualify as well. And by
9 that, I mean for example, what happens if there's a
10 multi-unit property, and an over fifty-five resident
11 lives in one unit of the multi-unit, and then wants to --
12 wants to transfer the base year value.

13 And so those are some of the specific situations
14 that we would be looking to -- to give guidance on. And
15 then finally, sort of perhaps a more longer-term thinking
16 sort of idea, and some -- and things to think about would
17 be those changes that may potentially take a
18 constitutional amendment. And there's a couple things
19 here that we've been tossing around. And -- and we will
20 certainly think about further. The first is that the
21 base year value transfer two-year requirement is in -- is
22 in the constitution itself.

23 But in particular, with respect to disaster relief,
24 for base year value transfers after a disaster, two years
25 may not be long enough. And so if that two years would

1 want to be extended, that would have to be done through a
2 constitutional -- constitutional amendment. And then
3 also, if there wanted to be provisions for -- if
4 something like the pandemic, that's occurring now
5 happened, for there to be some type of authority or means
6 to extend that two years during that kind of a time.

7 And then the second item that I had wanted to
8 mention was, we have gotten a lot of questions about the
9 prospective or retroactive potential relief for transfers
10 that are -- are made, both the purchase and the sale,
11 prior to April 1, 2021. There is currently no
12 prospective or retroactive relief provided for in Prop
13 19. And if that's something that the legislature deems
14 desirable or necessary to do, that's something that would
15 also need to most likely be done through a constitutional
16 amendment. And that -- those -- those are the things
17 that I had wanted to highlight. And I'm happy to take
18 any questions that you might have.

19 **MR. VAZQUEZ:** Mr. Dronenburg, I believe that
20 concludes all the presenters, correct?

21 **MR. DRONENBURG:** Yes, it does.

22 **UNIDENTIFIED SPEAKER:** Thank you, (indiscernible) --
23 anybody knows.

24 **MR. VAZQUEZ:** Let -- let me just remind those that
25 are not speaking to please mute your mic.

1 And just one, thank you, Mr. Dronenburg. And I know
2 Mr. Prang, who had to leave, but then of course our
3 staff, Mr. Moon, and Mr. Yeung, for your -- all your
4 dedication, especially over the holidays. I know you
5 guys were working really hard to craft this well thought
6 out legislation.

7 Let me ask the member -- actually, members, you
8 know, now that I got -- logged back on, I'm not able to
9 see your -- can't see if you're on -- your visual. So
10 I'm just going to go down the list of the members and see
11 if there's any questions. I'll start with our Vice Chair
12 Schaefer.

13 **MR. SCHAEFER:** Thank you, Chair Vazquez. I want to
14 thank Mr. Dronenburg and all of the assessors for working
15 so closely with our staff to try to get the right answers
16 here. I notice on the proposed parent/child and
17 grandparent/grandchild exclusions, we defined children as
18 any child born of the parent or parent's accepted child,
19 as defined in subparagraph D, who has been adopted by
20 another person or persons. And then you go to
21 subparagraph D, and it talks about anybody who is adopted
22 other than an individual adopted after reaching eighteen
23 years of age.

24 We're drawing a distinction between adopted children
25 that are under eighteen or over eighteen? Or I guess

1 what we're doing is we're zeroing in on the fact, if
2 you're going to be an adopted child, you've got to get
3 your adoption in sometime between birth and eighteen, and
4 not thereafter. Like, the theory that if somebody
5 adopted somebody over eighteen, it might be just for
6 purposes of favorable tax treatment. Is that really why
7 we had that provision in there? Because they -- the law
8 of the state is that a child ends at eighteen. And we're
9 only giving relief to child and grandchild here. So if
10 that's the case, that's already in the law, we really
11 don't need to start defining before or after age
12 eighteen, do we? Can somebody speak to that?

13 **MR. DRONENBURG:** Richard, maybe you might know the
14 type. I think that's consistent with our current
15 interpretation of the existing parent/child transfers.

16 **MR. MOON:** That -- that's correct. This is Richard
17 Moon from the legal department. I believe that --
18 that -- that is correct. That it's the -- it's what
19 exists now in Section 63.1, and -- and those definitions
20 were carried over to -- to 63.2.

21 **MR. SCHAEFER:** I just -- I just want to know that
22 we're protective whenever we can to people under
23 eighteen. Whether they're natural or adopted doesn't
24 really make any difference. And we should be alert to
25 that. Thank you.

1 **MR. VAZQUEZ:** Thank you. Member Gaines?

2 **MR. GAINES:** No -- no further comment, thank you.

3 **MR. VAZQUEZ:** Member Cohen?

4 **MS. COHEN:** Thank you. I have no further comment
5 either.

6 **MR. VAZQUEZ:** Ms. Stowers?

7 **MS. STOWERS:** No comments, thank you.

8 **MR. VAZQUEZ:** Thank you.

9 I have just a couple quick questions. And my first
10 one is to Mr. Dronenburg. Regarding the parent/child
11 exclusion, there isn't anything in this proposal, I
12 guess, as I look, Section 63.2, about situations where a
13 transferee or temporary vacates a principal residence.
14 For example, if a transferee is called away for military
15 duty, or is in a convalescent hospital, what do you
16 suggest, or do we need to maybe state that in some kind
17 of a temporary LTA to -- for some assistance there?

18 **MR. DRONENBURG:** Well, I -- I think putting it in an
19 LTA never hurts. But because I think the principal -- at
20 least speaking from this office, thinking on how we're
21 going to administer it, we're going to rely heavily on
22 the homeowner's exemption. And that's an annual thing.
23 So if somebody leaves the house for six months because of
24 a requirement that they be gone, it's not going to affect
25 the homeowner's exemption. They're still the principal

1 residence. And is -- you know, that of course is checked
2 by the franchise tax board, and the assessor's checking
3 the homeowner's exemption. So that would be my initial
4 response to that question.

5 **MR. VAZQUEZ:** Thank you.

6 **MR. MOON:** If -- if I --

7 **MR. VAZQUEZ:** I -- oh.

8 **MR. MOON:** Chair Va -- Chair Vazquez, this is
9 Richard Moon from the legal department --

10 **MR. YEUNG:** Oh, thank you, Richard.

11 **MR. VAZQUEZ:** Sure, go ahead.

12 **MR. MOON:** If I could chime in. There is -- you're
13 correct. There is no definition or exception carved out
14 specifically in -- in 63.2 for those temporary type
15 situations. And that's also the same for 63.1. And --
16 and I think one of the reasons why there's no exception
17 carved out specifically is because for the homeowner's
18 exemption, there's an understanding that if you're away
19 from your home temporarily, that that's not by itself
20 going to remove that home as your -- as your family
21 residence.

22 So and I think those interpretations are imported
23 into our understanding of how the parent/child exclusion
24 works. So for example, if you were -- if somebody were a
25 member of the military and they were deployed overseas

1 for -- for two years, that would not cause them to lose,
2 by itself, the -- the homeowner's exemption on a home
3 that they would have here.

