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

MARCH 19TH, 2024

CALIFORNIA STATE BOARD OF EQUALIZATION
BOARD MEETING

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ITEMS 2-8, 11, 12 AND 18

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REPORTED BY: Jillian M. Sumner, CSR NO. 13619

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APPEARANCES

For the Board of
Equalization:

Honorable Sally J. Lieber
Chair

Honorable Ted Gaines
Vice Chair

Honorable Antonio Vazquez
Third District

Honorable Mike Schaefer
Fourth District

Hasib Emran
Appearing for Malia M. Cohen
State Controller
(per Government Code
Section 7.9)

For the Board of
Equalization Staff:

Yvette Stowers
Executive Director

Lisa Renati
Chief Deputy Director

Norm Scott
Chief Counsel (Acting)

Jack McCool
Chief
State-Assessed Properties Division

Ted Angelo
Chief
Legislative Office

Mary Cichetti
Clerk
Board Proceedings and
Support Services

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STATE BOARD OF EQUALIZATION
450 N STREET, SACRAMENTO
MARCH 19TH, 2024

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ITEM 2
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MS. LIEBER: Members, I think we can go on now to -- go back to Item 2. And we have a series of Constitutional Functions to work through, with Mr. McCool presenting.

So thank you so much, Mr. McCool.

MR. McCOOL: Thank you.

Good morning, Chair Lieber and Honorable Members of the Board.

My name is Jack McCool, Chief of the State-Assessed Properties Division.

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

The purpose of a property tax audit is to determine the accuracy, completeness and reliability of the financial data furnished by state assessees and used

1 by the Board in the valuation process.

2 Audits also include an internal review of the
3 methods, calculations and assumptions used by the
4 State-Assessed Properties Division.

5 Before you today for your consideration are
6 two property tax audits completed by State-Assessed
7 Properties Division staff.

8 The assessees have been presented with a copy
9 of the audit report, and provided an opportunity to
10 provide additional information in response to the audit
11 report. Neither of the assessees provided additional
12 information.

13 Upon adoption of each audit, the assessee will
14 receive official notice of their value change, and are
15 provided 50 days in which they may appeal.

16 The first audit for the Board's consideration
17 is for Harbor Cogeneration Company, LLC.

18 I'm available to answer any questions if
19 needed, and I ask for your adoption of this audit.

20 Thank you.

21 MS. LIEBER: Members, are there any questions
22 or comments on Item 2?

23 Mr. Schaefer.

24 MR. SCHAEFER: Yeah.

25 Mr. McCool, this involves 2.2 million in

1 escape taxes. There are a total of five audits that
2 exceeds two million dollars in escape taxes.

3 I asked you once before, what is our recourse
4 if we find that there's somebody playing games with us,
5 not acting in good faith. And you indicated that we can
6 assess a larger fine.

7 And I indicated that, as a formal prosecutor,
8 I think we should have the District Attorney take a look
9 at this issue and compare it with possible mala fides,
10 which is bad attention. Maybe the assessors are
11 next-door neighbors, or drinking buddies, or gets a
12 campaign contribution from this person. Now this is all
13 relevant.

14 Have we -- and you indicated in your 28 years
15 of workings with us or so that you have not run into any
16 of these problems.

17 Can we assume that all of our patrons or the
18 people who do business with us are honest? I don't
19 think that's factual.

20 Tell me what you can tell me to make me feel
21 that things are being properly audited.

22 MR. McCOOL: I think the phrase I'm thinking
23 of is trust, but verify.

24 So we do have good working relationships with
25 the vast majority of our state assessees. And one of

1 the goals of our audit program is to verify the
2 information they're providing to us is accurate.

3 So when we are conducting our audit program
4 every year, if we ever encounter something we feel is
5 fraudulent, you know, that's something we could assess
6 an additional penalty for.

7 Fortunately, that has not been the case. But
8 if, going forward, if we do find something along those
9 lines, we would have the authority to assess the
10 additional penalty.

