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TRANSCRIPTION OF RECORDED MEETING
OF
BOARD OF EQUALIZATION
MARCH 29, 2022
SACRAMENTO, CALIFORNIA

Board Members Present: TED GAINES
MALIA M. COHEN
ANTONIO VAZQUEZ
MIKE SCHAEFER
BRENDA FLEMING
YVETTE STOWERS

Present: JACK MCCOOL
MICHELLE CRUZ
TARA WILLIAMS
WI TRAN
JULIA HIMOVITZ
CATHERINE TAYLOR
LISA RENATI
DAVID YEUNG
PATRICIA LUMSDEN

1 Present: (Continued) LAUREN KEACH
2 DUSTIN WEATHERBY
3 YVETTE STOWERS
4 LISA THOMPSON
5 LESLIE MORGAN
6 THOMAS PARKER

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20 Transcribed by: Gina Allan
21 eScribers, LLC
22 Phoenix, Arizona

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1 **TRANSCRIBED RECORDED PUBLIC AGENDA NOTICE**

2 **MS. COHEN:** Thank you, ladies and gentlemen. We're
3 off to a little bit of a rough start, but I want to call
4 this meeting officially to order.

5 It is March 29th at 10:34 a.m., and I apologize to
6 you for this technical delay.

7 Ms. Taylor, good morning to you. Could you please
8 call the rolls?

9 **MS. TAYLOR:** Certainly, Chair Cohen. Chair Cohen.

10 **MS. COHEN:** Present.

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

12 **MR. SCHAEFER:** (No audible response).

13 **MS. TAYLOR:** Member Gaines.

14 **MR. GAINES:** Present.

15 **MS. TAYLOR:** Member Vazquez.

16 **MR. VAZQUEZ:** Present.

17 **MS. TAYLOR:** Deputy Controller Stowers?

18 **MS. STOWERS:** Present.

19 **MS. TAYLOR:** The quorum is present, Chair Cohen.

20 **MS. COHEN:** All right. Thank you very much.

21 Everyone, if you are physically able to rise and say the
22 Pledge of Allegiance, please join me in placing your
23 right hand over your heart and saying the Pledge of
24 Allegiance.

25 I pledge allegiance to the flag of the United States

1 of America, and to the republic for which it stands, one
2 nation under God, indivisible, with liberty and justice
3 for all.

4 Good morning. Okay. Madam, Ms. Taylor, what's the
5 first item?

6 **MS. TAYLOR:** Our first item of business would be our
7 announcement for our teleconference participation

8 Good morning, and thank you for joining today's
9 Board of Equalization meeting via teleconference.
10 Throughout the duration of today's meeting, you will
11 primarily be in a listen-only mode.

12 As you may know from our Public Agenda Notice at our
13 website, we have requested that individuals who wish to
14 make a public comment fill out the public comment
15 submission form found in our additional information web
16 page in advance of today's meeting, or alternatively,
17 participate in today's meeting by providing your public
18 comment live.

19 After the presentation of an item has concluded, we
20 will begin by identifying any public comment requests
21 that have been received by our Board-proceeding staff,
22 with a AT&T operator providing directions for you to
23 identify yourself.

24 After all known public commenters have been called,
25 the operator will also provide public comment

1 instructions to the individuals participating via
2 teleconference.

3 Accordingly, if you intend to make a public comment
4 today, we recommend dialing into the meeting on the
5 teleconference line, as the audio broadcast on our
6 website experiences a one- to three-minute delay.

7 When giving a public comment, please limit your
8 remarks to three minutes. We ask that everyone who is
9 not intending to make a public comment, please mute their
10 line or minimize background noise.

11 If there are technical difficulties when we are in
12 the public comment portion of our meeting, we will do our
13 best to read submitted comments into the record at
14 appropriate times.

15 Thank you very much for your patience and
16 understanding.

17 **MS. COHEN:** Thank you very much, Ms. Taylor, for
18 reading the opening remarks.

19 And ladies and gentlemen, before we get started with
20 our published agenda, I'd like to take a moment -- and
21 just to recognize March as being Women's History Month --
22 we are closing it out -- but I want to let you know that
23 I take great pleasure and a personal privilege as Chair
24 of the Board to recognize the accomplishment of women
25 from the past who have fought for equality and the women

1 of today who continue to break ceilings and lead us into
2 a more just future.

3 This month, the month of March, is a time to reflect
4 on the diverse voices that have shaped our history, and
5 not many people know this, but Women's History Month
6 began right here in California at a local celebration in
7 Santa Rosa.

8 The Sonoma County Commission on the Status of Women
9 planned and initiated a Women's History Week, a
10 celebration in 1978. And the organizers selected the
11 week of March 8th to correspond with International
12 Women's Day.

13 The movement spread across the country as other
14 communities initiated their own Women's History Week
15 celebrations the following year. And so this movement
16 actually culminated in 1987 when Congress officially
17 designated March as Women's History Month.

18 And since then, women from California have continued
19 to trailblaze, as is evident with the fact of our first
20 female Vice President hailing from our great state. In
21 2022, the National Women's History theme is providing
22 healing and promoting hope.

23 So I just wanted to open up this month's meeting,
24 although scheduled at the end of women's history, just
25 wanted to uplift the many women that are doing a great

1 job as being trailblazers. Some of them seen, most of
2 them unseen, so at this time we just acknowledge the
3 service of women to our families, to our communities, to
4 our work environments.

5 And with that, I'll see if there any other -- oh, I
6 see Mr. Vazquez has his hand up.

7 Mr. Vazquez, I'll turn the mic over to you. Thank
8 you.

9 **MR. VAZQUEZ:** Thank you, Madam Chair, and yes, I'm
10 glad you opened up with a little bit of the history of
11 this month. And I just wanted to also share a few
12 thoughts on that.

13 And one -- before I get into some of the -- at least
14 folks that are being recognized -- or women that are
15 being recognized here in the LA County -- I just wanted
16 to give a little shout-out to a lot of the women that are
17 providing care during this pandemic -- homecare workers.

18 And I've experience it firsthand with my mother-in-
19 law, who is basically bedridden now, and if it wasn't
20 for -- we've had, actually, several women over the last
21 couple of years that have put out so much energy, and
22 time, and love for her.

23 And I just read an article recently, which I thought
24 was a little bit appalling. I didn't realize that many
25 of these women, in many cases, that are caring for their

1 patients, in many cases, end up passing away before their
2 patients, which is kind of ironic.

3 You know, here they are providing a service, and
4 they're not really taking -- in many cases, because
5 they're working long hours and the stress, apparently, in
6 that occupation, in many cases, takes their own lives; so
7 I just wanted to give a shout out to these folks.

8 And then to give a plug to a couple things that are
9 happening here in LA County, that I wasn't aware of, one
10 of them, is the Bidy Mason Memorial Park in Los Angeles
11 honors Bridget "Biddy" Mason, a woman born into slavery
12 in 1818, who moved into California with a household that
13 owned her, and because California was a free, nonslave
14 state, Mason fought hard for freedom in the court and
15 won.

16 And she became the property owner, a nurse, a
17 midwife, and even a philanthropist, at the end of the
18 day.

19 The Park features her history and her life, so if
20 you happen to be in the area, stop in and take a look at
21 it. They did a real nice job with it.

22 The other one that's at the Natural History of
23 Museum, in downtown LA as well, is featuring -- it's
24 called "Becoming Jane," the evolution of Dr. Jane
25 Goodall. It's a hands-on multimedia exhibit celebrating

1 the extraordinary life and work of this conversationist,
2 and ethologist person, Dr. Jane Goodall, and families can
3 explore the life-sized replica of Dr. Goodall's research
4 tent here with holograms, and also view some of the
5 artifacts, and photos and much, much more.

6 And then the last one -- and I believe this exhibit
7 started up in the Bay Area, but now it's here in LA as
8 well, is the Frida Kahlo Art Exhibit, titled "Immersive
9 Frida" in Hollywood, allows families to experience the
10 500,000 cubic feet of art by Frida Kahlo.

11 She's celebrated for her bold, vibrant colors, and
12 for her attention to the Mexican indigenous culture.

13 She suffered from Polio as a child and nearly died
14 in a bus accident as a teenager and focused heavily on
15 painting, recovering from her injuries.

16 And it turns out, over here lifespan, she had over
17 30 operations and created over 200 paintings, sketches,
18 and drawings about her suffrage and experience.

19 And actually, there's another one I just forgot,
20 too, is the Pacific Design Center in West Hollywood, as a
21 brightly colored building. It's featured key architects
22 involved with projects. Norma Merrick and -- I'm
23 probably going to butcher her last -- I think it's
24 Sklarek, who was the first black women licensed as an
25 architect in California. She designed the United States

1 Embassy in Tokyo, Japan in 1976, and the terminal one
2 station at the Los Angeles International Airport in 1984.

3 She was the first black woman to own her own
4 architectural practice in California. She is called the
5 Rosa Parks of architecture.

6 These are just a few extraordinary contributions of
7 women that have made, in our state, and it's been
8 wonderful to learn about them and to celebrate their
9 history.

10 Thank you, Madam Chair, for this opportunity,

11 **MS. COHEN:** Absolutely. Thank you for reading that
12 history.

13 Mr. Gaines, I see your hand.

14 **MR. GAINES:** Yes, thank you. I just wanted to take
15 a moment if I could with regard to Women's History Month,
16 and thank you for all your comments. I'm learning a lot
17 this morning.

18 But I did want to highlight my mother, Winnie
19 Gaines, who was called by God to go to seminary, and so
20 when I was in high school, she commuted down to the
21 Church Divinity School of the Pacific, CDSP, in Berkely,
22 and got her degree in divinity.

23 And we were raised in the episcopal church, so she
24 was active at Trinity Cathedral Church here in Sacramento
25 and became a Deacon, which was unusual at the time

1 because this is in the '70s and early '80s. And in fact,
2 it took her awhile to get ordained within the church
3 because you had to get permission from bishop. And so
4 there was a lot of, in a sense, political wrangling --
5 politics is in everything; isn't it?

6 And so at the time, it took her a couple years
7 before she could get ordained and became even more active
8 at Trinity Cathedral, and really focused her ministry on
9 the sick and the dying, and spent a lot of time in the
10 hospital -- similar to what Member Vazquez was
11 describing -- basically being with family and those who
12 are sick either right before death, or when the death
13 occurred, or right afterwards.

14 And so I'm so proud of her in terms of what she was
15 able to overcome. I think she was the first ordained
16 episcopal priest in northern California at the time, and
17 now, it's much more common. And it's so nice to see the
18 advantages that a woman can provide with the nature of a
19 woman versus the nature of a man when it comes to a
20 position of leadership within the church.

21 So I just want to highlight her and celebrate women
22 and all the great accomplishments that they have made,
23 you know, outside the house, but also in the home, too,
24 in terms of raising our children.

25 I think of my wife and what she's done raising our

1 six children, and I call her the human engineer, so we're
2 blessed in multiple fronts.

3 But the main point is that women have the
4 opportunity to do as they wish with their lives, so thank
5 you.

6 **MS. COHEN:** Thank you very much for that personal
7 history, Senator Gaines. I always enjoy hearing and
8 learning a little bit more about you and hearing about
9 your mother and her contributions.

10 Folks, what I'd like to do is just to take a moment
11 and go through a little bit of women's history as it
12 relates to the Board of Equalization, and I'd like to
13 thank the women that have served. Now, there's a few
14 familiar names in this list, so I think it's important
15 for us to reflect on the following:

16 Prior to 2002, only one woman was elected to the
17 California Board of Equalization in her own right as a
18 Board Member. Her name was Orfa Jean Shontz, and that
19 happened in 1934.

20 After Ms. Shontz, Iris Sankey was appointed in 1973,
21 and in 1995, Controller Kathleen Connell, was elected
22 State Controller and served on the board in that role.

23 Since 2002, seven women, including State Controller
24 Betty Yee, and myself have been elected to serve on the
25 Board of Equalization.

1 Four women have served the Board of Equalization as
2 Executive Director. Cindy Rambo was the first in 1988;
3 she served from 1988 to 1991; and then our very own
4 Kristine Cazadd, from 2010 to 2012; followed by Cynthia
5 Bridges, from 2012 to 2016, and our current Executive
6 Director, Brenda Fleming, from 2019 until present.

7 So I'm hoping that we'll also make history again
8 this month with the historic confirmation of Judge
9 Ketanji Brown Jackson, who'll be the first African
10 American woman to serve on the United States Supreme
11 Court.

12 So all of these facts, all of these women, reflect
13 progress that is being made throughout our country. But
14 needless to say, we have a very long way to go when you
15 think about the history of the State of California, being
16 around for about 147 years and we have had four Executive
17 Directors of the Board of Equalization.

18 So there's much work that needs to be done, but we
19 do celebrate, and we uplift those women that have made
20 historic strides, and not only remembering those women
21 and not only their contributions today, this month, but
22 every day. And let's just take a moment to renew our
23 commitment to advancing equity, so that everyone can
24 realize their dreams and their full potential.

25 I know you guys are -- the gentlemen on this call

1 are fathers of daughters and have done a lot to support
2 your daughters in their own careers, and then we as
3 women, Yvette and I, are working are very hard to strive
4 to continue to push, and uplift, and bring younger women
5 behind us into the life of public service.

6 So it's with a great sense of optimism and hope
7 about the promising future of women that I invite my
8 colleagues to celebrate Women's History Month.

9 So with that, I see no other names. Let's go ahead
10 and dive into our first item on the agenda, Ms. Taylor,
11 please call the item?

12 **MS. TAYLOR:** Thank you, Chair Cohen. Our first
13 order of business will be Item AA-1, presentation on
14 state assessees' industry trends, presentation on trends
15 impacting state assessees' evaluation in the following
16 industries: electric generation, gas & electric,
17 pipeline, railroads, local telephone, wireless, and
18 interexchange telecommunications.

19 This item will be presented by Mr. McCool, Ms. Cruz,
20 Mr. Tran, and Ms. Williams.

21 **MR. MCCOOL:** Good morning, Chair Cohen and Honorable
22 Members of the Board. My name is Jack McCool, Chief of
23 the State-Assessed Properties Division.

24 **MS. COHEN:** Good morning, Jack, before you get --
25 wait hold on --

1 **MR. MCCOOL:** Sure.

2 **MS. COHEN:** -- before you roll it out -- I love the
3 enthusiasm, Mr. McCool, but I just kind of want to set
4 the frame and just kind of frame it out --

5 **MR. MCCOOL:** Sure.

6 **MS. COHEN:** -- with my colleagues, just so they
7 know, like, what we're doing and why we're doing it.

8 So we have a special presentation by Mr. McCool,
9 who's the Chief of our State-Assessed Property Tax
10 Division.

11 At our last board meeting, we had a presentation on
12 unitary value setting for state assessees. I think it's
13 important for us to remind ourselves why we're doing what
14 we do, and how we do what we do.

15 So today's presentation is a follow-up presentation
16 on just industry trends. It's important for us, as well
17 as the members of the public, to understand the emerging
18 issues facing -- or the emergency issues affecting the
19 evaluation of state assessees, should they be reviewed on
20 a periodic basis.

21 So today's, just an opportunity for public review.
22 It's an informational, and so with that I want to
23 introduce the issue -- one caution for my fellow board
24 members -- and this caution is the same one that I stated
25 at our last board meeting that this is just a special

1 presentation, high-level policy discussion, and we cannot
2 discuss individual companies.

3 So if we were to do so, we would be in violation of
4 taxpayers' confidentiality, and entertain our own work in
5 adopting values for companies at our meeting that is to
6 come in May.

7 So we ask that -- questions are welcomed -- but
8 please limit them to just policy issues only without any
9 direct reference from some of the state employees that
10 may be at the top of your mind.

11 So with that introduction, Mr. McCool take it away.
12 Thank you for joining us.

13 **MR. MCCOOL:** Thank you, Chair Cohen. Good morning,
14 Chair Cohen, and Honorable of the members of the board.
15 My name is Jack McCool, Chief of the State-Assessed
16 Properties Division. I am joined today by three members
17 of the SAPD staff, and collectively we will be making a
18 presentation on industry trends affecting values for
19 state assessees.

20 I will begin today's presentation with a short
21 overview. I will then be followed by Mr. Huy Tran,
22 Supervising Property Appraiser, who will be presenting
23 industry trends for the electric generation, and gas and
24 electric industries.

25 Ms. Tara Williams, also a supervising property

1 appraiser, will then present industry trends for the
2 pipeline and railroad industries.

3 Ms. Michelle Cruz is the manager of the Unitary
4 Valuation and Auditing Section, and she will present the
5 industry trends for our three telecommunications
6 industries.

7 Finally, I will wrap up the presentation with a
8 short summary and all four members of our team will then
9 be available to answer any questions that you may have.

10 So with that, let us begin, and other team members
11 can drop off camera. Thank you, and here we go.

12 The objective of today's presentation is to provide
13 the board with an update on some of the trends affecting
14 value for each of the seven industry groups.

15 It is important to note that SAPD's mission is to
16 determine the current market value of each assessee's
17 taxable property, which is not the same as valuing
18 assessee's entire business.

19 Therefore, our intention in today's presentation is
20 focused on issues affecting property tax values. As
21 SAPD's role is limited to property tax valuation, it is
22 difficult for our staff to comment on policy or
23 regulatory action, as we have no role in those arenas.

24 SAPD staff monitor industry trends in a variety of
25 ways. First and foremost is through collaboration with

1 state assessees. Our staff communicates frequently with
2 state's assessees' representatives throughout the year.
3 We typically meet annually, with most of the larger
4 assessees, prior to the valuation season, and we also
5 have informal communications throughout the year.

6 It is during these discussions the assessees
7 typically will raise issues that they feel are important
8 to their valuations. These meetings give our staff the
9 opportunity to ask questions about such issues, and to
10 get a better understanding of how certain issues may have
11 an impact on values.

12 SAPD staff also monitor initial trends by reading
13 trade magazines, appraisal newsletters, and other
14 industry publications.

15 Some of these publication may not have a direct link
16 to appraisal issues, but they do help inform our staff of
17 market conditions for the various industries.

18 Regulatory agencies also provide vital insight into
19 trends affecting our regulated utilities. The California
20 Public Utilities Commission, the Federal Energy
21 Regulatory Commission, and the Federal Surface
22 Transportation Board, all produce various regulatory
23 documents that contain important information that our
24 staff monitors closely.

25 My staff also engages with counterparts in other

1 states to stay informed on important appraisal issues.
2 Our membership in WSATA, the Western State Association of
3 Tax Administrators, for example, provides our staff with
4 the opportunity to discuss issues of importance with
5 unitary appraisers in other western states.

6 As we go through each of the industry groups today,
7 it is important to note that not all industry trends have
8 a direct effect on value. Certain trends or issues may
9 change market conditions or provide an indication of an
10 industry's general economic direction, but some trends
11 may not have a direct effect on a specific assessee's
12 value of taxable property.

13 So as our team highlights some of the trends we are
14 monitoring, please keep in mind that the trends we will
15 be discussing today are high-level trends, and to give
16 the board more context for each industry leading up to
17 this year's unitary value setting.

18 I will note that staff has put together most of
19 today's material prior to many of our assessee's meetings
20 for the 2022 value season and before most of the annual
21 property statements were received this year.

22 So there may be other issues that arise during this
23 appraisal season that are not reflected in today's
24 presentation.

25 As today's presenters review industry trends, they

1 will also provide a quick review of the value indicators
2 used by each industry.

3 I know that we reviewed the value indicators at the
4 special presentation last month, but to help put industry
5 trends in context, we will go through each industry's
6 value indicators briefly today as well.

7 As we start going through our industries, I will
8 close the first part of this presentation by stating that
9 it's not always easy to quantify a particular trend's
10 impact on the taxable value of an assessee's property.

11 That is one of the challenges of today's
12 presentation. We do hope to help inform the board of
13 issues of each of the industries are operating in, but we
14 must note that the impacts from some of these challenges
15 are not always easy, to either identify or to quantify.

16 With that, Mr. Tran will begin our review of the
17 industry trends.

18 **MR. TRAN:** I would like to begin with the number of
19 assesseees in the electric generation industry. The
20 electric generation industry consists of 41 state
21 assesseees, which is comprised of twelve percent of the
22 total number of state assesseees, as you could see at the
23 top right portion of the pie chart highlighted in blue.

24 The total 2021 assessed value for the electric
25 generation industry was 7.5 billion, which comprises 6.1

1 percent of the overall state assessee's value, which you
2 can see by the bottom right portion of the pie chart,
3 highlighted in blue.

4 The primary value indicators typically used for
5 newer facilities in the electric generation industry, is
6 the replacement cost, less depreciation and capitalized
7 earning ability, or the CEA value indicators.

8 For newer facilities, these indicators are typically
9 given equal reliance. Replacement cost less depreciation
10 reflects the replacement cost of current technology while
11 the CEA is considered reliable due to the reduced
12 volatility in income projections for newer facilities.

13 When it comes to older facilities, that's the
14 specific reliance on replacement cost, less depreciation,
15 and the CEA value indicators varies dependent on
16 predictability and reliability of intra-income streams.

17 Our staff must consider whether the facility had a
18 long-term contract, a short-term contract, or in some
19 cases, no contract at all.

20 There's a state-assessed facility that was recently
21 sold. The sell indicators also gave us some
22 consideration. Our staff will attempt to obtain details
23 of a sales agreement that pertains to the portion of the
24 sales price that was allocated to the physical assets.

25 To summarize, it is important to consider the age of

1 the facility and the length of the contract when
2 determining the use of these value indicators for this
3 industry.

4 Among the trends affecting the electric generation
5 industry is rising natural gas prices. Natural gas is
6 the largest fuel source for the electricity generated in
7 California. Natural gas prices for electric power
8 generations were historically low in 2020, but have risen
9 quite strongly in 2021.

10 The impact of rise in natural gas prices will likely
11 result in higher operating costs for these facilities,
12 which will generally result in decreased assessed values.

13 Another trend that will have an impact on the
14 electric generation industry is the closure of the Diablo
15 Canyon Nuclear Power Plant. This power plant is located
16 on California's central coast and is scheduled to shut
17 down on November 2nd of 2024, when PG&Es license to
18 operate expires.

19 This plant produces more than eight percent of the
20 State's Energy portfolio, and have been the sole
21 operational known nuclear power plant facility in
22 California.

23 The impact that this closure of this facility will
24 have on the electric generation industry is that it will
25 likely create a demand for more run time for state-

1 assessed power plants to make up for the loss in
2 available megawatts being generated by this facility, due
3 to is closure.

4 Renewable energy is another trend affecting the
5 electric regeneration industry and the impact that it
6 will have when really comes to the future energy policies
7 pursued by California lawmakers.

8 As the presence of renewable energy increases, it
9 will likely cost state-assessed power plants to gradually
10 run less over time, potentially resulting in decreased
11 assessed values at a faster rate than under normal
12 circumstances.

13 However, in the short term, there should be less of
14 an impact until there are sufficient renewable energy
15 resources put in place.

16 Renewable energy has its limitations end for the
17 near term, may not be able to meet all of California's
18 energy needs. Because the sun doesn't always shine and
19 the wind doesn't always blow, there will be a need for
20 gas-fired power plants for the near terms, despite the
21 advances on renewable energy.

22 Regulations imposed on once-through cooling
23 facilities is another trend affecting the electric
24 generation industry. Once-through coolant facilities are
25 located on California's coast and uses ocean water as a

1 coolant source for the power plants.

2 The California State Water Resources Board, or the
3 State Water Board, has determined that these facilities
4 are harmful to the marine life in the ocean. So they've
5 adopted a policy on the use of ocean water for power
6 plant cooling that became effective on October 1st of
7 2010.

8 The policy sets statutory compliance dates for these
9 facilities that range from December 31st of 2017 to
10 December 31st of 2020, to mitigate or close as stipulated
11 by the State Water Board and California Energy
12 Commission.

13 As of the 2022 meeting date, the board assessed a
14 total of five once-through cooling facilities, which
15 accounts for about six percent of the overall electric
16 generation industry value.

17 The State Water Board admitted the minute the once-
18 through controlling policy on November 30th, of 2020,
19 which extended the compliance dates for four of the
20 state-assessed facilities from December 31st of 2020 to
21 December 31st of 2023.

22 And the fifth facility had implemented controlled
23 technology, operational, and mechanical upgrade; and
24 therefore, will comply with the policy without shutting
25 down operations.

1 The statutory compliance dates were extended in
2 order to provide stability and reliability to the energy
3 grid while renewables are still being built out and are
4 able to come online to replace the power-generated these
5 once-through cooling facilities.

6 Once these renewables come online, and the once-
7 through cooling facilities go offline, this should result
8 in a decrease of about six percent to the overall
9 electric generation industry value.

10 Moving on to the gas and electric industry, the gas
11 and electric industry consists of 33 state assessees,
12 which compromises 9.5 percent of the total number of
13 state assessees, which you can see at the top right
14 portion of the pie chart highlighted in blue.

15 The total 2021 assessed value for the gas and
16 electric industry was 89.4 billion, which comprises 76.2
17 percent of the overall state-assessed value, which you
18 could see on the left portion of the pie chart
19 highlighted in blue.

20 The primary value indicator is typically used for
21 investor-owned utilities, and the gas and electric
22 industry is a historical cost, less depreciation, or in a
23 HCLD value indicator. The capitalized earning ability is
24 also typically given some consideration for these type of
25 assessees.

1 For electric cooperatives and gas transmission, the
2 primary indicator is HCLD, as regulated by the Federal
3 Energy Regulatory Commission. These companies are
4 considered to be closely regulated. SAPD will also
5 consider the CEA value indicator for companies showing a
6 reliable income stream.

7 The gas storage companies we assess are not subject
8 to traditional rate-making process, so the HCLD indicator
9 is generally not used. Instead, the reproduction costs
10 less depreciation and the CEA are typically both
11 considered.

12 Among the trend affecting the gas and electric
13 industry is a significant growth in capital expenditures
14 that investor-owned utilities are currently experiencing.

15 The State of California set goals to reduce
16 greenhouse gas emissions by forty percent from 1990 and
17 that goes till about 2030, and eighty percent from the
18 same baseline by 2050.

19 Additionally, the state is aiming to be carbon
20 neutral by 2045. State and local air quality plans call
21 for substantial improvements.

22 The CPUC and CEC has also joined the implemented
23 California's Renewables Portfolio Standard Program, which
24 requires all electric low-serving entities to procure
25 sixty percent of its electricity portfolio from eligible

1 renewable energy resources by 2030.

2 As a result, state-assessed investor-owned utilities
3 are currently experiencing significant growth in actual
4 and planned capital expenditures to replace and expand
5 our distribution entrance mission infrastructure, and to
6 construct new assets and replace older assets.

7 The impact this growth is having on the gas and
8 electric industry has resulted in increased assessed
9 values.

10 Another trend that continues to have an impact on
11 gas and electric industry is the wildfire climate change
12 issue. This is an evolving issue that SAPD is continuing
13 to monitor.

14 SAPD continues to have ongoing discussions with
15 investor-owned utilities on this issue. SAPD has also
16 allowed adjustments to the cap for the wildfire climate
17 issue based on regulatory decisions made by the CPUC and
18 its Utilities Bill 1054. These adjustments result in a
19 reduction to the utilities assessed value.

20 **MS. WILLIAMS:** Currently, there are 24 pipeline
21 assessees which represents 7.4 of the total 7.4 percent
22 of the total number of state assessees, as you can see on
23 the pie chart highlighted in blue.

24 The 24 pipeline assessees represent .9 percent, or
25 just over one billion dollars of the total assessed -- of

1 the total value assessed by the board.

2 The primary indicators for common carrier pipelines
3 are the reproduction cost, less depreciation, or
4 ReproCLD, historical cost less depreciation, HCLD, both
5 cost approaches, and the capitalized earning ability,
6 CEA, which is an income approach.

7 The use of ReproCLD and CEA is based on assessee-
8 specific factors. Nonregulated natural gas transmission
9 pipelines are typically valued using reproduction cost
10 less depreciation; ReproCLD, at cost approach.

11 Non-common-carrier pipelines are also valued
12 primarily using the reproduction cost less depreciation
13 ReproCLD indicator.

14 There are several trends that may affect the
15 pipeline industry, one of which is the COVID-19 impact on
16 the oil and natural gas industries. There was a decrease
17 in value across the board for both industries in 2021.

18 There was also a decrease in the cost of oil for
19 2020 as demand bottomed out during the pandemic, and the
20 price per barrel of crude oil dropped worldwide.

21 This led to a decrease in the CEA value indicator,
22 which we typically only consider for our largest
23 pipelines.

24 Another trend, the pipeline industry is facing is
25 the move away from fossil fuels to cleaner electric

1 alternatives. This could potentially impact both the oil
2 and natural gas industries by decreasing end-user demand.

3 For example, California's potential 2035 ban on
4 sales of new internal combustion engine or gas-powered
5 vehicles will likely contribute to the decrease and
6 demand for oil. If end-user consumption decreases, this
7 likely will result in decreased values for the pipeline
8 companies.

