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

BOARD WORK GROUP
ON WINE INDUSTRY AND WINEGROWER
EXCISE TAX DATA

REPORTER'S TRANSCRIPT
DECEMBER 14, 2021

REPORTED BY: Jillian M. Sumner
CSR NO. 13619

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APPEARING TELEPHONICALLY

For the Board of
Equalization: Honorable Antonio Vazquez
 Chair

 Honorable Mike Schaefer
 Vice Chair
 (Co-Chair of Board Work Group)

 Honorable Ted Gaines
 First District

 Honorable Malia M. Cohen
 Second District
 (Co-Chair of Board Work Group)

 Yvette Stowers
 Appearing for Betty T.
 Yee, State Controller
 (per Government Code
 Section 7.9)

For the Board of
Equalization Staff:

 Brenda Fleming
 Executive Director

 Henry Nanjo
 Chief Counsel
 Legal Department

 Cathy Taylor
 Chief
 Board Proceedings Division

Public Speakers: Tim Schmelzer
 Vice President
 California State Relations
 Wine Institute

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STATE BOARD OF EQUALIZATION
TELECONFERENCE
DECEMBER 14, 2021

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MR. VAZQUEZ: Ms. Taylor, if you would call that, please.

MS. TAYLOR: Certainly.

Our next item is the Board Work Group on Wine Industry and Winegrower Excise Tax Data.

This Board Work Group will be facilitated by Member Cohen and Member Schaefer.

MR. VAZQUEZ: So is it Vice Chair Schaefer or Ms. Cohen? Who's going to take the lead on this?

MS. COHEN: I'm here. Thank you.

MR. VAZQUEZ: Oh, okay.

MS. COHEN: I'm definitely happy to take the lead on this.

Just for our clarification, Chair, is it possible if we could just recess, and -- and convene the Work Group, and then reconvene right before closing? That way we could give all of our closings at the same time.

I don't know. Never -- never mind. Forget that. Let's just go ahead and get started.

Hold on. If you guys could see me. If this

1 camera was really on. Juggling baby and -- and --
2 and my notes.

3 MR. VAZQUEZ: And your notes. I understand.

4 MS. COHEN: Okay. So I actually have a few
5 several remarks that I want -- I want to make at
6 this time.

7 So this has actually been an enjoyable
8 process. And I have to say that I've enjoyed working
9 with Mike Schaefer's staff on -- on making this
10 possible.

11 And I want to also begin by thanking the
12 Executive Director and her staff for working on
13 options for potential administrative solutions
14 that would actually allow disclosure of volume of
15 sales data and other relevant information filed by
16 taxpayers to continue to preserve the confidentiality
17 of individual taxpayers.

18 Of course, this is acknowledging the fact
19 that we are extracting taxpayers' zip codes.

20 So at this point, we welcome this
21 examination of potential administrative solutions
22 that would provide for the public dissemination of
23 additional data.

24 Of course, again, speaking within the
25 confines of taxpayer confidentiality.

1 The preservation of taxpayer confidence --
2 confidentiality is -- is essential to any
3 administrative solution in this area.

4 And want to acknowledge also that we must
5 carefully examine our options to make sure that by
6 disclosing this data, we also preserve the taxpayers'
7 confidentiality requirements by the current law.

8 So, Ms. Fleming, I'm excited to hear what
9 you have to say.

10 Just upon a review of today's report of the
11 Executive Director, I just wanted to -- I can make
12 the following motion now. I don't know if there's
13 any discussion, but -- well, let me just go ahead and
14 make the motion, and then we can discuss the motion,
15 and discuss anything and everything else.

16 I'd like to make a motion that the Board
17 direct the Executive Director to post taxpayer data
18 related -- taxpayer data related to the Wine Industry
19 by zip code, that has been redacted to preserve the
20 taxpayer confidentiality in accordance with the
21 existing law.

22 That's the motion that I have on -- on the
23 table, and am happy to discuss.

24 All right. Thank you, Mr. Chairman.

25 MR. SCHAEFER: I second that motion,

1 unless -- unless someone else has seconded. I heard
2 it.

3 MS. COHEN: I don't think you heard a
4 second. I think you heard Madison in the background.
5 I don't -- so we haven't -- we don't have a
6 second.

7 MR. VAZQUEZ: So it's been moved and second.
8 Now, did you want to -- did you want the
9 Executive Director to weigh in on this, or -- or you
10 want us to discuss it?

11 MS. COHEN: I think it would be interesting
12 just to get her on the -- hear her voice in the
13 meeting.

14 So, yes, Executive Director, please weigh
15 in.

16 MS. FLEMING: Thank you.

17 Thank you, Madison.

18 So, Members, thank you for the opportunity
19 to respond.

20 So the -- as just a recap, the Board tasked
21 me with looking into the feasibility of providing the
22 Winegrower Excise Tax Data by zip code. And this was
23 designed to look at the feasibility of an
24 administrative remedy.