11 MR. SCHAEFER: But you just have the authority
12 to assess, you don't have the authority to prosecute.
13 That's the District Attorney of our county, of each
14 county.

15 MR. McCOOL: Correct.

16 If we ever came across a situation where we
17 thought there was fraudulent activity, I would be in
18 contact with BOE's Legal Department for additional
19 advice.

20 MR. SCHAEFER: How do we find out about the
21 dirt? Does some angry taxpayer call or write us, or do
22 we check with the Fair Political Practices Commission,
23 or do we get any anonymous?

24 I'm not big on anonymous information, but here
25 I think it's something we can investigate.

1 But that hasn't happened in your tenure?

2 MR. McCOOL: No, it has not.

3 Generally speaking, we select companies for
4 audit. The primary reasons are inconsistencies in
5 reporting.

6 Some cases we select candidates for audits who
7 have not filed a property statement in several years.
8 Those are generally our top two criteria.

9 MR. SCHAEFER: I want you to know if it
10 involves over a million dollars, and you find something
11 that's questionable, I want you to let Mr. Schaefer know
12 about it. Okay?

13 MR. McCOOL: Okay. Will do.

14 MR. SCHAEFER: Thank you.

15 MR. McCOOL: Of course.

16 MS. LIEBER: Okay. Any other questions for
17 Mr. McCool?

18 Okay. And I should have noted earlier that
19 the contribution disclosure forms are not required on
20 this item pursuant to Government Code Sections 15626.

21 And, Members, the recommended motion is to
22 adopt the audit report for Harbor Cogeneration Company.

23 Mr. Vazquez moves and --

24 MR. GAINES: Second.

25 MS. LIEBER: Mr. Gaines seconds.

1 And we do not have any written comments or
2 anyone in the auditorium who wish to make a public
3 comment for this item. So we'll go to our AT&T
4 moderator.

5 Moderator, if you would please let us know if
6 there is anyone on the line who would like to make a
7 public comment regarding Item 2 on the agenda.

8 I hope we haven't lost our AT&T moderator.
9 AT&T moderator?

10 Shall we keep going, or give them a minute?

11 MS. STOWERS: Let's hold it open.

12 AT&T MODERATOR: I'm sorry. My line was on
13 mute. I'm sorry. My line was on mute.

14 If you have any questions, please press one,
15 then zero.

16 And there are no lines in queue.

17 MS. LIEBER: Thank you.

18 Members, is there any further discussion on
19 this item?

20 If not, we have a motion from Mr. Vazquez, and
21 a second from Mr. Gaines to adopt the audit report on
22 this item.

23 And we can have Ms. Cichetti call the roll.

24 MS. CICHETTI: Just want to make a statement
25 real quick.

1 This matter is a Constitutional Function;
2 therefore, the Deputy Controller may not participate in
3 this matter under Government Code Section 7.9.

4 I'll do the roll.

5 Chair Lieber.

6 MS. LIEBER: Aye.

7 MS. CICHETTI: Vice Chair Gaines.

8 MR. GAINES: Aye.

9 MS. CICHETTI: Member Vazquez.

10 MR. VAZQUEZ: Aye.

11 MS. CICHETTI: And Member Schaefer.

12 MR. SCHAEFER: Aye.

13 MS. CICHETTI: Okay. Motion passes.

14 MS. LIEBER: Motion carries.

15 Thank you so much.

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18 **ITEM 3**

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21 MS. LIEBER: We'll go on to Item 3, which is
22 also presented by Mr. McCool.

23 MR. SCHAEFER: Excuse me, Madam Chair.

24 I would move that Item 3, 4, 5, 6, 7 and 8 be
25 consolidated for purposes of his presentation, and as to

1 our action, thereon.

2 MS. LIEBER: Unfortunately, I wish that were a
3 possibility for us today, because we've got a number of
4 them. But we do need to take them one at a time for the
5 purpose of our communications with each of the taxpaying
6 entities.