4 **MR. VAZQUEZ:** Thank you. I understand Mr. Prang is
5 back with us. So I have a couple questions for him. The
6 first one is, is actually re -- it's -- it's in
7 relationship to the basic year value transfer for seniors
8 and severely disabled. And the first one is the -- the
9 proposal authorizes the cancellation or refund of taxes
10 on a replacement home to the extent that they exceed the
11 amount due upon transfer of a new base year value to that
12 home.

13 So if someone, for example, let's say in Malibu,
14 sells their home for 4.8 million, with a low base year
15 value, and purchases or rebuilds a \$900,000 home in
16 another part of the state or county, does that claimant
17 get a refund?

18 Is Mr. Prang on the line, still?

19 **MR. PRANG:** I -- I would think that you have to know
20 the base -- the assessment base year value. And
21 depending on what that base year value is, and the time
22 that the person is in the home. Could be a supplemental
23 property tax issue, too. There's -- I need more details
24 in that question.

25 **MR. VAZQUEZ:** Okay, but -- but at the end of the

1 day, if -- if somebody did do a transfer of value on a
2 piece of property they sold that was worth more than what
3 the new, or the purchase of a -- of the -- the relocation
4 of a new home, for example, they would be entitled to
5 some kind of a refund; is that correct?

6 **MR. PRANG:** I -- I would have to go to my counsel.
7 We're not in the refund business. We can reduce their
8 values, but we don't give taxes back unless we've
9 incorrectly appraised them. That's just the basic tenet.
10 If -- if we -- under the new rules, we made a -- a
11 adjustment in the value, and it was more than what the
12 property was worth, and they've already paid the taxes,
13 then we would give them a refund.

14 **MR. VAZQUEZ:** Okay. So moving forward, it -- it
15 would -- it would just -- it would get adjusted,
16 basically?

17 **MR. PRANG:** Yes.

18 **MR. VAZQUEZ:** Okay. Yeah, somebody proposed this,
19 and I was -- when they asked me the question, I wasn't
20 sure. That's why I'm bringing it up. So but that makes
21 sense. I hear what you're saying. So at the end of the
22 day, it -- it doesn't really go retroactive, but rather,
23 moving forward, when they move into their new home, if
24 it's obviously at a -- at a lower value, they would pay
25 less taxes?

1 **MR. PRANG:** Yeah. And they have to pay some taxes
2 that were erroneous before we'll give them a refund.
3 And -- and we're -- we're moving bases here, we're not
4 moving taxes, per se.

5 **MR. VAZQUEZ:** Okay.

6 **MS. EDGINTON:** This is Barbara Edginton. I'm -- I'm
7 wondering if I could just make a couple of comments in
8 relation to that.

9 **MR. VAZQUEZ:** I can barely hear you.

10 **MR. PRANG:** It's hard to hear you.

11 **MS. EDGINTON:** I said, this is Barbara Edginton from
12 San Luis Obispo. And I wondered if I just might make a
13 couple of comments in relation to your question.

14 **MR. VAZQUEZ:** Sure, go ahead.

15 **MS. EDGINTON:** Thank you. I think that there is --
16 if I understood correctly, what we're looking at is --
17 regarding that -- that refund that they referred to, is
18 if, for example, there is a transfer, and the original
19 home has a base year value of, let's say, 200,000, and if
20 the replacement property has a base year value prior to
21 the purchase of 400,000, then there might be a refund of
22 some sort, because there would be the reduction from the
23 400,000 down to the 200,000.

24 But it's not a -- a refund per se of the difference
25 between the sale price of the 4 -- 4.8 million down to

1 whatever their purchase price is for the replacement.
2 It -- it's looking at the base year values between the
3 original and the replacement.

4 **MR. VAZQUEZ:** Okay.

5 **MS. EDGINTON:** And I'm sure that Mr. Moon could --
6 could clarify that in -- in their language. But I -- I
7 just wanted to make sure that there wasn't a
8 misunderstanding about what that refund related to.

9 **MR. PRANG:** I -- I -- maybe it's just terminology.
10 But we don't give refunds. We adjust the bases. Not
11 a -- somebody's got to have made some pay on the wrong
12 amount. And we can adjust the basis, and we'll go back
13 and re-issue a bill at a lower amount, but -- and it
14 could cause the mis -- nothing in this new law creates
15 a -- kind of a -- a method that you could go -- it's only
16 a method that if fell -- followed incorrectly, would
17 create a overpayment of tax.

18 **MR. YEUNG:** If -- hello, this -- this is -- this is
19 David Yeung, Deputy Director of the Property Tax
20 Department. The only provision that I -- if I may just
21 comment. The only provision that I saw in Proposition 19
22 that talks about a refund is if you transfer your base
23 year value to a replacement home and you do not -- and it
24 takes you within that first year to do so. You -- you
25 buy the replacement, it is reassessed at the time when

1 you bought it. And let's just say the fair market value
2 of the home is \$600,000. Within the first year, you are
3 able to transfer your base year value from your original
4 home -- and let's say that -- that original base year
5 is -- is \$200,000, then if you've already paid the taxes
6 on the \$600,000 on your replacement, you are due a
7 refund. And if you are -- if you have not paid the taxes
8 on it but a bill has been generated, there's a -- I
9 believe there's a provision for the cancellation of that
10 bill, or a correction of that bill. I believe that's
11 the --

12 **MR. PRANG:** Yes, exactly.

13 **MR. YEUNG:** -- only -- that's the only provision
14 I've seen in Prop 19 that talks about a refund or a
15 cancellation or a chance, or a correction of a bill.

16 **MR. VAZQUEZ:** That's a good point. So for example,
17 you know, as a homeowner, you get this -- you get your
18 bill, and they allow you to either pay it all at once, or
19 you can pay it --

20 **MR. YEUNG:** Right.

21 **MR. VAZQUEZ:** -- in two installments, for example.
22 So let's say you paid the first installment in April, and
23 then you sell --

24 **MR. YEUNG:** Right.

25 **MR. VAZQUEZ:** -- and you move into a -- a home

1 that's valued now at less in a different county, for
2 example -- or even within the same county -- but has a --
3 a lower base value, then the second payment that would be
4 due in December would be a lot less -- well, it would be
5 get -- get adjusted?

6 **MR. YEUNG:** Yes.

7 **MR. VAZQUEZ:** And then -- but you wouldn't get --

8 **MR. YEUNG:** It would be --

9 **MR. VAZQUEZ:** -- reimbursed for that first payment
10 you made in April, would you?

11 **MR. YEUNG:** The -- it -- it depends on whether --
12 whether it covers how much lower, I believe, the -- the
13 base year value is. If it -- if the first half
14 install -- the half installment covers the -- the -- the
15 final corrected bill --

16 **MR. PRANG:** Yes.

17 **MR. YEUNG:** -- then I think you are due -- are
18 eligible for a refund. If it does not, then I believe
19 this should be an adjustment to the -- to the second
20 half. That would be the most logical application of --
21 of that provision.

22 **MR. VAZQUEZ:** But that makes sense, yeah. Because
23 I'm thinking, especially if you're looking at
24 something -- you know, something that -- in the millions,
25 right? And you go down to something that's in --

1 **MR. YEUNG:** Right.