25 In the original discussion, if you recall,

1 Members, we were looking at two options. One was an
2 administrative remedy; the second was a legislative
3 remedy.

4 The importance that was stated as a part of
5 this proposal, Members, was that we would continue to
6 protect the confidentiality of taxpayer information,
7 of course. And we've done our diligence to ensure
8 that that occurred.

9 I applaud my staff. Because they've
10 completed a very, very detailed and very thorough
11 analytical review of the broad range of winegrower
12 excise tax data based upon the request to determine
13 what data could be made available by zip code.

14 To make the most information available, we
15 wanted to take the broadest opportunities that we
16 could.

17 While still maintaining the confidentiality
18 precautions, we applied the following set of
19 standards or criteria, if you will:

20 The first set of criteria that we used was
21 we wanted to look at the broader scope of data.
22 Which means that we included all of the reporting
23 periods.

24 So this exercise included a full calendar
25 year of information. That was the first step in the

1 scope of information that we reviewed.

2 The second set of standard or criteria
3 that we applied was there had to be at least -- at
4 least four taxpayers per zip code.

5 The third item was that one taxpayer could
6 not represent more than 80 percent of the information
7 in a particular column of data per zip code.

8 The results -- and I'll give you a little
9 bit more insight into that.

10 The results of our detailed analyses
11 utilizing these criteria are as follows:

12 The results showed that there are
13 approximately 1,040 different zip codes represented
14 in the 2020 winegrower's report. So over 1,000 zip
15 codes, 1,040 specifically, were represented in the
16 2020 winegrower's report.

17 And that was the scope of the material that
18 we did as a part of the exercise to see what's
19 possible.

20 Of those 1,040 zip codes, 136 zip codes met
21 the standard for four or more taxpayers. And in
22 that, the 136 zip codes with four or more taxpayers
23 contained some disclosable data.

24 So if you imagine, the first sort was
25 brought, we narrowed it down to -- out of the -- out

1 of the 1,000-plus zip codes, down to 136.

2 So with that 136, some of the information is
3 disclosable. A little bit more detail. The
4 disclosable detail and those 136 zip codes were
5 further reviewed to ensure that no taxpayer
6 represented more than 80 percent of a specific column
7 per zip code.

8 Again, based upon the -- the criteria that
9 we noted earlier.

10 Let me help you visualize this to see if it
11 helps. Because I would like to encourage us not to
12 have a real technical discussion on data analytics,
13 because it's a brain teaser. But just to simplify
14 for you, if I may.

15 If you consider -- and I think everybody,
16 for the most part, has seen Excel spreadsheets. If
17 you imagine a spreadsheet with rows and then columns,
18 right? There are 136 rows, and that represents the
19 zip codes. Representing a disclosable zip code.

20 And then there are 58 columns representing
21 the data fields that -- and that information is
22 represented what's on the tax return. So 136 rows
23 with 58 columns of information.

24 Of the 136 rows of zip codes, approximately
25 70 percent of the rows had over half of the columns

1 redacted. And many of the rows had one or -- one or
2 two of the 58 columns redacted.

3 So if you imagine this, the redaction would
4 show that we just basically would darken that area.
5 So what that tells you is that some portion of the
6 information is redacted.

7 But then there's also a portion of the
8 information that is available. It's just a smaller
9 set. But there is disclosable information.

10 Members, basically, the results of the
11 analyses reveal that the information, indeed to your
12 initial question, can be aggregated and reported by
13 zip code; however, by adding zip code as an
14 additional element to consider, and then applying the
15 criteria, the results conveyed an increase in
16 redacted information.

17 So, again, let me offer a bit of an example.

18 You've all been online and done a Google
19 search. So if you were to go in and do a Google
20 search, for example, and just type in "restaurants,"
21 it's going to give you a long list of restaurants.

22 If you go and imply "Italian restaurants,"
23 it's going to narrow your scope.

24 If you then go in and say "Italian
25 restaurants in Sacramento," it narrows it.

1 That's what happened when we applied zip
2 codes. It just narrows the amounts of information.
3 It narrows down that list. It's -- it basically
4 trims it down.

5 When it's trimmed down, then we have to do a
6 closer examination to make sure that the
7 confidentiality is there.

8 Even with that exercise, much of the
9 information is still non-disclosable. But there is a
10 portion, a smaller portion of the data that -- that
11 could be disclosed.

12 Based on our analyses, the annual statewide
13 aggregate data -- aggregated data on this specific
14 program that is complete and disclosable is either
15 currently available or will be made available on the
16 BOE's Open Data Portal.