7 Thank you.

8 MR. SCHAEFER: Okay. I tried.

9 MS. LIEBER: You did try, and that was a great
10 thought. One that crossed my mind a number of times.

11 Mr. McCool, Item 3.

12 MR. McCOOL: Thank you, Chair Lieber and
13 Honorable Members.

14 The next audit is for KDDI America, Inc.

15 They were provided a copy of their audit
16 findings and report. They will also have 50 days after
17 adoption of the audit findings in which they may file an
18 appeal.

19 I'm available to answer any questions, and I
20 ask for your adoption of the audit for KDDI America,
21 Inc.

22 MS. LIEBER: Okay. Thank you, Mr. McCool.
23 Members, any questions?

24 We have a motion to adopt the audit report for
25 KDDI from Mr. Gaines, and seconded by Mr. Vazquez.

1 We don't have any written communications or
2 persons in the auditorium today. So we'll go to our
3 AT&T moderator to see if there's anyone who would like
4 to comment on Item 3.

5 AT&T MODERATOR: Ladies and gentlemen, if you
6 wish to ask a question or make a comment, please press
7 one, then zero.

8 And there's no one in queue.

9 MS. LIEBER: Okay. Members, if there's no
10 further discussion, we can go to Ms. Cichetti to call
11 the roll.

12 MS. CICHETTI: Again, this matter is a
13 Constitutional Function; therefore, the Deputy
14 Controller may not participate in this item.

15 I will take the roll.

16 Chair Lieber.

17 MS. LIEBER: Aye.

18 MS. CICHETTI: Vice Chair Gaines.

19 MR. GAINES: Aye.

20 MS. CICHETTI: Member Vazquez.

21 MR. VAZQUEZ: Aye.

22 MS. CICHETTI: Member Schaefer.

23 MR. SCHAEFER: Aye.

24 MS. LIEBER: Okay. The motion carries.

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ITEM 4

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MS. LIEBER: We will go on now to Item 4, the land escaped assessment, Pacific Gas & Electric Company.

Mr. McCool.

MR. McCOOL: Thank you, Chair Lieber and Honorable Members.

Revenue and Taxation Code Section 758 allows for the addition of assessments to the roll that have escaped assessment. I'm here this morning to present land escape assessments for the Board's consideration.

Items No. 4 through 8 on the agenda represent new property acquired by state assessees that they failed to report timely, and as a result, escaped assessment.

All five assessees have been notified of the escaped assessments, have been given an opportunity to provide additional information to change our escaped assessment findings.

In addition, each assessee will have 50 days after adoption of the escaped assessments to file an appeal, if they so choose.

The first set of land escaped assessments for

1 the Board's consideration are for Pacific Gas & Electric
2 Company.

3 I'm available to answer any questions, and I
4 ask for adoption of these escaped assessments.

5 Thank you.

6 MS. LIEBER: Okay. Members, questions?

7 Mr. Vazquez.

8 MR. VAZQUEZ: Yes, Madam Chair. Just a quick
9 one.

10 Just in looking through the list, Mr. McCool,
11 I noticed that all escaped assessments were filed late
12 by the same companies every year.

13 Is there anything we can do to minimize that?

14 I don't know if it's an outreach issue, or
15 educational issue, or what.

16 MR. McCOOL: Generally speaking, these
17 assessees are some of our larger ones, and they have the
18 most property. And their reporting requirements are
19 very high. There's a lot of property transactions that
20 they process every year, and, unfortunately, not all are
21 received by our office in a timely manner.

22 We, generally speaking, try to group these
23 maybe once or twice a year, rather than doing them as we
24 receive them. As long as we have these before the Board
25 before we do our roll setting each year, they will

1 appear on this year's roll accordingly.

2 So we do try to group these. We could come
3 before the Board more frequently. But we do try to just
4 do this once or twice a year.

5 But, generally speaking, we have good
6 coordination and communication with these assessees.
7 It's just the volume that they deal with. And,
8 unfortunately, not everything gets timely filed.

