

**Wednesday, December 12, 2018**

The Board met at its offices at 450 N Street, Sacramento, at 9:45 a.m., with Mr. Runner, Chairman, Mr. Horton and Ms. Harkey present, Ms. Stowers present on behalf of Ms. Yee in accordance with Government Code section 7.9.

### **PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Joann Richmond-Smith, Chief, Board Proceedings Division.

### **SPECIAL PRESENTATIONS**

#### **Presentation of Retirement Resolution: Joann Richmond-Smith, Chief, Board Proceedings Division**

On behalf of the Board, Mr. Runner read into the record and presented a retirement resolution to Joann Richmond-Smith, Chief, Board Proceedings Division, extending the Board's sincere and grateful appreciation for her dedicated service to the State Board of Equalization and to the State of California. Members made many complimentary remarks and provided their individual congratulations to Joann.

#### **Presentation of Retirement Resolution: Richard Reisinger, Chief, State-Assessed Properties Division**

On behalf of the Board, Mr. Runner read into the record and presented a retirement resolution to Richard Reisinger, Chief, State-Assessed Properties Division, extending the Board's sincere and grateful appreciation for his dedicated service to the State Board of Equalization and to the State of California. Members made many complimentary remarks and provided their individual congratulations to Richard.

### **PUBLIC HEARING**

#### **Petition to amend Property Tax Rules 302, *The Board's Function and Jurisdiction*; 305, *Application*; 305.1, *Exchange of Information*; 305.2, *Prehearing Conference*; and, 323, *Postponement and Continuances***

Henry D. Nanjo, Chief Counsel, made introductory remarks regarding proposed amendments to Property Tax Rules 302, 305, 305.1, 305.2, and 323 to clarify practices and procedures governing local appeals boards ([Exhibit 12.1](#)).

Speakers: John McKibben, Chairman, BOE Rules Work Group, California Association of Clerks, and Election Officials ([Exhibit 12.2](#))  
Charles W. Leonhardt, Plumas County Assessor, and President, California Assessors Association ([Exhibit 12.3](#))  
Sean Kelley, President, California Alliance of Taxpayer Advocates (CATA) ([Exhibit 12.4](#)) ([Exhibit 12.5](#))  
Marc A. Aprea, Principal, Aprea & Micheli, on behalf of CATA

Wednesday, December 12, 2018

Action: Upon motion of Ms. Stowers, seconded by Mr. Horton and unanimously carried, Mr. Runner, Mr. Horton, Ms. Harkey and Ms. Stowers voting yes, Ms. Ma absent, the Board adopted the amendments to Rules 302, 305, 305.1, 305.2, and 323 as published; and, directed staff to address the December 11, 2018 comments by Marcy L. Berkman, Deputy County Counsel, Santa Clara County ([Exhibit 12.6](#)), through the Interested Parties and other processes.

Exhibits to these minutes are incorporated by reference.

## LEGAL APPEALS PROPERTY TAXES MATTERS, ADJUDICATORY

### Petitions for Reassessment of Unitary Value

Southern California Edison Company (0148), 1056693

2018, \$24,925,500,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Mr. Horton and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, Ms. Ma absent, the Board ordered that the petition be granted in part, and the value be reduced to \$24,903,400,000.00 as recommended by the Legal Department.

Frontier California, Inc., (0201), 1056696

2018, \$2,394,300,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Mr. Horton and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, Ms. Ma absent, the Board ordered that the petition be denied as recommended by the Legal Department.

CXA La Paloma, LLC (1112), 1056748

2018, \$58,700,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Mr. Horton and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, Ms. Ma absent, the Board ordered that the petition be denied as recommended by the Legal Department.

CenturyLink Communications, LLC (2463), 1056675

2018, \$950,700,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Mr. Horton and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, Ms. Ma absent, the Board ordered that the petition be granted in part, and the value be reduced to \$899,300,000.00 as recommended by the Legal Department.

Wednesday, December 12, 2018

Crown Castle NG West, LLC (7982), 1056698

2018, \$325,900,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Mr. Horton and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, Ms. Ma absent, the Board ordered that the petition be granted in part, and the value be reduced to \$306,000,000.00 as recommended by the Legal Department.

Sunesys, LLC (8067), 1056701

2018, \$148,300,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Mr. Horton and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, Ms. Ma absent, the Board ordered that the petition be granted in part, and the value be reduced to \$138,500,000.00 as recommended by the Legal Department.