17 And we'll work with our technology staff
18 to make sure that we can add that information, so
19 it's publicly available. People can look at ways of
20 searching that.

21 I don't have the detail on that for you
22 today, Members. But any disclosable information, we
23 will do our best to make sure that that information
24 is made available, consistent with the Open Data
25 Portal.

1 We're always going to continue, Members, to
2 look for ways to increase our transparency and access
3 to public domain data. And we'll continue to review
4 what can be done on an ongoing basis.

5 That concludes my report. And if there's
6 any questions, I am available to -- and I'd like,
7 Members, if we just keep it without getting into the
8 technical examination of data analytics, if you so
9 allow.

10 Thank you.

11 MR. VAZQUEZ: Member Gaines has a hand up.

12 MR. GAINES: Yeah. Thank you.

13 If i could just ask a question of the
14 Executive Director in terms of why is this issue
15 coming up?

16 If -- if this has been information that's
17 been provided to the Wine Institute for I think
18 decades, what has changed that has precluded the
19 release of this information again this year?

20 MS. FLEMING: So I'll pause just to, as a
21 part of the Work Group, to defer to Ms. Cohen
22 and Vice Chair Schaefer as the Co-Chairs, if they
23 want to address that.

24 MS. COHEN: Thank you. I appreciate that.

25 Mr. Gaines, could you repeat that question?

1 I think you're looking for like what, why,
2 specifically.

3 MR. GAINES: Yeah.

4 Why -- why is it that the BOE cannot release
5 this information as they have released it in the
6 past?

7 MS. COHEN: Mm-hm. Mm-hm.

8 Let me -- as I have come to understand it
9 is -- is that the -- there's law -- the law or the
10 legislation that has previous -- that has changed is
11 precluding us. So I'm not quite sure if it was that
12 the -- if the -- although the information was
13 previously released, one could argue that it was --
14 it should not have been.

15 MS. FLEMING: Ms. Cohen, would you like me
16 to assist?

17 MS. COHEN: Yes.

18 MS. FLEMING: Thank you, ma'am.

19 So I just wanted to be respectful and defer
20 to our Co-Chair.

21 So if I may, BOE, prior to 2017, Members,
22 had a practice of providing a list of information,
23 public domain data available to anyone who subscribed
24 for it.

25 And we had a number of people who would come

1 to the agency to subscribe to get access to a variety
2 of data, or types of data, for the variety of tax
3 programs. Alcoholic beverage being one of them.

4 And their -- and in that public domain data,
5 you can subscribe to it -- thank you, staff. Give me
6 a second here.

7 You could -- they could subscribe to it
8 as provided in a Listserv. In addition to that, that
9 public domain data is also provided on our -- what we
10 refer to as the Open Data Portal.

11 The intent of the Open Data Portal on those
12 lists is any data that's categorized as -- as public
13 domain data is, you know, taxpayers have a right to
14 to see as part of government transparency. So for
15 years that information was provided.

16 And just for comment, if you recall, I
17 believe the stakeholder with interest in this area
18 actually presented this in -- in a prior -- a couple
19 of -- a private meeting a couple of months ago.

20 So the information was provided, Mr. Gaines.
21 And just as a part of that, apparently that's -- just
22 one of the errors that we made, just a human error
23 that was made at the time, was that there was a
24 slight category of data that was provided in that --
25 on the returns for the Alcoholic Beverage Tax

1 Program. Data on those returns was given to the
2 specific industry group and the representatives that
3 we're talking about.

4 When we shifted to new technology, there are
5 a number of factors. One of the bigger ones is we
6 had a split in the organization. So you have two
7 different agencies now looking at data differently.

8 As you know, Alcoholic Beverage Tax Program
9 moved to BOE. But we are still basically contracting
10 with CDTFA to do, you know, some of the efficiencies
11 of it.

12 The second piece of it was that technology
13 shift. So that technology shifted from our old
14 system to our new system. There's a little bit of a
15 review of how this data works, etc, etc.

16 So that's just a high level of some of the
17 conditions that -- that changed.

18 When, then, we got a request from this
19 specific stakeholder, the request came to CDTFA to
20 say, you know, just -- I'd like to see the data that
21 I have historically been -- been receiving.

22 At that point, with this shift in
23 technology, new role players, new staff, just a kind
24 of an aggregation of changes, CDTFA appropriately
25 said, based upon that, we have to refer you to the

1 agency who is responsible for that tax program. And
2 that came to us, to our Disclosure Office as a
3 Public Records Act category of request.

4 When that's examined, just the key there is
5 then that the way that it was provided in public
6 domain was a little bit more reflect -- was
7 definitely more flexible. It's public domain.