9 However, there are a lot of questions to this issue
10 that we will continue to monitor in the coming years.

11 While there is a general trend to move away from
12 fossil fuels, in the short term, we are seeing an
13 increase in demand, which is leading to older pipelines
14 being repaired and/or extended.

15 We will, of course, continue to monitor those
16 developments very closely.

17 There are currently 31 railroad assessees, which
18 represent 10.6 percent of the total number of state
19 assessees, as seen in the highlighted in blue on the pie
20 chart.

21 The 21 railroad assessees represent 3.8 percent, or
22 approximately 4.5 billion dollars of the total value
23 assessed by the board, as you can see in the pie chart,
24 highlighted in blue.

25 For the railroad industry, the CEA value indicators

1 are considered most appropriate. ReproCLD is used only
2 sparingly in the railroad industry due to the old age of
3 many of the assets and the difficulty estimating
4 depreciation.

5 For the large Class I railroads, staff relies most
6 on the perpetual live CEA using the most recent year's
7 income. The perpetual live CEA is also the primary value
8 indicator for most of the short-line railroads.

9 However, in some instances, the salvage indicator is
10 used. This indicator would be calculated when the
11 highest and best use of the property would be to
12 disassemble and sell the component parts of the railroad,
13 rather than continue it as a growing concern.

14 There are several trends that may affect the
15 railroad industry, one of which is the 4R Act. The 4R
16 Act lowers railroad values.

17 The Act imposes restrictions on state and local
18 taxation of railroads by assessing rail transportation
19 property at the same percentage of market value, as all
20 other commercial and industrial property in California;
21 thereby reducing rail transportation appraised values by
22 a certain ratio which is calculated each year.

23 The 4R Act was adopted to protect railroads from
24 discriminatory taxation. In recent years, the ratio has
25 been steadily decreasing.

1 Another trend is the COVID-19 impact on
2 excursion/passenger railroad companies. For calendar
3 year 2020, excursion/passenger railroad companies
4 experienced a decline due to the decrease in customers
5 and the required social distancing mandates which reduce
6 the amount of allowed on trains.

7 As this years' property statements start to come in,
8 our railroad appraisal staff will have a better idea of
9 the potential impact of COVID-19 for 2022.

10 The railroad industry is also facing supply chain
11 constraints, which have slowed some railroads' ability to
12 move freight and cargo in a normal fashion. Railroads
13 are also facing increased operating costs and expenses as
14 a result of theft of cargo -- theft of freight and cargo,
15 which could potentially increase insurance costs, as well
16 as disrupt their normal operations in moving freight.

17 If the cargo and freight theft becomes an ongoing
18 problem, the railroad companies will have to absorb these
19 losses, which would increase expenses.

20 Some of the larger railroad companies have also
21 reported labor shortages as another issue in their
22 ability to maintain normal operations.

23 Another trend that we are monitoring is California
24 wildfires. Each year, we monitor wildfires and work with
25 railroad companies to determine if they have suffered any

1 losses or damages to property as a result of wildfires.
2 Wildfire damage can sometimes result in disruption of
3 operations or increased costs due to replace damaged
4 property.

5 **MS. CRUZ:** The local telephone industry consists of
6 19 state assessees, which comprises 5.4 percent of the
7 total number of state assessees, which is located in the
8 bottom right corner of the pie chart in blue.

9 The total 2021 assessed value for the local
10 telephone industry was 6.8 billion, which comprises 5.6
11 percent of the overall state-assessed value, which is
12 located in the top right corner of the pie chart in blue.

13 The first value indicator used by SAPD for the local
14 telephone industry is historical cost, less depreciation,
15 or HCLD for short, which is our traditional landline
16 assessees.

17 This is the historical or original cost of the
18 property minus the accumulated depreciation. It is an
19 important value indicator for closely regulated public
20 utilities.

21 The second value indicator used for our larger,
22 local telephone assessees, is the replacement cost less
23 depreciation, which is the estimate of the current cost
24 to replace the existing property with a new equivalent.

25 Here, staff used index factors applied to the cost

1 of the property by year, and then adjust by a percent
2 good factor to calculate the amount of depreciation.

3 The last value indicator used is the income
4 approach, also known as capitalized earning ability
5 approach. The CEA is a method that converts future
6 anticipated income into present value.

7 Changes in technology have reduced the number of
8 local telephone rate-regulated customers, revenue, and
9 workforce.

10 As a result, local telephone assessees have
11 experienced significant declines in their customer base,
12 resulting in excess network capacity and revenue loss
13 since 2015.

14 In addition, the overall wireline business continues
15 to erode due to the impact of competition and technology,
16 such as, broadband, internet, or wireless offerings.

17 As a result of the decline in wireline business,
18 there has also been an reduction in the workforce. These
19 trends have resulted in a general decline in values for
20 assessees in this industry.

21 The wireless industry consists of 25 state
22 assessees, which comprises 7.2 percent of the total
23 number of state assessees, which is located at the bottom
24 portion of the pie chart in blue.

25 The total 2021 assessed value for the wireless

1 telephone industry was 8.7 billion, which comprises 6.8
2 percent of the overall state-assessed value which is
3 located at the center right portion of the pie chart
4 located in blue.

5 The primary value indicator used by SAPD in the
6 wireless industry is the replacement cost less
7 depreciation, which is the estimate of current costs to
8 replace existing property with a new equivalent.

9 Here staff used index factors applied to the cost of
10 the property by year, and adjust by a percent of good
11 factor to calculate the amount of depreciation.

12 SAPD will also sometimes consider the income
13 approach value indicator, also known as the CEA approach.
14 The CEA is a method that converts future anticipated
15 income into present value.

16 COVID-19 has increased the number of connective
17 devices due to remote work condition. Faster mobile and
18 fixed wireless connections create more appealing
19 alternative to wired connections contributing to the
20 growth of the wireless industry and a shrinking local
21 telephone industry.

22 COVID has also adversely affected the wireless
23 industry financially due to the limited capacity of
24 retail stores, reduced consumer traffic in these
25 locations, and accounts in default.

1 Next, the shutdown of 3G networks, for major
2 carriers is projected to be completed in 2022. This
3 part -- this could have a major impact if not addressed.

4 Older 3G equipment such as handheld devices and
5 tablets must be replaced by users for the device to be
6 functional. 3G was introduced in 2002, but over time,
7 wireless companies have now moved on to 4G and 5G
8 networks.

9 Lastly, 5G is the next generation wireless
10 technology that's expected to change the way people live
11 and work. Companies are racing to have the fastest or
12 largest 5G networks.

13 Countries are also competing to be the first to
14 deploy fully functional nationwide 5G. That's because
15 the benefits of the new technology are expected to fuel
16 transformative new technologies, not just for consumers,
17 but also for business, infrastructure, and defense
18 applications.

19 5G signals run over new radio frequencies, also
20 known as spectrum, which requires additional cost for
21 updating radios and other equipment on cell towers.

22 Carriers are also installing small-cell sites to
23 light poles, walls, or towers.

24 The interexchange telephone industry consists of 166
25 state assessees, which compromise 47.9 percent of total

1 number of state assessees which is located on the left
2 portion of the pie chart in blue.

3 The total 2021 value for the local exchange industry
4 was 5.2 billion, which comprises 4.2 percent of the
5 overall state-assessed value, which is located on bottom
6 right corner in blue.

7 The value used by SAPD in the interexchange industry
8 is the replacement cost less depreciation, which is the
9 estimate of the current cost to replace existing property
10 with a new equivalent.

11 Staff used index factors applied to the cost of
12 property by year, and then adjust by a percent good
13 factor to calculate the amount of depreciation.

14 Fiber optic cables are preferred over electrical
15 cabling when high bandwidth or long distance is
16 required. This type of communication can transmit voice,
17 video, and telemetry through local areas networks or
18 across long distances.

19 Four major factors why optical fiber is used over
20 copper is data rates, distance, installation, and cost.
21 Optical fiber provides more bandwidth than copper, which
22 means, fiber can carry more information than copper.

23 There is also high costs associated with fiber
24 buildouts, which is something we see in our assessments.

25 Telcos are constantly monitoring bandwidth and

1 capacity, and they are adapting and adding capacity to
2 optimize their networks to the new traffic patterns,
3 avoid congestion, and prioritize critical connectivity
4 traffic. They are expanding their network to avoid
5 disruption during this critical time.

6 Many service providers also took steps to ease
7 burdens on customers and employees impacted by the crisis
8 and have removed data caps, even if they are unable to
9 pay their bills.

10 In the US, more than 700 companies and associations
11 have signed the SCC Chairman's Pledge to keep Americans
12 connected to ensure that Americans do not lose their
13 broadband or telephone connectivity as a result of these
14 exceptional circumstances.

15 During the time of the pandemic, they were ensuring
16 that everyone remains connected while being physically
17 isolated around the country.

18 Telecom companies have stepped up and collaborated
19 in unprecedented ways to help the general population.

20 In the last four years, SAPD has seen a decrease in
21 the number of interexchange assessees by twelve percent.
22 This is primarily due to acquisition and mergers of
23 different sizes.

24 When an acquisition or a merger occurs, typically, a
25 purchase price allocation is performed, which reduces the

1 historical cost of the taxable asset.

2 The benefit to an acquisition or a merger is greater
3 customer accounts and cost savings due to redundant
4 buildouts.

5 **MR. MCCOOL:** So members, as we conclude our
6 presentation on industry trends, I hope you have found
7 the material to be helpful and informative. And as we
8 wrap up, we wanted to provide an overview of the two pie
9 charts that we have been referencing throughout today's
10 presentation.

11 On the left, you will see each industry as a
12 percentage of the total number of assessees; and on the
13 right -- I'm sorry -- as you can see on the left, the
14 interexchange companies represent the largest industry
15 group, by far, in terms of the total number of assessees.

16 However, as you can see on the right pie chart --
17 the pie chart on the right-hand side, the gas and
18 electric industry comprises the largest industry in terms
19 of assessed value, by far.

20 So just to give you a picture or comparison of the
21 charts we've been referring throughout the presentation
22 today.

23 Each color on the left is matched by the color on
24 the right. So as you can you see, all interexchange is
25 about half of the assessees. They represent a small

1 number of the overall assessed value.

2 And gas and electric has a, you know -- a reasonably
3 sized pie chart on the left as far as number of
4 assessees, but they do comprise, by far, the largest
5 assessees industry group in terms of assessed value.

6 This concludes our presentation on industry trends
7 affecting values of state assessees. Members, we are
8 happy to answer any questions you may have at this time.
9 Thank you.

10 **MS. COHEN:** Thank you. I have a question about the
11 general -- sorry -- the electric generation companies.

12 **MR. MCCOOL:** Um-hum.

13 **MS. COHEN:** We've all been aware of the impact of
14 the climate change and wildfires on the operations of
15 electric-generated companies, and my question is whether
16 these environmental issues will have a short or long-term
17 impact on the income of these companies that can, or
18 should, be reflected in the property values of the state
19 assessees?

20 **MR. MCCOOL:** So is your question -- I'm sorry, what
21 was the first part of your question? Was it related to
22 just the --

23 **MS. COHEN:** Yeah. So the first part of the question
24 is that we know the impact of climate change. We know
25 the impact of wildfires on the operations of the electric

1 generation companies. I just wanted to know whether
2 these environmental issues will have a short-term affect,
3 or maybe a long-term effect, on the income of these
4 companies?

5 **MR. MCCOOL:** I think, you know, obviously, it's
6 something that can vary differently for specific
7 assessees. Broadly speaking, the issue of -- just taking
8 climate change by itself, the short-term impacts are
9 as -- there's a move from fossil-fuel generated
10 electricity to renewable energy.

11 Currently, there isn't enough renewable energy;
12 therefore, our electric generation, our power plants, are
13 in high demand still, and I think that was reflected in
14 the presentation what we mentioned, the once-through
15 cooling plants, their life -- the allowable life to
16 operate was extended once, and it potentially could be
17 extended again.

18 As time goes on, and more of the utilities operate
19 with more and more renewable energy, our electric
20 generation facilities, the power plants, are likely to
21 not be in as high of demand.

22 So if they're not able to have contracts with the
23 utilities to provide power, then that should, in turn,
24 reduce their revenue.

25 When it comes to the utilities themselves, you know,

1 I think that would be a different story. I think the
2 utilities -- the gas and electric utilities are more
3 impacted by wildfires on an ongoing basis.

4 I don't believe we've really seen the issue with the
5 individual electric generation facilities yet when it
6 comes to the wildfire issue.

7 And I think, generally speaking, because of all of
8 the requirements for renewable energy, as well as the
9 requirements imposed on utilities for hardening of assets
10 in response to the wildfires, those two general trends
11 are fueling the giant capital expenditures that they're
12 making each and every year in the last few years. And
13 how long that continues is something we'll be monitoring
14 very closely.

15 **MS. COHEN:** Okay, so I have another question. It's
16 about landline -- the landline and telephone companies.

17 **MR. MCCOOL:** Um-hum.

18 **MS. COHEN:** So here are just a series of facts that
19 we're aware of. The transition from landlines to cell
20 phones is a very real one.

21 **MR. MCCOOL:** Um-hum.

22 **MS. COHEN:** In 2020, only thirty-six percent of
23 homes in the United States had a landline. This compares
24 with ninety-seven percent of homes that had landlines in
25 2004.

1 In 2020, sixty-three percent of homes relied only on
2 cell phones, and this compares to just three percent in
3 2004.

4 As you can see, there's been -- I'm sure it's
5 reflected in your own family, right?

6 **MR. MCCOOL:** Yeah.

7 **MS. COHEN:** Okay. So my question is, given this
8 seismic change in the way traditional landlines are used,
9 are there any implications for the valuation of companies
10 that have provided traditional landline services?

11 **MR. MCCOOL:** Michelle, did you want to answer that
12 one?

13 **MS. CRUZ:** I'm sorry, Chairwoman, can you repeat the
14 last portion of your question?

15 **MS. COHEN:** Yeah, no problem. So there's been a
16 change with how people communicate, right? We're
17 shifting away from landlines, and we're going to cell
18 phones. And so I wanted to know if there's any
19 implication in the valuation of the company? Is the
20 company still valuable? Is it still profitable?

21 And I'm looking to figure out if the implications
22 for the valuation of the companies that have provided
23 traditional landline services, are you seeing a trend?
24 Are they moving away from landline services and moving
25 back to online as they go about their 5G network?

1 I'm just looking for some of the analysis in the
2 trends that you're seeing for telephone companies.

3 **MS. CRUZ:** Okay. So let me see if I can answer this
4 carefully. Our larger companies have multiple entities,
5 and so some --

6 **MS. COHEN:** Um-hum.

7 **MS. CRUZ:** -- of the equipment have (unintelligible)
8 between the traditional landline and the wireless
9 equipment.

10 **MS. COHEN:** Um-hum.

11 **MS. CRUZ:** And also in certain areas of California,
12 they are in what's called our rural area --

13 **MS. COHEN:** Um-hum.

14 **MS. CRUZ:** -- so they're required to be in those
15 areas. So even if it decreases, it's decreasing very
16 slowly. I still believe landlines will still be around
17 because it's there -- it's not cost-effective for
18 wireless technology to be in rural areas. So --

19 **MS. COHEN:** I'm sorry. Say that last part -- it's
20 not cost-effective for wireless companies for wireless
21 companies --

22 **MS. CRUZ:** For that --

23 **MS. COHEN:** -- to be in rural areas --

24 **MS. CRUZ:** -- for --

25 **MS. COHEN:** -- buildout reasons.

1 **MS. CRUZ:** Um-hum. So right now, because
2 obviously, they started years and years ago, they have
3 copper fiber -- or copper cables running out in rural
4 communities. So for them to redo those lines to fiber to
5 be more -- to have faster data and faster service is just
6 not feasible.

7 **MS. COHEN:** It's just not what? Feasible?

8 **MS. CRUZ:** Feasible, yes. So --

9 **MS. COHEN:** Okay.

10 **MS. CRUZ:** -- they are also looking into -- which I
11 haven't had a chance this season to follow up -- at one
12 point, you may have been on the Board a few years ago
13 when they talked about fixed wireless, which was going --
14 which was a system which they were trying to use wireless
15 equipment, along with wireline equipment, so that they
16 could put cell towers, possibly, in rural areas.

17 So that is also in the works with the FCC. I know
18 they were trying to get approval on it, and I just don't
19 know where it's at as of today.

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

21 Okay. We've got three hands up. We'll go with Mr.
22 Schaefer, Mr. Gaines, Mr. Vazquez.

23 Mr. Schaefer, go ahead.

24 **MR. SCHAEFER:** Thank you, Chair Cohen. I
25 appreciated the statistics you gave us on

1 telecommunications. It wasn't too many years ago that I
2 couldn't live without a fax number, and I had to have a
3 separate telephone answering machine, but that's ancient
4 history now.

5 I have a couple of questions about railroads now.
6 Mr. McCool, I'd like to ask you -- you said something
7 about amount of people allowed on trains. Is that
8 something really in effect?

9 We're not talking about inner city, the travel where
10 they always have standing people. We're talking on
11 nonprivate railroad cars, like, you know, the things we
12 think of as railroads. But I would think that they may
13 say they have a limit so that the value of their property
14 is lowered. When in fact, I think they -- I don't know
15 that they have a limit. I've never been on a train that
16 everybody didn't have a seat, where the people, you know,
17 would have to stand.

18 Is there a problem that requires limitation of
19 number of people allowed on trains, or is that just
20 something dreamed up to affect the valuations?

21 **MR. MCCOOL:** Thank you for the question, Vice Chair
22 Schaefer. So this particular point in our presentation
23 was referring to our passenger excursion trains.

24 So most of our state-assessed railroads are freight
25 operators, but we do have a handful of what you might

1 refer to as an excursion railroad. So they have rides
2 through the country sides; we have a wine train operator,
3 that sort of thing.

4 So what we were specifically referring to was
5 impacts those excursion railroads felt last year due to
6 government-imposed COVID-19 restrictions. So there was
7 actually a period where they couldn't operate. And then
8 when they were allowed to operate again, they had to
9 operate with reduced capacity.

10 So that created a situation that we felt was
11 essentially economic obsolescence, and we made some
12 adjustments last year for the excursion railroads to
13 account for that. So those adjustments would have, in
14 fact, reduced the value of those excursion railroads last
15 year. So the property tax liability would have been
16 lower.

17 It's a little bit early now for me. I haven't seen
18 the data yet for this current assessment year. So we'll
19 have a better idea in the next month or so whether those
20 same impacts were felt by excursion railroads for this
21 particular (indiscernible) date.

22 **MR. SCHAEFER:** How old do our railroads get to be?
23 Do we have any railroads that are safe from World War I
24 era? That would make them one hundred years old. You
25 know, the trains today don't look like the ones in old

1 movies.

2 **MR. MCCOOL:** No. That's for sure. I think
3 railroads are just like every other industry. There's
4 new technology. The locomotives are powered in different
5 ways than they used to be.

6 There are quite a few old trains still out there. I
7 know there's museums and collectors and that type of
8 thing, but I believe some of the locomotives still
9 operating in businesses in California are quite old.

10 **MR. SCHAEFER:** We know where old airplanes go to
11 die. As you drive in the Arizona desert, you see a
12 hundred airplanes in a field that'll be there forever.
13 What happens to old trains? Do they cut them up and bury
14 them? Do they have them here and there, isolated in
15 museums? I would think there'd be enough to have, like
16 the airlines do, a place that people might want to come
17 see old trains.

18 **MR. MCCOOL:** There are a lot of train fans out
19 there. And I know that there are a few hobby clubs that
20 exist that will take on some old trains that no longer
21 have value for operating railroads.

22 I think that some locomotives are scrapped at some
23 point, but I do think there's quite a few that have ended
24 up in museums. So we don't know -- we don't really see
25 the railroad graveyards that you might be referring to

1 with the airplane industry, but there's plenty of
2 railroad museums across this country displaying some of
3 those older locomotives.

4 **MR. SCHAEFER:** Are we taxing only the trains that
5 are actually rolling, then?

6 **MR. MCCOOL:** So there's a little bit of distinction.
7 So when it comes to the state-assessed railroads, if they
8 own or use the property, then it would be potentially
9 taxable. So I think it's conceivable that we would
10 probably have nonoperating railroads that are owned by
11 state assessees.

12 I would imagine that the value of those railroads,
13 of those trains specifically, would be quite low. If
14 they're not operating, there's probably some sort of a
15 mechanical problem, or they may just be older technology.
16 So if we're strictly speaking about state-assessed
17 railroads, those would have very, very little value.

18 **MR. SCHAEFER:** Yeah. Any that are not functioning,
19 I would want us to realize that there's very little value
20 there.

21 **MR. MCCOOL:** Absolutely.

22 **MR. SCHAEFER:** Thank you.

23 **MR. MCCOOL:** Thank you.

24 **MS. COHEN:** Next, I want to hear from Mr. Gaines.

25 **MR. GAINES:** Great. Thank you.

1 I want to thank you for the presentations. They're
2 very helpful. I just had a couple of questions on
3 valuation and how you make these transitions when, in
4 particular, in the wireless arena we've got the 3G
5 networks. And we're starting to upgrade to the 5G.

6 And I'm trying to figure out, how does that impact
7 the revenue that comes into the state as a result of a
8 generational change in technology? And is there a period
9 of time where you have depreciated 3G network, so you see
10 a decline in revenue that then is supplemented by newer
11 technology that increases revenue? What does that look
12 like in terms of through a transition?

13 **MR. MCCOOL:** So for our property tax assessments for
14 the telecommunications industry, the primary valuation
15 indicators are actually the cost approach. So just
16 specifically referring to the revenue angle isn't
17 necessarily as much of a direct impact on
18 telecommunication values.

19 However, to your point about 3G networks operating
20 at the same time as a 5G buildout, there are obviously
21 duplicative costs operating different or parallel
22 networks. So part of the reason for no longer operating
23 a 3G network is to no longer have those costs, and to no
24 longer have that property on the books.

25 So yeah. From just a property tax state-assessed

1 standpoint, the buildout of the newer networks will be
2 that -- sort of that same appraisal thought is replacing
3 older, more depreciated property with newer, less
4 depreciated property, which, generally speaking, will
5 result in an increase in the assessed value.

6 **MR. GAINES:** Right, okay. And would that be the
7 same for wildfire damage? So if you look at a railroad,
8 and let's say, some the ties catch fire.

9 **MR. MCCOOL:** Right, right, right. That's exactly
10 right. So as those fires damage railroad property, for
11 example, or a trestle is damaged, it could potentially
12 affect the railroads in different ways.

13 Some of the income-generating railroads, if there's
14 a particular route -- I'm just making an example --
15 somewhere in a canyon or a mountain, and they can no
16 longer get through that area due to either a wildfire or
17 damage to their line, then they would have to reroute
18 that freight to a different set of tracks, which could
19 potentially increase operating costs, delay, freight from
20 delivery, change the rates they're able to charge.

21 So for the income-generating railroads, it could
22 potentially have a negative impact on the revenue, which
23 could potentially lower the value.

24 Just looking at it from some of the other railroads
25 that we have that aren't necessarily income positive --

1 and we may use a cost approach; that's the same idea.
2 The older railroad property that was damaged would be
3 replaced by something that's newer and less depreciated,
4 which, actually, could increase the assessed value. So
5 it would just depend on the specific operator and the
6 specific circumstances.

7 **MR. GAINES:** Okay. All right, great. And can you
8 help me with this Diablo Canyon --

9 **MR. MCCOOL:** Oh, okay.

10 **MR. GAINES:** -- facility? It's going to get shut
11 down in a couple of years. And I'm just trying to figure
12 out how that works because you're going to -- it's going
13 to get decommissioned, right? And so does the value go
14 down to zero?

15 **MR. MCCOOL:** So Diablo Canyon is owned and operated
16 by PG&E. So we have worked very closely with PG&E to
17 develop a valuation model to draw down the value of the
18 facility as it reaches its end date.

19 So you know, there's -- without getting too
20 technical, there's certain equipment that will have to
21 remain beyond the closure of the facility. So there will
22 be still some property there that will be assessed. I
23 mean, that's something that we've been working very
24 closely with PG&E, as well as San Luis Obispo County, for
25 a number of years now.

1 Once the facility ceases generating electricity, it
2 will still have -- I'm definitely not an expert at
3 nuclear technology. But I know there will be staff on
4 site, and there will be things that they need to do to
5 maintain the certain parts of the infrastructure related
6 to the nuclear generation.

7 **MR. GAINES:** Okay, okay. And if it gets extended,
8 let's say, that we're still -- because there's been
9 issues of blackouts in the State of --

10 **MR. MCCOOL:** Yeah.

11 **MR. GAINES:** -- California, and there's questions
12 about reliability with regards to renewable energy.

13 **MR. MCCOOL:** Right.

14 **MR. GAINES:** So from a valuation standpoint, let's
15 say it gets -- say they were going to decommission in
16 three years, and now they're looking at a six-year time
17 frame. How do you handle the valuation if it's kind of a
18 start-stop sort of sequence?

19 **MR. TRAN:** Jack, I want to -- I want to jump in. We
20 don't --

21 **MR. GAINES:** Sure.

22 **MR. TRAN:** -- assess the Diablo Canyon Nuclear Power
23 Plant.

24 **MR. MCCOOL:** Well, so the Diablo Canyon Power Plant
25 is assessed as part of PG&E's --

1 **MR. TRAN:** Right.

2 **MR. MCCOOL:** -- assessment. It's not assessed as a
3 separate facility as we do in the general -- in the
4 electric generation industry per se. So for that
5 industry, each facility is a separate assessee
6 essentially.

7 So I think one of the points we were trying to make
8 in the presentation today is, as Diablo Canyon reaches
9 its end date, there's a certain amount of generating
10 capacity that will no longer be available for the state.
11 And I know, more broadly speaking, there is a hope that
12 renewables will make up that difference. You know, it's
13 certainly not something that our property tax staff can
14 predict, whether there will be sufficient renewable
15 capacity to make up the loss of Diablo Canyon's
16 generating capacity.

17 So it's our expectation that our electric generation
18 facilities will be in higher demand once that facility
19 closes down because there will just be a need to replace
20 that generating capacity. So I think the overall value
21 trend in relation to Diablo Canyon would actually be a
22 little bit less focused on PG&E's valuation, because of
23 the expanse of their operations overall.

24 It would actually probably have more of a direct
25 impact on some of our electric generation facilities that

1 will just be needed to -- they'll need to run longer than
2 they would otherwise if Diablo Canyon hadn't closed.

3 **MR. GAINES:** Natural gas?

4 **MR. MCCOOL:** Well, natural gas --

5 **MR. GAINES:** In terms of solar? I'm just --

6 **MR. MCCOOL:** Yeah. So all of the state-assessed
7 utilities are still trying to meet those renewable goals.
8 And moving away from fossil fuels would include moving --
9 having less reliance on natural gas.

10 I personally don't know where the state stands in
11 terms of natural gas as part of the overall generating
12 and how much percent of our electricity is coming from
13 renewables. I just don't know those numbers. But as we
14 mentioned in his presentation, the natural gas -- natural
15 gas is still the primary fuel for our electric generation
16 facilities. So as those facilities continue to operate,
17 they still need that fuel.

18 So I think in the short term, I don't know that
19 we're really expecting our electric generation facilities
20 to start fading away. A longer trend would be the more
21 of the state's electricity is coming from renewables,
22 then the less we will see -- the less operation we'll see
23 from the facilities that we're assessing now.

24 **MR. GAINES:** Right. And then you'll see valuation
25 transitioning --

1 **MR. MCCOOL:** Correct.

2 **MR. GAINES:** -- to new energy creation by utilities
3 in different areas, I guess?

4 **MR. MCCOOL:** Correct.

5 **MR. GAINES:** All right. That's great. Thank you.
6 I appreciate it.

7 **MR. MCCOOL:** Thank you.

8 **MS. COHEN:** Okay. Mr. Vazquez, and then we'll hear
9 from Yvette Stowers.

10 **MR. VAZQUEZ:** Thank you, Madam Chair. First of all,
11 thank you, Mr. McCool, for your in-depth presentation,
12 and kudos to all your staff. It was a very informative
13 presentation. I just had a couple quick questions.

14 Let me take the first one and kind of touch on -- I
15 think you kind of hit it a little bit in terms of the --
16 regarding the 5G network --

17 **MR. MCCOOL:** Um-hum.

18 **MR. VAZQUEZ:** -- technology and infrastructure, and
19 such is these towers and equipment. I've read that this
20 industry is projected to grow more than seventy percent
21 within the next five years, and its market size is
22 estimated to reach eighty billion within the same period.
23 Do we have the sufficient resources to handle this
24 growth, i.e. staff, as well as expertise to effectively
25 assess the sector? I was wondering if you have any

1 concerns or projections on those evaluations.

2 **MR. MCCOOL:** I personally don't have any concerns.
3 I mean, we have, thankfully, a very capable staff. Just
4 speaking to the wireless staff in particular, we have a
5 lead there that's more than capable.