2 **MR. VAZQUEZ:** -- the hundred thousands. You
3 don't --

4 **MR. YEUNG:** Right.

5 **MR. VAZQUEZ:** -- even if you pay only half of it,
6 you probably have already overpaid.

7 **MR. YEUNG:** Yes. That -- that would be the most
8 logical construction of that.

9 **MR. VAZQUEZ:** Okay, that makes sense.

10 **MR. YEUNG:** Thank you.

11 **MR. PRANG:** It usually is part of a supplemental
12 bill correction.

13 **MR. VAZQUEZ:** And then just my last question, you
14 know, I know under this new Prop 19, you're allowed to
15 transfer your base year value up to three times. If one
16 of those times is something that was done out of your
17 control, for example, a wildfire, does that count against
18 you, as one of the three?

19 **MR. YEUNG:** This is David Yeung again. My
20 understanding is that for disaster relief, the three-time
21 limitation does not apply to that, or it was not, at
22 least, not the intention of Prop 19. But it is for the
23 provision that allows you to transfer it, because you are
24 age fifty-five or -- or older, or because you're disa --
25 severely disabled.

1 So the -- the answer is, it does not count for
2 disaster relief, but it does for -- for what used to be
3 called Prop 60, 90, 110.

4 **MR. VAZQUEZ:** Okay.

5 **MR. YEUNG:** Okay.

6 **MR. VAZQUEZ:** Thank you.

7 With that, let me ask Ms. Taylor if there's any
8 written comments, or anybody on the line that wishes to
9 speak on this item.

10 **MS. TAYLOR:** Yes, I have seven written comments.
11 And we do not have any public comments on the line yet.

12 **MR. VAZQUEZ:** Please, go ahead.

13 **MS. TAYLOR:** So we'll -- okay, our first comment is
14 from Joanne (ph.). "I voted against Proposition 19
15 because of the provision that was slipped into the home
16 protection for seniors, severely disabled, families and
17 victims of wildfire or natural disasters act regarding
18 parent/child and grandparent/grandchild and exclusion.
19 This act constitutes legal theft against" ta --
20 "taxpayers without notice. The public was totally
21 misled, and now you're in the process of legally
22 clarifying the grey areas after the fact. That needs to
23 be resolved in order to implement this proposition.

24 "However, you've given a hard date of February 16th,
25 2021, for parents to transfer their properties to their

1 children in order to obtain the exclusion before the law
2 is finalized. Obviously, someone is in a hurry to take
3 advantage of this license to steal. The assessor's
4 office and BOE cannot answer any questions, because
5 implementing this statute is yet to be determined.

6 "The first part of this prop should have been a
7 standalone proposition for voters to vote on. Most
8 people still do not know how the second part of
9 Proposition 19 will affect their family's property and to
10 their children, let alone giving a February 16th date to
11 comply by. Corporations don't pay taxes, churches don't
12 pay taxes, rich people don't pay taxes, yet you come
13 after the taxpayers to steal their property one way or
14 the other.

15 "I understand that the California Association of
16 Realtors were responsible for this prop, backed by
17 others, and more than 50 million dollars to support this
18 effort to get the prop passed, that will directly
19 financially benefit realtors. Shame on all of you. How
20 do you expect anyone to trust what the government is up
21 to when you pull these kinds of misdeeds? The
22 information prepared for taxpayers to read the pros and
23 cons of each of the bills prior to voting are very
24 misleading. Find another way to take in revenue, but
25 what's been proposed is theft"

1 The next comment is from James Cunningham (ph.).
2 "Our law firm has met with more than 300 clients about
3 Prop 19, and we are deeply concerned about the timing of
4 the effective date of this proposition. In the last
5 days, we have received an excess of 400 inquiries from
6 the public about helping them with the repeal of Prop 58.
7 Please, please consider delaying the effective date of
8 Prop 19 with respect to the repeal of Prop 58.

9 "Many of our clients are low income, and when the
10 home is reassessed, it will cause undue hardship on them.
11 Many of our callers and clients have held the family home
12 for two or more generations and make subsistence wages.
13 If and when the family home is reassessed, it will cause
14 extreme hardship for many. Elders are forced to give
15 their homes to children, and this is putting elders at
16 risk.

17 "I encourage the board to adopt the broadest, most
18 literal interpretation of the family home exemption, and
19 not to propose a more restrictive approach. I read your
20 notes and am concerned that many -- that the property may
21 be reassessed if a child ceases to use the family home as
22 a residence. This will be harming many, many people.
23 Thank you, James L. Cunningham, Jr. Esq., certified
24 specialist, estate planning, trust, and probate law."

25 "Good day, members of the board. Our firm

1 represents taxpayers for assessment appeals and ownership
2 issues. Often, we have clients who have not filed parent
3 claim -- to child claim forms, and their parents have
4 been deceased for more than ten years, and title is still
5 in the name of the now irrevocable trust. Under law,
6 they can still file the claim form, and no escape taxes
7 should be issued. Under the future implementation of the
8 law, if they do not move into the house, and if they do
9 not file a homeowner's exemption claim within one year
10 upon discovery of the death of the surviving parent, the
11 assessor is obligated to reassess. If this occurs in
12 2030, for example, and the parents died in 2023, the
13 beneficiaries will be responsible for eight years of
14 estate taxes. Has this issue been addressed? Regards,
15 Kent Miller (ph.), assessment counselling services."

16 This is a comment from Esther. "It is impossible to
17 say how laws that affect people with disabilities will
18 change, and how they will impact the estate we leave to
19 our children with disabilities. We have decided against
20 placing our home in a property protection trust, because
21 we need a solution that is fair to everyone with
22 disabilities, and not just those who have the knowledge
23 and money to pay for this trust. It would give us great
24 peace of mind to know that if an increase in property tax
25 for our disabled children cannot be maintained at the

1 base level that currently applies, that the increased
2 property tax will be deferred until the person with
3 disabilities dies with a lien for the unpaid amount
4 placed upon the home.

5 "This would ensure that persons with disabilities do
6 not lose the only home they've known because of
7 increasing property tax taxes. Thank you for the
8 hearing."

9 This comment is from Will Becker. "Question: If
10 property has multiple uses, such as a primary residence,
11 grazing, farming, and also a rental home, does it still
12 count as a family farm? Or does the fact that it has
13 rental income mean that it can't count as a family farm?
14 Please address these Prop 19 issues. Proportionality:
15 If a property is owned fifty/fifty by two people, and
16 then one of them dies and transfers their half to their
17 children, is only half of the property subject to Prop 19
18 reassessment, or is all of it reassessed? Primary
19 residence: If the owner is in a long-term care home for
20 health reasons, can their family farm still count as
21 their primary residence?"

22 From Clyde Warren (ph.). "Will all of the questions
23 proposed today, the 14th, be answered and available to
24 everyone? We are on a very tight timeline, so how soon
25 are we going to get answers? Thank you."