8 But when the request came to us under this
9 current climate, it came to us as a Public Records
10 Act request. Which means Legal does a review. And
11 they have to apply the rules and the laws, etc., that
12 apply to Public Records Acts in terms of
13 confidentiality of data.

14 So long story short, that shift caused the
15 conversation to shift from public domain data, which
16 was in error. There's some background in between
17 there. We went to just confirm, you know, with AG's
18 office what's appropriate and not appropriate under
19 the laws regarding confidentiality.

20 It was determined that a greater percentage
21 of the information on the return is in fact
22 non-disclosable, so that it narrowed what we were
23 able to provide to the stakeholder.

24 Stakeholder, of course, is saying, wait, you
25 know, I've been getting it historically.

1 You know, so that Reader's Digest version
2 at a very high level is a summary of basically where
3 we got today.

4 So, Ms. Cohen, Mr. Vice Chair Schaefer, I'll
5 turn it back to you.

6 Unless you have other questions, Mr. Gaines.

7 MR. GAINES: Just to follow up, if I could.

8 Because -- so has the law changed? Has a
9 statute changed over time that -- or is it -- was it
10 just a legal review of -- of our operation, you know,
11 acting now as a -- I mean, because of AB-102, and now
12 that information is handled a little differently.

13 MS. FLEMING: Yes, sir.

14 Yeah. The key is that the -- the law that
15 changed was AB-102 just shifted to organizations
16 that cause you to review your processes, who owns it.

17 MR. GAINES: Okay.

18 MS. FLEMING: And so everybody sort of does
19 that check and balance. In terms of confidentiality
20 law, that law has not changed.

21 MR. GAINES: Okay. Very well.

22 Thank you.

23 MS. FLEMING: Thank you.

24 I'm sure my staff will -- will send me a
25 note if I've misstated. I don't see anything popping

1 up on my screen, so I trust that I'm on point.

2 MS. COHEN: Senator Gaines, that was a far
3 more fuller answer than what I provided to you.

4 MS. FLEMING: You can take full credit for
5 it, ma'am.

6 MS. COHEN: Thank you. Okay.

7 MR. GAINES: I appreciate the clarity.

8 MS. COHEN: Do any of you other colleagues
9 have any other questions?

10 MS. STOWERS: I do.

11 MS. COHEN: Looks like Yvette Stowers does.

12 MR. VAZQUEZ: Ms. Stowers, go ahead.

13 MS. STOWERS: Okay.

14 Let's -- I want to back up.

15 I mean, you started off, Ms. Fleming, saying
16 that you started off with over 1,000 zip codes and
17 then you narrowed it down to 136.

18 MS. FLEMING: Correct.

19 MS. STOWERS: I follow that logic.

20 Where you kind of lost me at was that you
21 said one taxpayer could not represent greater than
22 80 percent; 80 percent of what again?

23 MS. FLEMING: Eighty percent of any specific
24 zip code.

25 MS. STOWERS: That's any zip code? Okay.

1 MS. FLEMING: Yeah.

2 And the general rule, without getting into
3 it, because, again, is a slippery slope to get into
4 this -- this level of data analytics and the rules
5 that are applied.

6 But, in essence, those standards that we
7 apply, which is, you know, four of the taxpayers, and
8 not one taxpayer being greater than 80 percent,
9 really is designed -- because the narrower your
10 information, then it's more easily able to, either
11 through deduction or through examination, figure out
12 and identify who that taxpayer is.

13 And so that was, through the data analytics
14 exercise that staff went through, they apply a number
15 of tests, basically, to see what's going to give you
16 the broadest opportunity for data, but finding the
17 balance of maintaining the confidentiality.

18 So you don't want to give -- you know, make
19 it so narrow that you can come back and identify, you
20 know, who the taxpayer is.

21 So you just keep basically doing a tweak, if
22 you will, to your calibration to allow you to
23 maintain the anonymity of the confidential
24 information, while at the same time trying to at
25 least look at what might be disclosable.

1 So that just happened to be the right --

2 MS. STOWERS: Okay.

3 MS. FLEMING: -- the right balance.

4 MS. STOWERS: Okay. So based on that, I
5 actually have two questions. And I acknowledge that
6 maybe the Chair and the Vice Chair maybe have a
7 better feel for what you think that you can't
8 provide. Because I'm assuming they've seen it.

9 But my first question is, what are you
10 redacting?

11 MS. FLEMING: So the redacted information
12 is dealing with identifiable information, typically.
13 And I'm going to ask staff to send me a couple of
14 bullets here. Basically identifiable information.

15 So it's going to be the name of the
16 taxpayer, the address of the taxpayer. Just for
17 note, historically, zip code was the geographic
18 information that wasn't previously included.