6 Part of our collaboration with our state assessees
7 is to learn more about this new technology, to have an
8 understanding of what some of the plans are and what we
9 should be expecting to see from their annual property
10 statements in the coming years. We have very good
11 partners in this arena from the industry side.

12 From a property tax assessment perspective, we have
13 our annual property statement that the assessees are
14 required to file. And that is the basis that we use to
15 determine our assess values on an annual basis. So from
16 the technical side of 5G how it works relative to 4 or 3G
17 is a little bit less important for our staff.

18 We certainly try to stay as informed as we can. But
19 at the end of the day, it still comes back to those
20 numbers reported on the property statement.

21 **MS. CRUZ:** Jack, may I add something?

22 **MR. MCCOOL:** Absolutely.

23 **MS. CRUZ:** Mr. Vazquez, just so you know, we do meet
24 with our very large wireless assessees on a yearly basis
25 in which they provide presentations with lots of

1 information regarding what's going on, specifically with
2 their company and within the industry. So we are very
3 well informed in the wireless industry.

4 **MR. VAZQUEZ:** And I guess my -- part of that
5 question was -- and it sounds like you both feel pretty
6 comfortable with the staffing levels we have to handle
7 that moving forward, especially as it grows.

8 **MR. MCCOOL:** Yes. I mean, we currently have some
9 vacancies, and we always have a little bit of a challenge
10 trying to remain fully staffed. As I'm sure all of you
11 are very aware, we experienced significant number of
12 retirements a few years ago. And we're still working
13 through the transition and succession planning from our
14 staff.

15 We've been very fortunate that we have a tremendous
16 amount of very good, very qualified staff. So from the
17 top end of how our staff is currently structured, I feel
18 very -- I'm actually quite pleased on the level of
19 expertise that we have. Some of the challenges from a
20 staff team perspective have just been filling some of
21 those vacancies more at the bottom of the pyramid if we
22 can refer to it that way.

23 So we do have some vacancies that we would like to
24 fill with, for lack of a better term, assistant-level
25 appraisers, auditor appraisers, the newer, less-

1 experienced group. So we have had some challenges
2 filling some of those vacancies. But from the senior
3 level, we're in a very good position.

4 **MR. VAZQUEZ:** Thank you. And then just my last
5 quick question was -- is, you mentioned about
6 collaborating with larger state assessees, and that you
7 have open communications with them all year long.

8 **MR. MCCOOL:** Yes.

9 **MR. VAZQUEZ:** And has that department received any
10 indication regarding a (indiscernible) in a specific
11 sector that is worth noting or worth talking about to get
12 ahead of some of these issues that might arise in the
13 near future?

14 **MR. MCCOOL:** I'm not sure.

15 And I don't know, Michelle, if you have anything you
16 can think of.

17 I mean, I think we've tried very much to incorporate
18 a lot of what we have been hearing with some of our
19 assessee communications and meetings in today's
20 presentation. I think there's always emergent issues
21 that can arise during the appraisal season, so I'm sure
22 we'll still see a few surprises between now and when we
23 convene in May.

24 Working very closely with our assessee partners is a
25 key part of our operation. And I think it goes a long

1 way on both sides to -- not only keeping our staff
2 informed, but improving our end product, our assess
3 valuations.

4 **MR. VAZQUEZ:** Thank you.

5 **MS. COHEN:** Mr. Vazquez, are you done?

6 **MR. VAZQUEZ:** Yes, thank you.

7 **MS. COHEN:** Perfect.

8 **MR. VAZQUEZ:** Thank you, Madam Chair, on the --

9 **MS. COHEN:** No problem.

10 Okay. Ms. Stowers, the floor is yours.

11 **MS. STOWERS:** Thank you, Madam Chair. I just want
12 to quickly -- on behalf of the Controller, I would like
13 to just thank Mr. McCool and his team for this
14 outstanding presentation. This is exactly what she
15 envisioned when she asked for it this past May. And on a
16 bonus note, it's just nice to see your team members, to
17 see and --

18 **MR. MCCOOL:** Thank you.

19 **MS. STOWERS:** -- hear how intelligent and qualified
20 and diverse that they are. So kudos --

21 **MR. MCCOOL:** Thank you.

22 **MS. STOWERS:** -- to you and to your entire team.
23 Thank you.

24 **MR. MCCOOL:** Thank you for that. Thank you very
25 much. I appreciate that.

1 **MS. COHEN:** All right. Thank you.

2 Seeing that there are no other hands up, we will
3 continue moving forward. This is an informational item.
4 Let's see if there's any public comment on it.

5 Ms. Taylor?

6 **MS. TAYLOR:** Thank you.

7 AT&T moderator, please let us know if there is
8 anyone on the line who would like to make a public
9 comment regarding this matter.

10 **AT&T MODERATOR:** And to make a public comment from
11 the phone lines, please press 1 and then 0 at this time.
12 Once again, that's 1-0 for any public comment.

13 We have no public comments in the queue. Please
14 continue.

15 **MS. COHEN:** Okay. Ms. Taylor, seeing that there's
16 no public comment, could you please call the next item?

17 **MS. TAYLOR:** It looks like we may --

18 **MS. COHEN:** Oh, I'm sorry.

19 **MS. TAYLOR:** -- have a hand with Mr. Gaines.

20 **MS. COHEN:** I'm sorry. Wait, hold on. Before you
21 call the next item, Mr. Gaines, is that your hand? Is
22 that a fresh hand up?

23 **MR. GAINES:** Yes, thank you. If I could just -- one
24 more question.

25 **MS. COHEN:** Yes.

1 **MR. GAINES:** Yeah. Could Mr. McCool help us with
2 total valuation of assess value by industry and then
3 revenue?

4 **MR. MCCOOL:** The revenue component is a little bit
5 trickier --

6 **MR. GAINES:** Okay.

7 **MR. MCCOOL:** -- because we are not the ones that
8 would apply the property tax rate, and we don't collect
9 the actual tax. I could probably provide an estimate. I
10 wouldn't -- we attempt to calculate an average statewide
11 unitary tax rate each year. I don't have that off the
12 top of my head at the moment.

13 **MR. GAINES:** Okay.

14 **MR. MCCOOL:** But we could marry that number to our
15 total assess value to come up with an estimated amount of
16 property tax revenue.

17 I believe -- and please don't quote me -- I believe
18 when we issued the news release last May, reporting the
19 unitary values setting adopted by the Board, I believe
20 the news release, I want to say, said -- \$1.99 billion in
21 local revenue generated, I believe was the number.

22 **MR. GAINES:** Okay, all right. That's great. Is
23 that something that you could update us on either later
24 in the day or tomorrow?

25 **MR. MCCOOL:** Absolutely. And you know what, in

1 fact, I will include that on my division report later
2 today.

3 **MR. GAINES:** Oh, that's great. Thank you.

4 **MR. MCCOOL:** And I'm sorry. Member Gaines, you just
5 wanted to know the total assess value as well as the
6 estimated revenue generated?

7 **MR. GAINES:** Yes.

8 **MR. MCCOOL:** Okay.

9 **MR. GAINES:** Yes.

10 **MR. MCCOOL:** Perfect.

11 **MR. GAINES:** Thank you. For state-assessed, yeah.

12 **MR. MCCOOL:** Okay. Thank you.

13 **MS. COHEN:** All right, great. Thank you.

14 Mr. McCool, I do want to acknowledge your great
15 presentation today. Thank you. And to the entire
16 team -- Cruz, Tran, Williams -- we appreciate your
17 thoughtful contributions to today's presentation; very
18 informative.

19 **MR. MCCOOL:** Thank you.

20 **MS. COHEN:** Ms. Taylor, with that, please call the
21 next item.

22
23 **MS. TAYLOR:** The next item is F-1, Other Tax Program
24 Nonappearance Matters, Property Tax Audits. Mr. McCool
25 will --

1 **MS. COHEN:** Great, thank you.

2 **MS. TAYLOR:** -- present three items for your
3 consideration, which may be noted on individually or
4 collectively. Contribution disclosure forms are not
5 required for these items, as these matters are a
6 constitutional function.

7 Ms. Stowers is not participating in accordance with
8 Government Code Section 7.9.

9 The audits are:

10 A, Northwestern Pacific Railroad Company (0827);

11 B, Telespan Communications, LLC (7956);

12 C, Time Warner Cable Information Services
13 (California), LLC) (8063).

14 This matter will be presented by Mr. McCool.

15 **MR. MCCOOL:** Good morning again, Chair Cohen, and
16 Honorable Members. For the record, Jack McCool, Chief of
17 the State-Assessed Properties Division.

18 The State-Assessed Properties Division performs
19 routine audits of state assessees under the authority of
20 California Revenue and Taxation Code Section 828 and
21 Government Code Section 15618.

22 The purpose of a property tax audit is to determine
23 the accuracy, completeness, and reliability of the
24 financial data furnished by state assessees used by the
25 Board in the valuation process. Audits also include an

1 internal review of the methods, calculations, and
2 assumptions used by the State-Assessed Properties
3 Division staff.

4 Before you today for your consideration are three
5 property tax audits completed by State-Assessed Property
6 Division staff. The assessees have been presented with a
7 copy of the audit report, and provided an opportunity to
8 provide additional information in response to the audit
9 report and findings.

10 I am available to answer any questions, if needed.
11 And I ask for your adoption of these three audits. Thank
12 you.

13 **MS. COHEN:** All right. Thank you very much.

14 Do we have any questions?

15 **MR. GAINES:** Just if I could, make just a comment --

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

17 **MR. GAINES:** So it's my understanding that there's
18 been coordination with these three entities and the Board
19 of Equalization in terms of coming to accurate audits on
20 each of them.

21 **MR. MCCOOL:** That is correct, Member Gaines. In
22 each instance when we've completed an audit, we transmit
23 the full audit report and findings to the assessee. They
24 are provided a thirty-day window if they wish to
25 challenge any of the audit findings or provide additional

1 information. I am not aware of any outstanding
2 objections or issues related to any of these three
3 audits.

4 **MR. GAINES:** Wonderful. Thank you for working with
5 them and letting them provide the information that was
6 needed to get an accurate evaluation.

7 **MR. MCCOOL:** Of course. Thank you.

8 **MS. COHEN:** Great, okay. I see no other hands up.
9 Let's go ahead and take public comment.

10 **MS. TAYLOR:** AT&T moderator, please let us know if
11 there is anyone on the line who would like to make a
12 public comment regarding this matter.

13 **AT&T MODERATOR:** And once again, for a public
14 comment, please press 1-0 at this time.

15 We have no public comments in queue. Please
16 continue.

17 **MS. COHEN:** All right. Thank you.

18 Question, I'd like to entertain a motion to accept
19 the staff recommendation on Item F-1, the property tax
20 audit.

21 **MR. GAINES:** Second.

22 **MS. COHEN:** Thank you.

23 Could we get a roll call vote, Ms. Taylor?

24 **MS. TAYLOR:** Certainly.

25 Chair Cohen made a motion to accept the staff

1 findings for the audit, with Member Gaines seconding.

2 Chair Cohen?

3 **MS. COHEN:** Aye.

4 **MS. TAYLOR:** Vice Chair Schaefer?

5 **MR. SCHAEFER:** Aye.

6 **MS. TAYLOR:** Member Gaines?

7 **MR. GAINES:** Aye.

8 **MS. TAYLOR:** Member Vazquez?

9 **MR. VAZQUEZ:** Aye.

10 **MS. TAYLOR:** Deputy Controller Stowers not

11 participating. The motion passes.

12 **MS. COHEN:** All right. Thank you very much. Please
13 call F-2.

14 **MS. TAYLOR:** The next item is F-2, Other Tax Program
15 Nonappearance Matters, Land Escaped Assessment. Mr.
16 McCool will present eight items for your consideration,
17 which may be voted on individually or collectively.
18 Contribution disclosure forms are not required for these
19 items, as these matters are a constitutional function.

20 Ms. Stowers is not participating, in accordance with
21 Government Code Section 7.9.

22 The land escaped assessments are:

23 A, Pacific Gas and Electric Company (0135);

24 B, Southern California Edison (0148);

25 C, BNSF Railway (0804);

1 D, Los Angeles SMSA, Ltd. Partnership dba Verizon
2 Wireless (2532);

3 C (sic), Fresno MSA Limited Partnership dba Verizon
4 Wireless (2552);

5 F, Cellco Partnership dba Verizon Wireless (2559);

6 G, Sprint Spectrum LP (2720);

7 H, Race Telecommunications, Inc. (8099).

8 Mr. McCool?

9 **MR. MCCOOL:** Let me be the first to say good
10 afternoon, Chair Cohen, and Honorable Members of the
11 Board. Once again, Jack McCool, Chief of the State-
12 Assessed Properties Division.

13 I am here this afternoon to present eight escape
14 assessments to the Board's consideration. These items
15 will represent property that the assessees failed to
16 report timely, and as a result, escaped assessment. All
17 eight assessees have been notified of the escape
18 assessments, and have been given an opportunity to
19 provide additional information to change our escape
20 assessment findings.

21 I am available should you have any questions. And I
22 ask for the Board's adoption of these escaped
23 assessments. Thank you.

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

25 Mr. Gaines, I see your hand. You can go first.

1 **MR. GAINES:** Thank you. I just wanted to clarify.
2 When we had discussed this earlier -- when I
3 discussed this earlier with you, Mr. McCool, I just
4 wanted to clarify that in some of these cases, these are
5 smaller entities, is what I think you had explained. And
6 maybe they were perhaps not aware of the particular
7 deadline.

8 And in other cases, they're much larger entities,
9 and just trying to get a handle on all their different
10 properties that they own. It's almost by nature that
11 some of them are going to get missed.

12 But they've all been given adequate warning and knew
13 what the deadlines are, or should have known that.
14 Hopefully, I'm describing that accurately.

15 **MR. MCCOOL:** I believe you are, yes. You are
16 correct.

17 **MR. GAINES:** Yeah. Okay, very good. Thank you.

18 **MR. MCCOOL:** Thank you.

19 **MS. COHEN:** Very good. Thank you.

20 Okay. I see no other hands. Let's go to public
21 comment and then I'll entertain the motion.

22 **MS. TAYLOR:** Ms. Cohen, we are having a difficulty
23 with the closed-captioner. So we might need to take a --
24 pause a moment here. I'm trying to gather more
25 information.

1 **MS. FLEMING:** Chair Cohen and members, would you
2 like a five-minute break?

3 **MS. COHEN:** Sure.

4 All right. We'll reconvene at 12 -- eleven minutes
5 after 12.

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

7 Thank you, staff.

8 (Whereupon, a recess was held)

9 **MS. TAYLOR:** (Indiscernible) the motion; and who
10 made the second?

11 **MS. COHEN:** I made the motion, and Gaines made the
12 second.

13 **MS. TAYLOR:** Thank you. All right. We will now
14 return to Item F-2, Other Tax Program Nonappearance
15 Matters, with Mr. McCool.

16 **MS. COHEN:** Okay. Thank you.

17 Mr. McCool, are you ready?

18 **MR. MCCOOL:** Yes. Should I restate --

19 **MS. COHEN:** No.

20 **MR. MCCOOL:** -- everything on the -- okay.

21 **MS. COHEN:** That's all right. We don't need to
22 restate --

23 **MR. MCCOOL:** Perfect. Okay. Okay.

24 **MS. COHEN:** -- we were going to public comment.

25 **MR. MCCOOL:** Thank you.

1 **MS. COHEN:** That's all right.

2 **MR. MCCOOL:** Okay.

3 **MS. COHEN:** No problem.

4 Ms. Taylor, we're going to go to public comment for
5 the F-2 Item.

6 **MS. TAYLOR:** Oh, thank you. AT&T Moderator, could
7 you please let us know if there is anyone on the line who
8 would like to make a public comment on this matter.

9 **AT&T MODERATOR:** And once again, for any public
10 comments, please press 1, then 0 at this time.

11 We have no public comments from the phone line;
12 please continue.

13 **MS. COHEN:** Thank you. We appreciate that. So what
14 I'd like to do, is I'd like to entertain a motion to
15 accept the staff recommendations on Item F-2, the Land
16 Escaped Assessments. Is there a second?

17 **MR. VAZQUEZ:** Second --

18 **MR. SCHAEFER:** I second.

19 **MR. VAZQUEZ:** Whoops -- go ahead.

20 **MS. COHEN:** Second by Mr. Vazquez.

21 Please call the roll.

22 **MS. TAYLOR:** All right. And Chair Cohen, you were
23 the maker of the motion?

24 **MS. COHEN:** Correct.

25 **MS. TAYLOR:** Thank you. Chair Cohen.

1 **MS. COHEN:** Aye.

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

3 **MR. SCHAEFER:** Aye.

4 **MS. TAYLOR:** Member Gaines.

5 **MR. GAINES:** Aye.

6 **MS. TAYLOR:** Member Vazquez.

7 **MR. VAZQUEZ:** Aye.

8 **MS. TAYLOR:** Deputy Controller Stowers not
9 participating.

10 The motion passes.

11 **MS. COHEN:** Thank you very much. All right. Let's
12 continue. Please call the next item.

13 **MS. TAYLOR:** Our next item is G-1, Rulemaking,
14 Regulation 6001, General Provisions. Proposed adoption
15 of amendments to appendices A and B to Regulations 6001
16 containing the Board's conflict of interest code. This
17 item will be proposed by Ms. Himovitz.

18 **MS. HIMOVITZ:** Good morning, Chair Co -- oh. Good
19 afternoon, hi. It's not morning anymore. Good
20 afternoon, Chair Cohen and Honorable Members of the
21 Board. I'm Julia Himovitz with the legal department.
22 Today for the Board's consideration, staff has submitted
23 proposed changes to the Board's conflict of interest code
24 and is requesting approval and authorization to initiate
25 the regulatory process consistent with these proposed

1 amendments.

2 Specifically, as reflected in the attachments, the
3 proposed amendments are changes to appendices A and B to
4 California Code of Regulations, Title XVIII, Section
5 6001.

6 Appendix A contains the Board's listing of all
7 employee positions that are required to report certain
8 economic interests based on their duties for the Board.
9 The proposed changes to Appendix A are based upon staff's
10 review of the Board's current organizational chart, the
11 job descriptions for each of the positions shown on the
12 chart. These proposed amendments also reflect input from
13 each of the BOE departments and divisions that report to
14 the Executive Director, as well as the recommendation of
15 the fair political practice commission staff.

16 Appendix B contains the Board's number disclosure
17 categories, which each describe different types of
18 reportable economic interests. Appendix A designates the
19 Board's positions that involve making or participation in
20 the making of decisions, which may foreseeably have a
21 material effect on any financial interest, and specifies
22 each listed position's reportable economic interest by
23 reference to the number disclosure categories in Appendix
24 B.

25 These appendices were last amended in 2015, so

1 today's proposed amendments would more accurately reflect
2 the BOE employee disclosure requirements consistent with
3 the intent and purpose of the political reform act.

4 Upon approval of the proposed amendments, staff will
5 file the initial rulemaking package with OAL and submit
6 the notice documents to all BOE staff and interested
7 parties. Accordingly, we request that the Board adopt
8 the proposed amendments to the Board's conflict of
9 interest code and authorize staff to start the formal
10 rulemaking process. Thank you.

11 **MS. COHEN:** Thank you. All right, colleagues, do we
12 have any questions?

13 Ms. Stowers?

14 **MS. STOWERS:** Thank you, Chair Cohen. Thank you,
15 Ms. Himovitz, for your presentation. I just want to
16 acknowledge the adjustments that you've made on the
17 categories as it relates to the Executive Director, and
18 as Deputy to the board member, I appreciate you hearing
19 my concerns and addressing those categories.

20 And overall, I'm still a little concerned with the
21 lack of timeliness of this change. It is not a
22 reflection on you. It is just looking back the Board of
23 Equalization went through a major reorganization in 2017,
24 and many of these positions and divisions were no longer
25 part of the Board of Equalization, but yet we went five

1 years without legal -- Chief Counsel making the necessary
2 adjustments. That's five reporting periods that the BOE
3 employees did not have accurate information.

4 That's just my observation, but I'm happy that we're
5 getting to it now.

6 **MS. COHEN:** Yeah. Thank you for that observation,
7 very serious.

8 **MS. STOWERS:** Um-hum.

9 **MS. HIMOVITZ:** Yeah. Thank you for pointing that
10 out, and we're hoping to be doing this more regularly,
11 and as you know, this was something that we wanted to
12 make a priority, and so I really appreciate you bringing
13 that up today. And we hope to do this on a more regular
14 basis moving forward.

15 **MS. STOWERS:** Thank you.

16 **MR. GAINES:** Comment, if I could -- Member Gaines.

17 **MS. COHEN:** Absolutely.

18 **MR. GAINES:** You know, I think we -- if we reflect
19 on it in terms of the changes that have happened at the
20 BOE, we were sworn in in January of '19, and we had to
21 recreate the legal department. And so we started with a
22 skeleton crew, and I think they were over-burdened for a
23 period of time because they have so many duties.

24 I'm looking to make an excuse. I'm just saying that
25 we had to recreate the agency in many different ways.

1 And so I'm glad that we've gotten to the point where this
2 has been edited and adjusted to the new BOE as it exists
3 today.

4 So thank you, Julia, I appreciate it.

5 **MS. HIMOVITZ:** You're welcome. Thank you.

6 **MS. COHEN:** Thank you. Colleagues, I see no other
7 hands up, so let's go ahead and take public comment on
8 this item --

9 **MS. TAYLOR:** Thank you.

10 **MS. COHEN:** -- then we'll take action.

11 **MS. TAYLOR:** AT&T Moderator, please let us know if
12 there is anyone on the line who would like to make a
13 public comment, regarding this matter.

14 **AT&T MODERATOR:** And once again, for any public
15 comments at this time, please press 1 -0.

16 We have no public comments from the phone line;
17 please continue.

18 **MS. COHEN:** Great. Thank you very much. Seeing
19 that there is no other discussion for this item, may I
20 have a motion to approve?

21 **MS. STOWERS:** This is Yvette Stowers --

22 **MR. VAZQUEZ:** (Indiscernible) --

23 **MS. STOWERS:** -- first move.

24 **MR. VAZQUEZ:** Oh -- go ahead.

25 **MS. COHEN:** Okay. A motion moved by Ms. Stowers and

1 will second by Mr. Vazquez.

2 Let's call the roll.

3 **MR. VAZQUEZ:** Madam Chair, though -- I think we
4 should state in the motion that we're approving the
5 staff's amendments to regulation 6001, right?

6 **MS. COHEN:** Right. So --

7 **MR. VAZQUEZ:** If we could just state that for the
8 record, that's all.

9 **MS. COHEN:** Restate the motion Ms. Stowers to
10 approve the amendments.

11 **MS. STOWERS:** Yes, Madam Chair. My motion is to
12 approve staff's amendment to regulation 6001, State Board
13 of Equalization conflict of interest code and move
14 forward with the rulemaking process.

15 **MS. COHEN:** And Mr. Vazquez, is there a second?

16 **MR. VAZQUEZ:** And I'll second that, yeah.

17 **MS. COHEN:** All right, great. Ms. Taylor, please
18 call the roll.

19 **MS. TAYLOR:** Chair Cohen?

20 **MS. COHEN:** Aye.

21 **MS. TAYLOR:** Vice Chair Schaefer?

22 **MR. SCHAEFER:** Aye.

23 **MS. TAYLOR:** Member Gaines?

24 **MR. GAINES:** Aye.

25 **MS. TAYLOR:** Member Vazquez?

1 **MR. VAZQUEZ:** Aye.

2 **MS. TAYLOR:** Deputy Controller Stowers?

3 **MS. STOWERS:** Aye.

4 **MS. TAYLOR:** The motion passes.

5 **MS. COHEN:** Great. All right. Thank you very much.

6 **MS. TAYLOR:** Thank you.

7 **MS. COHEN:** And the next item?

8 **MS. TAYLOR:** The next item is J-1, Administrative
9 Consent Agenda, Approval of the Board Meeting Minutes.
10 The minutes of February 23rd, 2022, and March 22nd, 2022,
11 were attached to the public agenda notice for your
12 consideration.

13 **MS. COHEN:** Great. Thank you. All right. J-1,
14 Administrative Consent Agenda.

15 Colleagues, are there any corrections to the
16 minutes?

17 All right. Seeing none. Members would anyone
18 like -- let's take public comment, and then -- let's take
19 public comment on this item.

20 **MS. TAYLOR:** AT&T Moderator, please let us know if
21 there's anyone on the line who would like to make a
22 public comment regarding this matter.

23 **AT&T MODERATOR:** For any public comment, please
24 press 1-0 at this time.

25 We have no public comments from the phone lines;

1 please continue.

2 **MS. COHEN:** Great. Thank you. Members, anyone like
3 to make a motion on this item?

4 **MR. VAZQUEZ:** Sure. I'll move to adopt the February
5 23rd, 2022, and March 22nd, 2022, minutes as distributed.

6 **MS. COHEN:** All right. Is there a second?

7 **MR. GAINES:** I'll second --

8 **MS. COHEN:** I'll second that motion.

9 **MR. GAINES:** Okay.

10 **MS. COHEN:** I'll second -- Cohen will second that
11 motion. Let's -- Ms. Taylor, could we -- could you
12 please call the roll?

13 **MS. TAYLOR:** Certainly. Chair Cohen?

14 **MS. COHEN:** Thank you. Aye.

15 **MS. TAYLOR:** Vice Chair Schaefer?

16 **MR. SCHAEFER:** Aye.

17 **MS. TAYLOR:** Member Gaines?

18 **MR. GAINES:** Aye.

19 **MS. TAYLOR:** Member Vazquez?

20 **MR. VAZQUEZ:** Aye.

21 **MS. TAYLOR:** Deputy Controller Stowers?

22 **MS. STOWERS:** Aye.

23 **MS. TAYLOR:** The motion passes.

24 **MS. COHEN:** All right. Thank you. Please call the
25 next item.

1 **MS. TAYLOR:** The next item is K-1.a, Executive
2 Director's Report, Organizational Update; report on the
3 status of pending and upcoming organizational priorities.
4 This matter will be presented by Ms. Fleming.

5 **MS. FLEMING:** Thank you. Madam Chair, and Honorable
6 Members, I'm Brenda Fleming, for the record, the
7 Executive Director.

8 Members, this month's report has four items that
9 I'll highlight today.

10 The first is an update on returning to in-person
11 meetings beginning April 1st; an update on the restore
12 delegation authority for appointments, exams, and hires;
13 the third item is an update on the recent advisory
14 council meeting and finally, members, just an update to
15 cover some of the upcoming meetings -- notes on meetings,
16 and important events.

17 Members, the governor's executive orders, which
18 we've described before, that extended Assembly Bill 361,
19 ends March 31st. Therefore, members, we will be resuming
20 our in-person meetings held at 450 N Street, in
21 Sacramento, beginning April 1st, as I mentioned. The
22 legislation that the legislature is considering is moving
23 slowly, and so would not be taking effect to allow us to
24 continue with remote meetings. So at this point, again,
25 we'll be resuming meetings beginning April 1st.

1 Next, members, I'm pleased to report that the State
2 Personnel Board has approved our request which granted
3 delegated authority to BOE for appointments, exams, and
4 hires. In essence, members, what this means is without
5 this delegation before, the process involved review and
6 approval by both CDTFA's HR, and CalHR, so we went
7 through three agencies to handle personnel matters.

8 The result, members, of the restore delegation --
9 and that -- given that authority back, is that the
10 process now involves working only with CDTFA, which makes
11 the hiring process more efficient, and obviously more
12 expedient. This is a testament to the management team's
13 good work and to your leadership, members, and so we're
14 very pleased to announce this. And so, at this point,
15 effective as of March 10th, that delegation has been
16 restored, and we're working with CDTFA only. So kudos to
17 all.

18 Next, members, the advisory council met on February
19 28th. I was delighted with the level of robust
20 discussion and engagement by advisory council members and
21 staff. We discussed, just in general, affordable
22 housing, Proposition 19, and education and outreach
23 methods to have the advisory council members partner with
24 us to ensure that the citizens of California and range of
25 taxpayers, and state assessors, are kept informed about

1 these important matters.

2 I greatly appreciate the collaboration and
3 commitment from the advisory council as they commit to
4 help us, again, get these messages out. I again want to
5 thank them and thank the staff for their participation --
6 and just raising this as a priority and important, to
7 make sure, again, everyone is informed.

8 Finally, members, as we look at the year ahead, I'd
9 like to highlight a few of the important dates on the
10 horizon.

11 In April of 2022, the 2022 Central-Southern
12 California Assessors' Association annual conference will
13 be held in Pismo Beach, California.

14 On June 2nd, 2022, the California Taxpayers
15 Association is hosting their 96th annual meeting in
16 Sacramento.

17 Tentatively, in October of 2022, members, we will
18 hold our annual meeting with the assessors.

19 And then finally, in November of 2022, the 120th
20 annual CAA conference will be held.

21 And of course, members, my staff and I will continue
22 to keep you posted on some of the -- some of the -- some
23 of the significant issues coming up.