## **OTHER TAX PROGRAM NONAPPEARANCE MATTERS—NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE**

### **PROPERTY TAX MATTERS**

#### **Audits**

Cebridge Telecom CA, LLC (8172)

2015 to 2018, \$576,800.00 Escaped Assessment, \$57,680.00 Penalties, \$90,588.00 In-lieu Interest

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Mr. Horton and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, Ms. Ma absent, the Board adopted the audit adjustments as recommended by staff.

Pay Tel Communications, Inc. (8176)

2015 to 2018, \$8,500.00 Escaped Assessment, \$850.00 Penalties, \$2,805.00 In-lieu Interest

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Mr. Horton and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, Ms. Ma absent, the Board adopted the audit adjustments as recommended by staff.

Tierzero (8192)

2017 to 2018, \$76,000.00 Excessive Assessment

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Mr. Horton and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, Ms. Ma absent, the Board adopted the audit adjustments as recommended by staff.

Wednesday, December 12, 2018

### Unitary Land Escaped Assessments

Los Angeles SMSA Ltd., Partnership dba Verizon Wireless (2532)

2017, \$337,363.00 Value

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Mr. Horton and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, Ms. Ma absent, the Board adopted the unitary land escaped assessment as recommended by staff.

AT&T Mobility, LLC (2609)

2015 to 2017, \$1,502,249.00 Value

Action: Upon motion of Mr. Horton, seconded by Ms. Harkey and unanimously carried, Mr. Runner, Mr. Horton and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, Ms. Ma absent, the Board adopted the unitary land escaped assessment as recommended by staff.

### ADMINISTRATIVE SESSION

#### ADMINISTRATIVE MATTERS, CONSENT

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Ms. Harkey, seconded by Mr. Horton and unanimously carried, Mr. Runner, Mr. Horton, Ms. Harkey and Ms. Stowers voting yes, Ms. Ma absent, the Board made the following orders:

Action: Adopt the following resolutions, extending its sincere and grateful appreciation to the retirees for their dedicated service to the State Board of Equalization and to the State of California, their congratulations on each retiree's well-earned retirement, and best wishes to them and their families for continued success, happiness and good health in the years to come ([Exhibit 12.7](#)).

Kurt Beck, Senior Specialist Property Auditor Appraiser, State-Assessed Properties Division, Property Tax Department  
 Steve Hieb, Senior Specialist Property Auditor Appraiser, State-Assessed Properties Division, Property Tax Department  
 Sherry Hodges, Assistant to the Board Member in the Office of Board of Equalization Member Diane Harkey  
 Robert (Bob) S. Reinhard, Business Taxes Administrator II, County-Assessed Properties Division, Property Tax Department, Headquarters  
 Richard Reisinger, Chief, State-Assessed Properties Division, Property Tax Department, Headquarters  
 Joann Richmond-Smith, Chief, Board Proceedings, Headquarters

Action: Approve the Board Meeting Minutes of October 23, 2018 and November 8, 2018.

Action: Approve the 2019 revision of Assessors' Handbook Section 531, *Residential Building Costs*, as recommended by staff ([Exhibit 12.8](#)).

Wednesday, December 12, 2018

Action: Approve the 2019 revision of Assessors' Handbook Section 534, *Rural Building Costs*, as recommended by staff ([Exhibit 12.9](#)).

Action: Approve the 2019 revision of Assessors' Handbook Section 581, *Equipment and Fixtures Index, Percent Good and Valuation Factors*, as recommended by staff ([Exhibit 12.10](#)).

#### **OTHER ADMINISTRATIVE MATTERS**

##### **Property Tax Deputy Director's Report**

David Yeung, Chief, County-Assessed Properties Division, Property Tax Department, made introductory remarks regarding staff's recommendation for the aircraft representative period. Pursuant to Revenue and Taxation Code section 1153, adoption of the representative period for the 2019 tax year for the assessment of aircraft operated by certificated air carriers ([Exhibit 12.11](#)).

Action: Mr. Horton moved that the matter be deferred. The motion was seconded by Ms. Harkey. The motion was withdrawn.

