

Tuesday, December 14, 2021

The Board met at 10:03 a.m., via teleconference (Gov. Code, § 11133), with Mr. Vazquez, Chairman, Mr. Schaefer, Vice Chair, Mr. Gaines and Ms. Cohen 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 Mr. Vazquez.

ANNOUNCEMENTS

Ms. Stowers left the teleconference and Ms. Yee entered.

Mr. Vazquez provided guidelines for teleconference Member participation. Catherine Taylor, Chief, Board Proceedings and Support Services Division, provided guidelines for teleconference invited speakers and public participation.

PROPERTY TAX HEARINGS

Petition for Reassessment of Unitary Value

Southern California Edison Company (0148), SAU21-007
2021, \$31,125,300,000.00 Unitary Value (As corrected by the Board on September 21, 2021.)

For Petitioner:

David Lee, Taxpayer
Andrea Wood, Taxpayer
Karl Matthews, Taxpayer
Mardiros H. Dakessian, Attorney

For Property Tax Department:

Richard Moon, Tax Counsel
Jack McCool, Chief, State-Assessed Properties
Division
Daniel Jenkinson, Senior Specialist Property
Auditor Appraiser

Contribution Disclosures pursuant to Government Code, section 15626: None were disclosed. Sarah J. Garrett, Appeals Attorney, provided introductory remarks and noted the Petitioner's 2021 Unitary Value of \$31,322,100,000.00 had been amended by the Board's roll correction on September 21, 2021 to \$31,125,300,000.00.

The parties provided general background contentions in addition to the below issues.

Issues: Whether Petitioner has shown that the State-Assessed Properties Division (SAPD or Respondent) erred in placing 75 percent reliance on the Historical Cost Less Depreciation (HCLD) Value Indicator and 25 percent reliance on the Capitalized Earning Ability (CEA) Indicator of Value.

Whether Petitioner has shown that the Respondent must adjust the Board-Adopted Value for Southern California Edison's \$3.6 billion accrual for liabilities for the 2017/2018 wildfires and mudslides.

Whether Petitioner has shown that the Respondent improperly assessed \$1.3 billion of wildfire mitigation capital expenditures.

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Whether Petitioner has shown that the Respondent erred in its treatment of wildfire insurance fund-related contributions.

Action: Upon motion of Ms. Yee, seconded by Mr. Schaefer and duly carried, Mr. Vazquez, Mr. Schaefer, Ms. Cohen and Ms. Yee voting yes, Mr. Gaines voting no, the Board ordered that the petition be denied in accordance with the revised recommendation of the Appeals Attorney, and directed the Executive Director to provide a Board education session on the topics of value setting, the valuation process, the reconciliation process and at what point staff considers adjustments.

Ms. Yee left the teleconference and Ms. Stowers entered on behalf of Ms. Yee in accordance with Government Code, section 7.9.

LEGAL APPEALS PROPERTY TAX MATTERS, ADJUDICATORY

Petitions for Reassessment of Unitary Value

CCFC Sutter Energy, LLC (1132), SAU21-021

2021, \$72,300,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code, section 15626: No contribution disclosure forms were filed.

Action: Mr. Vazquez moved to deny the petitions as recommended by the Appeals Attorney. The motion was seconded by Mr. Gaines. Mr. Gaines withdrew his second and Mr. Vazquez withdrew his motion.

The Board deferred consideration of the matter to later in the day.

Delta Energy Center, LLC (1128), SAU21-022

2021, \$132,600,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code, section 15626: No contribution disclosure forms were filed.

Action: The Board deferred consideration of the matter to later in the day.

Los Esteros Critical Energy Facility, LLC (1143), SAU21-024

2021, \$200,700,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code, section 15626: No contribution disclosure forms were filed.

Action: The Board deferred consideration of the matter to later in the day.

Metcalf Energy Center, LLC (1133), SAU21-025

2021, \$165,300,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion

Contribution Disclosures pursuant to Government Code, section 15626: No contribution disclosure forms were filed.

Action: The Board deferred consideration of the matter to later in the day.

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Otay Mesa Generating Company, LLC (1134), SAU21-026
2021, \$266,200,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion
Contribution Disclosures pursuant to Government Code, section 15626: No contribution disclosure forms were filed.

Action: The Board deferred consideration of the matter to later in the day.

Pastoria Energy Facility, LLC (1131), SAU21-027
2021, \$321,000,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion
Contribution Disclosures pursuant to Government Code, section 15626: No contribution disclosure forms were filed.

Action: The Board deferred consideration of the matter to later in the day.

Russell City Energy Company, LLC (1151), SAU21-028
2021, \$364,400,000.00 Unitary Value

Considered by the Board: Presented for Separate Discussion
Contribution Disclosures pursuant to Government Code, section 15626: No contribution disclosure forms were filed.

Action: The Board deferred consideration of the matter to later in the day.