24 Members, if there are no questions, that concludes
25 this portion of my report.

1 You're muted, ma'am.

2 You're muted, Ms. Cohen. If you could hear me,
3 you're muted.

4 **MR. VAZQUEZ:** You're muted, Ms. Cohen.

5 **MS. COHEN:** Mr. Vazquez or any colleagues, any
6 questions or comments?

7 Okay. Mr. Vazquez, I see your hand. Mr. Gaines, I
8 see yours. And then, Mr. Schaefer.

9 Take it away.

10 **MR. VAZQUEZ:** Just real quick, thank you. Thank
11 you, Ms. Fleming, and I just wanted to congratulate your
12 staff especially, on bringing back the BOE HR delegation
13 to the BOE. And could you -- I guess, kind of briefly
14 summarize what that all means? You know, we hear about
15 it -- I know before you were having a real tough time
16 just in terms of just hiring folks. So I'm assuming
17 that's going to really streamline things for you.

18 **MS. FLEMING:** In a nutshell, yes. It streamlines.
19 That's the most significant piece of it. So the
20 delegation was removed from the State Board of
21 Equalization in the 2017 time frame.

22 At the time, members, as we've shared before, the
23 delegation, we were told, was going to be a permanent
24 revocation. The delegation is issued to us primarily by
25 the State Personnel Board. That gives the different

1 agencies the ability to conduct various aspects of the
2 personnel and hiring processes. So for us, there was a
3 list -- a bullet list of items that we were no longer
4 authorized to perform on our own, and therefore, had to
5 work with both CDTFA and CalHR to process and review
6 those materials.

7 We were very, very fortunate and considered very
8 blessed to have the opportunity to -- based upon the good
9 staff's work, the leadership of this -- this board, and
10 participating, and just moving out to show and
11 consistently demonstrate that we're doing merit-based
12 hires.

13 As a result of that and the metrics, the on-going
14 conversations that staff have with CalHR and SPB and
15 CDTFA on a recurring basis, based upon the performance
16 and the good work that's been done, that delegation was
17 restored and went before the State Personnel Board. So
18 again, in essence, what it means is, instead of going
19 through three organizations, we just work between BOE and
20 CDTFA, directly. So definitely an expedited, much more
21 efficient process and much more cost-effective route. So
22 we're very grateful. Thank you.

23 **MS. COHEN:** Great.

24 **MS. FLEMING:** Thank you.

25 **MS. COHEN:** Mr. Gaines?

1 **MR. GAINES:** I just wanted to highlight the same
2 point. I think it shows progress that we have
3 streamlined HR, and that'll just help us, in terms of
4 filling our vacancies, but our vacancies are kind of in
5 the normal level, now. So --

6 **MS. FLEMING:** Absolutely, sir.

7 **MR. GAINES:** -- I'm very encouraged --

8 **MS. FLEMING:** Indeed.

9 **MR. GAINES:** -- about that. But I just think it
10 shows progress for the BOE, and I'm very encouraged by
11 that. So thank you for your great work, Brenda;
12 appreciate it.

13 **MS. FLEMING:** Kudos to the team, and your
14 leadership. Thank you all.

15 **MS. COHEN:** Mr. Schaefer?

16 **MR. SCHAEFER:** Yes. Hi. You mentioned a number of
17 organizations, meetings, things like that coming up for
18 the rest of the year.

19 **MS. FLEMING:** Um-hum.

20 **MR. SCHAEFER:** I'd like to have a list of that in
21 writing, and if any of them would be appropriate for us
22 to attend or be invited to or go on our own expense, I'd
23 like to know that this is available to us because I think
24 I learn and grow when I meet with other people in tax-
25 related business like I'm in. And I'm willing to pay,

1 you know, to attend if they're not inviting me as a
2 speaker. I'm really going there, not to teach, but to
3 learn.

4 And I think it's good for us that we have one of our
5 people pop in to one of those things rather than nobody.
6 I don't think we need to have all of us attend, but I
7 always learn something when I go to another session and
8 share it with my colleagues. Thank you.

9 **MS. FLEMING:** Indeed, sir. And we'll work with your
10 office to make sure that you, and all the members, have
11 that information.

12 Thank you for your comments.

13 Members, that concludes this portion if there's no
14 other questions, I proceed -- ready to proceed with my
15 second item.

16 **MS. COHEN:** Please do.

17 **MS. TAYLOR:** May I call it, Ms. Fleming?

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

19 **MS. TAYLOR:** The next item is K-1.b, Executive
20 Director's Report, Extension of Time to Complete Local
21 Assessment Role.

22 **MS. FLEMING:** Thank you, Ms. Taylor.

23 Members, Revenue and Taxation Code Section 616,
24 requires county assessors to annually complete their
25 local assessment roles by July 1st. Section 155 provides

1 that the Board, or its Executive Director, may extend by
2 30 days the deadline for any official act by the
3 assessor. In the case of public calamity, the deadline
4 may be extended by 40 days. Section 155 also requires
5 that the Executive Director inform the Board of any such
6 extension at its regular meeting.

7 This report, members, is to inform you that the San
8 Luis Obispo County Assessor has requested and has been
9 granted a 30-day extension for completing their 2022
10 local assessment role.

11 Members, if no questions, that completes that
12 portion of my update.

13 **MS. COHEN:** Let's see if there's any comments. Any
14 comments or questions, colleagues?

15 Pretty straightforward, Ms. Fleming, thank you.

16 **MS. FLEMING:** Thank you. And Members, if I may --

17 **MS. COHEN:** All right. Seeing then --

18 **MS. FLEMING:** Chair Cohen, if I -- if I may just
19 offer a happy belated birthday to Vice Chair Schaefer and
20 to Deputy Controller Stowers.

21 **MR. SCHAEFER:** Thank you.

22 **MS. STOWERS:** Thank you.

23 **MS. FLEMING:** Madam Chair, that concludes my report.

24 **MS. COHEN:** All right. Seeing that there are no
25 other questions or comments, let's go to public comment.

1 **MS. TAYLOR:** Thank you. AT&T Moderator, please let
2 us know if there's anyone on the line who would like to
3 make a public comment regarding Ms. Fleming's report.

4 **AT&T MODERATOR:** For public comments, please press
5 1-0 at this time.

6 **MS. COHEN:** All right, let's keep proceeding then.

7 **MS. TAYLOR:** All right. The next item is K-1.c,
8 Executive Director's Report, Special Taxes Quarterly
9 Report; general discussion on the special taxes' workload
10 over the last three months. This matter will be
11 presented by Ms. Renati and Ms. Williams.

12 **MS. RENATI:** Good afternoon, Chair Cohen and
13 Honorable Members. I am Lisa Renati, Chief Deputy
14 Director. With me today is technical -- Technical
15 Advisor for Special Taxes, Ms. Laurel Williams, who will
16 provide information regarding BOE's alcoholic beverage
17 tax and tax on insurer's programs.

18 Ms. Williams, please proceed.

19 **MS. WILLIAMS:** Good afternoon, Chair and Honorable
20 Members of the Board. I am Laurel Williams, the BOE's
21 Technical Advisor for Special Taxes. I will be providing
22 you recurring reports and updates throughout the year
23 regarding the BOE's special tax programs. Attached to
24 today's agenda is a high-level diagram, which I encourage
25 you to review while I provide an overview of the

1 programs.

2 I'm going to start with the alcoholic beverage tax.
3 The alcoholic beverage tax is a per gallon excise tax
4 collected on alcoholic beverages in California. Revenues
5 from this tax are used by the State's general fund or
6 used to pay refunds under this program.

7 Currently, there are 10,219 taxpayers in the
8 alcoholic beverage tax program. In fiscal year 2020 to
9 '21, this program had revenues of approximately 405
10 million dollars. The alcoholic beverage tax program
11 includes programs on beer, wine, and distilled spirits.
12 Alcohol used for industrial purposes, such as rubbing
13 alcohol or hand sanitizer, is not subject to this tax.

14 The tax rates range from \$0.20 per gallon for beer
15 and wine, to \$6.60 per gallon for over 100 proof
16 distilled spirits. These tax rates have not been changed
17 since July 15th, 1991.

18 The alcoholic beverage taxes are slightly unique, in
19 that they are not paid at the time of manufacture or
20 retail sales, but at the time of distribution. Depending
21 on the size of the distributor, filing basis varies from
22 monthly to annually.

23 Distributors paying the alcoholic beverage tax are
24 also generally required to hold accounts with CDTFA to
25 report sales and use tax and appropriate licenses with

1 the Alcoholic Beverage Control Board and local
2 jurisdictions. Many accounts will also be required to
3 report federal excise taxes with the United States
4 Treasury through the Alcohol and Tobacco Tax and Trade
5 Bureau.

6 Due to these many reporting requirements to multiple
7 different agencies, this program has a high compliance
8 rate. For reference, for our program I'm going to give
9 you some performance measures that we track to ensure the
10 program is performing.

11 In fiscal year 2020 to 2021, the program had no
12 appeals. It also had a very insignificant number of
13 petitions and a very limited number of requests for
14 refunds and accounts in collections.

15 BOE has entered into an interagency agreement with
16 CDTFA to perform many of the administrative functions of
17 the program, including registration, collection, billing,
18 return filing, and auditing. However, BOE still has the
19 oversight of the program and hears appeals related to the
20 program.

21 The next special tax program, the BOE -- under the
22 BOE's purview is the tax on insurers. Insurance
23 companies may be subject to as many as three types of
24 insurance taxes in California. There are currently 2,623
25 taxpayers in tax on insurers program. In fiscal year

1 2020 to 2021, the tax on insurers program generated
2 approximately 2.7 billion dollars. The tax on insurers
3 program is jointly administered by the BOE, the
4 California Department of Insurance, and the State
5 Controller's Office. Each of these agencies has a role
6 in the collection of the taxes within this program.

7 For instance, insurers are registered with the
8 California Department of Insurance, who also determines
9 the amount of tax due and processes the returns and
10 payments. BOE is responsible for billing deficiencies,
11 hearing all appeals for claims for refund, and petitions
12 for redetermination denials. The State Controller's
13 Office is responsible for the collections and receives
14 the payments, which are sent by CDI, to post to the
15 correct accounts. And I said CDI, which is the
16 California Department of Insurance. BOE has entered into
17 an interagency agreement with CDTFA to perform the
18 billing functions.

19 This program also has a very high compliance rate,
20 as indicated by the following performance measures. In
21 fiscal 2020 to 2021, there was one appeal, which was a --
22 resolved administratively. There has also been very low
23 number of requests for refund and petitions.

24 By having an interagency agreement with CDTFA for
25 both of these special tax programs, we are able to

1 provide staffing efficiencies by leveraging their
2 technology in staffing. For instance, their CROS-system
3 is a system that is utilized for both programs and would
4 be cost prohibitive to duplicate to use -- for use only
5 on our programs. We are also able to utilize CDTFA
6 auditors based in out-of-state offices for the alcoholic
7 beverage tax.

8 This concludes my presentation. Are there any
9 questions?

10 If there are no -- oh.

11 **MS. COHEN:** I'm sorry. I see Mr. Schaefer's hand.

12 **MR. SCHAEFER:** Hi. Thank you. You said there were
13 2,600 and something insurers. Those are not just
14 California based insurers? Those are insurers that are
15 doing business in California that may be based in
16 Connecticut or wherever?

17 **MS. WILLIAMS:** That is correct. The 2,623 accounts
18 is the total sum of all programs. So some of those are
19 based out of state.

20 **MR. SCHAEFER:** I'm concerned that the alcoholic
21 beverage tax has not been modified in 30-some-odd years.
22 Is it customary that we review these every 10 years or
23 every 15 years? Isn't it about time? I mean -- in
24 the -- been living through the biggest inflationary era
25 in my life, and you know, we don't need to look at

1 gasoline to see what's going up. Everything is. And
2 even that -- you know, we should be supporting for lower
3 taxes, that's our game, but we also want to be consistent
4 with reality.

5 **MS. WILLIAMS:** Yes. I understand your question;
6 unfortunately, the tax rate is not -- for the alcoholic
7 beverage tax, is not something that we can set as an
8 agency.

9 **MR. SCHAEFER:** Right. And so we don't have anything
10 to say about it? It's strictly a legislative issue?

11 **MS. WILLIAMS:** Correct.

12 **MR. SCHAEFER:** Do you have any idea how other states
13 treat this? I would expect that Nevada might encourage
14 drinking by having lower taxes, and Utah might discourage
15 drinking by having much higher taxes.

16 Do we have any awareness of what our fellow states
17 are doing on the alcoholic beverage tax?

18 **MS. WILLIAMS:** I would say that every tax -- every
19 state treats their excise tax in a very unique manner for
20 the states. We are a part of working groups that include
21 other states.

22 **MR. SCHAEFER:** So do you know if Utah has higher
23 taxes and Nevada has lower taxes, or am I just -- I'm
24 just guessing, really.

25 **MS. WILLIAMS:** It -- yeah, I would have to go and

1 check to verify their tax rates for each area because, as
2 I mentioned, we have a specific rate for beer and wine,
3 and one for each for distilled -- and actually, there's a
4 higher rate for distilled based on the higher proof, and
5 a lower rate for lower proof. So I am more than happy to
6 go and research the other states and see if I can find
7 some apples-to-apples comparisons and report back next
8 time I give my report for you.

9 **MR. SCHAEFER:** I'd appreciate that. Thank you very
10 much; a very good presentation. Very interesting.

11 **MS. WILLIAMS:** Thank you.

12 **MS. COHEN:** Thank you, Ms. Williams.

13 Mr. Gaines?

14 **MR. GAINES:** Yeah, I just wanted to thank Ms.
15 Williams for the presentation. It was very clear, and
16 helpful. So thank you.

17 **MS. WILLIAMS:** Thank you.

18 **MS. COHEN:** That was very concise, Mr. Gaines.

19 All right, colleagues, anyone else have any other
20 questions or comments for the presenter, or for Ms.
21 Fleming?

22 All right, seeing none, let's keep moving forward.

23 Ms. Taylor?

24 **MS. TAYLOR:** All right. Let's go out to the AT&T
25 Moderator. AT&T Moderator, please let us know if there's

1 anyone on the line who would like to make a public
2 comment regarding this matter.

3 **AT&T MODERATOR:** For any public comments, please
4 press 1-0 at this time.

5 And we have no public comments at this time; please
6 continue.

7 **MS. COHEN:** All right. Let's continue.

8 **MS. TAYLOR:** Chair Cohen, we have a hand up from
9 Member Vazquez.

10 **MS. COHEN:** Oh, yes. Mr. Vazquez?

11 **MR. VAZQUEZ:** Real quick. I thought Ms. Renati was
12 going to be part of this presentation. Are you also
13 going to be making a pitch before I ask the question, or
14 is that something -- another item?

15 **MS. RENATI:** The presentation was done by Ms.
16 Williams to give the overview, but Ms. Williams and I are
17 both available to answer any questions you have.

18 **MR. VAZQUEZ:** Let me ask -- I have just a quick
19 question. That's why I was waiting because I wasn't sure
20 if you were going to cover it. And it's really more of a
21 question on projection and with -- you know, what is the
22 change -- I guess in this period that we're talking
23 about, have we seen much of an increase or a decrease?

24 **MS. WILLIAMS:** Of -- of revenues?

25 **MR. VAZQUEZ:** Yes, on the -- on -- you know, when

1 you were spotting out -- especially on the tax piece,
2 when you were talking about the beverage and alcohol tax.

3 **MS. WILLIAMS:** Yes, so actually we have had an
4 increase of approximately, I believe, 40 million dollars
5 from last fiscal year. And also as I pulled the stats
6 this morning for the number of taxpayers that we have in
7 the alcoholic beverage tax, from the end of last fiscal
8 year to today, there's an increase of approximately 500
9 accounts.

10 **MR. VAZQUEZ:** Wow. When you say 40 million --
11 percentage wise, is that greater than 20 percent?

12 **MS. WILLIAMS:** No, it's approximately 10 percent.

13 **MR. VAZQUEZ:** Oh, okay. And then my second question
14 was more out of curiosity. Of the revenue brought in by
15 these two programs, how much of it is expensed for
16 administering them and on the appeals end of it, are we
17 seeing more or less taxpayers appealing these cases?

18 **MS. WILLIAMS:** For the appeals end -- I'm going to
19 start with the last half of your question first. We have
20 not seen an appeal for alcohol tax in at least the last
21 five years.

22 And then with the insurance tax, there was the one
23 that was settled administratively. However, I can speak
24 for at least the last four years to that program, as I've
25 been with BOE 2.0 since 2018, and there -- there -- there

1 has just been that one in the four years that I've been
2 here that has been handled -- settled administratively.

3 Regarding the actual administrative costs, I do have
4 a question out to CDTFA to get updated costs. However,
5 it is very -- they're both very efficient. The last
6 report that I had, I believe, insurance tax has one
7 person -- 1PY (ph.) assigned to the program. And that --
8 alcohol, I believe, is less than 15. So considering the
9 rate of return on the 1PY, for just insurance, it's a
10 pretty -- it's a pretty good rate of return, and also
11 through the interagency agreement, it's a no-cost,
12 interagency agreement for the use of the technology and
13 such.

14 **MR. VAZQUEZ:** That's what I had heard, and I just
15 wanted to get it out to the public that it's very
16 efficient -- it looks like it -- moving forward.

17 Thank you for those responses, and that's it, Madam
18 Chair.

19 **MS. COHEN:** All right. Thank you very much.

20 Colleagues, any other comments or questions?

21 All right, seeing none, let's keep moving.

22 Ms. Taylor?

23 **MS. TAYLOR:** The next -- yes. The next item is K-
24 1.d, Executive Director's Report, Operational Priorities
25 and Projects. Operational priorities, report on the

1 status of operational priorities. This matter will be
2 presented by Ms. Renati.

3 **MS. RENATI:** For the record, I am Lisa Renati, Chief
4 Deputy Director.

5 Today I'll report on some of the agency's
6 operational priorities and projects. As you're aware,
7 this agency's strategic plan for 2020 through 2025 is to
8 rebuild, revitalize, and modernize the BOE; to enrich its
9 employees and strengthen its organizational capabilities;
10 and deliver gold-standard services.

11 For the last two years, the management team has made
12 great strides in rebuilding our workforce capacity. As a
13 result, we have greatly reduced our overall vacancy rate
14 from a high of 32 percent in 2019/'20 to a current rate
15 of 17 percent.

16 Additionally, as a result of our continued
17 commitment to merit-hiring principles, this month the
18 state personnel board restored BOE's delegated hiring
19 authority.

20 While our current activities include multiple
21 positions in active recruitment, we are shifting our
22 efforts to ensure we provide, training, guidance, and
23 mentoring for our workforce development, professional
24 growth, and succession planning for our staff.

25 Members, another operational priority I would like

1 to report to you, is BOE's updated telework policy. This
2 month marks two years since the State has been operating
3 under the governor's emergency orders. Throughout this
4 time, the BOE has continued to deliver its essential
5 services for the benefit of the state and local
6 governments without any interruptions or delays. This is
7 a testament to the hard work of each and every BOE
8 employee.

9 Following guidance from the governor, the Department
10 of General Services and Department of Human Resources,
11 CalHR, starting April 1st, the BOE will begin to
12 implement a hybrid work-from-home and in-office work
13 model. The BOE's plan allows all employees increased
14 flexibility and leverages on the lessons learned during
15 the last two years.

16 And Members, the last item I would like to present
17 is an update on our process improvement project. As I
18 have mentioned in past reports, process improvement is
19 our proactive and continuous practice involving the
20 examination of procedures of each unit, determining how
21 to best improve workflow, relevance, and user experience.
22 I am happy to report that while this work is being
23 performed, in addition to our regular duties, the process
24 improvement continues to progress successfully.

25 Members, this concludes my report on some of the

1 agency's operational priorities. I am available to
2 answer any questions you may have.

3 **MS. COHEN:** Mr. Gaines?

4 **MR. GAINES:** Yes. Thank you for that
5 presentation -- and I just want to highlight this hybrid
6 work model because coming out of the pandemic I think
7 everybody has learned that a lot of us don't have to come
8 to the office to do our jobs. So can you give me an
9 indication of what that looks like for the BOE in the
10 future? Do you see us having this hybrid model for a
11 long, long period of time? And do we know how that's
12 going to break up between how many people are going to be
13 in the office in any given day or week versus working out
14 of the house?

15 **MS. RENATI:** Thank you for your question. Our
16 policy has just been -- is being implemented starting
17 April 1st with full implementation on May 1st. Our plan
18 right now is to allow every BOE employee to work up to
19 three days at home per week. That would allow them to
20 work in the office the other two days depending on their
21 schedule.

22 We anticipate having our -- staggering our schedules
23 a little bit. So for office coverage we need to make
24 sure that we are available to meet state services between
25 our working hours. So I would think any -- once it's the

1 beginning it's -- I'm just going to say, be very busy.

2 And then eventually, we'll get into a routine --

3 **MR. GAINES:** Um-hum.

4 **MS. RENATI:** -- where everyone's in the office on
5 their scheduled days. It's going to be a bit of a change
6 for us -- we've been on skeleton crews here, but we're
7 looking forward to it because we've found that our
8 employees are happier, we're getting the work done, and
9 we can now move into bringing people back to work and
10 working on that succession planning and the important
11 information, you know, that we can give one-on-one, and
12 mentoring, and all of the -- training, all of those
13 things.

14 So I -- I hope I've answered your question, Senator
15 Gaines.

16 **MR. GAINES:** Yeah, that's great. So for a new hire,
17 that person might be coming in more often to get the
18 training that they would need?

19 **MS. RENATI:** Our -- our -- we're planning a -- we're
20 looking towards having weekly meetings with the team that
21 allows us to have knowledge transfer between the most
22 senior staff and the younger staff. We do have a lot of
23 younger staff right now who started during the
24 pandemic --

25 **MR. GAINES:** Um-hum.

1 **MS. RENATI:** -- have only worked at home, so --

2 **MR. GAINES:** Um-hum.

3 **MS. RENATI:** We're looking forward to being able to
4 give them that one-on-one training and just that
5 general -- the learning opportunities when you're in an
6 office environment, although, with that said, we are also
7 going to continue to allow people to work at home, so
8 they can have that -- that time where you can really
9 focus on getting your work done.

10 **MR. GAINES:** Right. Thank you.

11 **MS. COHEN:** Mr. Vazquez?

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

13 **MS. COHEN:** We'll get to you, Mr. Schaefer -- just a
14 second.

15 Mr. Vazquez?

16 **MR. VAZQUEZ:** Okay. Thank you, Ms. Renati, for that
17 report. And it sounds like -- well, one, we're obviously
18 having quite a bit of success in filling these positions,
19 and I noticed, you know, several of them had been -- are
20 being filled by folks outside of BOE, so I was just
21 wondering, how much time and energy that might
22 generating -- or workload, for you folks, as you begin to
23 orient them and train them -- for those that are coming
24 outside of the BOE; they're not being promoted within
25 BOE.

1 **MS. RENATI:** Thank you for the question. We are
2 spending a lot of time training staff. We have augmented
3 our onboarding program. You know, in the past they'd
4 come in, and you'd just train them. Now because we have
5 people working at home and in the office, we've augmented
6 our onboarding to provide the mandated training, give
7 them an introduction to all the departments, and having
8 that one-on-one training with a trainer along with their
9 supervisor training.

10 So we are spending a lot of time trying to get the
11 trainees on, you know, onboard and working, and then
12 continue that training because we never stop learning.
13 You come on, and you start learning the job, but then you
14 keep learning and learning. So trying to keep that
15 going.

16 **MR. VAZQUEZ:** Thank you. Thank you, Madam Chair.

17 **MS. COHEN:** No problem. Mr. Schaefer?

18 **MALE SPEAKER:** There you go.

19 **MR. SCHAEFER:** Okay. If we're going to have
20 somebody spending only two days instead of five days in
21 the office, does that give us any flexibility in the
22 amount of space we have to rent? Like, maybe a little
23 bit of timeshare? I know it wouldn't be that
24 substantial, but I'm in a common share facility for my
25 office in San Diego where we can expand or contract

1 rather easily depending on what our needs are. And
2 you're talking to a change in the use and that would, I
3 think, give us some flexibility in our rental contracts.
4 Maybe next time we sign contracts, we can insert
5 something that would protect us. Thank you.

6 **MS. RENATI:** Thank you. Thank you for your
7 question, Vice Chair Schaefer. We will be evaluating our
8 workspace footprint in the future; it's part of the
9 governor's plan, and we plan on doing the same.

10 First, we're going to try-out the plan, see how it
11 goes, and see what we need.

12 **MS. COHEN:** All right. Thank you. I appreciate the
13 presentation and discussion. It's going on 1 o'clock.
14 Colleagues, I wanted to check-in with you; do you guys
15 need lunch -- a lunch break?

16 Or shall we -- I'm -- what I'd like to do, is to
17 keep moving, to make up for the lost time, so we can have
18 not so long of a day. Do you have any thoughts --

19 **MR. VAZQUEZ:** I'm good, but you want to check with
20 staff. You know, I'm worried about -- I'm thinking about
21 the recorders, right -- if they need a break.

22 **MS. COHEN:** Yeah. Ms. Fleming has indicated that
23 they will follow our lead --

24 **MR. VAZQUEZ:** Oh, okay.

25 **MS. COHEN:** -- but that's why I wanted to check in

1 and get a temperature read.

2 **MR. VAZQUEZ:** You want to do a short one -- like a
3 short break then?

4 **MS. COHEN:** If that's what you'd like. Yvette says
5 no.

6 **MR. VAZQUEZ:** I'm good to go either way. I was just
7 worried more about those that are, you know, having to
8 take the minutes if they need, you know, a break.

9 **MR. GAINES:** Yeah. I'm okay going ahead, too, but
10 if we need a break for staff, let's just --

11 **MR. SCHAEFER:** How long do they want to --

12 **MR. VAZQUEZ:** Yes (indiscernible).

13 **MS. COHEN:** Keep in mind that we had a break earlier
14 today when the closed captioning was off, so --

15 **MR. GAINES:** Sure.

16 **MR. VAZQUEZ:** Sure.

17 **MS. COHEN:** It's 1 o'clock. We still have a lion's
18 share of our agenda to get ahead. So if people need to
19 turn off their cameras and get a bite to eat, please feel
20 free to do so, but I think we should keep moving forward.

21 All right.

22 **MR. VAZQUEZ:** Okay.

23 **MS. COHEN:** Thank you. So Ms. Fleming, if I could
24 interrupt. We're going to go ahead and keep moving
25 forward. You let me know, Ms. Fleming, if any of your

1 staff members indicate that they need a break, please.

2 **MS. FLEMING:** Thank you, Madam Chair and members.
3 I've just checked with them, and they're with you and
4 would like to proceed.

5 **MS. COHEN:** Fantastic. Thank you.

6 Okay. Ms. Taylor, please call the next item.

7 Oh, yes, Ms. Taylor --

8 **MS. TAYLOR:** We need public --

9 **MS. COHEN:** -- I think we have to go to public
10 comment on --

11 **MS. TAYLOR:** Yes, we do.

12 **MS. COHEN:** -- K-1.d.

13 **MS. TAYLOR:** Yes, thank you.

14 AT&T Moderator, please let us know if there is
15 anyone on the line who would like to make a public
16 comment regarding this matter.

17 **AT&T MODERATOR:** For public comment, please press 1-
18 0 at this time.

19 We have no public comments from the phone lines;
20 please continue.

21 **MS. COHEN:** Thank you. Please call the next item,
22 Ms. Taylor.

23 **MS. TAYLOR:** The next item is, K-1.e, Executive
24 Director's Report, Budget. Quarterly report, report on
25 the status of the BOE budget. This matter will be

1 presented by Ms. Renati.

2 **MS. RENATI:** Thank you, Ms. Taylor. Again, this is
3 Lisa Renati, Chief Deputy Director. Today I will provide
4 you with the report on the agency's budget. My
5 presentation today is intended to provide you with a
6 high-level review and some highlights. In the future,
7 more detail can be provided.

8 Attached to this month's agenda is a handout, which
9 provides an overview of the Board of Equalization's
10 appropriated budget amounts for fiscal year '21/'22.
11 Pursuant to the Budget Act Assembly Bill 128, BOE's
12 funding is provided by the general fund, and our working
13 appropriation provides 192.6 positions or employees for
14 the support and operation of our tax programs.

15 A majority of the BOE's budget, 86 percent, is for
16 personal services; that is, employee salaries and
17 benefits. The remaining 14 percent of the BOE's budget
18 provides for the BOE's operating expenses and equipment,
19 also known as OE&E.

20 As expected, our current expenditure reports are on
21 target, and like most state agencies, BOE has shown
22 savings this fiscal year involving expenses for travel
23 due to stay at home orders and telework.

24 Members, this concludes my high-level presentation
25 regarding the agency's budget. I'm available to answer

1 any questions you may have.