Speakers: Charles W. Leonhardt, Plumas County Assessor, and President, California Assessors Association  
Theodore Khodaverdian, Supervising Property Appraiser, Commercial Airlines Section, Los Angeles County Assessor's Office  
Tim Taylor, Airlines for America  
Kathryn Reese, Southwest Airlines

Action: Ms. Harkey moved that the Board adopt the week of January 13, 2019 through January 19, 2019 as the representative period for 2019, and schedule a new hearing for the new Board for the 2020 representative period. The motion was seconded by Mr. Runner. Mr. Horton made a substitute motion to allow the new Members to continue the process and make a decision within the timeline as required by statute. The substitute motion was seconded by Ms. Stowers but failed to carry, Mr. Horton and Ms. Stowers voting yes, Mr. Runner and Ms. Harkey voting no, Ms. Ma absent.

Ms. Harkey moved that the Board adopt a multi-year phase-in plan to allow a transition to a 365-day representative period as recommended by staff. The motion was seconded by Mr. Runner but failed to carry, Mr. Runner and Ms. Harkey voting yes, Mr. Horton and Ms. Stowers voting no, Ms. Ma absent.

David Yeung, Chief, County-Assessed Properties Division, Property Tax Department, provided an update on a proposed cover letter and form for requesting information pursuant to Revenue and Taxation Code section 441(d).

David Yeung, Chief, County-Assessed Properties Division, Property Tax Department, provided an update on proposed amendments to the Assessment Appeals Manual regarding continuances and postponements.

Wednesday, December 12, 2018

**ANNOUNCEMENT OF CLOSED SESSION**

The Board recessed at 11:25 a.m. and reconvened immediately in closed session with Mr. Runner, Mr. Horton, Ms. Harkey and Ms. Stowers present.

**CLOSED SESSION**

The Board met to discuss pending litigation (Gov. Code § 11126(e)) and personnel matters (Gov. Code § 11126(a)(1)).

**ANNOUNCEMENT OF OPEN SESSION**

The Board recessed at 11:45 a.m. and reconvened immediately in open session with Mr. Runner, Mr. Horton, Ms. Harkey and Ms. Stowers present.

On behalf of the Board, Joann Richmond-Smith, Chief, Board Proceedings Division, announced the retirement of Dean R. Kinnee, Executive Director; and, the appointment of Brenda Fleming to the position of Interim Executive Director; both effective December 31, 2018. Members made many complimentary remarks and provided their individual congratulations to Dean on his retirement and to Brenda on her appointment.

The Board recessed at 11:53 a.m.

*The foregoing minutes are adopted by the Board on January 29, 2019.*

**Thursday, December 13, 2018**

The Board met at its offices at 450 N Street, Sacramento, at 10:12 a.m., with Mr. Runner, Chairman, and Ms. Harkey present, Ms. Stowers present on behalf of Ms. Yee in accordance with Government Code section 7.9.

### **ANNUAL BOARD MEETING WITH COUNTY ASSESSORS**

Mr. Runner opened the annual meeting of the Board and county assessors required under section 15607 of the Government Code to discuss administrative issues related to assessment and taxation laws and to promote uniformity in tax procedural matters throughout the State of California.

#### **Greetings and Introductory Remarks by each Board Member**

Ms. Harkey thanked all the county assessors for their good work and cooperation and for bringing issues to her. She made many complementary remarks and special mention of county assessors in her district, and discussed opening a satellite office of the San Diego County Assessor's Office. She noted that before the transition of the agency, she enjoyed working with Field Operations Department Administrators: Brent Calhoun, Riverside District Office; and, Angela Lealuga, Irvine District Office. She expressed her admiration for the good work and leadership of Dean R. Kinnee, Executive Director; Henry Nanjo, Chief Counsel; Brenda Fleming, Chief Deputy Director; and, Mark Durham, Chief, Legislative, Research & Statistics Division.

On behalf of Mr. Horton, Jean Nakano, Associate Governmental Program Analyst, acknowledged and thanked the Members and county assessors for their good work and service to the people of California. She made many complementary remarks and special mention of county assessors in Mr. Horton's district. She expressed Mr. Horton's gratitude to the BOE Executive Office Team and BOE employees for their dedication and hard work as civil servants.

Mr. Runner thanked the county assessors for their time and for attending this meeting. He stated that he enjoyed his time working with them. He thanked the Members and Ms. Stowers for their time and service, and for the enjoyable work that they shared while serving on the Board. He expressed his concern for the taxpayers (individuals, corporations and business owners) relative to the services they will no longer receive from BOE. He acknowledged and thanked his staff: Sean Wallentine, Chief Deputy; Mai L. Harvill, Assistant Deputy; Tanya Vandrick, Policy and Legislative Affairs; Lee W. Williams, Senior Analyst; David Duran, Communications Director; Barbara Buus, Constituent Affairs; and, Alyssa Centeno, Tax Technician. He acknowledged and thanked BOE staff: Dean R. Kinnee, Executive Director; and, Brenda Fleming, Chief Deputy Director.