9 MR. VAZQUEZ: Thank you.

10 MS. LIEBER: Mr. Gaines.

11 MR. GAINES: Just a follow up on that.

12 That was a great question, Member Vazquez.

13 And I -- because you've taken us through, each
14 of us has gone through each of these cases. So just as
15 far as the public is concerned --

16 MR. McCOOL: Sure.

17 MR. GAINES: I want them to understand that
18 we're just not voting stuff -- on stuff on a paper.
19 We've been given an explanation of each of these cases.

20 And, in fact, there was a case earlier where
21 an assessee did not -- did not fill out their paperwork,
22 and paid a couple million dollars in interest and
23 penalties.

24 MR. McCOOL: Correct.

25 MR. GAINES: So I just want to, No. 1,

1 recognize that fact, and recognize that the BOE is on
2 it.

3 MR. McCOOL: Mm-hm.

4 MR. GAINES: And that you're on it.

5 MR. McCOOL: Mm-hm.

6 MR. GAINES: And if people aren't getting --
7 if companies aren't getting these things done in a
8 timely manner, then there's costs associated with that.

9 And so I just wanted to make that
10 clarification.

11 MR. McCOOL: Thank you.

12 And if I may add, the other component in these
13 particular filings for these land acquisition parcels is
14 the coordination with the assessors' offices.

15 So once something becomes state-assessed,
16 there is coordination between our office and that
17 individual assessor's office that should no longer
18 appear on their roll.

19 So in some cases we actually will hear from
20 the assessors first, even before we hear from the
21 assessees, letting us know of the transaction.

22 The counties, generally speaking, you know,
23 they have a -- they have better information on the
24 individual transactions, and they know our list of state
25 assessees. They know it shouldn't appear on their roll.

1 But they do wait for the corresponding communication
2 from our office.

3 So when that is somewhat delayed, they do
4 reach out to us from time to time and ask, "I know this
5 transaction has occurred, but we haven't received
6 notification from the Board yet." And then those cases
7 we will investigate with SSE and inquire why we haven't
8 received the filing.

9 So that -- I'm not sure if that happened in
10 any of these individual cases, but that does happen on a
11 fairly regular basis. So there is a coordination
12 between our office and the 58 assessors' offices.

13 MR. GAINES: Great. Thanks for clarifying
14 that. Appreciate it.

15 MR. McCOOL: Of course.

16 MS. LIEBER: Okay. And thank you for that
17 clarification for our viewers. That while we may be
18 moving briskly through these, it's because we've been
19 briefed very completely by staff.

20 Members, the recommended motion is to adopt
21 the audit report for Pacific Gas & Electric Company.

22 Mr. Gaines makes a motion, and Mr. Vazquez
23 seconds.

24 And we do not --

25 MS. CICHETTI: Ms. Lieber, could we just

1 correct the motion to make it that we're adopting the
2 escaped assessment as opposed to the audit report.

3 MS. LIEBER: Yes. Thank you.

4 MS. CICHETTI: Sure.

5 MS. LIEBER: Adopting the escaped assessment
6 report for Pacific Gas and Electric Company.

7 And the motion was by Mr. Gaines, and the
8 second by Mr. Vazquez.

9 And we do not have any written comments, or
10 anyone in the auditorium who wish to make a public
11 comment.

12 So we'll go to our AT&T moderator.

13 Moderator, if you would please let us know if
14 there's anyone waiting to make a comment on Item 4.

15 AT&T MODERATOR: Ladies and gentlemen on the
16 phones, if you wish to make a comment, please press one,
17 then zero.

18 And there is no one in queue.

19 MS. LIEBER: Thank you.

20 We'll bring it back. And if there's no
21 further discussion, we'll go to Ms. Cichetti for the
22 roll.

23 MS. CICHETTI: All right.

24 Again, make the comment that this matter is a
25 Constitutional Function; therefore, the Deputy

1 Controller may not participate under Government Code
2 Section 7.9.

3 I'll take roll.

4 Chair Lieber.

5 MS. LIEBER: Aye.

6 MS. CICHETTI: Vice Chair Gaines.

7 MR. GAINES: Aye.

8 MS. CICHETTI: Member Vazquez.

9 MR. VAZQUEZ: Aye.

10 MS. CICHETTI: Member Schaefer.

11 MR. SCHAEFER: Aye.

12 MS. LIEBER: Okay. The motion carries.

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15 **ITEM 5**

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18 MS. LIEBER: And we'll go on now to Item 5,
19 Southern California Edison Company, land escaped
20 assessment.