2 **MS. COHEN:** That was very, very high-level, my
3 goodness. Is there any other -- maybe go a level
4 lower -- some details?

5 **MS. RENATI:** Well, I can tell you that for the
6 period of July 1st, 2021, through the end of February
7 2022, we show that BOE's -- as I said, our expenditures
8 are on target.

9 Based on current amounts, our fiscal year
10 projections indicate that we'll spend about 81 percent of
11 our total budget. However, it should be noted that the
12 projections would likely move closer to 90 percent in the
13 final months, due to our, you know, continued focus on
14 filling our vacancies. The majority of our budget is our
15 personal services and travel expenses as we return to
16 travel to perform surveys, attend training classes, in-
17 person meetings, and the like.

18 So we're right on target. I can answer -- I'm very
19 much available to answer any questions you may have.

20 **MS. COHEN:** All right. Let's see. Mr. Gaines, I
21 see your hand up.

22 **MR. GAINES:** Well, I think this is encouraging
23 news -- the fact that, we are below budget. But I think
24 you also have to plan, like you're indicating, that those
25 expenses are going to increase before the end of the

1 budget year, so I'm just encouraged that we're not over
2 budget and that we're coming in underneath that. And if
3 it's at 90 percent, fantastic. Thank you.

4 **MS. COHEN:** Great. Thank you for your comment.
5 Mr. Vazquez?

6 **MR. VAZQUEZ:** Thank you. Ms. Renati, on COVID, I
7 was just wondering what kind of impact that has been for
8 the BOE on the expenditure side?

9 **MS. RENATI:** For -- expenditures have mostly gone
10 down. We've had -- we call them savings -- savings
11 because we haven't been able to travel. We've been
12 working at home. We haven't been able to travel to go to
13 conferences, travel for training classes, in-person board
14 meetings, so that's been the majority of our savings due
15 to COVID. You know, COVID supplies, that was provided
16 for by CalHR and DGS; we didn't have to pay for those.

17 **MR. VAZQUEZ:** And the other thing in just listening
18 to your report and in conversations I've had with you,
19 this, to me, really kind of demonstrates how efficient,
20 you know, we are with only 192 employees. You know, the
21 amount of work that's being generated and the
22 significance in terms of the tax programs, in terms of
23 producing a great deal for the State, in terms of its
24 revenue.

25 The only thing I would ask, is that are we hearing

1 much from our 58 different counties in terms of their
2 load? Because at least we're hearing -- or at least I'm
3 hearing locally that some of them seems to be a little
4 bit overextended with COVID-19 issues, that are now
5 making it difficult especially on the appeal process.
6 And I'm wondering if we're hearing it -- or if there's
7 anything we can do on our end to kind of provide some --
8 maybe some assistance in that?

9 **MS. RENATI:** I know that our -- Dave Yeung, our
10 Deputy Director of Property Tax, is in constant
11 communication with the assessors. And we can -- when he
12 revises your report, I can ask him to provide an answer
13 to your question. But I -- I know we're in constant
14 contact with them to provide any answers we can give
15 them.

16 **MR. VAZQUEZ:** Thank you. Thank you, Madam Chair.

17 **MS. COHEN:** All right. No problem. All right,
18 everyone.

19 Let's call the next item, Ms. Taylor.

20 **MS. TAYLOR:** Let's go to public comment first, if
21 you don't mind?

22 **MS. COHEN:** Thanks.

23 **MS. TAYLOR:** AT&T Moderator, please let us know if
24 there is anyone on the line who would like to make a
25 public comment regarding this matter.

1 **AT&T MODERATOR:** And for public comment, please
2 press 1-0 at this time.

3 We have no public comments from the phone lines;
4 please continue.

5 **MS. COHEN:** Ms. Taylor --

6 **MS. TAYLOR:** The next item is --

7 **MS. COHEN:** -- the next item.

8 **MS. TAYLOR:** The next item is K-1.g, Executive
9 Director's Report, Proposition 19. Implementation
10 report, report on the status of the agency's Proposition
11 19 implementation project. This matter will be presented
12 by Ms. Renati.

13 **MS. RENATI:** Again, Lisa Renati, Chief Deputy
14 Director.

15 Today, I will provide an update of our Proposition
16 19 implementation project. A high-level, implementation
17 plan is attached to today's agenda. I'm happy to report
18 that the status of the BOE's implementation of Prop 19 is
19 green.

20 Members, as you know our proposition 19
21 implementation plan has been in place for about 17
22 months. As such our Prop work -- Prop 19 work has been
23 operationalized and is part of our normal workload.

24 Staff continues to ensure taxpayers and stakeholders
25 have the information they need and continue to look for

1 ways to improve our ability to provide the information as
2 needed.

3 Starting this month, the team will include the Prop
4 19 update with the program presentations. One item of
5 note is that recent inquiries received from taxpayers and
6 stakeholders on the delay of processing of Prop 19 claims
7 by some county assessors. David Yeung, Deputy Director
8 of the Property Tax Department, will briefly touch on
9 this subject in his report.

10 This concludes my presentation on this topic. I'm
11 available to answer any questions you may have.

12 **MS. COHEN:** Great, thank you. Looking forward to
13 that David Yeung presentation; I'd love to hear what he's
14 got to say.

15 Mr. Vazquez, I see your hand.

16 **MR. VAZQUEZ:** I'll wait, actually, because that's
17 tied into Mr. Yeung, and I'll wait for his presentation.

18 **MS. COHEN:** Okay. Yeah --

19 **MR. VAZQUEZ:** Thank you.

20 **MS. COHEN:** -- I'll have questions, too.

21 All right, seeing no other hands, let's go to public
22 comment.

23 **MS. TAYLOR:** AT&T Moderator, please let us know if
24 there is anyone on the line who would like to make a
25 public comment regarding this matter.

1 **AT&T MODERATOR:** For any public comments, please
2 press 1-0 at this time.

3 **MR. GAINES:** May I ask a question?

4 **AT&T MODERATOR:** We have no public comments; please
5 continue.

6 **MS. COHEN:** Okay, Mr. Gaines?

7 **MR. GAINES:** Yes, sorry, I don't know, are we going
8 to hear from Peter Kim later today?

9 **MS. COHEN:** Um-hum.

10 **MS. RENATI:** No, he's not scheduled to speak to
11 today, but I can attempt to answer any question you have.

12 **MR. GAINES:** Well, with regards to Prop 19, I just
13 wanted to get an update on inquiries on our website
14 because I think there have been a couple hundred thousand
15 since the initiative passed, but given some of the new
16 challenges that we're seeing on the transference -- well,
17 both, on face-sheer value and transfer of property to a
18 child or grandchild -- are we seeing an uptick in people
19 trying to get on our website to get information?

20 And then secondly, are we -- it's really piggy-
21 backing what Member Vazquez is saying, are we doing what
22 we should be doing as the BOE to make sure we're helping
23 people through that process? Are we doing everything we
24 can?

25 **MS. RENATI:** Thank you for your question. I know

1 that today's reports by our taxpayer's rights advocate,
2 Lisa Thompson, and also by Patty Lumsden, who will speak
3 to actual contacts they've received from taxpayers.

4 As far as the website data, I can circle back with
5 you and get that data. Mr. Kim has just texted -- let me
6 know he does not have that right on the fingertips, but I
7 will circle back and get that information to you --

8 **MR. GAINES:** Boy, that's great.

9 **MS. RENATI:** (Indiscernible).

10 **MR. GAINES:** Thank you.

11 **MS. RENATI:** Thanks.

12 **MS. COHEN:** All right, thank you. Mr. Schaefer, I
13 see your hand.

14 Mr. Schaefer, do you want to speak? You had it --

15 **MR. SCHAEFER:** I was --

16 **MS. COHEN:** -- on mute.

17 **MR. SCHAEFER:** I'm a little bit Italian, and I was
18 talking with my hands. I'm sorry.

19 **MS. COHEN:** Oh, okay. No problem.

20 All right. Let's keep going. Well, we've heard --
21 we've taken public comment on the item K-1.e, let's hear
22 the next item please -- call K-1.f.

23 **MS. TAYLOR:** The next item is K-3.a, Property Tax,
24 Deputy Director's Report. Operational updates, report on
25 the status of pending and upcoming projects, activities,

1 and departmental issues. This item will be presented by
2 Mr. Yeung.

3 **MR. YEUNG:** Thank you, Ms. Taylor. Good afternoon,
4 Chair Cohen and Honorable Members of the Board. David
5 Yeung, here; Deputy Director of the Property Tax
6 Department.

7 So today, I have a series of reports for you. I
8 will do the first two, and then I will turn it over to
9 staff of the Property Tax Department, Ms. Lumsden, Mr.
10 McCool, and Ms. Keech.

11 So to begin, a brief update on what's going on with
12 property tax department as a whole. So the whole -- as a
13 whole, we're doing really well. As Ms. Renati already
14 mentioned, we are in the midst of transitioning back to
15 some in-office work, so it will be a hybrid model, and
16 we're looking forward to having staff come back.

17 Property taxes, in specific, we have seen quite a
18 large number of new hires in our offices, so with them
19 coming back to the office it will facilitate some
20 mentoring opportunities and transfer of knowledge, and
21 it -- and almost as important is the immersion and
22 development of our agency and corporate culture. So a
23 lot of what we do depends on -- it is facilitated by some
24 face-to-face interactions. So we will, hopefully, have
25 the best of both worlds. We will incorporate the lessons

1 learned and the synergies of working from home with some
2 face-to-face interactions. So we're looking forward to
3 that.

4 The second thing, as a Property Tax Department
5 whole, what we're working on is the process improvement.
6 As Ms. Renati mentioned, that is in the green. So we're
7 doing really well. We are -- we are relooking at our
8 processes, we're documenting -- we're documenting them as
9 we go. And because of the last two years of remote work,
10 we've also had to, basically, invent a couple of new
11 processes just doing work from home. So we're looking
12 forward to -- to putting those down in writing and
13 looking through them to make sure that they are -- that
14 they are optimizing our -- our work staff and our
15 resources. So things are going well, there.

16 Ms. Keech will provide a little bit more detail on
17 the SCC process that we've been looking at for the last
18 couple of months, and that has to do with the welfare
19 exemption and affordable housing, and as to how we,
20 basically, approve their -- their organization for that
21 type of exemption.

22 So moving on to -- with your permission, I'll move
23 on to our implementation of Prop 19, the next bullet
24 point on the Deputy Director's Report.

25 So just a brief overview of what we've done so

1 far -- so far, the property tax department has issued 15
2 LTAs, letters to assessors, in connection with Prop 19.
3 The very first one was in November of 2020, and our --
4 and the last one was issued just last month in February
5 24th of 2022. So we have issued -- we've issued some
6 really robust and a fair amount of guidance out there for
7 proposition 19.

8 The last two I wanted to highlight deals with
9 guidance on the intergenerational transfer exclusion and
10 a base your value transfer as it is modified with the
11 Senate Bill 539. So there were a couple of
12 (indiscernible). Legislation was passed, and we have now
13 incorporated that into our guidance.

14 The other issue that we are working on right now
15 with Prop 19 is we're also involved in rulemaking. As
16 you will well recall, we -- we promulgated two rules for
17 Prop 19: property tax rule 462.520 for the
18 intergenerational transfer, and 462.540 for the base your
19 transfer.

20 Both of those rules are now under -- we are amending
21 it under the emergency rule procedures and authority that
22 was given to us in 539 and will be comports those rules
23 to the new provisions implemented by SB 539. So we are
24 working hand-in-hand with our legal department, and we
25 are in consultation with the California Assessors'

1 Association on that too.

2 **MS. COHEN:** Good.

3 **MR. YEUNG:** So that -- our goal is to bring that
4 before the Board for consideration, and -- and action.

5 **MS. COHEN:** Awesome.

6 **MR. YEUNG:** And then the -- and then the last thing I
7 wanted to bring up on the implementation of Prop 19 is we
8 are still responding to a fairly large volume of
9 inquiries from taxpayers, assessors, and our
10 stakeholders. They basically fall in to two categories.
11 The first one is basically technical questions regarding
12 who is -- who is eligible, how do you do the
13 calculations, more of that nature. So that continues to
14 flow in. Staff is handling them on a daily basis and our
15 turnaround time is actually very good on that. So we --
16 we're able to, hopefully, answer and provide some
17 guidance and service to our stakeholders.

18 The other category that we've seen a little bit of
19 an uptick on is increase on the actual application and
20 timing of this -- these benefits, though we particularly
21 noted an up crease -- an increase in increase as to Base
22 2 transfers. We've -- now that Prop 19 -- the Base 2
23 transfer was effective as of April of 2021 -- folks have
24 basically applied for and have not gotten the Base 2
25 transfers. And so as a consequence, they've been --

1 they've been issued tax bills for the replacement homes
2 that they've purchased. And it's based on, basically,
3 their new assessed value because they have not been able
4 to transfer the tax base yet.

5 So we've seen an inquiry -- an uptick in inquiries
6 there from taxpayers and a couple of media sources. And
7 we've had a couple of reporters, also, asking on that.
8 So it is a little bit of an uptake but it's a -- so we're
9 taking a look at that right now. We believe we have --
10 we have issued guidance, and we developed forms. And we
11 actually have a fairly robust website portion dedicated
12 to Prop 19.

13 So I will keep you informed as to how that proceeds
14 and how that is -- how that is handled in the upcoming
15 board meetings. I am available for any questions you may
16 have.

17 **MS. COHEN:** Thank you, Mr. Yeung.

18 Colleagues -- Mr. Vazquez, I see your hand up first.

19 **MR. VAZQUEZ:** Yes. Thank you.

20 And it was kind of a question I brought up earlier
21 with Ms. Renati, but I think you're probably the best to
22 handle this. And you kind of touched on it a little bit.
23 Moving forward -- and I think we had this conversation.
24 At the end of the day, folks that are waiting for the
25 counties, and especially large counties, to process their

1 value transfer, they're going to -- they're kind of stuck
2 between a rock and a hard place because they have to
3 make -- if they get a bill for 16 to 20,000 on the
4 adjustment, they have to make that -- they have to pay
5 that, because up -- they're going to get hit with a
6 penalty and interest, is my understanding. Right? Even
7 though it may get reversed, you know, six months down the
8 road.

9 **MR. YEUNG:** You are -- you are correct. That is one
10 of -- that is one of the impacts of -- of implementing
11 a -- this type of new benefit. If they are not processed
12 in a timely manner, and the assessors aren't able to flag
13 this type of transfer, you're right, they will be issued
14 a -- they won't be issued new tax bills with the new
15 values on there. And there are a couple of things that
16 will -- that kind of play into this, right now, that
17 magnifies the situation. One is, with the new -- with
18 the last year or so, the appreciation in California real
19 estate.

20 So even if you buy and sell a similar home, the --
21 your tax bill is going to be an old one compared to the
22 new, fair-market value of your new one can be a
23 substantial increase. So not only would they get a tax
24 bill, it may be a relatively high tax bill, compared to
25 what their old tax base was.

1 And two, it's part of a -- part of it is a little
2 bit of a timing issue, too. So Prop -- before Prop 19,
3 base-year transfers were available, but they were under a
4 little bit different form. If you recall, they had --
5 you were able to basically transfer within the same
6 county, and only a couple of counties had the ability for
7 you to import something in from a different county.

8 With Prop 19, that -- it's 58 counties, there is no
9 need for -- there is no need for somebody -- for the
10 importing county to allow -- that ordinance allows it.
11 So with that, there's been an increase in transfers
12 amongst counties -- intercounty and that requires
13 coordination between two assessors. So instead of doing
14 it within your own county, you can work both sales and
15 kind of take a look at it that way, and flag something.

16 When it's intercounty, it's a little bit harder.
17 You have to, basically, coordinate with the other
18 assessor, what was the fair market value of their -- of
19 their original home. How does it compare? Give me the
20 base-year value. So there's a little bit more -- a
21 little bit more administration involved.

22 Even with that, I will also wanted to point out that
23 even with the old one -- and it is -- it was -- it was
24 within the same county, there was processing time.
25 It's -- I mean there would -- it was very rare that the

1 transfer happened very quickly. With this, it just
2 magnifies the delay a little bit because of the added
3 administration and the burden to coordinate.

4 **MR. VAZQUEZ:** But is there anything that we can do
5 on our end, because technically, it's not really the
6 property owner's negligence, I guess I could say, or
7 really their fault. That -- it's just kind of a timing
8 issue and you said a processing issue. But they're going
9 to be -- they're actually going to be in -- penalized for
10 it though.

11 **MR. YEUNG:** No, you're -- you are right. So when
12 those tax bills go out, if they do not pay timely, there
13 will be a penalty and interest applied by the tax
14 collector. So there is -- there is a co -- there is a
15 real consequence to it.

16 As to what we can do, we started propagating rules
17 right after Prop 19 was passed. And we put out -- we put
18 out guidance on how to do so -- on how to administer it
19 throughout the whole process within this last year and a
20 half. So we -- we've been working really hard at -- to
21 it.

22 We try to be responsive to assessors when they do
23 make inquiries and we try to get guidance out as quickly
24 as possible. But ultimately, in the end, the processing
25 part of it is within -- I mean, it is handled at a local

1 level. So we --

2 **MR. VAZQUEZ:** But is there anything that we can on
3 our -- I mean, I guess, is -- if we had the staffing
4 ourselves, is it something that we could provide
5 assistance to, to try to facilitate that to make it
6 happen in a more timely manner? Because you got a
7 senator running around saying that, you know, it's -- you
8 know, what's going on, they just don't process it ASAP,
9 not understanding that there is some time involved in
10 this thing.

11 And -- but at the end of the day, on the flip side,
12 I could see where, you know, a senator or even the
13 taxpayer that's going to this is frustrated because he or
14 she may be taking all the necessary actions on their part
15 to make it happen, but to no fault of theirs, they're
16 going to get nailed with the tax bill.

17 **MR. YEUNG:** I -- if you're asking about -- let me
18 an -- let me try to answer that with under -- with a
19 couple of -- break that question down a little bit.

20 As to whether we can provide the assessors with
21 extra staffing to help them process it, I -- that would
22 be a task that I don't -- not sure that we can handle at
23 this point, right now. With 58 counties and, oh, and
24 some very, very large counties, it's probably a little
25 bit more than we can handle. And it would be a little

1 bit out of the ordinary for us to offer staff to
2 assessors to use in the administration of local -- of
3 their -- handling their local workload.

4 I -- I fully understand and empathize with the
5 taxpayers. They will be under -- once issued that tax
6 bill, they're under a time limit in which to pay. If
7 they don't, there's penalties and interest. Even if
8 the -- when the actual base-year transfer happens, there
9 will be -- there will be adjustments along the way. But
10 it doesn't alleviate them from penalties and interest if
11 they don't pay timely.

12 So it is a cash-flow issue, and it is -- and they
13 may be caught in a -- in a -- you know, in a tough
14 situation where tax bills are issued, and time is
15 basically ticking. I think it would be -- it would be --
16 it would be -- it would be advantageous if there was a
17 way to figure -- to figure out how to alleviate some of
18 that pressure. But it -- right now, I -- I, short of a
19 prop and statutory change, I -- I can't identify it right
20 now. But it is something we should look at.

21 **MR. VAZQUEZ:** So let me ask you, an LTA -- if we
22 were to issue an LTA to say that, you know, we need to be
23 more lenient at the local level, is that out of our
24 authority or jurisdiction to do that?

25 **MR. YEUNG:** Let me -- let me explore that with

1 our -- with our legal department and with our counsel.
2 It's going to be --

3 **MR. VAZQUEZ:** I'm just thinking, giving them a
4 little bigger window, right, to work with.

5 **MR. YEUNG:** Well --

6 **MR. VAZQUEZ:** So they don't get nailed.

7 **MR. YEUNG:** Yeah, they -- the issue -- the issue is
8 the penalty and interest. In the penalty and interest,
9 the assessors actually do not play a role in. The
10 penalty and interest for not paying in a timely basis is
11 a function of tax collector. So -- so it is -- it's a
12 little bit trickier than us telling them they have a
13 little bit of leeway in that section, so.

14 **MR. VAZQUEZ:** If we could look into that, think that
15 would be a huge, you know, plus for the taxpayer.

16 **MR. YEUNG:** Right. Yeah, I apologize. I just -- I
17 understand the issue and I empathize with them, but right
18 now, some of the options are just -- aren't that many
19 right now. But we will take a look at it and explore.

20 **MR. VAZQUEZ:** I appreciate it. Thanks.

21 Thank you, Madam Chair.

22 **MS. COHEN:** Mr. Gaines, I see your hand, you're up.
23 Okay.

24 **MR. GAINES:** Yeah. Thank you, David Yeung, I
25 appreciate it. And I -- I'm just wondering, in reference

1 to the -- these Prop 19 issues when it comes to the base-
2 year value, I think -- I think we are limited. You know,
3 we appear to be limited in terms of what we can do as the
4 BOE. But it seems to me that I'd be working with my
5 county board of supervisors and seeing if resources could
6 be reallocated within the agencies, even within each of
7 the assessors' offices, and make it a top priority to
8 make sure these are being addressed. Because, I don't
9 know, is this just the beginning of what we're going to
10 see with folks that are going through -- you know, moving
11 from one area to another and having overpaid their taxes,
12 in a sense, right -- they need that cash and they're
13 getting crimped.

14 I'd love to -- love to see if there's anything we
15 can do at this level. But I'm just not clear as to what
16 was -- what that would be. I mean, we're -- we -- it's
17 not like we have extra staff. So it is a -- it is a
18 dilemma and I think --

19 **MS. COHEN:** Mr. Gaines, what do you have in mind?

20 **MR. GAINES:** Well, I think it --

21 **MS. COHEN:** What exactly do you have in mind?

22 **MR. GAINES:** My only thought -- and it's just -- you
23 know, it wouldn't be a BOE issue, but I think the county
24 should have to figure this out. Right? The -- your
25 count -- your county assessor's going to have to work

1 with the Board of Supervisors and you know, head off that
2 crisis. Because if I was on the Board of Supervisors,
3 I'd be hearing about this from my constituents also. And
4 of course, the assessor is, but you know, I would
5 reallocate resources within that -- within that county,
6 within that department.

7 The assessor is separately elected. So I'd be
8 looking at, you know, how do I get these taken care of
9 and prioritize it just as if we would when we were taking
10 a look -- remember all the resources that we spent on
11 Prop 15? And how would that impact our agency if that
12 initiative had been passed? Because I'm just not -- I
13 can't find where -- you know, where it is that we can
14 help these folks out. It's -- it's a dilemma. So, thank
15 you.

16 **MS. COHEN:** All right.

17 **MR. GAINES:** Very well --

18 **MS. COHEN:** No problem. Legitimate questions and
19 concerns.

20 So, Ms. Stowers, I see your hand. Go ahead.

21 **MS. STOWERS:** Thank you.

22 Yes, really -- some major concerns here. And just
23 piggybacking on of what Mr. Yeung was saying that it's
24 not really the assessors, it's more the tax collector,
25 treasurer. So I was just doing a quick little research

1 and I think the best -- one course of action would be --
2 is for Dave to do what he said, reach out to them, or
3 maybe -- maybe the comptroller could. Because under
4 Revenue and Taxation Code 4985.2, the treasurer, tax
5 collector, does have the authority to raise -- to raise
6 interest and penalties for whatever reason.

7 So I think, maybe, we need to look down on the issue
8 that we can't get the applications processed fast enough
9 before the supplemental roles come out and see what they
10 can -- how they can exercise their authority.

11 **MS. COHEN:** Thank you.

12 Any comments --

13 **MS. STOWERS:** I'm just seeing -- I think I --

14 **MS. COHEN:** -- or response back for Yvette?

15 **MS. STOWERS:** I would like to see a connection --
16 contact person to reach out to, to see how we can work
17 this as efficiently as possible.

18 **MS. COHEN:** Ms. Stowers, who are you directing your
19 question to?

20 **MS. STOWERS:** No, I was just saying, I would -- I
21 was going -- I don't have a question. This was more of a
22 comment that --

23 **MS. COHEN:** Okay.

24 **MS. STOWERS:** -- I would coordinate with Mr. Yeung
25 to get -- at least, to the head of the association for

1 the tax collectors and see if, one, are they even aware
2 of this issue, and how they could work to relieve some
3 penalties and interest.

4 **MR. YEUNG:** Thank you. Be happy to do so.

5 **MS. COHEN:** Perfect.

6 All right. Colleagues? Anyone else? Okay. Let's
7 keep moving forward. Let's go to the next item. Our --
8 let's go to public comment and then we will go to the
9 next item.

10 Ms. Taylor, please?

11 **MS. TAYLOR:** Yes, we would --

12 **MS. COHEN:** Yes.

13 **MS. TAYLOR:** -- we have a few more subitems.

14 **MS. COHEN:** Yes.

15 **MS. TAYLOR:** -- so I'll just announce those.

16 **MS. COHEN:** Okay.

17 **MS. TAYLOR:** The next subitem is letters to

18 assessors, presented by Ms. Lumsden.

19 **MS. LUMSDEN:** Good afternoon, Chair Cohen, and
20 Honorable Members. This is Patty Lumsden, I'm Chief of
21 the County-Assessed Properties Division and today I will
22 provide you with a brief report of the letters to
23 assessors.

24 Attached to the agenda this month is a memo on
25 letters to the assessors which provides a list of the

1 LTAs that have been issued since our last board meeting.
2 And in addition, it provides a link to the BOE's website
3 where a list of all LTAs can be found that have been
4 issued to date.

5 As of the date of the attached memo, BOE staff have
6 issued a total of 13 LTAs for calendar year 2022 and 4 of
7 those LTAs have been issued since our last board meeting.
8 And those are summarized as follows.

9 There were two LTAs issued on assessment practices
10 survey reports, and one was for Alameda County, and the
11 other was for Santa Barbara County. In addition, there
12 was an LTA issued to provide further guidance on the
13 implementation of the inter-generational transfer
14 exclusion provisions under Prop 19 after the passing of
15 Senate Bill 539, which added Section 63.2 to the revenue
16 and taxation code.

17 This is in addition to the prior LTA we issued last
18 month, which had to do with base-year value transfers
19 under the provisions of Prop 19 and the passing of Senate
20 Bill 539 for added Section 69.6 Revenue and Taxation
21 code. Finally, the fourth LTA requests county clerks at
22 the Board, the dates of the filing period for accepting
23 applications for assessment appeals.

24 And that will conclude my report on Letters to
25 Assessors. And I'm available to answer any questions you

1 may have.

2 **MS. COHEN:** Mr. Schaefer has a question.

3 **MR. SCHAEFER:** Hi. Ms. Lumsden, you summarized the
4 13 reports for 2022, but it was really more of a list
5 than a summary. I mean, would we like to know more about
6 each one of them or some of them? Do they come to our
7 office? Can I dig them out? I mean, over the history of
8 the BOE, have the members had any familiarity with
9 letters to the assessor other than have yourself, or your
10 predecessor, list them, what you call a summary. I'm
11 not, at all, critical. I appreciate the list of them.
12 But I -- I just wonder how much of the content do I need
13 to be aware of before it would be helpful to me in my
14 work?

15 **MS. LUMSDEN:** Yes. Thank you for that question, Mr.
16 Schaefer. So each -- before each LTA is issued, it is
17 sent to the board member's office for preview. And gets,
18 usually, a three to five days before your review board is
19 actually issued. So you are made aware of those LTAs
20 ahead of time.

21 As for my report, each month, I give a short summary
22 on the LTAs that have been issued. So I just gave a
23 report on 4 of those LTAs that were listed of the 13.
24 And last month, I gave another summary of the ones that
25 had been issued at that time. If that's something you'd

1 prefer I'd put in the memo, is to include a summary, I --
2 we can discuss with Executive Director Fleming to see if
3 that's something we want to include in that memo. I'm
4 more than happy to make adjustments for that.

5 **MR. SCHAEFER:** You're doing a good job there. It's
6 just that I need to know a little more. And then it's my
7 responsibility because, as you point out, it comes into
8 my office. Thank you.

9 **MS. LUMSDEN:** Certainly. You're welcome.

10 **MS. COHEN:** All right. I see no other comments or
11 hands.

12 Thank you for your presentation.

13 Let's go to the next subsection, Appraisal Training,
14 and Certification.

15 **MS. TAYLOR:** The next subitem is Appraisal Training
16 and Certification, presented by Ms. Lumsden.

17 **MS. LUMSDEN:** Thank you.

18 I will now give a brief report on the BOE's
19 Appraisal Training and Certification program. Since our
20 last meeting, we have taught two more virtual classes of
21 our most requested courses. So far, during calendar year
22 2022, we have taught a total of six virtual craft --
23 classes and trained a total of 191 students.

24 And to put this in perspective, this time last year,
25 we had just offered and presented a three-hour workshop

1 virtually, which was kind of the start of our virtual
2 training last year. And so this year, we are off to a
3 good start to already have taught six classes. So we
4 were definitely on schedule to surpass what we were able
5 to accomplish last year. And I'm pleased to announce
6 that, and really proud of the training and certification
7 staff and their hard work on getting the -- these virtual
8 classes up and running.