CHIEF COUNSEL MATTERS: RULEMAKING

Proposed Property Tax Rule 462.540

Richard Moon, Tax Counsel, Legal Department, made introductory remarks regarding the proposed adoption of modifications to Property Tax Rule 462.540, *Change in Ownership – Base Year Value Transfers*, to implement and make specific provisions of section 2.1 of Article XIII A of the California Constitution and Revenue and Taxation Code, section 69.6 ([Exhibit 12.1](#)).

Action: Upon motion of Mr. Vazquez, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board adopted the changed version of the amendments to Property Tax Rule 462.540, as published in the 15-day file.

Exhibits to these minutes are incorporated by reference.

The Board recessed at 12:38 p.m. and reconvened at 1:02 p.m. with Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee present.

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LEGAL APPEALS PROPERTY TAX MATTERS, ADJUDICATORY (CONTINUED)**Petitions for Reassessment of Unitary Value (Continued)**

CCFC Sutter Energy, LLC (1132), SAU21-021

Action: Upon motion of Mr. Vazquez, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the petition be denied as recommended by the Appeals Attorney.

Delta Energy Center, LLC (1128), SAU21-022

Action: Upon motion of Mr. Vazquez, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the petition be denied as recommended by the Appeals Attorney.

Los Esteros Critical Energy Facility, LLC (1143), SAU21-024

Action: Upon motion of Mr. Vazquez, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the petition be denied as recommended by the Appeals Attorney.

Metcalf Energy Center, LLC (1133), SAU21-025

Action: Upon motion of Mr. Vazquez, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the petition be denied as recommended by the Appeals Attorney.

Otay Mesa Generating Company, LLC (1134), SAU21-026

Action: Upon motion of Mr. Vazquez, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the petition be denied as recommended by the Appeals Attorney.

Pastoria Energy Facility, LLC (1131), SAU21-027

Action: Upon motion of Mr. Vazquez, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the petition be denied as recommended by the Appeals Attorney.

Russell City Energy Company, LLC (1151), SAU21-028

Action: Upon motion of Mr. Vazquez, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Yee voting yes, the Board ordered that the petition be denied as recommended by the Appeals Attorney.

Ms. Yee left the teleconference and Ms. Stowers entered on behalf of Ms. Yee in accordance with Government Code, section 7.9.

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CHIEF COUNSEL MATTERS: OTHER CHIEF COUNSEL MATTERS

Organization of the Board

Henry D. Nanjo, Chief Counsel, made introductory remarks regarding the Organization of the Board and its vote to elect a new Board Chair and Vice Chair.

Mr. Vazquez opened the floor to nominations for Chair. Ms. Cohen and Mr. Vazquez were nominated for Board Chair.

Upon close of nominations, roll was called for the election of Board Chair.

Votes were cast as follows:

Mr. Vazquez voted to elect Mr. Vazquez

Mr. Schaefer voted to elect Ms. Cohen

Mr. Gaines voted to elect Mr. Vazquez

Ms. Cohen voted to elect Ms. Cohen

Ms. Stowers voted to elect Ms. Cohen

Action: The Board elected Ms. Cohen to serve a 1-year term as Board Chair, beginning January 1, 2022.

Mr. Vazquez opened the floor to nominations for Board Vice Chair. Mr. Schaefer was nominated for Board Vice Chair.

Upon close of nominations, roll was called for the election of Board Vice Chair.

Votes were cast as follows:

Mr. Vazquez voted to elect Mr. Schaefer

Mr. Schaefer voted to elect Mr. Schaefer

Mr. Gaines voted to elect Mr. Schaefer

Ms. Cohen voted to elect Mr. Schaefer

Ms. Stowers voted to elect Mr. Schaefer

Action: The Board elected Mr. Schaefer to serve a 1-year term as Board Vice Chair, beginning January 1, 2022.

ADMINISTRATIVE SESSION

Administrative Matters, Consent

With respect to the Administrative Matters, Consent Agenda, upon motion of Ms. Stowers, seconded by Ms. Cohen and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board made the following order:

Action: Approve the Board Meeting Minutes of November 16-18, 2021.

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With respect to the Administrative Matters, Consent Agenda, upon motion of Mr. Schaefer, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board made the following order:

Action: Approve the 2022 revision of Assessors' Handbook Section 531, *Residential Building Costs* as recommended by staff ([Exhibit 12.2](#)).

With respect to the Administrative Matters, Consent Agenda, upon motion of Mr. Schaefer, seconded by Mr. Gaines and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board made the following order:

Action: Approve the 2022 revision of Assessors' Handbook Section 534, *Rural Building Costs* as recommended by staff ([Exhibit 12.3](#)).

With respect to the Administrative Matters, Consent Agenda, upon motion of Mr. Schaefer, seconded by Mr. Vazquez and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board made the following order:

Action: Approve the 2022 revision of Assessors' Handbook Section 581, *Equipment and Fixtures Index, Percent Good and Valuation Factors* as recommended by staff ([Exhibit 12.4](#)).