1 And the final written comment, from Carolyn (ph.).
2 "Our family home is held in joint tenancy with myself, my
3 husband, and our son. With this kind of ownership, as
4 each person dies, it goes to the others equally and
5 automatically. Does the Prop 13 exception from
6 reassessment from parent to child pass on this way as
7 long as this was before February 15th? Is the date of
8 the transfer when the joint tenancy was established, or
9 as each person passes away, it is reassessed?"

10 Those are the final written comments. I'll move
11 onto the AT&T Operator.

12 AT&T Moderator, can you please let us know if there
13 is anyone on the line who would like to make a public
14 comment regarding this matter at this time?

15 **AT&T OPERATOR:** Yes. For any public comment you may
16 press 1, 0, at this time. And our first public comment
17 will come from Scott Kaufman.

18 Please go ahead, your line is open.

19 **MR. KAUFMAN:** This is Scott Kaufman from the Howard
20 Jarvis Taxpayers Association. We appreciate the cleanup
21 language put forward by the assessors. But with such a
22 tight deadline, the fact that the law needs thirty plus
23 pages of fixes to be effectively administered says that
24 to us that taxpayers desperately need an extension on the
25 implementation of at least the inheritance provision

1 until this is all figured out.

2 Have the assessors included -- considered including
3 such language? I know there are legislators interested
4 in putting forward such a bill. Thank you.

5 **AT&T OPERATOR:** Thank you. And our next public
6 comment will come from Marianne Welsh. Your line is
7 open.

8 **MS. WELSH:** Yes. I just would like to say, yes, the
9 real estate people put out 63 million dollars. However,
10 the state legislator made a twist to it and put in -- and
11 they also donated a \$400,000. And they also are with the
12 democratic party, and vote -- all of our legislators,
13 both the assembly and the state legislator are all
14 democratic. So as far as I'm concerned, that's also a
15 conflict of interest.

16 But my main concern is, this proposition is
17 completely illegal because there's more than one --
18 there's -- there's more than one issue on it. It's an
19 issue of the fire people, and -- and the victims, and
20 it's an issue of -- of -- of the inheritance people.
21 That's two separate issues.

22 What they tried to do is tie it into taxation.
23 However, it's two separate issues, and so therefore this
24 is an illegal proposition that should be completely
25 eliminated now. And you can see by all of the questions

1 today, that this is a big problem for middle class
2 people. This is a big problem for people with
3 disabilities. This is a big problem for anybody with any
4 property. It's what the other lady said at the
5 beginning. This is a -- a theft. This is stealing from
6 people's only wealth. And most middle-class people,
7 their only wealth is their homes. And for the state to
8 rip us off at this time, with a -- with a virus going on,
9 with the economy sort of in a tank right now, is
10 absolutely outrageous, to say the least.

11 It needs to be completely repealed. It needs to be
12 thrown out. It was wrong for the legislators to do it.
13 It was totally corrupt. And they only were looking for
14 money. And no matter how much money we -- we are taxed
15 in this state, the legislators don't even use the money
16 co -- correctly anyways. There's never enough. Never
17 enough. I really believe that this is a -- is an
18 improper proposition. It's illegal, and it should be
19 eliminated now. Thank you.

20 **MR. VAZQUEZ:** Thank you.

21 **AT&T OPERATOR:** Thank you. And as a reminder, it is
22 1, 0 for any public comment. And we have no public
23 comment in queue.

24 **MR. VAZQUEZ:** Thank you.

25 Members, we're looking at two more presentations.

1 And I understand they're -- those will be rather short.
2 I was wondering what the will is of the members. Do we
3 want to just take a short break and continue?

4 **MR. SCHAEFER:** Vice Chair Schaefer here. Are we
5 done with the meeting, Chairman Vazquez, if we have these
6 additional two items?

7 **MR. VAZQUEZ:** I believe so. That's why I was asking
8 if we can go through it. Unless, you know, maybe we
9 might want to take just a short five, ten-minute restroom
10 break?

11 **MR. SCHAEFER:** Okay, I would move we have a five-
12 minute restroom break, and then go on. And that means
13 the meeting would end after we hear those two items. And
14 then we can go to lunch.

15 **MR. VAZQUEZ:** That works for me. Let me see --
16 Member Cohen?

17 **MS. COHEN:** Yeah, I'm -- I'm in agreement with --
18 with Schaefer's proposal.

19 **MR. VAZQUEZ:** You're good with that? Okay. All
20 right, so why don't we go head and just take, like, a --
21 just a -- basically a little restroom break. You want to
22 say five, or -- what's good, ten minutes?

23 **MS. COHEN:** Five minutes is good.

24 **MR. VAZQUEZ:** Is five minutes good? All right.

25 **MS. COHEN:** Yeah, five minutes is good. And we can

1 get back to it.

2 **MR. VAZQUEZ:** So I have 12:55. Let's say at 1
3 o'clock we'll reconvene. Alrighty, let's do that.

4 (Whereupon, a recess was held from 12:55 p.m.
5 until 1:00 p.m.)

6 **MS. TAYLOR:** The collaboration with the California
7 state legislature, presented by Mr. Ernest Dronenburg and
8 Ms. Brenda Fleming.

9 **MS. FLEMING:** Chairman Vazquez and Honorable
10 Members, thank you for the opportunity to -- to add some
11 further comment to this topic. Clearly what we heard
12 today was some urgency to move forward timely with
13 legislation that offers some clarification, and actually
14 fills in some -- the gaps of the Prop 19 -- Proposition
15 19. As you've heard from our taxpayers today, who
16 weighed in heavily, urgency is needed in order to support
17 them and give them some relief.

18 I won't restate what we heard earlier today, but I
19 just want to emphasize for us, that the draft legislation
20 is a product of -- of -- of collaborative document. And
21 it's a product of a lot of people working together over
22 the last, you know, several weeks, to put it together.
23 So what we would like to do, members, with your support
24 absolutely, is to move forward with a two-prong approach.

25 At this point, as -- as you've heard from Mr.

1 Grossglauser, the legislature's in a bit of an
2 interesting time. They're moving forward quickly also
3 with some budget bills at the direction and request of
4 the governor. We have the opportunity, member, to either
5 move forward with a committee bill or a sponsored bill.
6 We also have the opportunity perhaps to look at it as an
7 urgency bill, which potentially could be attached to the
8 budget bill.

9 That would be ideal, if we could, because we'd like
10 to move forward with the -- with the full comprehensive
11 draft proposal. That material is attached to our plan.
12 But if for some reason, moving timely in the form of an
13 urgency bill, we're not able to -- to move forward with
14 the entire bill, at least initially, then a multiple-
15 phased approach would be appreciated. And that would be
16 phase 1, moving forward with the provisions that need to
17 be clarified for the February 16th date. And the second
18 phase could be focusing on those provisions that are
19 necessary for the April 1st date.

20 So one of the things that we would be doing,
21 obviously, with your support and engagement, would be to
22 work closely with the legislature to make sure that
23 they're understanding the necessity, the importance, and
24 the sensitivity of timing on this. In the interim, while
25 we're deciding which is the best path forward, as we're

1 collaborating with the legislature, staff -- the BOE
2 staff will immediately begin focusing on the guidance.
3 And that would be our focus between now and the February
4 16th timeframe.