Ms. Harkey acknowledged and thanked her staff: Lisa Renati, Chief Deputy; Gino Folchi, Administrative Assistant; Sue Blake, Tax Counsel III (Specialist); Michelle Harrison, Associate Governmental Program Analyst; and, Sherry Hodges, Assistant to Board Member.

Thursday, December 13, 2018

**Introduction of Board Members-Elect**

Mr. Runner introduced the Members-Elect, including those not present: Ted Gaines, First District; Malia Cohen, Second District (not present); Tony Vazquez, Third District (not present); and, Mike Schaefer, Fourth District.

**Assessors Address Conferees—Updates and Emerging Issues**

Honorable Charles W. Leonhardt, President, California Assessors' Association (CAA), and Plumas County Assessor, discussed the following topics: amendments to Property Tax Rules 302, 305, 305.1, 305.2, and 323 to clarify practices and procedures governing local appeals boards; aircraft representative period; progress on Board-prescribed forms informing taxpayers of their rights and responsibilities under 441(d) requests; passage of Senate Bill 1498 and the potential for removing some recurring Assessment Practices Survey recommendations; assessment of community land trust properties; rescissions; electronic transmittal of information for Form 441(d); legislative options for survey recommendation solutions; the education committee and WebEx; development of testing for advanced assessment analysis certification; interagency training agreements among various counties and the BOE; and, Assessors' Handbook on exemptions.

Mr. Leonhardt thanked the Members and BOE staff for being available to discuss the issues. He expressed his admiration for the leadership of Dean R. Kinnee, Executive Director, and Henry Nanjo, Chief Counsel. He thanked his fellow county assessors for their hard work and support. Mr. Leonhardt stated that he looks forward to continuing his work with Ms. Stowers through the interested parties process. He thanked the Members for their service to the State of California and wished them well in their futures.

Honorable Leslie K. Davis, President-Elect, CAA, and Calaveras County Assessor, echoed the sentiments of Mr. Leonhardt relative to working with the Members and continued relationships. She acknowledged the CAA President's busy year, including proposed rule changes and representative period for airline valuation. Ms. Davis discussed the following topics: collaboration in the best interest of California taxpayers and voters; challenges of 2019 associated with the loss of institutional knowledge, including that of key staff reaching retirement age, 10 outbound county assessors (two of which are past CAA presidents), and the increasing difficulties of recruiting new staff; the void left by the retirement of Dean R. Kinnee, Executive Director; the opportunity and existing groundwork to collaborate and share knowledge; and, CAA-provided additional continuing education for staff of the BOE and CAA, CAA committees on surveys, assessment analyst certification and disaster relief. She suggested expanding those training sessions to areas of interest to the Members.

Ms. Davis encouraged the Members-Elect to contact her and county assessors in their district with any questions they may have, and to attend CAA conferences. She acknowledged the proposal to eliminate the BOE. She made complementary remarks toward the county assessors and their staffs, and thanked them for their help, notwithstanding limited



Thursday, December 13, 2018

resources. She discussed her goals for the coming year: to be realistic about resources; to complete the tasks that have been started or promised to complete; and, to development relationships with the Board and Board staff. She welcomed the Members-Elect. She thanked the Members for their good work in the past, and wished them well in their futures.

Speaker: Honorable John Tuteur, Napa County Assessor/Recorder/Clerk

**Greetings and Introductory Remarks by each Board Member (Continued)**

On behalf of Ms. Yee, Ms. Stowers welcomed the Members-Elect, and stated that she looks forward to working with them and the county assessors, as well as working with Ms. Davis and the CAA to complete the projects while managing resources. She made complementary remarks toward Mr. Runner and Ms. Harkey, and wished them well in their futures. Ms. Stowers noted that she will contact Brenda Fleming, Chief Deputy Director, and Henry D. Nanjo, Chief Counsel, often.

Mr. Runner acknowledged and thanked his staff, Drew Mercy, Senior Advisor.

The Board adjourned at 10:48 a.m.

*The foregoing minutes are adopted by the Board on January 29, 2019.*