Executive Director's Report

Brenda Fleming, Executive Director, provided a report regarding the status of pending and upcoming organizational issues. Ms. Fleming also commented on the accomplishments of the Board of Equalization during 2021 and offered her thanks to Members and staff for their hard work.

Lisa Renati, Chief Deputy Director, provided a report on the status of operational priorities and agency projects.

Lisa Renati, Chief Deputy Director, made introductory remarks and her staff provided reports on the status of agency projects, and legislative developments related to the implementation and action plan for Proposition 19 ([Exhibit 12.5](#)).

The Board recessed at 2:00 p.m. and reconvened at 2:10 p.m. with Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers present.

Property Tax Deputy Director's Report

David Yeung, Deputy Director, Property Tax Department, provided a report on the status of pending and upcoming projects, activities, and departmental issues.

Patricia Lumsden, Chief, County-Assessed Properties Division, Property Tax Department, provided reports on: Letters to Assessors ([Exhibit 12.6](#)); Appraisal Training and Certification; and Assessment Practices Surveys.

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Jack McCool, Chief, State-Assessed Properties Division, Property Tax Department, provided a report on the status of pending and upcoming projects and activities.

Lauren Keach, Manager, Welfare Exemption Section, County-Assessed Properties Division, Property Tax Department, provided the status of the Welfare Exemption Process Improvement Project.

Legislative, Research & Statistics Division Chief's Report

Dustin Weatherby, Chief, Legislative, Research & Statistics Division, made introductory remarks regarding suggested proposals from the Legislative, Research & Statistics Division (LRSD) for legislation to be sponsored by the Board of Equalization in the second year of the 2021-22 Legislative Session.

Dustin Weatherby, Chief, Legislative, Research & Statistics Division, provided a report regarding proposed amendments to section 15620 of the Government Code to provide a 60-day extension in the case of public calamity for reports filed with the Board of Equalization ([Exhibit 12.7](#)).

Action: Upon motion of Mr. Vazquez, seconded by Ms. Cohen and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board approved the proposed amendments to section 15620 of the Government Code as presented by staff.

Dustin Weatherby, Chief, Legislative, Research & Statistics Division, provided a report regarding proposed amendments to section 97.68 of the Revenue and Taxation Code to make technical changes of references to the State Board of Equalization to California Department of Tax and Fee Administration ([Exhibit 12.8](#)).

Action: Upon motion of Ms. Stowers, seconded by Mr. Vazquez and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board approved the proposed amendments to section 97.68 of the Revenue and Taxation Code as presented by staff.

Dustin Weatherby, Chief, Legislative, Research & Statistics Division, provided a report regarding proposed amendments to section 32253 of the Revenue and Taxation Code to provide a three-month deadline extension for reports or taxes due for the alcoholic beverage tax during a Governor declared state of emergency ([Exhibit 12.9](#)).

Action: Upon motion of Mr. Vazquez, seconded by Ms. Stowers and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board approved the proposed amendments to section 32253 of the Revenue and Taxation Code as presented by staff.

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Taxpayers' Rights Advocate Office's Report

Lisa Thompson, Taxpayers' Rights Advocate, provided an update on activities of the Taxpayers' Rights Advocate Office.

BOARD MEMBER REQUESTED MATTERS: NEW MATTERS**Issues Raised by Second District County Assessors During the Annual Meeting of the Board of Equalization and County Assessors (Ms. Cohen)**

Ms. Cohen made introductory remarks regarding issues raised by Second District County Assessors during the Annual Meeting of the Board of Equalization and County Assessors ([Exhibit 12.10](#)).

Action: Upon motion of Ms. Cohen, seconded by Ms. Stowers and unanimously carried, Mr. Vazquez, Mr. Schaefer, Mr. Gaines, Ms. Cohen and Ms. Stowers voting yes, the Board directed the Executive Director to report back to the Board on possible actions that could be taken to address issues raised in this item and that the Executive Director consult with the California Assessors' Association in developing her response.

PUBLIC POLICY HEARINGS**Proposition 19 Implementation**

Mr. Vazquez made introductory remarks regarding the implementation of Proposition 19, *The Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act of 2020*.

PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

Catherine Taylor, Chief, Board Proceedings and Support Services Division, read into the record written comments from the following individual.

Ben Lee, Tax Counsel, California Taxpayers Association ([Exhibit 12.11](#))

Mr. Vazquez invited persons who wish to address the Board regarding items not on the agenda to come forward, but there were none on the teleconference.

CLOSING

Mr. Vazquez made remarks and offered his condolences to all those impacted by the devastating tornadoes in Kentucky. Mr. Vazquez also recognized the passing of Vincente Fernández, a Mexican singer, actor and cultural icon.

Mr. Gaines made remarks regarding the rain and snow received over the weekend and acknowledged the importance of it to his District and the state of California.

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Members wished Ms. Cohen a happy birthday and wished each other and staff a happy holiday season.

The Board adjourned at 3:56 p.m.

The foregoing minutes are adopted by the Board on January 25, 2022.