5 As noted, members, it is very important. You've
6 heard from your taxpayers today. Many of those taxpayers
7 are also nested in the districts of the legislatures that
8 are nested in your districts. So I think to the extent,
9 members, that you are able to participate and provide
10 your absolute leadership with the legislature to make
11 sure they understand the importance of addressing this
12 very significant taxpayer issue.

13 And with that, I'm not sure, members, at this point,
14 if Assessor Dronenburg is still on the line. But that
15 would be our focus and my priority. Obviously, members
16 will have more discussions tomorrow to get any additional
17 direction from you in terms of approval of the
18 legislative prose -- proposal for us to proceed with, and
19 also with direction on guidance. Members, I'm available
20 for questions if you have any.

21 **MR. DRONENBURG:** Well I -- I'm hearing -- there's
22 nothing I want to add other than to make sure that, you
23 know, the -- the majority of those questions all relate
24 to the date, which is part of the initiative. You know,
25 we have no discretion on these dates. And so -- and any

1 kind of amendment that -- that we might want in the dual
2 approach, we can put in the second bill where we've got
3 more time. But if we -- if we want to get in the budget
4 trailer bill, we've got to have a one-page, or -- that's
5 been part of our instructions from the legislature, and
6 that is the one that we really, really need as soon as
7 possible.

8 Thank you for allowing me to address you today. And
9 thanks, Brenda.

10 **MS. FLEMING:** Thank you for your participation,
11 Ernie. Much appreciated.

12 So members, again, I think the -- the focus for us
13 is -- is -- for all, is to ultimately have a full package
14 of our legislative proposal. Because it does address the
15 comprehensive challenges with this legislation. But as
16 is noted and discussed, we do have the challenge with the
17 legislative cycle. So to the extent that we have some
18 provisions right away, in a -- in a smaller or a more
19 abbreviated version of our proposal, referenced as the
20 one page, perhaps, where we can -- we can summarize that.
21 But it primarily just focuses on provisions that are --
22 that are needed by the February 16th operative date. And
23 then we would continue with the subsequent phases to
24 ultimately get the full body of the proposal introduced.

25 And again, we're available for any questions that

1 you may have.

2 **MR. VAZQUEZ:** Thank you.

3 Members, do we have any questions?

4 **MS. FLEMING:** Thank you, members.

5 **MR. VAZQUEZ:** Seeing and hearing none, let me just
6 ask one quick question. So, you know, based on what we
7 just heard from Mr. Dronenburg -- actually, both Mr.
8 Dronenburg and Ms. Fleming, I think we -- we should
9 consider doing -- at least getting this letter out to the
10 members, right? And I understand there is a -- well, the
11 CAA and the staff have already crafted this emergency
12 legislation, I guess that -- they're trying to address
13 the issue of February 16th, the first deadline.

14 And I'm wondering if it's probably the most
15 appropriate of -- use of our time right now is to at
16 least get a letter in support of that from the board.
17 What's the -- the feeling from the members?

18 **MS. COHEN:** Chair Vazquez, what is it exactly you're
19 asking for? You wanted to hear from us about a letter?

20 **MR. VAZQUEZ:** Well, you know what, as I'm reviewing
21 this now, and listening to what we've laid out so far,
22 why don't we just hold, and let -- let's hear the --
23 let's move onto the next -- well, first of all, let's --
24 let's see if there's anybody in the public that -- any
25 written comments, or if we have any comments, or anybody

1 in the public to hear on this item.

2 Because at the end of the day, I -- I think we
3 should just stick to what I had said originally at the
4 outset in the beginning. To just -- you know, to put us
5 back, I guess, on really listening mode, and then come
6 back tomorrow with really the action items and -- and
7 motions that we all see fit, after we have a -- the
8 opportunity to digest what we heard today, plus
9 information and the discussion that we had among
10 ourselves. Why don't we do that?

11 Let me just get Ms. Taylor to check to see if
12 there's anybody -- if we have any written comments on
13 this item, or to check with AT&T if there's anybody on
14 the line on this specific item.

15 **MS. TAYLOR:** Thank you. There are not written
16 comments for this item.

17 AT&T Moderator, can you please let us know if there
18 is anyone on the line who would like to make a public
19 comment regarding this matter at this time?

20 **AT&T OPERATOR:** Yes. Any public comment, you may
21 press 1, 0. And our first public comment will come
22 from -- one moment. 1, 0 for any public comment. Our
23 next public comment will come from Marianne Welsh.

24 Your line's open.

25 **MS. WELSH:** Yes, I would just like to thank the

1 board for this, because it's the only time the public has
2 been able to talk about Proposition 19. Because our
3 legislators do not allow us any kind of information,
4 because they -- they -- they work for themselves and not
5 for the people. I'd just like to say, thank you for all
6 of you. But I'd like to just make a couple comments
7 here. An increase of 600 to 700 percent on property tax
8 is unjust, especially for hurting families at this time.

9 The government forcing a sale or telling the people
10 what they can do with their property is not freedom of
11 choice but more like a socialist, communist government.
12 Also, Proposition 19 was written in a deceptive manner,
13 prejudiced and unconstitutional.

14 It's a civil rights issue that has over two separate
15 items, which is unlawful, for sure, for the voters to
16 vote on. It states no public hearing or review by the
17 people of California before the vote. It's a fraud to
18 the voters' worth. Unknown to the voters, the
19 legislature underhandedly passed the three California
20 Constitutional amendments, and Senate bill 300 was put on
21 the ballot the last minute and Governor Newsom signed it.

22 What I would hope this Board could do, more than
23 anything else -- because they're passing all of their
24 issues over to the Board of Equalization -- I would hope
25 that the Board doesn't send anything against -- tries to

1 push this legislation right now for the money they're
2 trying to collect on hold.

3 And I thank you again for having this meeting. I
4 think it's very important. But I hope the Board could
5 just -- instead of you guys doing the work of the
6 legislators, I would hope that your -- the Board could
7 just send them -- the legislators, and tell them, let's
8 put this on hold. There's too many issues, and the
9 public is very upset. And people are hurting right now.
10 And they just -- and on top of this, the vote was --
11 there was only 327,000 votes they got, which is a little
12 bit over 51 percent of the voters, out of 40 million
13 people in the State of California.

14 Thank you very much for this whole conversation.
15 Thank you, all. Bye.

16 **MR. VAZQUEZ:** Thank you.

17 **MR. GAINES:** Member Vazquez?

18 **MS. TAYLOR:** Our next --

19 **MR. VAZQUEZ:** Yes? Member Gaines, go ahead.

20 **MR. GAINES:** Or Chair Vazquez. Excuse me.

21 Just to clarify on that issue, I -- it's my
22 understanding that we don't have the authority to slow
23 this down. That dates are specific within the initiative
24 itself. I'm wondering, could we get a comment on that
25 from Mr. Moon or someone at the BOE? But don't we have

1 to follow the initiative as it's written, in terms of the
2 timelines?