19 It also included tax penalties, that kind of
20 category of information.

21 MS. STOWERS: Okay. So you're going to
22 redact the name, the address, the tax, and the
23 penalty. But you're not going to redact the zip
24 code?

25 MS. FLEMING: Well, so the zip code, in and

1 of itself, was not a non-disclosable -- was not a
2 confidential item.

3 MS. STOWERS: It's not? A zip code is not
4 considered to be a part of the address?

5 MS. FLEMING: It is part of the address.

6 So it's, again, I'm being careful here,
7 because if we're gonna -- I'm -- perhaps -- I'm
8 trying to find the balance between making sure we're
9 answering your questions, and now getting into the
10 depths of the entity of the analytical data.

11 Because there's certain categories of data
12 that are disclosable, and others that are not. And
13 so zip code is, historically, has not been a part of
14 the report. Providing the information by geographic
15 identification has historically not been.

16 But the specific zip code, in and of itself,
17 as a data element, is not defined as confidential.

18 MS. STOWERS: So zip code is not defined as
19 confidential.

20 And you're telling me in the past, when they
21 were receiving this information, they were not
22 getting the zip code, or they were getting the code?

23 MS. FLEMING: So, historically, they were
24 not getting any geographic information. Because the
25 issue is, when you start to take zip, address, plus

1 street address, street name, zip code, the composite
2 of that information makes you able to identify who
3 the business is.

4 If you extract one of those data elements,
5 just a zip code with the combination that we talked
6 about, Deputy Controllers Stowers. So when I mask it
7 with those other items, I can provide information by
8 zip code, applying those standards.

9 If I just provided everyone by zip code
10 without those standards, you could identify. And
11 that renders us into a -- being able to identify the
12 taxpayer.

13 So it's not just the issue of it's just zip
14 code. This is -- this is a part of the formula. So
15 it's zip code with the criteria that we established.

16 So it's a year's worth of data, four or more
17 taxpayers, no one taxpayer with any more of that
18 combination, by zip code, gave us the opportunity to
19 show you what was disclosable and not disclosable.
20 It allowed us to share information without revealing
21 any -- any identifiable information.

22 So David threaded together -- the aggregated
23 data threaded together can give you different
24 results. And it's basically a way of configuring
25 those specific elements that meet a threshold that

1 just says, "Okay. I can safely go here, but I
2 can't -- I can't go any narrower."

3 MS. STOWERS: Okay. My second and final
4 question -- maybe final, no promises -- is that from
5 my understanding the Wine Institute is asking,
6 basically, for information, so they can look at
7 what's happening in the industry on a regional basis.
8 That's what they're saying. That's their ultimate
9 goal. They want it on the original basis so they can
10 analyze -- analyze the industry.

11 Are you confident that what you're saying
12 that you can put into the Open Data Portal is going
13 to provide them with the ability to analyze on an
14 original basis?

15 I lied. Second question -- third question:
16 Have you consulted with them?

17 MS. FLEMING: So let me answer the easier.

18 Personally, I have not had a conversation
19 with them. Again, as a work group item, the
20 co-chairs of the work group item have, according to
21 the work group rules, have had those conversations.

22 If we need to get into that level of
23 technical detail, I'm happy to talk with the
24 stakeholder to assist in any way that I can with
25 limited access, you know, using staff. But always

1 willing to try to help out where we can.

2 So in terms of the second question,
3 Deputy Controller Stowers, in terms of my confidence,
4 in terms of what we can -- what I am confident of is
5 we are going to -- we understand data. And not
6 being -- not trying to be smarty-pants, but -- but we
7 do understand data. We do understand the thresholds
8 of maintaining confidentiality.

9 So what I do know and I'm confident in is
10 our ability to say that we will meet the standards
11 and maintain confidentiality.

12 We're going to try to be helpful, but we
13 will maintain the confidence -- the standard for
14 confidentiality. So we will hold to that.

15 And then whatever is in a public domain or a
16 disclosable category, I'm working with staff to
17 determine how that information could be provided.

18 So our first -- as a governmental function,
19 our first and foremost focus is to protect taxpayer
20 information, as -- and we, you know, as Member Cohen
21 and Vice Chair Schaefer have discussed before as a
22 part of this discussion.

23 So I am confident our ability to -- to apply
24 the appropriate standards, understanding the data as
25 well as we do. And I'm thankful to have

1 subject-matter experts who are overseeing this very
2 tightly.

3 And just my former resume allows me to be a
4 little sensitive to data protections.

5 MS. STOWERS: Okay.

6 Thank you, Ms. Fleming. I appreciate your
7 response.

8 Member Cohen, Member Schaefer, are you guys
9 confident or have an opinion on whether it's going to
10 meet the -- the constituents' needs as far as what
11 you're composing?