9 In addition, BOE staff attended the annual CASA
10 meeting last week to discuss webinars that will be
11 offered for continuing education purposes for assessment
12 analyst staff coming -- for the coming 2022-23 fiscal
13 year.

14 CASA, which is the California Administrators
15 Services Association, is an affiliate of the California
16 Assessors Association, and they provide continuing
17 education classes for the assessment analysts who make
18 changes in ownership and exemptions decisions at the
19 County Assessors Offices. In addition, those classes can
20 also be taken by appraisers, audit appraisers, and BOE
21 staff for continuing education purposes, as well.

22 A tentative schedule was set for nine webinars to be
23 presented during that fiscal year time period. And two
24 of those webinars will be considered advanced, for
25 purposes of advanced certification for those assessment

1 analysts requiring certification. The BOE staff will
2 provide exams for those staff's webinars. And as part of
3 our partnership and collaboration with CASA, BOE will
4 present two of the scheduled webinars, which will be on
5 Proposition 19 and will include updates to -- due to the
6 passing of Senate Bill 539 and the newly added revenue
7 taxation code, Sections 63.2 and 69.6.

8 And that will conclude my report on training and
9 certification. And I'm available to answer questions you
10 may have.

11 **MS. COHEN:** Okay. Let's see. Mr. Vazquez has a
12 question.

13 **MR. VAZQUEZ:** Thank you, Ms. Lumsden, for your
14 report. And pretty much, I -- and you know, on your
15 efforts on this. I know you've been working really hard
16 on these webinars. And I guess, my question is, with the
17 current staff and resources that you have at this moment,
18 would -- what would be the maximum number of virtual
19 classes that you could offer?

20 **MS. LUMSDEN:** Do you mean at one time or
21 throughout --

22 **MR. VAZQUEZ:** At one -- excuse me, at one time, yes.

23 **MS. LUMSDEN:** We typically -- we typically offer one
24 class per week. And during a month's time period, we are
25 offering up to two to three classes per month. And that

1 is -- we require right now with the virtual training, it
2 requires us to have a facilitator, as well as an
3 instructor, to assist with answering questions because
4 sometimes the instructor is not able to see when there
5 are hands raised. And so we have a facilitator that also
6 offers that.

7 We are getting ready to start our '23 -- '22/'23
8 fiscal year of scheduled classes. And during that time,
9 we plan on implementing back in, our in-person classes,
10 as well as doing some virtual training. And we're hoping
11 that the combination will allow us to expand the number
12 of classes that we are offering.

13 **MR. VAZQUEZ:** So what would be the goal, now that
14 you're moving forward, between the virtual and in-person
15 classes that could offered, let's say, next year? What
16 would be the max?

17 **MS. LUMSDEN:** Well, I don't know, at this time, what
18 the maximum would be off the top of my head. It's not --
19 I'd have to come back and report on that. I know that
20 last year, I believe, we offered -- I'm sorry, have that
21 information. Last year, we were able to give 18 virtual
22 classes, and we're hoping to exceed that number. So
23 that's -- that's our goal, is to offer more than that.

24 When we were in the process of ramping up our
25 program back in 2019, we issued -- we had 22 classes.

1 That was in collaboration with some of the assessor
2 staff. But that is our goal. Our goal is to surpass
3 that number.

4 **MR. VAZQUEZ:** And sur -- if you surpass the 22 mark,
5 in terms of classes, what is -- what is that number look
6 like in terms of actual students?

7 **MS. LUMSDEN:** So in 2019, that equated to 636
8 students. So we are going -- you know, that's our goal.
9 Our goal is to surpass that number and try to reach out
10 to more students, try to offer more students per class
11 without going over the -- too much because we want to be
12 able to make sure that the class is going to be able to
13 still reach each of those students. If the classes are
14 too big, then, you know, kind of takes away from that.
15 But there will be certain classes that we will be able to
16 expand the number of people in the class. And we're
17 looking forward to being able to do that.

18 So we're hoping -- like I said, we plan on
19 surpassing the 22 that we had in 2019 and surpassing that
20 636 students.

21 **MR. VAZQUEZ:** And you kind of touched on the other
22 issue, the -- you -- obviously, in each class, you want
23 to keep, I guess, a reasonably good ration, I guess,
24 between the teacher, instructor, and the students --

25 **MS. LUMSDEN:** Yeah.

1 **MR. VAZQUEZ:** -- so you don't lose the quality.

2 What -- what is that max? Do you know?

3 **MS. LUMSDEN:** Well, right now, we -- when we first
4 started doing the virtual training -- and even with our
5 in-person training -- I believe the classes only held
6 between 30 to 35 students just to keep the numbers down
7 for more, you know, participation by those students.

8 When we -- now that we've been doing virtual
9 training for this last year, we had ramped up that number
10 to between 35 and 40 students per class. And so we
11 were -- we're in discussions about possibly increasing
12 that more.

13 But now that we will going back to, like you said,
14 trying to do in-person classes, as well -- and that will
15 be determined by the difficulty of the class and the
16 mathematical calculations required in those classes.
17 Because that's where a lot of the needing more hands-on
18 experience is needed with those more difficult
19 calculations. That's where we plan on trying to try to
20 limit the number of students that are in those classes.

21 But other classes that are more like a lecture type
22 class, that don't require as much calculation, we may be
23 able to expand the numbers of -- number of students in
24 those classes. Also, we're trying to incorporate some
25 possible workshops so that they're not week-long classes.

1 They're just three-hour -- two to three-hour type classes
2 to get more continuing education options for students, as
3 well. So that's something we're going to be looking into
4 as well.

5 **MR. VAZQUEZ:** And my last question. I'm not sure if
6 it's one directed to you or to Mr. Yeung but let me put
7 it out there and see who's best to answer this. And it
8 kind of goes back to the earlier presentation on the
9 LTAs, you know. And there was two I thought were really
10 important LTAs that were issued in February, you know,
11 centered around Prop 19. And that was the -- the base-
12 year -- or the base-year value transfer, and then the
13 intergenerational transfer. Those two LTAs.

14 Is there a possibility that we could put together
15 some kind of, maybe, educational video or webinar on
16 these two? Because I think that those or so key in -- in
17 terms of getting the information out and requirements of
18 deadlines to folks so they understand the need to file,
19 you know, a -- these things in an orderly manner and to,
20 hopefully, expedite their application process.

21 **MR. YEUNG:** I will be more than happy to answer
22 Board Member Vazquez. We will explore the option with --
23 we will explore the opportunities with our communications
24 officer, Mr. Kim. And perhaps even in coordination with
25 RTRA, our tax price advocate, on -- to see what we can do

1 on that front.

2 **MR. VAZQUEZ:** I appreciate it. Thanks.

3 **MR. YEUNG:** Of course.

4 **MS. LUMSDEN:** All right. Also --

5 **MS. COHEN:** Mr. Gaines --

6 **MS. LUMSDEN:** Oh sorry.

7 **MS. COHEN:** Excuse me, I'm sorry, Ms. Lumsden. Go
8 ahead.

9 **MS. LUMSDEN:** No problem. I was just going to
10 restate that we also are in the car -- in our
11 participation with CASA, we will also be giving two Prop
12 19 presentations for staff. And also, we will -- we are
13 planning on giving a presentation at the Northern
14 California Assessors Association on Prop 19, as well.
15 So, just as an FYI.

16 **MS. COHEN:** Okay.

17 Mr. Gaines?

18 **MR. GAINES:** Yes, I -- just a question of Ms.
19 Lumsden in terms of our coordination of classes, our --
20 I'm assuming that we're working closely with the
21 California Assessors Association on those classes. And
22 then the follow-up would be, just in terms of, you know,
23 how do we measure demand, or how do we know or provide
24 enough classes?

25 **MS. LUMSDEN:** Yes. So thank you for that question.

1 Each year we send out a questionnaire asking what the
2 assessor's needs are for that year. And in prior years,
3 we did it also so we could see where to have our classes
4 and hold them. When we were holding them in person, it
5 allowed us to, like, narrow in where we could reach the
6 most students in one area so that we could schedule our
7 staff members accordingly for that.

8 But we also do it to see which classes are needed
9 the most. So these -- when we did our virtual training,
10 we were not able to keep presenting all of the classes.
11 So we, kind of, focused in on what we saw were the main,
12 most requested courses. And those courses 2A, Course 3,
13 Course 5, and then, of course, Course 56. Those are the
14 main classes that are requested because they have help
15 with -- not only for helping staff become -- have a good
16 base for their appraising techniques, it also allows them
17 to head towards getting their advance certification,
18 which, then, requires less hours each year of training,
19 which assists them as well.

20 So -- so those are the things that we looked at when
21 we came up with our classes we were going to do
22 virtually. One of the plans that we have for this coming
23 year is that we plan on, now, trying to offer some other
24 classes that we haven't been able to offer in quite some
25 time. And so, we're looking forward to getting those

1 classes out there, as well, again. So, they're needed
2 classes that are a little bit more specialized, which is
3 our tax bill possessory interest class, for one.

4 And we're looking forward to having that class out
5 there again. It's a much-needed class. It's very
6 specialized. And we're hoping to do it in person, is
7 what I'm going to say for now because it is a very --
8 lots of mathematical calculations, and so it does require
9 a lot of class participation and being able to go over
10 those problems together. And so, it's needed to be in
11 person. So, that's what we're shooting for.

12 **MR. GAINES:** Great, thank you.

13 **MS. LUMSDEN:** Certainly.

14 **MS. TAYLOR:** All right. Our next subitem is
15 Assessment Practices Surveys, presented by Ms. Lumsden.

16 **MS. LUMSDEN:** Thank you.

17 This will be a brief report on the BOE's Assessment
18 Practices Surveys. And so far, for calendar year 2022,
19 we have issued the following two assessment practices
20 survey reports, via letters to assessors, which I
21 previously mentioned in my report on letters to
22 assessors. And those are Santa Barbara County in
23 District 2, and Alameda County, also in District 2.

24 In addition to those two counties, we are actively
25 working on completing surveys, and/or samples for 12

1 other counties, 7, which are in District 1, 3 in District
2 2, 1 in District 3, and 1 in District 4. These surveys
3 and/or samples are in various stages of production. And
4 once completed, a copy of the report is provided to each
5 of the board members' offices and -- for their preview.
6 Staff continues to conducts these surveys and samples
7 remotely at this time, but we are working towards doing a
8 hybrid -- and start doing a in-person traveling again to
9 the counties where we can collaborate and work with the
10 county assessors in person. And -- but we also see some
11 of the advantages that we found using remote access. And
12 so we are going to try to do a hybrid of the two and
13 collect some of the information remotely. But we will
14 work with the assessors' office to see what it needs --
15 it meets each of their needs. Try to do our data
16 collection in the most -- in the least impactful way as
17 we possibly can.

18 And that will conclude my report on assessment
19 practices surveys. And I'm available to answer any
20 questions you may have.

21 **MS. COHEN:** Mr. Gaines?

22 **MR. GAINES:** Yeah, just in terms of the survey, I
23 remember when I -- prior to the pandemic, I met with a
24 couple of county assessors in my district and they had
25 indicated that the survey -- some of the questions and

1 the information that they were asking for, they thought,
2 in some ways, it was kind of off the mark in terms of
3 asking the sort of questions -- I mean, these particular
4 assessors said we would -- we want the BOE to come in.
5 We want the audit. We want to find out where we can
6 improve.

7 But they felt that they were asking the wrong
8 questions. And they spoke to the nature of some of the
9 staffing being -- being new. And of course, we had the
10 pandemic and that created all sorts of issues. But are
11 we taking strides to make sure that the individuals that
12 are doing the audits are -- have the proper training or
13 asking the right sort of questions? Because I think we
14 can be -- we can also -- you know, we have a role of --
15 constitutionally, in terms of the audit, that we can be
16 very helpful for our county assessors too, in terms of
17 various -- where they can improve.

18 **MS. LUMSDEN:** Right. Thank you for that question.
19 That is something that -- one of the reasons why we're
20 looking forward to going back in person, is because that
21 is some of the things that we can provide when we are
22 there in person to help, not only identify areas of, you
23 know -- for -- in terms of our reports, but also to
24 identify some areas that we can collaborate with the
25 assessors and talk about room for improvement and that

1 sort of thing, as well.

2 So as far as staff goes, yes, you are correct. We
3 do have new staff, as Ms. Renati reported earlier in her
4 report on our staffing. And -- but we have put things in
5 place to provide mentors. And we've gone through, and as
6 part of our process improvement, we have been improving
7 the in -- what -- the information we are asking from
8 them, making sure that it's needed. That's one of the
9 things that gaining that remote control access has really
10 made us take a look at what we're requesting, whether
11 it's needed, whether we already have it, when we can get
12 it in a different manner so that we're not impacting the
13 assessors.

14 So we have definitely been working towards improving
15 that process. And as far as training, we have taken up a
16 different -- a different aspect -- or a different route,
17 I guess, would be a better word, to try and train the
18 staff. And that's using mentors. And we have senior
19 appraisers that are out -- you know that we're using to
20 help train those staff members, as well as our
21 supervisors having more hands-on experience working with
22 the staff. So that's something we're working on
23 improving, and we've made great improvement this -- over
24 this last year.

25 **MR. GAINES:** Wonderful. Thank you.

1 **MS. COHEN:** Perfect.

2 **MS. LUMSDEN:** Thank you for the question.

3 **MS. COHEN:** Mr. Vazquez?

4 **MR. VAZQUEZ:** Thank you.

5 Along those lines, Ms. Lumsden, is there a reason
6 why, you know, you know, one district may have more
7 surveys than others?

8 **MS. LUMSDEN:** Well -- and I'll -- I might have to
9 defer to Dave Yeung. He's probably -- knows this just a
10 little bit better than I do, the exact numbers. But --
11 so when the staffing -- each of the -- each of the
12 counties are a lot like approximately a five-year cycle
13 and so they are subject to being reviewed every --
14 approximately every five years.

15 And so, part of the, what we do each year at the
16 beginning of the year, we do the draw for who's going to
17 be surveyed and/or sampled so we can determine who the --
18 which counties those are going to be. So they're random
19 draws. So that might be why it seems like certain
20 counties, maybe, get chosen more often than others, and
21 it as to do with that.

22 **MR. YEUNG:** Patty, you nailed it. That is -- that
23 is one of the aspects of what -- how it is drawn. So the
24 top ten counties are annually -- I mean, every cycle,
25 every five years, they are both sampled and surveyed.

1 And then right now, under the current scheme, the next 11
2 through 20 counties arranged by assessment value, one is
3 picked to be sampled and one is picked to be surveyed
4 every year. And then, number 21 through 58, nine are
5 looked at every year, but out of those -- out of that
6 grouping, as many as three -- but usually two --
7 basically get what they call a bye. They're --
8 they're -- they just don't get chosen.

9 So -- and also, Board Member Vazquez, each equal is
10 the -- each equalization district has a different number
11 of assessors in there. So the ones with more -- with
12 more assessors in the equalization district will have
13 more surveys done in their -- in their districts. So
14 that -- there's a two-prong answer to that. So.

15 **MR. VAZQUEZ:** Yeah, I kind of figured, you know,
16 when I'm looking at District 1, it probably has, like, 34
17 counties, right?

18 **MR. YEUNG:** Right.

19 **MR. VAZQUEZ:** Right. Makes sense. Okay.

20 **MR. YEUNG:** Yes. Of course.

21 **MS. LUMSDEN:** Thank you, Dave.

22 **MR. YEUNG:** You're welcome.

23 **MS. COHEN:** All right.

24 Ms. Taylor, please call the next subitem.

25 **MS. TAYLOR:** Our next subitem is State Assessed

1 Property, presented by Mr. McCool.

2 **MR. MCCOOL:** Good afternoon, again, Chair Cohen and
3 Honorable Members. My name is Jack McCool, Chief of the
4 State Assessed Property Division. Today I will provide
5 information on the status of ongoing work in our
6 division.

7 Before I get into that status update, I would like
8 to revisit a question from Member Gaines from this
9 morning. Member Gaines had asked for the total assessed
10 value for the State Assessed Property Division for 2021
11 and an estimate of how much revenue that generates. So
12 Member Gaines, to answer your question, the 2021 total
13 assessed value for State Assessed Property, as adopted by
14 the Board last July, was \$123 billion of state assessed
15 value. And that would roughly equate to approximately
16 1.95 billion of property tax revenue.

17 **MR. GAINES:** That's great. Thank you, so much.

18 **MR. MCCOOL:** Very well.

19 The annual state assessee property statements were
20 due on March 1st. Many states assess requests and were
21 granted extensions to the filing deadline. SAPD staff
22 are diligently working on completing the unitary
23 appraisals as they come in. And our staff are working at
24 full capacity. We continue to engage with assessee
25 representatives, and we will continue to answer any

1 questions from assesses.

2 Staff are also working to prepare for the upcoming
3 private railroad car assessment season. Private railroad
4 car property statements are due April 30th. However,
5 there are several steps taken to prepare for the PRC
6 assessment season and SAPD staff will be ready to process
7 those filings as the deadlines to file approach.

8 And that concludes my summary report on the status
9 of our division's ongoing work for this month. And as
10 always, I'm happy to answer any questions that you may
11 have. Thank you.

12 **MS. COHEN:** Mr. Vazquez, is that hand a fresh hand,
13 or is that a new -- or is that a old hand? I think
14 that's an old one.

15 **MR. VAZQUEZ:** It's an old one, I'm sorry.

16 **MS. COHEN:** That's -- no problem.

17 Any questions for Mr. McCool? All right. Seeing
18 none.

19 Thank you, Mr. McCool, for your presentation.

20 **MR. MCCOOL:** Thank you.

21 **MS. COHEN:** No problem.

22 Ms. Taylor, next subitem, please?

23 **MS. TAYLOR:** Yes. The fifth subitem is The Welfare
24 Exemption Process Improvement Project and will be
25 presented by Ms. Keach.

1 **MS. KEACH:** Good afternoon, Chair Cohen, and all
2 Honorable Members of the Board. My name is Lauren Keach,
3 and I am the Manager of the Welfare Exemption section of
4 the Property Tax Department.

5 Today, I will provide you with an update on the
6 welfare exemption supplemental clearance certificate
7 process improvement project. Our purpose of the project
8 is to streamline the SEC process for claimants seeking to
9 accept low-income housing from property taxation. We
10 have identified opportunities for improvement and ways to
11 increase efficiency when processing SEC claims.

12 We've completed our examination of the application
13 process. The checklist and claim form were revised and
14 are available on the BOE website for claimants to
15 utilize. The examination process considered common
16 reasons for an incomplete claim that can delay approval
17 and incorporated discussions with taxpayers to provide
18 insight on necessary revisions to accomplish our goal of
19 providing a more clear and user-friendly application
20 process.

21 We will continue to keep record of common reasons
22 involved in incomplete claims following the newly
23 implemented form revisions and make necessary adjustments
24 to ensure the success of this component of the project.
25 Upon completion of the application process, we moved on

1 to our examination of the claims process. Our main goal
2 is to simplify and modernize our procedures for the SEC
3 claims process to make it more efficient.

4 We began with Phase 1, which was the review phase,
5 and analyzed each step of the claims reviewing process
6 that is required to grant an SEC, as well as conducted a
7 thorough review of our procedures to identify
8 opportunities for improvement. Since the last board
9 meeting, we have progressed from Phase 1 to Phase 2 of
10 the claims process, which is the plan and design phase.
11 Our analysis reveals areas in our procedure that are
12 dated. And we are examining ways to update and
13 streamline these areas.

14 The improvements to our procedure will transition
15 processing claims from a paper-driven format to an
16 electronic format, which will result in an increase in
17 efficiency. And this procedural update included
18 consideration of discussions and feedback we have
19 received from taxpayers regarding the burdens of mailing
20 claims and supporting documents. As we are also working
21 towards a solution to provide an alternative source to
22 submit these documents electronically to relieve the
23 burden and delays caused by mailing.

24 And I'm glad to report that we're making good
25 progress. The staff is working diligently on the current

1 phase of this project. Upon completion of this phase, we
2 will advance to Phase 3 which is the execution phase. We
3 also recently had the opportunity to present on this
4 topic at the BOE Advisory Council meeting, which includes
5 various stakeholders. We discussed the action we are
6 taking regarding the SEC improvement project as it
7 relates to low-income housing affecting California
8 residents and requested the Council to provide input.
9 And I am pleased to report that the Council was satisfied
10 with our efforts and the progress we are making with this
11 project.

12 And lastly, this project will also include an
13 analysis of our available resources for taxpayers.
14 Currently, our welfare exemption web page provides
15 general information on filing requirements for both
16 organizational certificates and supplemental clearance
17 certificates, and provides links to the various types of
18 applications to be filed with the BOE, as well as samples
19 of applications to file with the county assessors once an
20 OCC or an SEC has been granted by the BOE.

21 In addition, our website provides FAQs on the
22 welfare exemption and the veterans organization
23 exemption. But these questions and answers are more
24 general in nature and not specific to the application
25 process for SECs. So while current information on our

1 website is helpful, we believe, for the review and
2 revisions of the web page are warranted to provide more
3 information regarding the application process, as well as
4 filing requirements for, both, SOCCs and SCCs.

5 And further, we plan to expand our current FAQs on
6 our website regarding the welfare exemption and veterans'
7 organization exemption to provide more questions and
8 answers specifically related to SECs. This part of the
9 project will be tackled once we've completed our review
10 plan and execution of the application claims and approval
11 processes of this SEC project. And always, as we move
12 forward with this project, we will continue to provide
13 updates and information regarding our progress and
14 improvements to allow for visibility into the process and
15 ensure that the board members are kept informed.

16 Members, this concludes my presentation. I'm
17 available to answer any questions you may have.

18 **MS. COHEN:** Thank you, very much, for your
19 presentation. Let me see if my colleagues have any
20 questions.

21 Mr. Gaines, I see your hand.

22 Mr. Vazquez, I see your hand.

23 **MR. GAINES:** Mr. Vazquez, you want to go ahead?

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

25 First of all, on the welfare exemption improvement,

1 I'm listening and it -- you mentioned in, I guess, Phase
2 2 of this process, and I was wondering, as you move
3 forward towards, you know, electronic processing of
4 exemptions claims to align with the suggestions of the
5 taxpayers, can you identify some of the specific
6 suggestions received from taxpayers and some of your
7 teams' suggestions moving forward?

8 **MS. KEACH:** Yes. The suggestions from taxpayers
9 more relates to the burden of mailing in documents.
10 Specifically, if we receive an incomplete claim and they
11 have to revise documents or submit additional
12 documentation, then there is the burden of having to
13 supply those documents via mail -- an additional mailing.
14 So we are looking for solutions to provide more
15 convenience and relieve that burden for them to submit
16 documents to us electronically, as well as the initial
17 claim package.

18 And as far as from staff, we've had multiple
19 meetings and drafted procedures regarding how we can
20 improve our processes from being paper-driven to
21 electronical, as we do receive this claims and packages
22 in hard copy. So how can we scan these and work them
23 electronically from a processor to reviewer and increase
24 overall efficiency through that process?

25 **MR. VAZQUEZ:** Thank you.

1 **MS. KEACH:** Thank you.

2 **MS. COHEN:** Mr. Gaines?

3 **MR. GAINES:** Yeah. Thank you, Ms. Keach, I
4 appreciate that presentation. And is there -- are you
5 looking at -- in terms of the technology to be -- to
6 simplify the interface between the applicant and the BOE.
7 Are we looking at the sort of technology that, say, the
8 real estate industry uses? I've noticed that they've
9 gotten pretty sophisticated with being able to go through
10 a document and you know, have a DocuSign sort of
11 opportunity for signatures and things of that nature. Is
12 that, kind of, the technology you're exploring?

13 **MS. KEACH:** We're exploring using various technology
14 that we currently use internally, in other units. But we
15 are looking at just overall ways to improve and
16 modernize, which could include other technology and
17 staying relevant with the real estate industry, as many
18 of us have background in other areas of the real estate
19 industry. So just an overall evaluation of the best way
20 to go about making the process electronic.

21 **MR. GAINES:** Right. Wonderful. And in terms of
22 questions that I get in my district, you know, welfare
23 exemptions is kind of up there. You know, I -- obviously
24 Prop 19, I think we're getting a lot more activity on.
25 But there are issues where I have constituents who will

1 call and say, hey, you know, we submitted our application
2 and it's been a long period of time and can you look into
3 it, can we speed the process up. And I'm just curious as
4 to, you know, how are we doing in terms of the timeline
5 in getting an application processed, and is that
6 improving?

7 **MS. KEACH:** Yes, this is a big step, we believe,
8 towards streamlining the overall process, making it much
9 more efficient on our end. And also, aligning that with
10 filling some vacancies in the unit. So we have more
11 hands-on deck to --

12 **MR. GAINES:** Okay.

13 **MS. KEACH:** -- process these claims. So we are
14 seeing an overall improvement when we received these
15 requests and comments from taxpayers, as well. So we're
16 well aware that, you know, it does take some time and you
17 know, we want to be thorough on our end. So --

18 **MR. GAINES:** Sure.

19 **MS. KEACH:** -- we're looking at it every way we can
20 just to improve and speed up the process.

21 **MR. GAINES:** Okay. And do you know if -- question
22 number 1 would be, is there a backlog? And if there is,
23 do you know, like, how many days of backlog that we're
24 looking at?

25 **MS. KEACH:** We are experiencing a slight backlog.

1 We have made some progress to catch up a bit but -- and
2 it depends on the type of claim. It depends on if it's a
3 complete claim with all the information readily available
4 to process it, or if it's incomplete, which could cause
5 delays. That's when we require more information. And
6 that can delay processing a claim, which tends to be the
7 case to slow them down. So we are working to catch up
8 with the minor backlog that we're experiencing but it can
9 fluctuate depending on the level of complexity of the
10 claim and the completeness.

11 **MR. GAINES:** Okay. Well, I'm encouraged that you've
12 got some more staff and --

13 **MS. KEACH:** Yes.

14 **MR. GAINES:** -- I -- you're on the right track in
15 terms of trying to streamline this. So I appreciate
16 that. Thank you.

17 **MS. KEACH:** Thank you for that question.

18 **MS. COHEN:** Ms. Keach, I have a couple of follow-up
19 questions to the -- to what Senator Gaines was asking.
20 You had mentioned that we used some kind of -- form of
21 technology now, internally. What are we using now?

22 **MS. KEACH:** We have an internal database as of now.
23 But the process involved with this database has been
24 really oriented around the paper, hard copies. So we're
25 trying to interface with Adobe -- the full Adobe

1 program --

2 **MS. COHEN:** Wait, hold on. Hold on. Time out. So
3 before we get to Adobe, so -- what is the software that
4 we are -- that you currently use now? You said you're
5 interfacing with a database, what is that database? Does
6 it have a name?

7 **MS. KEACH:** We call it the OCC, SCC database. Maybe
8 Patty Lumsden can jump in. I'm not sure we have an
9 official name for it other than our internal database.

10 **MS. COHEN:** That's okay. That's -- the OCC,
11 whatever you said. That's good enough for me. I just
12 wanted to know that information. So thank you, Lumsden
13 you don't have to jump on.

14 So that's what we -- that's what we use now. And
15 that was software that was purchased what, a couple
16 decades ago? Do you -- I'm sure it predates you. I know
17 it predates me.

18 **MS. KEACH:** It does predate me. I want to say
19 probably around early 2000s is when this database came
20 about --

21 **MS. COHEN:** Okay.

22 **MS. KEACH:** -- Patty can correct me if I'm wrong,
23 but -- yeah, so we have this database, and we'll continue
24 to use this database.

25 **MS. COHEN:** Okay. And you -- we were talking about

1 earlier about the process being slow. And I was grasping
2 from the conversation that the process has largely been
3 slow because there's been a backlog because there hasn't
4 been enough people on staff to process the applications.
5 Is that correct?

6 **MS. KEACH:** That is a factor. And it's not
7 necessarily that the process is slow, but it has to do
8 with the overall quantity that we receive. So if we
9 receive a complete claim, with all the information, the
10 process can be relatively quick. So when we have to do
11 follow-ups and receive additional documentation, that can
12 delay and slow down the process, as well as working
13 through the quantity of them that we receive.

14 **MS. COHEN:** Okay. Got you.

15 I see a hand, but I don't see a person's name. Oh,
16 they just went down. All right, any other questions for
17 Ms. Keach? Doesn't look like it. Okay. I see a hand
18 back up again. I don't know who that is, so please speak
19 if you have a question.

20 **MS. KEACH:** Looks like it's Member Gaines on my end.

21 **MS. COHEN:** Okay. Thank you.

22 Mr. Gaines, you want to speak -- ask your question?

23 Okay. We'll move on.

24 Thank you for your presentation.

25 **MS. KEACH:** Thank you, very much.

1 **MS. COHEN:** Yes, you're welcome.