3 **MR. MOON:** Member Gaines --

4 **MR. GAINES:** I would love to slow it down if we
5 could, so we could get more clarity. But I just don't
6 think we have the authority.

7 **MR. MOON:** This is Richard Moon with the legal
8 department. You're correct. The operative dates are
9 written into the Constitutional amendment, the
10 initiative, itself. And so we would not have the
11 authority. We do not have the authority to change those
12 dates.

13 **MR. GAINES:** Okay. Well, I'm sympathetic to the
14 concerns of the individual that had spoken. But I just
15 wanted to clarify that so that she is -- she's aware of
16 what our parameters are, as members of the BOE. Thank
17 you.

18 **MR. VAZQUEZ:** Good point. Thank you.

19 Anybody else, Ms. Taylor?

20 **MS. TAYLOR:** I believe there's still someone on the
21 AT&T line.

22 **MR. VAZQUEZ:** Okay.

23 **AT&T MODERATOR:** Yes, our next public comment is
24 from Peter Keisler (phonetic). Go ahead.

1 But I just wanted to clarify that --

2 (Audio interference)

3 **AT&T MODERATOR:** Peter Keisler, your line is open.

4 **MR. KEISLER:** Yes, I'm ready. Do I start speaking?

5 **MR. VAZQUEZ:** Sure, go ahead. But you may want to
6 turn down your audio, because it sounds like you're
7 getting some back feed there.

8 **MR. KEISLER:** Hi, yes. My name is Peter Keisler,
9 and I'd like to speak to this -- we should have a remedy
10 in the legislature on the -- on this --

11 (Audio interference)

12 **MR. KEISLER:** Yes, can you hear me?

13 **MR. VAZQUEZ:** Yes, we can hear you.

14 **MR. KEISLER:** I'm Peter Keisler.

15 Okay. So yes. I'm very concerned about the parent
16 traffic for the other property, other than the primary
17 residence. It looks like what could happen here is that
18 most of the families, hardworking, middle class families,
19 with these -- maybe an additional property -- may lose
20 that during the time of the reassessment and be paying
21 several hundred more percent. And they may have to just
22 sell those.

23 So we will ask the Board of Equalization to please,
24 in this single-page letter or the longer legislation, to
25 seek a remedy for that, so these families won't be losing

1 all of their second properties, and that they will be
2 able to keep them. And not be having all of these real
3 estate sales that may be an advantage to other
4 associations in this state.

5 So please include that in the one-page or in the
6 larger legislation. To make a remedy to this, so that
7 they can use the previous base value, and not be
8 reassessed, and maybe lose all of those properties that
9 they worked hard to buy and to save, and want to pass
10 onto their children.

11 Thank you so much for this hearing and your time on
12 this. And bless you.

13 **MR. VAZQUEZ:** Thank you.

14 Ms. Taylor, is there anybody else --

15 **AT&T MODERATOR:** It appears we have no further
16 public comments in queue.

17 **MR. VAZQUEZ:** Okay. With that, members -- Ms.
18 Taylor, if you would go onto the next item?

19 **MS. TAYLOR:** Yes. The next up item is M.1.a.2., the
20 Proposition 19 and Implementation Planning Matrix,
21 presented by Mr. Yeung.

22 **MR. YEUNG:** Good afternoon to all. Good afternoon,
23 Chair Vazquez and all the members of the Board. This is
24 David Yeung, Deputy Director, the Property Tax
25 Department.

1 What I have before you today is a presentation on
2 the -- on the Prop. 19 Matrix Analysis. As you may
3 recall, I presented this item in December at our December
4 Board meeting. At that time, the Matrix contained the
5 Board Staff Analysis of Proposition 19, what each
6 provision did, our concerns with those provisions, and
7 our options in addressing those.

8 At the same meeting in December, CAA, the assessors,
9 also presented their list of concerns and issues.
10 Request was made that we go ahead and update the Matrix
11 and incorporate the assessors' concerns and issues into
12 it.

13 And that is, indeed, what is before you. It is a --
14 now, it is a compilation of both the Board's and the
15 assessors' issues and concerns. It is 45 pages long, so
16 what I will do is just give you a very brief, brief
17 update on it.

18 The righthand-side-most column, the concurrencies,
19 are what I will focus on. If you look at the setup of
20 the actual matrix, the provisions are in the second
21 column. What it does is in the -- is in the third
22 column. The Board's concern, as before, is in the fourth
23 column. CAA's concerns and issues are in the -- are in
24 the fifth column, followed by the Board's options, and
25 the CAA options. Where we have concurrences, I've drawn

1 particular note.

2 So the options typically fall into three categories.
3 Legislation, rulemaking, and guidance. And so we've
4 identified -- we've identified, actually, two items that
5 will require, basically, Constitutional amendments. And
6 Mr. Moon has already touched on them earlier today. I
7 would just -- I will just go -- revisit them very
8 briefly.

9 One is the -- under Prop. 19, there is a two-year
10 time limit for a base year transfer -- Prop - base year
11 transfer. Currently, for disaster relief, it is
12 currently a three-year for intercounty. And within the
13 same county, it's five years.

14 As Mr. Moon so correctly articulated, a two-year may
15 be a little bit short. And if there is a desire to
16 change that, that would require Constitutional amendment.
17 And the same is true for retroactive or prospective
18 relief. If something happened prior, and they had
19 gotten -- and they did not get benefits under the old
20 statute, for them to get benefit under a new statute
21 would require a Constitutional amendment. Because there
22 are hard dates put into Prop. 19.

23 We've also identified at least five areas that would
24 require legislative remedies, and those concerns were
25 incorporated into the legislative proposals. And so

1 along with this matrix, Mr. Moon's -- Mr. -- chief
2 counsel's memo, all of the concerns and issues raised in
3 there were incorporated and were presented earlier today
4 on -- with the legislative proposal.

5 So I am confident we got what was identified. What
6 remains to be seen is what has not been identified. I'm
7 not sure there -- they -- there may be other issues that
8 will come up. But we did our best in identifying and
9 addressing those issues.

10 And the last option that we have is guidance. We
11 have noticed that there were several areas that would
12 need -- that would probably be addressing guidance. Let
13 me go through some of them right here.

14 For the parent child, guidance as to what would
15 qualify as a family farm and a family home, how to handle
16 mixed-use properties, and guidance on appeal rights. In
17 particular, with the parent child -- grandparent-
18 grandchild transfers. What happens with -- if somebody
19 is actually -- the transferee is denied. The parent --
20 the homeowners exclusion or the single debt exclusion --
21 exemption. How do we -- what are their appeal rights?
22 And Mr. Moon covered part of that this morning already.

23 For base year transfers, from the guidance that was
24 gotten in the -- that we did cover would be how to
25 calculate values to be transferred. And that is both

1 for -- that the -- the seniors and the severely disabled,
2 and for base year transfers due to disaster, and also
3 guidance on how many times may a spouse transfer their
4 base year value too. And we already have -- we have some
5 opinions -- we have an opinion that each one can do it
6 three times.