21 Mr. McCool.

22 MR. McCOOL: Thank you, Chair Lieber.

23 The next escapes are for Southern California
24 Edison Company. There's one land parcel escape in
25 assessment for the 2023 roll year.

1 They have been provided a copy of the escaped
2 assessment, and they will have 50 days after adoption in
3 which they may file an appeal.

4 I'm available to answer any questions, and ask
5 for your adoption of the land escaped assessment for
6 Southern California Edison Company.

7 Thank you.

8 MS. LIEBER: Members, any questions for
9 Mr. McCool?

10 Seeing none, the recommended motion is to
11 adopt the land escaped assessment for Southern
12 California Edison Company.

13 We'll take Mr. Vazquez making the motion, and
14 Mr. Gaines seconding that.

15 And we do not have any written comments, or
16 anyone in the auditorium who would like to comment on
17 this. So we'll go to the AT&T moderator.

18 Moderator, is there anyone on the line who
19 would like to comment on Item 5?

20 AT&T MODERATOR: If you would like to make a
21 comment, please press one, then zero.

22 And there are no comments in queue.

23 MS. LIEBER: Thank you so much.

24 We'll bring it back to the Board.

25 And if there are no further comments or

1 discussion, we'll go to Ms. Cichetti for the roll.

2 MS. CICHETTI: All right.

3 Again, this item is a Constitutional Function;
4 therefore, the Deputy Controller may not participate in
5 this matter under Government Code Section 7.9.

6 I'll take roll.

7 Chair Lieber.

8 MS. LIEBER: Aye.

9 MS. CICHETTI: Vice Chair Gaines.

10 MR. GAINES: Aye.

11 MS. CICHETTI: Member Vazquez.

12 MR. VAZQUEZ: Aye.

13 MS. CICHETTI: Member Schaefer.

14 MR. SCHAEFER: Aye.

15 MS. LIEBER: Okay. Thank you, Members.

16 The motion carries.

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19 **ITEM 6**

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22 MS. LIEBER: And we'll go now to Item 6.

23 This is the BNSF Railway Company, land escaped
24 assessment.

25 Mr. McCool.

1 MR. McCOOL: Thank you, Chair Lieber.

2 As mentioned, the next land escapes are for
3 BNSF Railway Company. There are three land parcels that
4 escaped assessment in roll year 2022. They have been
5 provided a copy of the land escaped assessments.

6 They will have 50 days after adoption of the
7 assessments in which they might file an appeal.

8 I am available to answer any questions, and I
9 ask for your adoption of these land escaped assessments.

10 Thank you.

11 MS. LIEBER: Okay. Members, any questions on
12 this one?

13 Seeing none, the recommended motion is to
14 adopt the land escaped assessment for BNSF Railway
15 Company.

16 MR. VAZQUEZ: So moved.

17 MS. LIEBER: And we'll take Mr. Vazquez.

18 MR. GAINES: Second.

19 MS. LIEBER: And Mr. Gaines seconding.

20 And we do not have any written comments or
21 anyone in the auditorium who would like to make a public
22 comment for this agenda item. So we'll go to our AT&T
23 moderator to see if there's anyone who would like to
24 make a comment on Item 6 on the agenda.

25 AT&T MODERATOR: Ladies and gentlemen on the

1 phones, if you would like to make a comment, please
2 press one, then zero.

3 And there are no comments in queue.

4 MS. LIEBER: Okay. We'll bring it back to the
5 Board, and ask Ms. Cichetti to call the roll.

6 MS. CICHETTI: Okay. This matter is a
7 Constitutional Function; therefore, the Deputy
8 Controller may not participate in this matter under
9 Government Code Section 7.9.