12 MS. COHEN: I -- I think it's up to the
13 industry to determine whether or not we provide --
14 what we provide is valuable. So it's hard to say.
15 It's up to the constituent to determine that. But I
16 think we have carried it as far as we can on this
17 body.

18 MS. FLEMING: And we've done our best to be
19 the broadest brush possible, while protecting, you
20 know, what we're statutorily responsible for. But
21 we're trying to -- to give you the broadest brush.

22 And, again, just to note, again, a part of
23 the other option that -- that was given direction was
24 this was -- was one of two options in terms of
25 remedies:

1 One being administrative to protect the
2 feasibility, and the other legislatively.

3 So I defer back to the Co-Chairs.

4 MS. COHEN: Thank you.

5 And as -- as one of the Co-Chairs,
6 Ms. Fleming, I want to also let you know that we have
7 a representative on the line that could probably best
8 answer your question.

9 MS. STOWERS: I'm going to be quiet,
10 Member Cohen.

11 I just want to say thank you for the -- the
12 detailed report, Ms. Fleming.

13 I'm gonna -- at normal rest, I have
14 confidence that your staff has done an analysis, and
15 what you're saying that you can release is within the
16 confine of existing law. That you're not going to
17 just provide any disclosable information.

18 And as you guys all know, one of my main
19 concerns was protecting taxpayers' confidentiality.
20 And I do believe all you guys have that same concern.
21 But that has been my main concern about this -- this
22 project; confidentiality, and also the trust that
23 taxpayers have with us when they file their --
24 their -- their tax return -- their excess tax return.
25 That we're going to protect their data.

1 I mean, that's -- that's really important.

2 And also that knowing that we are going to
3 protect it, and it's going to increase compliance.

4 I don't want to send anyone down the path
5 where they're not going to disclose information
6 because they think that we're going to share it with
7 the general public.

8 But, Ms. Fleming, if you're saying that
9 you've come up with a way to do it, that it's not
10 going to provide any confidential information, I will
11 be quiet from this point forward.

12 Thank you.

13 MS. COHEN: Ms. Fleming -- I mean, I'm
14 sorry -- Ms. Stowers, those -- yes, all of our
15 concerns and wants are the same. And we certainly
16 stated that on day one.

17 What I would like to do is maybe at this
18 point pivot and bring the representative on, the
19 industry representative who is on the public line.

20 So, Ms. Taylor, maybe you could help.

21 MS. TAYLOR: Certainly. Yes.

22 AT&T, could you please let us know if the
23 representative is on the line, or if there's anyone
24 else that would like to make a comment.

25 AT&T MODERATOR: For comments, please press

1 one, and then zero; one and then zero.

2 Okay. One moment. Open up the line here.

3 We're just making sure it's your
4 representative.

5 It'll be just a moment.

6 Okay. Tim Schmelzer, your line is open.

7 MR. SCHMELZER: Good afternoon, Members.

8 Tim Schmelzer with Wine Institute is now on
9 the line.

10 MS. COHEN: Great. Welcome, Mr. Schmelzer.

11 Wanted to give you an opportunity to say a
12 few comments and speak to, particularly, Ms. Stowers'
13 question or statement.

14 MR. SCHMELZER: There's a bunch of
15 questions. I hope -- hopefully, I'll -- I'll do my
16 best, I'll say.

17 MS. COHEN: Okay. Yeah.

18 MR. SCHMELZER: So I -- I listened
19 carefully, and I've been made aware of the
20 administrative efforts to provide data. I do believe
21 it's a positive step forward.

22 You know, we're gonna have to see the data
23 to really make the make the full assessment. But
24 anything that enhances our ability to geographically
25 differentiate some of this data really helps us

1 greatly to understand the -- what's happening within
2 our industry.

3 For example, you know, what may be happening
4 in Napa could be entirely different than what's
5 happening in the Central Valley, than is happening in
6 Monterey, etc., etc.

7 So anything that helps with our
8 understanding of that is extremely useful to the
9 industry and -- and greatly appreciated.

10 That being said, no -- no diss on the
11 effort. I really do appreciate it. It is, in -- in
12 our opinion, you know, a -- one step forward towards
13 a disclosure that we were previously receiving
14 prior -- prior to all this, the historical data that
15 we were being provided.

16 We have been, you know, listening hard to
17 all this. And the second option, besides this
18 administrative method, has been to develop a
19 legislative solution.

20 And I did want to let you all know that at
21 Wine Institute, we've been working with our legal
22 counsel and our economist, and have developed what we
23 think is a simple legislation that would essentially
24 solve this issue for us.