7 Staff has already begun review of our published
8 guidance in our various LTAs -- assessor's handbooks and
9 annotated letters. And as we identify them and develop
10 answers, we will be issuing new guidance. And in
11 particular, we will be paying a very, very close
12 attention to the legislative process, too. Some of the
13 guidance will depend on that.

14 So that is my presentation. I hope I have
15 summarized it enough for you so that you do not have to
16 also digest 45 pages. Thank you. I am available for any
17 questions you may have.

18 **MR. VAZQUEZ:** Thank you, Mr. Yeung. No, I think you
19 did a good job. And like you mentioned, actually -- a
20 couple of my questions were actually answered earlier in
21 your presentation.

22 But let me open it up to the members and see if
23 there's any other questions. And since I can't see you
24 on the screen, I'm just going to start with our vice
25 chair and then go down the list.

1 Vice Chair Schaefer?

2 **MR. SCHAEFER:** I have no further questions, Chair
3 Vazquez. Thank you.

4 **MR. VAZQUEZ:** Member Gaines?

5 **MR. GAINES:** No further questions. Thank you.

6 **MR. VAZQUEZ:** Member Cohen?

7 **MS. COHEN:** No further questions.

8 **MR. VAZQUEZ:** Actually, our Deputy Controller. Ms.
9 Stowers?

10 **MS. STOWERS:** No questions at this time. Thank you.

11 **MR. VAZQUEZ:** Thank you.

12 Let me ask Ms. Taylor if there's any written
13 comments on this issue -- item?

14 **MS. TAYLOR:** Yes. We have two written comments.

15 **MR. VAZQUEZ:** Okay.

16 **MS. TAYLOR:** The first is from Eric St. George
17 (phonetic).

18 "First, I want to thank you for your hard work
19 in trying to clarify Prop. 19 as quickly as
20 possible. May I suggest to include in the
21 Proposition 19 and implementation planning
22 matrix the quest for clarification of the
23 following:

24 Do additional construction improvements to a
25 newly acquired home meeting the Prop. 19

1 requirements remain under the Prop. 19
2 umbrella, as long as the total value of the
3 acquisition plus the new construction remains
4 below the value of the sold property, and as
5 long as the work is done within the two-year
6 window?

7 Thank you very much.

8 Best regards,

9 Eric St. George."

10 **MS. TAYLOR:** Our second comment is from Albert
11 Betate (phonetic).

12 "I'm concerned about Prop. 19. There have been
13 succession plannings going on for generations
14 to save our farm. Ranches and agricultural
15 land have risen in value to the point where
16 people can't afford to purchase them and
17 support themselves, because the cost of raising
18 livestock or crops can't support the cost of
19 the land.

20 My point is that most ranches and farms have
21 been passed down generation after generation.
22 Prop. 19 will gravely affect the ability to
23 pass these farms and ranches to our children
24 and grandchildren. I'm afraid Prop. 19 is the
25 beginning of the end to sustainable agriculture

1 in the State of California."

2 **MS. TAYLOR:** That completes the written comments.

3 **MR. VAZQUEZ:** Ms. Taylor, can we check with AT&T?

4 **MS. TAYLOR:** Certainly.

5 AT&T moderator, can you please let us know if there
6 is anyone on the line who would like to make a public
7 comment regarding this matter at this time?

8 **AT&T MODERATOR:** Yes, thank you. If you'd like to
9 have public comment, you may press 1-0 at this time.

10 And our first public comment -- she disappeared.

11 1-0.

12 Our first public comment comes from Mary Anne Wells
13 (phonetic). Please go ahead.

14 **MS. WELLS:** Yes, I would just like to ask the Board
15 one more question. At this present time, what can
16 this -- can the citizen actually do now? Because
17 apparently, the legislature doesn't really listen to us
18 or talk to us. So what can a -- the citizen do right now
19 to get the legislators to hear the citizens of
20 California?

21 **AT&T MODERATOR:** Thank you. And we have no further
22 public comments.

23 **MR. VAZQUEZ:** Okay. With that, Ms. Taylor, we can
24 go on. I believe this is our last item of the day.

25 **MS. TAYLOR:** Correct.

1 **MR. SCHAEFER:** Chair Vazquez, did I --

2 **MS. TAYLOR:** The last --

3 **MR. VAZQUEZ:** Yes, Vice Chair Schaefer. Go ahead.

4 **MR. SCHAEFER:** The public comments -- some of them
5 didn't really require any response, like how do we get
6 the legislators to listen to the people or whatnot. But
7 the first one was asking a question of us. The first
8 public comment.

9 I assume that staff will send some appropriate
10 administrative response to them, rather than any one of
11 us?

12 **MR. VAZQUEZ:** That is correct.

13 **MR. SCHAEFER:** Okay. Thank you.

14 **MR. VAZQUEZ:** Thank you.

15 Ms. Taylor?

16 **MS. TAYLOR:** The last up item is M.1.a.5., the
17 implementation of forms and processes, presented by Ms.
18 Lumsden.

19 **MS. LUMSDEN:** Good afternoon, Chair Vazquez,
20 honorable Board Members, and Deputy Controller Stowers.
21 This is Patty (phonetic) Lumsden. I'm the Chief of the
22 County Assessed Properties Division at the State Board of
23 Equalization.

24 Today, I'm here to discuss the forms portion of the
25 Proposition 19 implementation plan, which is a necessary

1 and important component of the plan. Government Code
2 section 15.606 requires that the Board prescribe and
3 enforce the use of all forms for the assessment of
4 property taxation, including forms to be used for the
5 application for reduction and assessment.

6 This helps to ensure uniformity and property --
7 uniformity of property tax administration throughout the
8 58 California County Assessor's Offices. It ensures that
9 the forms conform with California statutes and
10 regulations, and that the forms are not unnecessarily
11 difficult for taxpayers or claimants to complete.

12 Pursuant to this mandated duty, BOE staff have
13 identified and created seven new forms and amended five
14 existing forms. These forms are currently going through
15 an in-house review process.

16 The purpose of these amendments and creations will
17 be to help assessors collect necessary information to
18 determine whether a claimant or taxpayer is eligible for
19 the base year value transfer exclusion. Also, to help
20 assessors collect data from other assessors regarding
21 transfers, base year value transfers, that occur from one
22 county to another county. And also to assist in
23 collecting necessary data that may be required due to a
24 Constitutional amendment of Sections 2.2 and 2.3.

25 So once we have completed our review of these 12

1 forms, we will be sharing the forms with the California
2 Assessor's Associations form subcommittee, and also their
3 Proposition 19 Implementation ad hoc committee, for their
4 review and further input to ensure that these forms will
5 meet the needs of the assessors and their staff when
6 collecting this necessary information and data as part of
7 implementing Proposition 19.

8 Once these final versions of the forms have been
9 completed, as part of our typical procedure, when there
10 is a need to expedite a form, we will then issue these
11 forms by way of a letter to assessors as quickly as
12 possible in order to meet the first offer to date of
13 February 16th, 2021.