2 And I think we have Mr. Yeung up next, is that
3 right?

4 **MS. TAYLOR:** I think, Chair Cohen, we are ready to
5 move on to public comment.

6 **MS. COHEN:** Okay. Perfect. No more subitems.

7 Okay. So thank you, everyone, for your
8 presentations.

9 And let's go ahead and take it to public comment.

10 **MS. TAYLOR:** AT&T Moderator, please let us know if
11 there is anyone on the line who would like to make a
12 public comment regarding these matters?

13 **AT&T MODERATOR:** Okay.

14 Ladies and gentlemen, if you would like to make a
15 public comment, please press one then zero. One, zero.

16 And it looks like we do have on in queue at this
17 time. One moment, please.

18 **MS. COHEN:** Great.

19 **AT&T MODERATOR:** And our comment will come from the
20 line of Leslie Morgan (ph.). Please go ahead, your line
21 is open.

22 **MS. COHEN:** Oh great.

23 **MS. MORGAN:** Hi. Good afternoon. I just wanted to
24 jump in here on the earlier conversation about the Prop
25 19 and some of the concerns that had been presented on

1 the processing. And I guess, somewhat, specifically
2 related to Senator Hertzberg. But I think this is a
3 common concern we all have, as we all consider ourselves
4 advocates for the property owners in our counties. But
5 there is -- you know, as David pointed out, there is a
6 backlog just from us trying to get our heads wrapped
7 around how to process this.

8 It's consensus, I would say, that the assessor's
9 office are trying to get those records flagged so we can
10 prevent a bill from going out to a property owner. But
11 there are just so many scenarios in which I -- a
12 supplemental may have been issued, whether it's the
13 replacement dwelling getting purchased first, or simply,
14 a property owner not filing a form until after the
15 supplemental has been issued. So we -- I, specifically,
16 had discussion with Senator Hertzberg.

17 And the Assessors Association is having meetings
18 because we are trying to come up with ideas of what we
19 might be able to do. We don't know what the solutions
20 are because they're very preliminary conversations. We
21 are trying to figure out is there anything, I guess,
22 legislatively to fix. We don't know what that would look
23 like because we're not really sure, as assessors, you
24 know, we have the authority to defer taxes, like, in a
25 calamity but is there anything within that realm. We had

1 an individual on the SCO committee, so she's -- Leslie
2 Davis has reached out to the treasurer tax collectors to
3 get their input.

4 We don't know if there's an extension to
5 supplemental kind of things. Right now, we're just
6 brainstorming, right. We're just trying to figure out
7 what would it look like. Procedurally, most of the
8 answers, I think, lie in -- within the boundaries that we
9 currently operate in. And that is, we flag those
10 records.

11 You know, literally, in my office, we put a special-
12 colored folder around them so that when they go to an
13 appraiser's desk they're understood to be a priority.
14 But the reality is, is some of those get through and some
15 property owners get supplementals. And even the values
16 of the home prior to them. That value could have been
17 significantly higher than the base-year they're bringing.
18 So you know, there's a number of questions out there.
19 We're having those preliminary conversations. And I just
20 wanted to share that with you.

21 Before I end my public comment, I also wanted to
22 just say thank you to the board staff on the efforts of
23 the meetings that were established so that we could share
24 some of those concerns that Sen. Gaines pointed out with
25 the government appeal. I think they were very, very

1 productive over the last couple years and I think that at
2 this point we just simply don't hear a lot of those same
3 concerns.

4 Now, maybe some of it is because COVID has changed
5 the look and feel of that. But I do think the efforts of
6 everybody involved are much appreciated by the
7 association, and I thought I would also share that.
8 Thank you.

9 **MS. COHEN:** Thank you. I definitely appreciate you
10 calling in and weighing. I think we could dedicate some
11 time in our next meeting to hear from the assessors and
12 other relevant stakeholders on this issues that's being
13 raised. Thank you for sharing a little bit of -- with
14 your conversation with Sen. Hertzberg. I know that's an
15 ongoing dialogue with the work that we try to do at the
16 Board of Equalization and his legislative agenda. So
17 it's important for us to continue to engage in that.

18 But by doing so, by bringing this item back to the
19 future board mtg, it would allow us to determine
20 appropriate actions and thoughtful next steps. So we
21 should keep moving and listening in this -- on this
22 topic.

23 Are there any other comments? Okay, I'm seeing
24 none.

25 **AT&T MODERATOR:** We have -- we have none in queue.

1 **MS. COHEN:** Thank you very much.

2 Ms. Taylor.

3 **MS. TAYLOR:** All right. Our next item is K(4)(a):
4 Legislative Research and Statistics Division Chief
5 Report, legislative issues, update on the administrative
6 and program related legislative bills impacting the BOE.
7 This item will be presented by Mr. Weatherby.

8 **MR. WEATHERBY:** Thank you, Ms. Taylor. Good
9 afternoon, Chair Cohen, Vice Chair Schaefer, and
10 Honorable Members of the board. I'm Dustin Weatherby.
11 I'm Chief of the Legislative Research Statistics
12 Division. So attached to the PAN is a summary of
13 legislation that's affecting the Board of Equalization
14 that's still pending in the legislature.

15 So a note, the legislature has one more week of
16 session before adjourning for spring recess from April
17 7th. And then they will reconvene on Monday, April 18th.

18 So the first major legislative deadline upcoming is
19 April 29th, which is the policy committee deadline for
20 fiscal bills that have been introduced in their house and
21 must go through the respective appropriations committees.

22 As Proposition 19 update, no bills have been
23 introduced or amended related to the implementation of
24 Prop 19. The only measure that is still pending is
25 assembly constitutional amendment 9 by Assemblymember

1 Kevin Kiley, which seeks to repeal several provisions of
2 Prop 19 regarding the intergenerational baser value
3 transfer exemptions and read state prior rules. The
4 measure would apply retroactively to all affected
5 purchases or transfers occurring on and after February
6 16th, 2021. The bill has not been referred to a
7 committee and the last day for the legislature to place a
8 measure on the November 2022 ballot is June 30th.

9 So moving on to the legislation, the bill I want to
10 highlight is Senate Bill 1494 authored by the Senate
11 governance and finance committee. This proposal contains
12 more of the board-sponsored legislative proposals to
13 amend revenue and taxation code section 97.68, which
14 related to a sales tax augmentation fund and correct
15 references of Board of Equalization to the California
16 Department of Tax and Fee Administration. This bill is
17 currently awaiting referral to a legislative committee.

18 The next bill is 80-1206 by Assemblymember Bennett,
19 which would require that a rental unit continued to be
20 treated as occupied by a lower income household when the
21 income of those occupants increases up to 140 percent of
22 the area needing income if the owner is a community land
23 trust whose land is leased to low-income households. And
24 it extends the sunset for fiscal years 2022-23 through
25 2027-2028.

1 So the board voted at the February board meeting to
2 support AB 1206 and the bill passed the assembly on
3 January 31st and is currently awaiting referral to a
4 Senate committee.

5 The next bill is assembly bill 1733 by
6 Assemblymember Quirk, which would provide the flexibility
7 for state agencies to hold meetings via teleconference.
8 This bill's been double referred to the assembly
9 governmental organization committee and the assembly
10 business and professions committee. To date, this bill
11 has not been set for hearing. It must pass both
12 committees by February 29th's policy committee deadline
13 for fiscal bills.

14 The final bill I want to highlight is Senate bill
15 1357 by Senator Archuleta, which would increase the
16 disabled veterans property tax exemption to \$700,000 and
17 authorizes a partial disability exemption to disabled
18 veterans with a disability rating between 10 percent and
19 100 percent if they got that disability rating from the
20 United State Department of Veteran Affairs or the
21 military service from which the veteran was discharged.
22 This bill is currently in the Senate Governance and
23 Finance Committee and is awaiting hearing.

24 So outside of the legislative process, there are a
25 few initiatives that are circulating for signatures that

1 affect the BOE or its programs.

2 The first initiative is initiative 21-0023 filed by
3 Stanley R. Apps, which would increase the homeowner's
4 real property tax exemption from \$7,000 to \$200,000 and
5 additionally increases the renter's tax credit up to
6 \$2,000. This initiative would pay for the increased
7 exemptions via property tax surcharge of up to 1.4
8 percent on properties with full cash value of \$4 million
9 or more. The BOE would be required to probably be at
10 regulations to implement these provisions.

11 The legislative analyst's office estimates costs
12 would be offset by increased revenues of 16 billion to
13 \$20 billion, with total costs of the initiative about \$15
14 billion annually. So proponents have until May 31st,
15 2022 just to make just under 1 million valid signatures.
16 And to date, no campaign committee has been identified by
17 the secretary of state in support of the initiative.

18 The next initiative is initiative 21-0032, which was
19 also filed by Stanley R. Apps. And this initiative also
20 increases the homeowner's real property tax exemption
21 from \$7,000 to \$200,000. It increases the renter's tax
22 credit up to \$2,000. It increases the income limit for
23 claiming the credit up to \$400,000.

24 So the initiative would pay for the increased
25 exemption and credit by imposing a property tax surcharge

1 of up to 1.2 percent on properties valued over \$4
2 million. The LEO estimates total cost will be offset by
3 increased revenues of up to 16 to \$19 billion.
4 Proponents have until June 13th, 2022 to submit just
5 under 1 million valid signatures. And to date, to
6 campaign committees have been identified by the secretary
7 of state in support of the initiative.

8 And so the final initiative I want to highlight is
9 initiative 21-0015 which was filed by the Howard Jarvis
10 Taxpayers Association. This initiative amends various
11 provisions of Proposition 19 to retroactively appeal
12 intergenerational exclusions, increase the \$1 million
13 parent-child and grandparent-grandchild exclusion to \$2.4
14 million, require the BOE to annually adjust the \$2.4
15 million limit by the cost of inflation but not to exceed
16 2 percent, remove the definitions of family farm and
17 family home, remove the dedicated revenue for fire
18 protection and emergency response, and require
19 reimbursement for eligible local agencies with negative
20 revenue gain.

21 The LEO estimates increase costs of hundreds of
22 millions of dollars per year to cover recent local
23 government property tax losses that could grow over time
24 to possibly \$1 billion or more per year. Local
25 government funding would decline by tens of millions of

1 dollars per year and could grow up to hundreds of
2 billions of dollars per year, and local school
3 districts -- local schools would also have similar losses
4 of similar amounts relative to what local governments
5 would also have.

6 Proponents have until May 3rd, 2022 to submit just
7 under 1 million valid signatures. And like I said, the
8 Howard Jarvis Taxpayers Association is sponsoring and
9 funding the initiative's signature gathering effort.

10 So this will conclude my presentation on this item.
11 And I'm available to take any questions.

12 **MS. COHEN:** Thank you very much for your
13 presentation. I do have some quick questions, initial
14 thoughts. What kind of chatter or other actions are you
15 seeing behind some of these pieces of legislation that
16 would be most interesting to members of the Board of
17 Equalization?

18 **MR. WEATHERBY:** I mean, it's still too early to
19 tell. I mean, there's still -- I mean, committee
20 hearings have really not started. I mean, like, for
21 example, the Assembly Revenue and Taxation Committee has
22 delayed its past two hearings.

23 **MS. COHEN:** Okay.

24 **MR. WEATHERBY:** And so it's very much in the
25 preliminary stages of the legislative process on the

1 second year.

2 **MS. COHEN:** And why are they -- real quick, rev and
3 tax, can you tell me why they delayed their last two
4 hearings?

5 **MR. WEATHERBY:** I'm not sure. I can't speak to why
6 they delayed it. I can just say they were calendared
7 hearing and that they'd been delayed. Sometimes it could
8 be they want higher -- you know, more bills to be heard
9 at once and so it's at the discretion of the chair how
10 they want to proceed.

11 **MS. COHEN:** Okay. Gotcha. All right.

12 Let's see. Mr. Vazquez, I see your hand.

13 **MR. VAZQUEZ:** Yes. Thank you. Actually I think
14 these are real good, that we're tracking these, Mr.
15 Weatherby. And I would suggest, and I think you kind of
16 hit on it, that maybe we would bring these back I guess
17 in our April meeting or May as a -- especially for those
18 that do qualify and are moving forward on the ballot.
19 Then I think we need to do a deeper dive and see what the
20 impacts are going to be, especially for the BOE. And
21 yeah, I guess that's it for right now on my end.

22 **MS. COHEN:** Okay. Perfect. Mr. Gaines?

23 **MR. GAINES:** Yeah. Thank you, Mr. Weatherby.

24 So the first two initiatives, one was 21-0032 and
25 then there was another similar one. I didn't get the

1 number of that one though. Do you have that?

2 **MR. WEATHERBY:** Yeah. That would be initiative 21-
3 0023.

4 **MR. GAINES:** Okay. Great. Thank you.

5 And so those are increasing the exemption, which is
6 nice, up to 200,000 on a home. And then for renter, it
7 would be a \$2,000 credit. But they come coupled with tax
8 increases. Is there a difference between the two
9 initiatives in terms of the type of tax increase?

10 **MR. WEATHERBY:** I don't believe there is. I believe
11 it's just a basis of the rate. So the initiative 21-0023
12 has a rate up to 1.4 percent on properties that are \$4
13 million or more, and initiative 21-0032 is 1.2 percent on
14 properties of \$4 billion worth or more.

15 **MR. GAINES:** Okay.

16 **MR. WEATHERBY:** Within those initiatives, there's
17 also varying rates for other property values. I don't
18 remember off the top of my head, but it is a tiered
19 system. Just that the top tier rate is what I
20 highlighted for your consideration.

21 **MR. GAINES:** Okay. So the tax increase on the 21-
22 0023 would be 16 to 20 billion. You had expressed that,
23 right?

24 **MR. WEATHERBY:** Yeah. 16 to 20 billions annually.

25 **MR. GAINES:** Okay. And then on the second one, the

1 21-0032, do we have an estimated tax --

2 **MR. WEATHERBY:** LEO estimated the revenues would be
3 16 to \$19 billion annually.

4 **MR. GAINES:** 16, 19 billion -- okay, great. That's
5 helpful. And then on the Howard Jarvis Taxpayers
6 Association, that is the -- that's really a Prop 19 fix,
7 isn't it, for the passage of property to a child or a
8 grandchild?

9 **MR. WEATHERBY:** I mean, I don't know if you would
10 want to clarify as a Proposition 19 fix. Howard Jarvis
11 is trying to undo a lot of the -- what was done by Prop
12 19 when it comes to how property is transferred. So it's
13 essentially repealing the intergenerational exclusion
14 that was put in.

15 **MR. GAINES:** Yes.

16 **MR. WEATHERBY:** But it's additionally increasing the
17 exclusion amount for the -- for when, you know, the
18 transfer occurs.

19 **MR. GAINES:** Okay. Sounds like it would keep the
20 base year value of Prop 19, so you can transfer from
21 county to county.

22 **MS. COHEN:** Not -- on property prior to Prop 19.

23 **MR. GAINES:** But provide that relief. Yeah,
24 prior --

25 **MS. COHEN:** I think it's the base year value prior

1 to Prop 19 as passage.

2 **MR. GAINES:** That's right.

3 **MS. COHEN:** Yeah.

4 **MR. GAINES:** You're right.

5 Yeah, great. Thank you. I appreciate that
6 clarification.

7 **MR. WEATHERBY:** You're welcome.

8 **MS. COHEN:** No problem. Let's see. Are there any
9 other hands? I see none. I see none. Okay.

10 Mr. Weatherby, thank you very much. I appreciate
11 your research and presentation.

12 Ms. Taylor, let's take public comments.

13 **MS. TAYLOR:** Thank you. AT&T Moderator, please let
14 us know if there's anyone on the line who would like to
15 make a public comment regarding this matter.

16 **AT&T MODERATOR:** Okay. If you'd like to make a
17 public comment, please press 1 then 0, 1-0. And we have
18 no one in queue at this time.

19 **MS. COHEN:** All right. Thank you very much. Please
20 call the next item.

21 **MS. TAYLOR:** The next item is K(5)(a), Taxpayer
22 Rights Advocate Office of report operational update,
23 report on the status of pending and upcoming projects and
24 activities. This matter will be presented by Ms.
25 Thompson.

1 **MS. THOMPSON:** Good afternoon, Chair Cohen and
2 Honorable Board Members. I'm Lisa Thompson, Chief of the
3 Taxpayer Rights Advocate Office. And I'm here today to
4 provide you an update on the activities of the taxpayer
5 rights advocate office as well as on our Proposition 19
6 implementation and action plan, on education outreach, to
7 keep you informed.

8 My update will be in two parts. And I will be
9 presenting actually on item K(5)(b) as to education and
10 outreach first. Then I'll report on the activities of
11 the TRA office in item K(5). Okay.

12 So with respect to item 5(b), I would like to report
13 on the progress made regarding taxpayer education,
14 specifically on the issuance and our efforts as far as
15 drafting a Proposition 19 fact sheet revision. And with
16 respect to this fact sheet, following the property tax
17 department's issuance of two letters to assessors,
18 concerning Proposition 19's implementing legislation, the
19 TRA office worked with the Communications Office or Peter
20 Kim to revise the fact sheet that was issued in February
21 of 2021 to reflect the implementation legislations as
22 well as the key points made in the letters to assessors.

23 And the TRA office completed revision of this
24 Proposition 19 fact sheet, and it is currently being
25 prepared for final publication by our forms and

1 publications section.

2 With respect to education efforts specific to each
3 area within Proposition 19, the TRA office has started
4 drafting the information sheets for the various
5 intergenerational exclusion provisions and baser value
6 transfer provisions of Proposition 19. Utilizing the
7 information in the two letters to assessors that the
8 property tax department issued in February concerning
9 that implementing legislation.

10 And the TRA office has completed the draft of the
11 information sheets for the parent-child exclusion as well
12 as the grandparent-grandchild exclusion. It is currently
13 in the internal review process. And we have also drafted
14 the information sheet on the baser value transfer for
15 seniors. And that will start on the internal review
16 process beyond myself shortly.

17 And as we continue to work with those information
18 sheets and publish them, I will be notifying assessors as
19 well as taxpayers and the communications officer and I
20 are also collaborating on strategies for outreach
21 efforts. So as many taxpayers are aware of the
22 publications as possible. And so we will be also
23 actually advising our advisory council members of that
24 and providing information to external stakeholders.

25 Additionally, I wanted to report on the status of

1 polling and surveying Board Members on topics in need of
2 taxpayer education based on taxpayer contacts that they
3 have had with their offices. At the last board meeting,
4 interest was expressed to survey board members' offices
5 regarding priority topics that are in need of taxpayer
6 education based on contacts that they have had with
7 taxpayers in their office.

8 And I sent an email to each Board Member's office in
9 February requesting information on taxpayer priority
10 contacts, needs, or interests. And as part of that email
11 I shared the six topics that were -- was identified by
12 our office as well as the California Census Association
13 that they had agreed to with the TRA office.

14 And I asked if there were any additional topics
15 heard or observed in their equalization districts. I did
16 not receive any additional comments beyond that which the
17 TRA office was working on toward completing the
18 information sheets on.

19 Before I go to questions, I did want to address one
20 question from a prior agenda item. Board member Gaines
21 asked about contacts that were received addressing
22 Proposition 19 and as we -- if we have seen an increase
23 in Proposition 19 inquiries. Ms. Renati (ph.) indicated
24 that the TRA office as well as the property tax
25 department would address that. David Young addressed it

1 from property tax department standpoint.

2 And with respect to the TRA office, we continue to
3 receive contacts from taxpayers about, you know, issues
4 relating to Prop 19. Largely the base value transfers,
5 that's where we're seeing the more inquiries now. And
6 the contact largely that we receive now are concerning
7 delays about the past, you know, processing claims.

8 We also have continued to get a few inquiries
9 regarding taxpayers that missed the deadline that
10 actually purchased and sold before the April 1st, 2021
11 effective date. So we continue to, you know, advise them
12 about Proposition 19 and the dates -- the pertinent
13 dates, and that, you know, if you really wanted to take
14 advantage of the base value transfer provisions under
15 Prop 19 because they either, you know, bought higher
16 market value or moved to a different county that didn't
17 previously accept base value transfers, then they could
18 buy another property and choose to replace -- use that as
19 replacement as long as it was within two years of the
20 sale of their original property. So that addresses that.

21 So that concludes my update for item 5(b). I'm
22 available to answer any questions you may have.
23 Otherwise I will go on to 5(a).

24 **MS. COHEN:** Hold on a minute. 5(b).

25 **MS. THOMPSON:** So 5(b), I'm sorry, was addressed

1 first. But 5(b) is to education and outreach on efforts
2 that we have made toward the Proposition 19 information
3 sheet.

4 **MS. COHEN:** So the Prop 19 banner on the BOE website
5 provides the link to useful information and guidance.
6 But my question is centered around whether -- centered
7 around what the agency can do to reach out to the public
8 so that they understand the challenges -- or excuse me,
9 the changes of Prop 19 that it's brought about.

10 **MS. THOMPSON:** So as soon as the Proposition 19 fact
11 sheet is revised, the revised version is basically
12 published and posted to our website, then the
13 communications officer will be providing information. So
14 we are working on strategies on how to publicize that
15 informations.

16 **MS. COHEN:** That's good. I note that several
17 assessor's office have produced their own fact sheets on
18 Prop 19, and I'm just curious to know if the BOE has
19 reached out to assessors to proactively provide
20 information about the Prop 19 implementation.

21 **MS. THOMPSON:** So yes, actually I have spoke with
22 the California Assessors' Association president, Leslie
23 Morgan, on this. So I will be also updating the
24 assessors at the upcoming assessors conference toward,
25 you know, progress that has been made on that. So we

1 will be in close communication with the assessors'
2 association, so they are aware of the publications of
3 that. We do also plan to issue letter to assessors so
4 that is memorialized in an LTA that is easily seen by,
5 you know, assessors. There's a pretty broad subscriber
6 list for the letters to assessors. So we want to
7 increase the --

8 **MS. COHEN:** I appreciate that. And a year has
9 passed since the passage of Prop 19. I was wondering if
10 there is a plan to issue statements or press releases
11 that summarizes the changes in the legislation -- or
12 changes in the regulations and the changes in the forms
13 that allow the public to access exemptions provided for
14 in Prop 19.

15 **MS. THOMPSON:** I can't really address that
16 specifically, but I know from the legal department -- I
17 don't know if Henry is available -- but I mean, there is
18 required, you know, public postings for the regulations
19 and such. So people are --

20 **MS. COHEN:** I was just -- my question really is, is
21 are -- in what ways are we going above and beyond.

22 So I'll move on. And now this question is for --
23 and a question more related to the relationship that you
24 work -- that you work with Mr. Kim, to consider
25 partner -- well, I guess a suggestion for you to consider

1 partnering with Mr. Kim to provide virtual toolkits to
2 members, to assessors to help us facilitate hosting
3 virtual educational sessions on the Prop 19 and the
4 passage of Senate bill 539, and the associated guidance
5 that we've issued in Prop 19 as well as Senate bill 539.

6 **MS. THOMPSON:** So similar to what was done with the
7 initial Prop 19 fact sheet, we prepared a PowerPoint
8 presentation that could be used by the member's office if
9 they wished it in providing sessions to their
10 constituents, and so our plan is to do that again based
11 on the revision to this, so.

12 **MS. COHEN:** Okay. That's good. All right. That's
13 a start. Thank you. Your welcome to continue with your
14 presentation.

15 **MS. THOMPSON:** Okay. So if there are no further
16 questions on item 5(b), then I'll go on to 5(a).

17 So again, I'm Lisa Thompson, Chief of the Taxpayer
18 Rights Advocate office. And for this agenda item,
19 K(5) (a), I'll be reporting on the activities of the
20 Taxpayer Rights Advocate office. And I'm pleased to
21 share with you some information on the activities of the
22 TRA office as to the number of completed cases during
23 February and also to provide some insight on the types of
24 those cases.

25 So in February 2022, we completed twenty-seven

1 cases. Eleven were in Board Member Gaines's district,
2 eight were in Board Member Cohen's district, two were in
3 Board Member Vazquez's district, and six were in Board
4 Member Schaefer's district.

5 Of the twenty-seven completed cases, seven were in
6 the administrative category and twenty were in the
7 valuation category. The administrative category includes
8 topics such as creating and mailing tax bills, refunds,
9 penalty cancellations, defaulted taxes, access to data,
10 special assessments, or direct levies on the property tax
11 bill.

12 Valuation category includes topics such as change
13 in ownership, declines in value, appraisal methodology,
14 exclusions, exemptions, new construction, actual
15 enrollment of values, general property taxation, as well
16 as assessment appeals.

17 With respect to the administrative category, two
18 cases involved bill taxes and three cases involved
19 delinquent or defaulted taxes. One case involves special
20 assessments, and one involved access to data.

21 The Taxpayer Rights Advocate office assisted the
22 taxpayers by providing information about the laws
23 requiring penalty application when a property tax payment
24 is made beyond the delinquency date as well as
25 information about the penalty cancellation process. We

1 also provided links to a clickable tax collectors'
2 websites where the taxpayer could complete penalty
3 cancellation request.

4 In cases for the delinquent or defaulted taxes, we
5 helped the taxpayers understand the availability of
6 payment plans as long as the property taxes were not
7 delinquent for more than five years, and the requirement
8 of a tax collector to sell property if taxes have been
9 defaulted for more than five years. Where the property
10 had already been sold at auction, we explained that the
11 taxpayer could file for excess proceeds if the property
12 was sold for more than the tax liability and secured
13 debtors.

14 With respect to the valuable category and its twenty
15 cases in total, five cases pertained to change in
16 ownership, four addressed exclusions from reassessment of
17 which two pertained to baser value transfer exclusion
18 under age -- persons over age 55, and two cases pertained
19 to the parent-child exclusion. Four cases involved
20 exemptions, three of which pertained to the welfare
21 exemption and one the historical aircraft exemption.
22 Four pertained to actual enrollment of values. Two
23 pertained to assessment appeals. And one applied to
24 appraisal methodology.

25 For the change in ownership cases, the TRA office

1 provided information about change in ownership for
2 California property tax purposes and transfers that can
3 result in change in ownership and cause a property in
4 whole or in part to be reassessed.

5 In one case, the taxpayer inherited property from
6 her parents and along with her siblings, and the taxpayer
7 then bought out the siblings, which caused a 75 percent
8 change in ownership and reassessment subsequently. We
9 helped the taxpayer understand why they could only keep
10 the 25 percent of their parents' low property tax base.

11 In another case, the taxpayer had added her son on
12 title to a rental property, thinking that the transfer
13 would qualify for the parent-child exclusion. However,
14 we coordinated with the assessor's office to see how
15 title was held and because it was in joint tenancy and
16 the mother remained on title, it was not a change in
17 ownership, therefore there was nothing to exclude. At a
18 later time, when the mother passes or is removed from
19 title, the laws in place at that time for a parent-child
20 exclusion would apply.

21 Another change in ownership case involved legal
22 entities and we helped the taxpayer understand that a
23 change in interest in a legal entity, such as a
24 corporation, partnership, or a limited liability company,
25 can impact the assessment of property owned by that legal

1 entity. We explained that if one person or legal entity
2 obtains controlling interest, specifically more than 50
3 percent, then it causes a change in control under revenue
4 and taxation code 64(c), which requires the entity's
5 property to be reassessed unless an exclusion applies.

6 Since the taxpayer had concerns about documentary
7 transfer tax they received, we also explained that that
8 was a recorder's tax and not property taxes, but we were
9 aware that counties charge documentary tags for tax on
10 legal entity transfers and that there might be exclusions
11 from it. We indicated that the board of supervisors for
12 each county adopt ordinances or business codes concerning
13 the documentary transfer tax and directed them to the
14 county's code for that information.

15 We also put the taxpayer in contact with the Napa
16 County Assessor, John Tuteur, who has been involved with
17 the California Records Association for many years and
18 well versed in documentary transfer tax, just to get some
19 background information.

20 With respect to two cases involving baser value
21 exclusions, the transaction dates fell under the dates of
22 the law prior to Proposition 19. In one case, the
23 taxpayer purchased their intended replacement before the
24 April 1st effective date of Proposition 19 and because
25 the property's market value was more than the original

1 property's market value, they didn't qualify for the base
2 value transfers under Proposition 19.

3 So the TRA office explained the requirements for the
4 baser value transfer under Proposition 19 as well as the
5 previous provisions under Propositions 60 and 90. And we
6 also indicated to them that they could take advantage of
7 Proposition 19 as far as the base value transfers if they
8 purchase another property and it was done within two
9 years of the sale of the original.

10 Also for the second case, we assisted the taxpayer
11 with its claim and coordinated with the assessor's office
12 to support qualification for the baser value transfer
13 from another county. The exclusion was granted with
14 several years of refunds given.

15 With respect to the three exemption cases, we
16 assisted the taxpayers by either coordinating with our
17 agency's property tax department regarding its
18 organizational clearance certificate application or
19 coordinated with the assessor's office where the property
20 was located regarding the processing of the welfare
21 exemption claim.