25 And it was just adopted for support by my

1 Board of Directors last week. So I look forward to
2 being able to share that with the Board, and would
3 encourage the Board to consider supporting the
4 legislation at a future Board Meeting.

5 MS. COHEN: Okay. Thank you.

6 MR. SCHMELZER: You're welcome.

7 MS. COHEN: Mr. Vazquez, I turn it back over
8 to you. I think that pretty much --

9 MR. VAZQUEZ: Okay.

10 MS. COHEN: -- exhausted the topic. There's
11 not much more to say.

12 MR. VAZQUEZ: We need to officially take a
13 vote, though, right, on the motion?

14 MS. COHEN: We do. And I probably need to
15 take public comment on it as well.

16 MR. VAZQUEZ: Yes.

17 And, Ms. Taylor, did we -- did we check if
18 there was anybody else? I know we had no other
19 written comments. But did we have any others on the
20 line that wish to speak?

21 MS. TAYLOR: Let me check with AT&T.

22 AT&T moderator, did we have any other
23 speakers that had queued up?

24 AT&T MODERATOR: Presently, we don't right
25 now.

1 As a reminder, it's one, and then zero for
2 comments; one and then zero.

3 No one is in queue.

4 MR. VAZQUEZ: Okay.

5 MR. NANJO: Chairman Vazquez, if I could --

6 MR. VAZQUEZ: Yes, go ahead.

7 MR. NANJO: Just as a reminder to the Board,
8 this is a work group. So the motion would take
9 the form of a recommendation to the Board, obviously
10 to the extent that there's consensus.

11 The Executive Director is free to start
12 working on the item and moving forward on that basis.
13 But just as a reminder, according to the work group
14 charter, this would be a recom -- the motion -- even
15 though it would be -- if it's approved by the Members
16 present, it would be a recommendation to the Board.
17 So would need to be ratified at the next meeting.

18 MR. VAZQUEZ: So along those lines, do we
19 need to take a vote, or can we just have a consensus?

20 MR. NANJO: Sorry.

21 A consensus would be fine. That's enough to
22 give direction to the Executive Director.

23 MR. VAZQUEZ: Since you mentioned just the
24 recommendation moving forward, right?

25 MR. NANJO: Yes. Or if you want to

1 formalize it, a vote is fine as well.

2 So, again, it would be a recommendation of
3 the Board that would be significant enough to have
4 the Executive move forward on that consensus.

5 MR. VAZQUEZ: Okay. Let me ask the two
6 Co-Chairs.

7 Do you -- are you comfortable with just
8 consensus, or should we take an official vote?

9 It is a recommendation. Does it matter?

10 MS. COHEN: It doesn't matter. I'm happy to
11 take up the recommendation.

12 MR. VAZQUEZ: Okay. So it looks like,
13 unless I see any objections, there's a consensus that
14 we move forward with the recommendation. And then
15 we'll take it up with the full Board in January.

16 MS. COHEN: So do I need to make a motion to
17 rescind the motion that's on the table?

18 MR. VAZQUEZ: I think you're okay.

19 MS. COHEN: Mr. Henry Nanjo, just for
20 clari -- or Ms. Taylor.

21 MS. FLEMING: Yeah, if we could ask the
22 Chief Counsel to join us.

23 But I think the -- the adjustment that would
24 be needed, and Chief Counsel, please correct it, is
25 that you're you're making a recommendation to the

1 Board, instead of the direction to the ED.

2 So in this case, your recommendation is to
3 the Board that modified language, the rest of it,
4 could be the same.

5 And then the full Board can either take it
6 up today, or could agendize it -- excuse me -- at a
7 subsequent meeting.

8 Chief Counsel.

9 MR. NANJO: Yes.

10 MS. COHEN: Okay.

11 MR. NANJO: That's correct.

12 [Inaudible discussion.]

13 MR. NANJO: It would have to be a subsequent
14 meeting, because this meeting has already been
15 adjourned.

16 MS. COHEN: Okay. So just so I heard
17 correctly, I'm gonna -- I'll make a motion to rescind
18 the motion that's on the floor -- on the floor open.

19 Is there a second to that motion?

20 MR. VAZQUEZ: I'll second that.

21 MS. COHEN: All right. Thank you.

22 So Mr. Vazquez has seconded that motion.

23 We could take -- I don't think we need to
24 take public comment on that.

25 And then what I'd like to do is just -- what

1 you said to --

2 MR. VAZQUEZ: Just make a formal
3 recommendation, right?

4 MS. COHEN: Make a formal recommendation.

5 Okay. So then at this point, I'd like to
6 make a formal recommendation of the Board to direct
7 the Executive Director to post taxpayer data-related
8 information to the Wine Industry by zip code, that
9 has been redacted to preserve taxpayers'
10 confidentiality in accordance with the existing law.