14 These forms will then be posted to the BOE's
15 assessor portal for assessors and their staff to have
16 access to immediately. This will give the assessors time
17 to incorporate the new and amended forms into their own
18 system, placing their office logos and tracking
19 information on the forms.

20 After the Letter to Assessor has been issued, then
21 the next step would be to include all 12 forms in our
22 regular, annual forms approval process, which will start
23 in February of 2021 this year. Those 12 forms will then
24 go through the approval process of the CAA's forms
25 subcommittee, where members of the committee can provide

1 any additional changes or input they deem necessary.

2 Any further changes to these forms would be in
3 collaboration with BOE staff and the members of the
4 Committee.

5 Once approved, there's a form subcommittee process.
6 These 12 forms, along with all other forms created and
7 amended -- approved by the Committee for the January 1,
8 2022 lien date -- will be presented to the Board Members
9 for their final approval and adoption at the Board
10 meeting in May of 2021.

11 That concludes my presentation, and I'm available to
12 answer any questions you may have regarding the forms
13 process.

14 **MR. VAZQUEZ:** Thank you. Members, do we have any
15 questions for Ms. Lumsden?

16 Let me start with our Vice Chair Schaefer.

17 **MR. SCHAEFER:** Vice Chair, here. I have no further
18 questions. Thank you.

19 **MR. VAZQUEZ:** Member Gaines?

20 **MR. GAINES:** No, thank you. I'm fine.

21 **MR. VAZQUEZ:** Member Cohen?

22 Deputy Controller --

23 **MS. COHEN:** Sorry. I'm fine. I --

24 **MR. VAZQUEZ:** You're good? Okay.

25 **MS. STOWERS:** Thank you for the report. No further

1 questions at this time.

2 **MR. VAZQUEZ:** Thank you.

3 The only question -- well, let me -- let's check and
4 see if there's any -- do we have any written comments on
5 this, Ms. Taylor, from the public?

6 **MS. TAYLOR:** Chairman, we do not have any written
7 comments on this item.

8 **MR. VAZQUEZ:** Can we check with the AT&T?

9 **MS. TAYLOR:** Certainly.

10 AT&T moderator, can you please let us know if there
11 is anyone on the line who would like to make a public
12 comment regarding this matter at this time?

13 **AT&T MODERATOR:** Thank you. And any public
14 comments, you may press 1-0 at this time. 1-0 for any
15 public comments.

16 And one moment while we gather their name. One
17 moment, please.

18 And public comment will come from (indiscernible).
19 Please, go ahead.

20 **MS. RUDD:** Hi, this is Geya Rudd (phonetic). And my
21 question is, will these forms be uniform throughout the
22 state? Or are they going to be per county?

23 **MS. LUMSDEN:** Yes. So in answer to your question --
24 so that is the purpose of the Board issuing these forms,
25 is so that they will be uniform throughout the state.

1 And not just different counties having different things.
2 The only thing that will be different is each county will
3 have its own individual logos and tracking information
4 put on those forms.

5 **MS. RUDD:** So my further question is, then, the
6 question about -- that Ms. Edginton brought up about the
7 difference in -- different counties will -- may have
8 forms, family forms, listed under units, and some may
9 have them listed under parcels. So there was some gray
10 area, as to how that would be handled throughout the
11 state.

12 Will that be clarified with these forms, or will
13 that still have to be clarified per county?

14 **MS. LUMSDEN:** This might be something that Richard
15 Moon can add to, but I just want to say that the forms
16 themselves will collect the information that is needed.
17 And that the clarification will have to come through
18 further -- either further legislation or guidance, in
19 regards to the appraisal unit versus parcel numbers.

20 **MS. RUDD:** All right, thank you. And thank you for
21 the form today.

22 **MS. LUMSDEN:** Sure. You're welcome.

23 **MR. VAZQUEZ:** Thank you.

24 Any others?

25 **AT&T MODERATOR:** No further public questions --

1 public comments in queue.

2 **MR. VAZQUEZ:** Thank you, Ms. Taylor.

3 With that, members, we will conclude this portion of
4 the meeting and reconvene tomorrow. But I wanted to --
5 and before we close out, especially for the public and
6 all the questions here -- we had some really good
7 questions raised throughout the day today. And it's my
8 understanding that we may not have everybody's
9 information accurately to get back to everybody.

10 So if for some reason, you are not contacted by one
11 of our staff persons to follow up on your questions,
12 please feel free to log into our website. It's my
13 understanding that that's being updated as we speak, and
14 it's going to have many of those questions that were
15 raised answered on our website.

16 And also, if for some reason, your question isn't
17 answered on that website, by all means, feel free to
18 reach out to our BOE Property Tax Department directly.
19 And their phone number is (916) 274-3350. Once again,
20 that's (916) 274-3350. Or you could email at
21 ptwebrequests, with an s, @boe.ca.gov.

22 And once again, I want to thank all of the
23 participants. And especially the public. I think you've
24 raised some real good questions. And as was mentioned
25 earlier by one of our members, that to a certain extent,

1 our hands are tied with this -- especially with these
2 deadlines that are coming up, you know, specifically the
3 one in February, and the other one in April.

4 But we will do our best, hopefully tomorrow, to come
5 up with a game plan, an action plan, and some motions.
6 And hopefully, letters of support, as well, to address
7 some of these issues and to do as much as we can within
8 the law and within this new Proposition 19 that was just
9 passed.

10 With that, I would like to officially close this
11 part of the meeting. And we will reconvene tomorrow at
12 10 a.m. Unless there's any other comments or questions
13 from the members, we stand in --

14 **MR. SCHAEFER:** Vice Chair --

15 **MR. VAZQUEZ:** -- recess, not in --

16 **MR. SCHAEFER:** Vice Chair Schaefer.

17 **MR. VAZQUEZ:** Vice Chair Schaefer, yes. Go ahead.

18 **MR. SCHAEFER:** Well, I always find some other
19 significant item on the day when we close our meeting,
20 and today's the 53rd birthday of LL Cool J, who I got to
21 know in Las Vegas, Nevada. One of the more colorful
22 people in our entertainment world. He's 53 today. I
23 want to say happy birthday to him. Thank you.

24 **MR. VAZQUEZ:** Thank you.

25 With that, members, we will go ahead -- like I said,

1 it's not an official adjournment, but rather, a recess,
2 and we'll reconvene tomorrow morning at 10 a.m.

3 Once again, thank you, all. And please, members,
4 take an opportunity this evening to go back -- and I know
5 you've all taken copious notes -- to just refresh your
6 memory, so when we come back and reconvene tomorrow, we
7 can take some action.

8 Thank you once again.

9 (End of recording)

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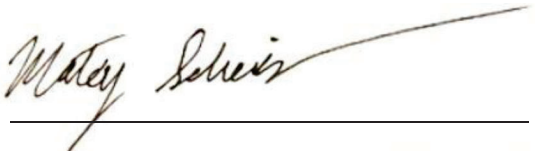
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I have subscribed this certificate at Phoenix, Arizona, this 31st day of May, 2022.

Handwritten signature of Matey Sheiner in black ink, written over a horizontal line.

Matey Sheiner
eScribers, LLC

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