10 I'll begin roll.

11 Chair Lieber.

12 MS. LIEBER: Aye.

13 MS. CICHETTI: Vice Chair Gaines.

14 MR. GAINES: Aye.

15 MS. CICHETTI: Member Vazquez.

16 MR. VAZQUEZ: Aye.

17 MS. CICHETTI: Member Schaefer.

18 MR. SCHAEFER: Aye.

19 MS. LIEBER: Okay. Members, the motion
20 carries.

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ITEM 7

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MS. LIEBER: And we'll go on now to Item 7,
the Los Angeles SMSA Ltd., Partnership.

MR. McCOOL: Thank you, Chair Lieber.

As mentioned, the next land escapes are for
Los Angeles SMSA Ltd., Partnership, which does business
as Verizon Wireless.

There are four land escapes escaping
assessment in roll years 2020, 2021 and 2022.

They were provided a copy of the land escape
assessments. They will also have 50 days after adoption
of the assessments in which they may file an appeal if
they choose.

I'm available to answer any questions. And I
ask for your adoption of the land escape assessments for
Los Angeles SMSA Ltd., Partnership.

Thank you.

MS. LIEBER: Thank you.

Any questions on this item?

Okay. Seeing none, the recommended motion is
to adopt the land escaped assessment for Los Angeles
SMSA Partnership -- Ltd., Partnership.

1 MR. VAZQUEZ: So moved.

2 MS. LIEBER: And I'll take a motion from
3 Mr. Vazquez, and a second from Mr. Gaines.

4 And we do not have public comment that is
5 written, or anyone in the auditorium who is wishing to
6 make a public comment.

7 So we'll go to our AT&T moderator to see if
8 there's anyone on the line who would like to make a
9 comment on Item 7.

10 AT&T MODERATOR: If you would like to make a
11 comment, please press one, then zero.

12 And there are no comments in queue at this
13 time.

14 MS. LIEBER: Thank you.

15 We'll bring it back to the Board.

16 There is a motion from Mr. Vazquez, and a
17 second from Mr. Gaines to approve this land escaped
18 assessment.

19 And we'll ask Ms. Cichetti to call the roll.

20 MS. CICHETTI: This matter is also a
21 Constitutional Function; therefore, the Deputy
22 Controller may not participate in this matter under
23 Government Code Section 7.9.

24 I'll begin the roll.

25 Chair Lieber.

1 MS. LIEBER: Aye.
2 MS. CICHETTI: Vice Chair Gaines.
3 MR. GAINES: Aye.
4 MS. CICHETTI: Member Vazquez.
5 MR. VAZQUEZ: Aye.
6 MS. CICHETTI: And Member Schaefer.
7 MR. SCHAEFER: Aye.
8 MS. LIEBER: Okay.

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11 **ITEM 8**

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14 MS. LIEBER: And we'll go on to No. 8, which
15 is T-Mobile West, LLC, doing business as T-Mobile.

16 Also presented by Mr. McCool.

17 MR. MCCOOL: Thank you, Chair Lieber.

18 The final land escaped assessments for the
19 Board's consideration are for T-Mobile West, LLC.

20 There were 22 land parcels escaping assessment
21 in roll years 2021 and 2022.

22 They were provided a copy of the land escaped
23 assessments. They will also have 50 days after the
24 adoption of the escaped assessments in which they may
25 file an appeal.

1 I'm available to answer any questions that you
2 may have. And I ask for your adoption of the land
3 escaped assessments for T-Mobile West, LLC.

4 Thank you.

5 MS. LIEBER: Thank you.

6 Questions for Mr. McCool?

7 Mr. Schaefer.

8 MR. SCHAEFER: Yes.

9 Mr. McCool, the total amount of assessments
10 here, I guess, over the period of years of the audit is
11 10.2 million, which is the largest of the seven or eight
12 that we discussed this morning.