11 That's the recommendation that I'm going to
12 bring to the full Board for a vote.

13 MS. FLEMING: Member Cohen, I do apologize
14 for the intermission. Because if I could offer one
15 suggestion, instead of posting it, it would be an
16 issue of disclosing it.

17 MS. COHEN: Okay. I said post, but I meant
18 disclose. That's exactly right. Thank you.

19 MR. VAZQUEZ: Okay. So we don't need to
20 take a formal vote. It looks like there's a
21 consensus.

22 So that's the recommendation. It'll be
23 brought to the Board at our January meeting, correct?

24 MS. COHEN: Correct.

25 MS. TAYLOR: Are we -- can Mr. Nanjo --

1 I believe we should probably take a vote.

2 MS. FLEMING: Yeah, we should take a vote.

3 So, again, Members and staff. Okay. So
4 let's -- the vote -- the roll call vote, because
5 we're on in a different environment. We're not in
6 the public meeting. So taking a roll call vote I
7 think would be consistent with our end best practice.

8 MR. VAZQUEZ: Okay.

9 MS. COHEN: Since the regular meeting has
10 been adjourned, we cannot go back to that item at
11 this point. So this would be an official
12 recommendation by roll call vote. Then the item
13 would be ratified at the next public meeting when the
14 regular Board Meeting convenes in January.

15 MR. NANJO: Yes. I would concur with the
16 Executive Director. If this is going to be a formal
17 recommendation to the Board, to vote --

18 [Inaudible discussion]

19 MR. SCHAEFER: -- discussing the procedure
20 here.

21 MR. VAZQUEZ: All right. Ms. Taylor, go
22 ahead and call that.

23 MS. TAYLOR: Certainly.

24 Chairman Vazquez.

25 MR. VAZQUEZ: Aye.

1 MS. TAYLOR: Vice Chair Schaefer.

2 MR. SCHAEFER: Aye.

3 MS. TAYLOR: Member Gaines.

4 MR. GAINES: Aye.

5 MS. TAYLOR: Member Cohen.

6 MS. COHEN: Aye.

7 MS. TAYLOR: Deputy Controller Stowers.

8 MS. STOWERS: Aye.

9 MR. VAZQUEZ: So that's unanimous. It'll
10 be -- the recommendation will go forward at our
11 next meeting.

12 And with that, unless there's anything else
13 that you had, Co-Chairs.

14 Seeing and hearing no other recommendations,
15 then we will officially close out this work group
16 meeting and adjourn it.

17 And like I had mentioned earlier, we will
18 not be having a follow -- a second -- or a meeting
19 tomorrow, subsequent meeting to our meeting
20 that just -- we just adjourned earlier today.

21 So our next official meeting won't be until
22 January the 25th and 26th.

23 And with that, once again, just wishing
24 everybody a good and happy and safe holidays, as well
25 as a Happy New Year.

1 Thank you all, and thank you all for your
2 patience. I know it was a little bit of a lengthy
3 meeting today. But I guess it's a good way to close
4 out my tenure as the Chair.

5 So and then I want to just thank you, the
6 staff, Members, and specifically my staff, starting
7 with my chief of staff, Kari Hammond, and everybody
8 else that's been working really hard during this
9 whole COVID period.

10 Thank you all, and wish you all the best.
11 And stay safe. And if you're in those circles of
12 those groups, especially large groups, be careful.
13 This COVID is real.

14 I just saw a little announcement that the
15 U.S. just broke the record for other countries,
16 800,000 people have died from COVID so far.

17 So protect yourself, wear a mask, especially
18 if you're indoors or with large groups, and be safe.

19 MS. COHEN: Thank you.

20 MR. VAZQUEZ: Thank you all.

21 Thank you, staff.

22 MR. GAINES: Thank you.

23 MS. COHEN: See you next year, everyone.

24 MS. FLEMING: Thank you, Members.

25 Happy Holidays.

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MR. VAZQUEZ: Happy Holidays all.

MS. FLEMING: Thank you all.

Thank you, staff.

(Whereupon the Board Work Group concluded.)

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REPORTER'S CERTIFICATE

State of California)
) ss
County of Sacramento)

I, Jillian Sumner, Hearing Reporter for the California State Board of Equalization, certify that on December 14, 2021, I recorded verbatim, in shorthand, to the best of my ability, the proceedings in the above-entitled hearing; that I transcribed the shorthand writing into typewriting; and that the preceding pages 1 through 36 constitute a complete and accurate transcription of the shorthand writing.

Dated: August 11, 2022

Jillian Sumner

JILLIAN SUMNER, CSR #13619
Hearing Reporter