22 For one of the case, we provided information to
23 enable the taxpayer to understand that having IRS 501(c)3
24 status does not result in them automatically being exempt
25 from property tax purposes. And we also provided

1 information on the exemption of aircraft of historical
2 significance as to age and (indiscernible).

3 With respect to the four cases pertaining to
4 enrollment of values, two involved supplemental or estate
5 assessment, and one involved the statute of limitation
6 for assessment corrections versus refunds. And one
7 involved a vessel evaluation.

8 In one of these cases, the taxpayer contacted our
9 office because they received a supplemental tax bill and
10 two estate bills almost two years after purchasing the
11 property. We looked into the situation, determined that
12 the prior owners change in ownership had not been worked
13 because the current owner purchased the property which
14 resulted in additional assessments to reflect the proper
15 real value.

16 Essentially, the prior owner had flipped the house.
17 They bought it, fixed it up, and then resold it within a
18 six-month period of time so the assessor's office had not
19 yet reappraised that transfer. We confirmed that the
20 assessor's calculations were correct and helped the
21 taxpayer understand the reason for multiple assessments
22 and bills.

23 For another case, we worked with the assessor's
24 office for it to reexamine role corrections it made after
25 it appealed decisions that reduced the property's base

1 year value. Because one of the year's was assessed under
2 a decline in value, the role correction was done
3 correctly for the following two years since the CPA
4 factor was simply applied. But they corrected that
5 amount the second time and issued refunds.

6 The remaining cases pertain to assessment appeals
7 and appraisal methodology. We assisted one taxpayer by
8 providing information on property tax rule 3-11,
9 addressing the number of appeals board members required
10 at a hearing. And that it is acceptable to have two
11 members. We also provided information on the number of
12 years a taxpayer can appeal the base year value of their
13 property and helped them understand their appeal rights.

14 With respect to the case on appraisal and
15 methodology, we helped the taxpayer understand personal
16 property assessment and examination of business records
17 in an audit.

18 That concludes my update. I'm happy to answer any
19 questions that you may have.

20 **MS. COHEN:** Wow. Thank you very much. That was
21 really very interesting. We're going to have a whole
22 legion of well-educated and well-versed property
23 taxpayers that know the ins and outs of what they can and
24 can't do when it comes to base year transfers and
25 purchasing of homes, selling homes.

1 Anyway, thank you very much, Ms. Thompson. Kudos to
2 you and your team. We appreciate your efforts and this
3 very thorough report out.

4 Colleagues, do you have any other questions or
5 comments for Ms. Thompson and her team?

6 **MR. VAZQUEZ:** Just real quick. Yeah, just real
7 quick, Ms. Thompson, when you were laying out all the
8 possible scenarios, did I hear correctly that, especially
9 on a transfer of a property, is there -- if somebody
10 sells a home first, they have a two-year window to
11 transfer that value, or does it have to be within that
12 one year?

13 **MS. THOMPSON:** Well, it's -- for a base year value
14 transfer, so a taxpayer or a property owner, basically
15 they have to purchase the replacement within two years of
16 the sale of the original. It actually can be before or
17 after, it just has to be within. So the replacement
18 could be purchased after the original or before it, but
19 it has to be within two years.

20 **MR. VAZQUEZ:** Okay.

21 **MS. THOMPSON:** The one-year requirement I think
22 you're referring to is, is the one-year is you have to --
23 I think you're talking about a parent-child exclusion
24 where you would have to -- you have to actually file for
25 the homeowner's exemption, you have to live in it, like

1 the child would have to -- could be both ways, I suppose.
2 But the parent or the child, whoever's moving into the
3 home, received the property has to actually live it in
4 within a year. And it has to continue to be the family
5 home. I think that's what you're referring to on the
6 one-year requirement.

7 **MR. VAZQUEZ:** That's what I was --

8 **FEMALE SPEAKER:** How do you --

9 **MS. THOMPSON:** Yeah.

10 **FEMALE SPEAKER:** How do you verify (indiscernible).

11 **MR. VAZQUEZ:** So on a sale, it doesn't matter then?

12 **MS. THOMPSON:** Well, that's where, like, for the --
13 it's usually inherited property. But I mean, you could
14 purchase it I suppose. The child could actually purchase
15 the property from a parent and still that would qualify
16 for an exclusion if it meets all of the requirements. So
17 it doesn't have to be inherited. It could be purchased.
18 So yeah, but that's within a year.

19 But for the base year value transfer, it's the
20 purchase has to be made within two years.

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

22 **MS. COHEN:** Thank you, Mr. Vazquez.

23 Ms. Thompson, how do you verify whether a child is
24 living in the property. How has that been working out
25 for the last almost year?

1 **MS. THOMPSON:** So that would be something that the
2 assessor's office would be responsible for doing. But if
3 you -- as far as the claim forms, I mean you have to --
4 there are requirements to -- for Proposition 19,
5 including has to file for a homeowner's exemption, you
6 know, within a year of the transfer. So those are the
7 type of things. So it's a certification that you
8 actually make, and that taxpayer would make that they are
9 doing that.

10 **MS. COHEN:** Understood. Okay. Colleagues, are
11 there any other questions for Ms. Thompson? All right.
12 Seeing none.

13 Let's go to public comment. Then we'll hear the
14 next item.

15 **MS. TAYLOR:** AT&T Moderator, please let us know if
16 there is anyone on the line who would like to make a
17 public comment regarding K(5) (a) and K(5) (b).

18 **AT&T MODERATOR:** Okay. Ladies and gentlemen, if
19 you'd like to make a public comment, please press 1 then
20 0 at this time. Please press 1-0. And we have no one in
21 queue for comment.

22 **MS. COHEN:** Thank you very much.

23 Ms. Taylor, let's call the next item.

24 **MS. TAYLOR:** The next item is L(2) (a), Board Member
25 Initiatives, Board Member Strategic Plan, board

1 discussion and possible action on the following items
2 pertaining to the current board member strategic plan.
3 One, review strategic plan goals, priorities, and actions
4 as of June 23, 2020.

5 **MS. COHEN:** Thank you very much.

6 Mr. Vazquez, I'll turn it over to you. Mr. Vazquez?

7 **MR. VAZQUEZ:** Yes. Yes.

8 **MS. COHEN:** I'll turn it over to you.

9 **MR. VAZQUEZ:** Members, I want to thank you for your
10 patience and the work you've done over this past year
11 that relates to our strategic plan. I am pleased that we
12 are now moving forward. I have some questions and
13 comments regarding the actions under each goal, and I
14 would like to review and confirm some decisions and
15 commitments we made on June 23rd, 2020.

16 First, under goal 1, is the wording under action
17 1(b)(2), initiate the quarterly reports on the
18 constitutional function carried out by CDTFA and the
19 State Controller's Office correct. I thought that Deputy
20 Stowers objected to it and if we agreed to delete it,
21 that is unnecessary. Then I guess we would need to make
22 that change.

23 And let me ask Ms. Stowers on that.

24 **MS. STOWERS:** Thank you, Member Vazquez.

25 I do believe I took issue with it. But I'm not sure

1 what the members agreed upon.

2 **MR. VAZQUEZ:** Okay. Let me open it up to the
3 members.

4 And hearing -- if there's no object -- oh, I'm
5 sorry, go ahead, Ms. --

6 **MS. COHEN:** Wait, hold on a minute, time out, time
7 out, time out. So Mr. Vazquez, I wanted you to make some
8 opening remarks. I had some opening remarks before we
9 kind of jumped back into --

10 **MR. VAZQUEZ:** Oh, I'm sorry.

11 **MS. COHEN:** Yeah. Into the questions. So --

12 **MR. VAZQUEZ:** Go ahead. I'll back up. Go ahead.

13 **MS. COHEN:** Ms. Stowers, if you will, allow me. And
14 Colleagues, just let me back up and kind of frame this
15 conversation just so we can refresh our memories.

16 So Board Member Vazquez and I placed this
17 informational item on the agenda to begin reporting out
18 on the work that we've accomplished as a board in our
19 strategic plan and associated action plan.

20 And Board Member Vazquez, again, thank you for your
21 continued leadership in this area.

22 I also want to point out that the Executive Director
23 will make herself available to provide any kind of
24 technical assistance if needed by any of the other Board
25 Member offices.

1 So I just wanted to just kind of set that frame out
2 there.

3 Ms. Stowers, can you please repeat your question?

4 **MS. STOWERS:** It wasn't really a question --

5 **MS. COHEN:** Or your statement, rather.

6 **MS. STOWERS:** My statement, I was just kind of
7 reviewing the strategic plan, and Member Vazquez
8 commented that one of the items, it was to have quarterly
9 reports from CDTFA and the Controller's Office on the
10 various constitutional functions that they're carrying
11 out that they're doing in partnership with BOE.

12 And it's been a while, I have to admit to it. But
13 knowing me, I believe I probably objected to mandating to
14 have the controller's office come and report to another
15 constitutional body. And I can't think of what it is
16 that we were looking for. We share -- the only thing
17 that we really share in is the tax on insurers. As to
18 the presentation we just got out today, it's limited.

19 So I don't --

20 **MR. VAZQUEZ:** No, I think you're correct, Ms.
21 Stowers. That's why I was -- I wanted to bring it back
22 up and if -- because it states that -- again, I just
23 wanted -- if that is your intentions or your thoughts,
24 then we need to just make that corrections. That's all.

25 **MS. COHEN:** Perhaps we need to let the --

1 **MR. VAZQUEZ:** And I thought that's what we had --

2 **MS. COHEN:** Maybe we need to let our teams begin to
3 review the items. Because I was under the impression
4 that the document reflects our actions. How are -- I
5 mean, really the goal today is to talk about the
6 quarterly report.

7 **MR. VAZQUEZ:** Yeah, and as I was going through it I
8 was just trying to clean up some of the language. That's
9 all.

10 **MS. COHEN:** I see.

11 **MR. VAZQUEZ:** And that's --

12 **MS. COHEN:** When you say clean up some of the
13 language -- when you say clean up some of the language,
14 do you mean a grammatical?

15 **MR. VAZQUEZ:** Well, no, no. Actually, an action
16 that Ms. Stowers brought up back then and I think she's
17 right. And I think that was the thinking back then. I
18 know this is -- you know, we're going back to 2020 now
19 here. And I just wanted to make sure if that was the
20 intent, that we make that correction and then we could
21 just move on. So there's no misunderstandings moving
22 forward.

23 But I think Ms. Stower is -- it sounds like you're
24 on -- you were correct in obviously objecting to it. And
25 if that is the case, then it's just a matter of deleting

1 that so it's correct. That's all.

2 **MS. COHEN:** Are there any other comments from anyone
3 else on this body?

4 **MS. STOWERS:** Members, I must admit I'm a little
5 behind in that item because it's been a while. But if
6 the members choose to keep it on, then that's the
7 privilege of the members.

8 **MS. COHEN:** Well, Mr. Vazquez, maybe what I can
9 propose here, as a medium point for everyone, let's have
10 our offices work on this document. Let's work on a
11 little bit more. And I recommend that we review the
12 record on this particular item.

13 **MR. VAZQUEZ:** Sure. Not a problem.

14 **MS. COHEN:** Since some time has passed.

15 **MR. VAZQUEZ:** And the other one I'll bring up -- and
16 this one, hopefully people remember. If not, we can punt
17 this one as well. But there was another one under goal
18 2 --

19 **MS. COHEN:** Yes.

20 **MR. VAZQUEZ:** -- which was establish and meet the
21 workload priorities in a manner that ensures the maximum
22 transparency and opportunity for open discussion. We
23 reached consensus on all edits and changes suggested by
24 you, Chair Cohen, and other members. And I just wanted
25 to reiterate that. I don't think there's a problem with

1 that, but just wanted to bring that back up to our
2 attention.

3 **MS. COHEN:** Okay.

4 **MR. VAZQUEZ:** And then there was a third one under
5 goal 3, which was in the category of develop an education
6 and outreach plan. We agreed that, with our chair
7 changes and some of the edits, either to move or delete
8 six items that were either unnecessary or redundant.

9 For example, we deleted items like fully engaging in
10 effective communication, probably because we were already
11 doing it. And by that time, we were fully engaged in
12 constant meeting with all stakeholders, open the
13 transparent public policy hearings on -- meetings on
14 COVID-19 impacts on BOE and assessors workforce shortages
15 and AAB appeals and remote hearings, were some of the
16 examples that were laid out.

17 And I don't think there's any objection to it, but I
18 just wanted to bring that -- or just kind of remind folks
19 on that. And so -- and I guess in completion of the
20 several of these items in our plan will result from real-
21 time actions we were talking -- or actually we were
22 taking to address these problems facing us moving
23 forward. And I just wanted to bring those back up to the
24 members.

25 And probably I think -- Chair Cohen, I think you're

1 probably right on. Since this has been, you know,
2 something we discussed -- God, I guess it's coming up to
3 two years almost now, it's probably not --

4 **MS. COHEN:** Yeah, so I --

5 **MR. VAZQUEZ:** -- fresh in people's minds then.

6 **MS. COHEN:** Yeah. Yes. Again, Mr. Vazquez, I
7 believe the document reflects our actions. This is a
8 detailed record of what has transpired in the last two
9 years. And we can -- I'll have my team go over the work
10 with your team to make sure that the document reflects
11 our prior actions. But as for today, let's just recommit
12 to quarterly reports.

13 **MR. VAZQUEZ:** I'm good with that.

14 **MS. COHEN:** We get quarterly reports beginning in
15 April. And you know, I think you said you had some
16 misgivings about the Controller making a report. I mean,
17 like, this is, you know, just to touch base.

18 **MR. VAZQUEZ:** Yes.

19 **MS. STOWERS:** Yeah, I'm sorry, Members. I'm doing a
20 fast read right now trying to recall what the purpose of
21 asking the Controller to come before you guys and make a
22 report. I'm at a loss. I don't know what the intent
23 was. Was it for the tax on insurer?

24 **MR. VAZQUEZ:** You know, I think it came up in the
25 conversation and like I said, it came up. And it's in

1 the document, and that's why -- where I caught that. And
2 I know you objected to it. So I -- you know, if that is
3 the case, then we just need to delete it. So I guess
4 what we could do is go back and review it.

5 **MS. STOWERS:** I think that would be best that we all
6 review -- go back to the June or even older than that,
7 when we had that conversation, and let me get an
8 understanding of what the intent was. But I can't see
9 you guys (indiscernible) the Controller over to do a
10 report on the tax on insurer. But it's a minor program.

11 I don't know if it was the tax on insurer. I am not
12 sure if you was talking about the tax collectors and
13 treasurers, which she has oversight over.

14 **MS. COHEN:** Ms. Stowers, keep in mind that the
15 report out is not just for this body, but for the larger
16 tax -- the payers, the people that are watching the
17 stakeholders. The audience is much larger. And not
18 everybody is working on the same baseline level. So
19 whether the program is big or small is almost
20 inconsequential. It's still relevant to taxpayers.

21 And our core function has to do with being an
22 advocate. And as an advocate, you have information flow.
23 We help the flow of information to taxpayers so that they
24 can access it when and if they want to in the form of
25 watching these meetings real-time or coming back and

1 watching them on demand.

2 So the request isn't punitive. You know, whether
3 the program is large or small -- I mean if this is --
4 we're here to represent and there's information that a
5 taxpayer, property taxpayer could benefit from. And so
6 that's why we're bringing it and asking for it just to
7 report out. It's actually very benign. It's not --

8 **MS. STOWERS:** Okay. I can't -- Member Cohen, I --
9 like I said, I don't recall the detail of the
10 conversation. And I do support -- the Controller do
11 support transparency.

12 **MS. COHEN:** Okay.

13 **MS. STOWERS:** And our website is very transparent
14 with respect to all the programs that we have. So let's
15 just -- let's put a pin in it right now because I'm not
16 really sure if there's an issue here.

17 **MS. COHEN:** So we'll take a look at it. We will
18 take a look at this and the issues that you raise and
19 make sure that the document reflects the board actions.

20 All right. All right, everyone. So let's take
21 public comment on this, and then let's keep moving
22 forward. We're doing well.

23 **FEMALE SPEAKER:** (Indiscernible).

24 **MS. COHEN:** Oh, I'm sorry, Mr. Gaines, I didn't see
25 your hand.

1 **MR. VAZQUEZ:** Oh, there's a question down there from
2 Member Gaines. Go ahead.

3 **MS. COHEN:** Yes, please.

4 **MR. GAINES:** Or really more of a comment, but I --
5 you know, I'm just reviewing the goals. And a lot has
6 transpired since we set those goals. And so I think it
7 would be wise for us to take more time and review them
8 and reflect on, you know, what we still need to do in
9 terms of goal finding.

10 So when we talk about a report from the Controller,
11 I'm just not -- I'm not convinced that's necessary. We
12 got an update today on how much revenue has been raised
13 through the gross premium tax and also on the alcohol
14 tax. I think that's important for our constituents to
15 know that. I think it's good to have communication with
16 the Controller, which we really have through our fellow
17 member Yvette Stowers.

18 In terms of the CDTFA, it's very important we stay
19 in communication with them and what they're doing but we
20 got an update today on our HR status that streamlines
21 that. They're still -- CDTFA is still involved. But I
22 feel like we have some pretty good lines of
23 communication. So I think it's a matter of making sure
24 we're reporting out. I'm not sure we have to formalize
25 it beyond that. But obviously that's a discussion of the

1 board.

2 I'm looking at goal 3, develop an education outreach
3 program. You know, we were very concerned at the time as
4 to Prop 15. And you know, what's -- if it passes, we
5 needed to ramp up quickly. I'm not saying that that's
6 not still important, but I'm not convinced that it's
7 urgent. So I'm just throwing out my thoughts on a few of
8 these things.

9 The branding effort has been moving forward. Our
10 office has been working with Member Schaefer's office on
11 that.

12 **MS. COHEN:** Great.

13 **MR. GAINES:** So thank you.

14 **MS. COHEN:** Great. Thank you. Thank you, Mr.
15 Gaines. I think you're accurate. We brought this item
16 back because we've made progress. We just need quarterly
17 reports. We're just touching base.

18 **MR. GAINES:** That's -- thank you.

19 **MS. COHEN:** We may find out that we have
20 accomplished a lot and that we may have even completed
21 our set-out goals. But that's why we're having these
22 quarterly reports so that we are able to stay abreast of
23 these items. So thank you very much for that.

24 Anyone else? Okay. Great. Thank you. Okay.

25 **MS. TAYLOR:** Chair Cohen, shall I go out for public

1 comment?

2 **MS. COHEN:** Yes, please do.

3 **MS. TAYLOR:** AT&T Moderator, please let us know if
4 there's anyone on the line who would like to make a
5 public comment regarding this matter.

6 **AT&T MODERATOR:** Okay. If you'd like to make a
7 public comment, please press 1 then 0 at this time, 1-0.
8 And we have no one in queue at this time.

9 **MS. COHEN:** All right. Thank you very much.
10 Then let's go ahead and call the next item.

11 **MS. TAYLOR:** The next item is M(1), Public Policy
12 Hearing, discussion on the implementation of Proposition
13 19, the home protection for seniors, severely disabled,
14 families and victims of wildfire or natural disasters act
15 of 2020. There are no staff reports or external speakers
16 for this agenda item. However, persons who wish to
17 address the board on this topic as a public comment may
18 do so.

19 Board proceedings has received one written comment.

20 **MS. COHEN:** Great. Please read it.

21 **MS. TAYLOR:** Our written comment is from Ms. Trisha
22 Gonzalez (ph.) Prop 19 hurts working families. Those
23 who wrote Prop 19 never considered families with multiple
24 children who want to stay in community property homes.
25 Parents purchased homes to help their children and now

1 are forced to choose which one of their children receive
2 the benefit of the primary residence.

3 Rising real estate over this past year due to the
4 pandemic have made property taxes skyrocket. How can we
5 afford to stay in California? We can no longer afford
6 the home now that a reassessment is required.

7 The ballot and ballot analysis said that if the
8 children live in the home as their primary residence,
9 taxes won't increase. But it never said on the ballot
10 primary to primary only. The ballot analysis said that
11 it was going after out-of-state landlords. We are not
12 landlords. We just want to stay in California.

13 Sincerely, Trish Gonzalez.

14 **MS. COHEN:** Thank you, Trisha. Mrs. Gonzalez, we
15 appreciate that.

16 Seeing that there are no further public commentors,
17 we received that public comment, and we will keep a
18 mental note of it and let's move to the next item please,
19 Ms. Taylor.

20 **MS. TAYLOR:** Chair Cohen, may we go out to the AT&T
21 Moderator, just to double-check if there's anyone?

22 **MS. COHEN:** Yes, please. Yes.

23 **MS. TAYLOR:** AT&T Moderator, please let us know if
24 there's anyone on the line who would like to make a
25 public comment.

1 **AT&T MODERATOR:** Okay. Once again, if you'd like to
2 make a public comment, please press 1 then 0. And we
3 have no one in queue for public comment.

4 **MS. COHEN:** All right. Thank you very much.

5 Let me just do a check-in. Do people need a five-
6 minute break? Five-minute water break? No? Okay.
7 We'll keep moving then.

8 Please call the next items, Ms. Taylor.

9 **MS. TAYLOR:** The next item is M(2)(a), Public Policy
10 Hearings, Impact of Public Calamities on Property Tax
11 Administration, County Boards of Equalization, Assessment
12 Appeals Boards, Remote Hearings. Follow-up on
13 nonconsensus items needing additional guidance regarding
14 remote AAB hearings. This matter will be presented by
15 Chair Cohen and Mr. Vazquez.

16 **MS. COHEN:** Right. Okay. Thank you.

17 So Colleagues, this item is fairly simple and
18 straightforward. We continued it from our February 24th
19 board meeting. It's on the agenda to give stakeholders
20 and the public an opportunity to offer any kind of
21 additional comments on nonconsensus items regarding the
22 board of equalization's guidance for assessment appeal
23 board hearings.

24 Even if there is no testimony today at the board
25 meeting, it's just my intention to keep this item open,

1 to keep it posted on the public agenda and notice for
2 future board meetings. This item is just posted as long
3 as the COVID-19 state of emergency remains in effect.

4 So I'm just doing this again in the interest of
5 transparency so that stakeholders and the public feel
6 welcome to express their views directly to the board
7 regarding the board of equalization's guidance for AAB
8 hearings.

9 So with that, Madam Clerk, can you check to see if
10 we have any callers on the line?

11 **MS. TAYLOR:** We do have some members' invited
12 speakers that joined the call. So perhaps I can first
13 ask them if they have anything that they would like to
14 bring forward. Please turn on their cameras and
15 microphones.

16 **MS. COHEN:** Thank you.

17 Welcome. All right. I see Mr. Thomas Parker. Who
18 else has joined us? That's the only one I see.

19 **MS. FLEMING:** Ms. Cohen, we do have a couple others
20 that I can note here for your general reference. We
21 have --

22 **MS. COHEN:** Please.

23 **MS. FLEMING:** -- the Honorable Leslie Morgan,
24 president of CAA and assessor for Shasta County.
25 Additionally, we have Ms. Ann Moore, I'm showing here.

1 So team, if I can -- if you can hear my voice, if we
2 can have you activate your mics and your cameras, that
3 would be very helpful. I'm just doing a quick scroll.
4 I'm not sure I see anyone else here. And then of course,
5 Mr. Tom Parker. So --

6 **MS. COHEN:** Okay. Great.

7 **MS. FLEMING:** -- that's it.

8 **MS. COHEN:** All right. I want to welcome Ms. Moore
9 again and Mr. Parker. Thank you.

10 We will start with you, Ms. Morgan. Ms. Leslie
11 Morgan, if you have any comments that you wanted to share
12 with us.

13 **MS. MORGAN:** I don't have anything overly specific
14 at the moment.

15 **MS. COHEN:** Okay.

16 **MS. MORGAN:** I'll just stay on the line.

17 **MS. COHEN:** Okay. No problem.

18 Mr. Thomas Parker.

19 **MR. PARKER:** Thank you, Chair Cohen and members of
20 the State Board. On behalf of the CACEO, we have no
21 continuing issues of a nonconsensus nature regarding the
22 need for additional guidance on remote AAB hearings.

23 **MS. COHEN:** Fantastic. Okay.

24 And Ms. Moore?

25 **MS. MOORE:** I'm just going to echo the same thing

1 Mr. Parker said. We're just here to make sure that if
2 you had any questions for us that we're available.

3 **MS. COHEN:** All right. Perfect. Thank you very
4 much. I appreciate all three of you being here.

5 Colleagues, do you have any questions, any issues,
6 or concerns, or anything for our three guests? All
7 right.

8 **MR. VAZQUEZ:** The only -- just a comment real quick.
9 It sounds like things are moving smoothly, is what I'm
10 hearing, which is good.

11 **MS. COHEN:** Okay. Ms. Taylor, do we have any public
12 comment on this item?

13 **MS. TAYLOR:** Let me check with AT&T.

14 AT&T Moderator, please let us know if there is
15 anyone on the line who would like to make a public
16 comment regarding this?

17 **AT&T MODERATOR:** Okay. If you'd like to make a
18 public comment, please press 1 then 0, 1-0.

19 And we have no one in queue at this time.

20 **MS. COHEN:** Great. All right, thank you very much.
21 Well, it doesn't look like we have anything to discuss,
22 so thank you for making time to be with us today.

23 Ms. Taylor, would you please call the next item?

24 **MS. TAYLOR:** Certainly. The next item is N, Public
25 Comment on Matters not on the Agenda. Persons who wish

1 to address the Board of Equalization regarding items not
2 on the agenda. Please note that the Board cannot take
3 action on these items; however, the Board can schedule
4 issues raised by the public for consideration at future
5 meetings.

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

9 **AT&T MODERATOR:** Okay. If you'd like to make public
10 comment, please press 1 then 0. Once again, that is 1-0.

11 And we have no one in queue for public comment.

12 **MS. COHEN:** Great, thank you very much.

13 Colleagues, if there's no discussion, I see no hands
14 from you, we can continue moving forward.

15 Ms. Taylor, please call the next item.

16 **MS. TAYLOR:** Our next item is 0, Closed Session,
17 Discussion and Action on Litigation Matters, Government
18 Code Section 11126(e).

19 Number 1, pending litigation, La Paloma Generating
20 Company v. California State Board of Equalization, et
21 al., Los Angeles County Superior Court case number
22 BC645390.

23 Number 2, pending litigation, AT&T Mobility LLC, et
24 al. v. County of Riverside, et al., Riverside County
25 Superior Court case number RIC1905814.

1 3, pending litigation, Century Link Communications
2 LLC, et al. v. County of Santa Clara, et al., Santa Clara
3 County Superior Court case number 21CV378242.

4 4, pending litigation, Michael D. Meyers v. State
5 Board of Equalization, et al., Court of Appeal Second
6 Appellate District consolidated case number B307981 on
7 appeal from Sacramento County Superior Court case number
8 BS143436. Related cases, BS158655, BS157999, VC324947,
9 and VC655980.

10 And 5, pending litigation, Swanson, David W., et al.
11 v. Franchise Tax Board, et al. Court of Appeal Fourth
12 Appellate District Division one case number D079315 on
13 appeal from San Diego County Superior Court case number
14 37-2019-00030244-CU-MC-NC.

15 The Board members will now go into closed session to
16 discuss litigation matters.

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

18 Mr. Gaines, I see your hand.

19 **MR. GAINES:** Yeah, thank you. Just question of
20 clarification because we have also a closed session for
21 tomorrow, and so I'm kind of --

22 **MS. COHEN:** Yes, we do.

23 **MR. GAINES:** Are we going to meet tomorrow on that?

24 **MS. COHEN:** Tomorrow, we have a closed session
25 that's agendized for personnel matters.

1 **MR. GAINES:** Yes, okay.

2 **MS. COHEN:** All right. So this closed session is
3 for the five pieces of litigation that were just read.
4 All right?

5 **MR. GAINES:** That is correct.

6 **MS. COHEN:** Okay. So let's go ahead and make a
7 motion to go into closed session. I'm sorry. Do we need
8 a motion --

9 **MS. TAYLOR:** Member Cohen, we don't need a motion.

10 **MS. COHEN:** I didn't know (indiscernible).

11 **MS. TAYLOR:** Yeah.

12 **MS. COHEN:** Let's just go ahead and go into closed
13 session. Thank you very much.

14 **MS. FLEMING:** And then just a reminder, members,
15 this is Ms. Fleming, please make sure to log out of this
16 open meeting, and then log into the second meeting sent
17 in a separate link. Thank you.

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

19 (Music played)

20 **MS. COHEN:** My question is directed towards Board
21 proceedings.

22 **MS. TAYLOR:** This is Ms. Taylor. There is not a
23 requirement to have a motion regarding the
24 confidentiality. By definition, the closed session is a
25 confidential session.

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STATE OF CALIFORNIA

This is to certify that I transcribed the foregoing pages 1 to 209 to the best of my ability from an audio recording provided to me.

I have subscribed this certificate at Phoenix, Arizona, this 14th day of April, 2022.



Gina Allan
eScribers, LLC