13 Is there some way we can encourage a little
14 better compliance, like maybe suggest they add a staff
15 member or two as necessary?

16 If they're -- I think you said they have like
17 22 parcels or so.

18 I just can't see -- everyone else seems to
19 comply. And the amounts run no more than a million or
20 so, except for Southern California Edison and T-Mobile
21 West. And I just wonder if this is sort of a congenital
22 thing that will go on forever, or do we see some hopes
23 of getting them off our agenda?

24 MR. McCOOL: We do our very best to
25 communicate our filing deadlines with our assessees.

1 We're available to help them and assist them. We do, on
2 these larger filings, we don't, for example, require
3 them to fill out a form for every parcel. We allow them
4 to fill out one form, and maybe attach an Excel
5 spreadsheet with the information that we need.

6 So we do communicate and try to make things as
7 easy as possible.

8 MR. SCHAEFER: Okay. Thank you.

9 MR. McCOOL: Of course.

10 MS. LIEBER: Thank you.

11 Any other questions?

12 Seeing none, the recommended motion is to
13 adopt the land escaped assessment for T-Mobile West,
14 LLC.

15 MR. VAZQUEZ: So moved.

16 MS. LIEBER: Take Mr. Vazquez.

17 MR. GAINES: Second.

18 MS. LIEBER: And seconded by Mr. Gaines.

19 And we do not have written comments, or anyone
20 in the auditorium who's hoping to make a comment on this
21 today. So we'll go to our AT&T moderator to see if
22 there's anyone who would like to make a public comment
23 on Item 8.

24 AT&T MODERATOR: If you would like to make a
25 comment on the phones, please press one, then zero.

1 And there's no one in queue.

2 MS. LIEBER: Okay. Thank you.

3 And we have a motion by Mr. Vazquez, and a
4 second by Mr. Gaines to approve this land escaped
5 assessment.

6 Well, if there's no further discussion, we'll
7 go to Ms. Cichetti for the roll.

8 MS. CICHETTI: All right. This matter is also
9 a Constitutional Function; therefore, the Deputy
10 Controller may not participate in this matter under
11 Government Code Section 7.9.

12 I'll begin roll.

13 Chair Lieber.

14 MS. LIEBER: Aye.

15 MS. CICHETTI: Vice Chair Gaines.

16 MR. GAINES: Aye.

17 MS. CICHETTI: Member Vazquez.

18 MR. VAZQUEZ: Aye.

19 MS. CICHETTI: Member Schaefer.

20 MR. SCHAEFER: Aye.

21 MS. LIEBER: Motion carries.

22 Thank you, Members.

23 And we're going to go on to our consent
24 agenda.

25 And thank you, Mr. McCool. Thank you.

1 ---o0o---

2 **ITEM 11**

3 ---o0o---

4
5 MS. LIEBER: And our next item is Item 11, the
6 Board Member Strategic Plan.

7 And we have two Members who would like to
8 present a discussion on this. The first will be
9 Mr. Emran for the State Controller.

10 MR. EMRAN: Thank you, Madam Chair.

11 And good morning again to everyone.

12 To the Members, we, the Controller got to
13 circulate a Strategic Plan memorandum last week. I hope
14 everyone got a chance to read that.

15 I know it's a Strategic Plan that many of the
16 Members have been working on for the past several years.
17 So in my presentation, I'm going to try to be as concise
18 as possible here.

19 But I just want to thank the Board Members,
20 our Executive Director, the entire Agency.

21 This was a process that the Controller
22 partnered with Member Vazquez back all the way in 2019
23 to establish strategic priorities for the Board of
24 Equalization with the Board formally adopting the
25 Strategic Plan in June of 2020.

1 The Strategic Plan is a foundational document
2 to the Board's commitment of good governance, enhancing
3 taxpayer experiences and services, and enhancing the
4 employee experience, education, and ultimately telling
5 the BOE story. A story that dates back well over
6 100-plus years.

7 I want to thank everyone for their commitment
8 to the Strategic Plan, and opportunity to present to you
9 an update of where we are, including the items
10 completed, and those that are in progress.

11 Specifically want to focus on Controller
12 Cohen's two goals, Goals 1 and 2.

13 And for the record, I want to read in Goal 1:

14 To ensure the Board's constitutional mandates
15 are being performed in the most cost-effective,
16 efficient and timely manner with the 58 elected
17 assessors and California taxpayers in the forefront;
18 where 1.a. establishes that the Agency has the resources
19 and infrastructure necessary to fulfill its workload.

20 And Goal 2: To establish and meet workload
21 priorities and provide direction for Members to achieve
22 statewide objectives and workload in a manner that
23 ensures maximum transparency and opportunity for open
24 discussions.

25 Starting with Goal 1.a., resources and

1 infrastructure focus, the Controller believes that
2 there's been substantial progress that's been made in
3 this area.

4 And to take it to what we call a touchdown is
5 for the Executive Director to facilitate a formal
6 assessment of the organizations to confirm that the
7 Agency has the full authorities, resources and
8 infrastructure necessary to carry out the Constitutional
9 responsibilities in administering California's
10 \$85 billion property tax system.

11 And once this overall assessment is completed,
12 the Executive Director will come back to this Board and
13 provide a full presentation on the assessment results,
14 and a plan of action to address any resource in gaps
15 that remain.

16 If the Board's at will, this would be an
17 action taken up and completed in the summer of 2024.
18 And based on those results, moving it to the Governor's
19 Office, and the Legislature, and other parties or
20 stakeholders, to address the needs of the Board and make
21 sure that the resources and infrastructure necessary
22 workload have been met.

23 Moving on to Goal 1.b.: The Board Members
24 fiscal responsibility, ethical accountability, and
25 commitment to public service.

1 This is a goal that I'm happy to report out
2 has been successful. The Executive Director and the
3 Controller have partnered in this effort.

4 Moving on to Goal 1.c.: To establish Board
5 Members have the resources and infrastructure necessary
6 to fulfill their Constitutional responsibilities.

7 Of 1.c.1., the Controller and Member Vazquez
8 and the Executive Director will put this work on hold
9 until 1.a. is completed, with that anticipation at the
10 end of this year.

11 And then lastly, Goal 2, of determining the
12 Board's strategic priorities. The Board so far has
13 convened three statewide hearings.

14 And thanks to Member Vazquez and his
15 leadership, an additional informational hearing this
16 past year in Santa Monica.

17 Controller Cohen is committed to exploring the
18 convening of two additional statewide informational
19 hearings, focussed on emerging issues facing property
20 tax administration.

21 Once those hearings are completed, Controller
22 Cohen will work with the Chair, the Vice Chair, the
23 Executive Director to complete the rest of the goals
24 2.a.2. through 2.a.4.

25 So thank you, Board Members, our discussions,

1 our collaboration, our commitment to the Strategic Plan
2 will enable us to continue the development of meaningful
3 and substantive framework to guide this Board for the
4 next generation and beyond.

5 Thank you, Madam Chair and Member Vazquez.

6 I yield to you.

7 MR. SCHAEFER: I have a question.

8 Do you know when the two additional hearings
9 might be scheduled?

10 MR. EMRAN: It's the goal of the Controller to
11 have at least one this year. Depends on the emerging
12 issues.

13 One issue that we've been working on is
14 technological issues. But that will be something at
15 least will happen in this term right here that we're in.
16 So up until 2026.

17 MR. SCHAEFER: If we can coordinate with a
18 regular meeting, if it's gonna be here, or if it's gonna
19 be elsewhere, I just want you to know that Tony and I
20 have concern to be able to participate.

21 MR. EMRAN: Understood.

22 MR. SCHAEFER: Thank you.

23 MR. EMRAN: Thank you.

24 MS. LIEBER: Mr. Vazquez.

25 MR. VAZQUEZ: Thank you, Madam Chair.

1 And thank you, Mr. Emran, for that great
2 presentation.

3 And the accomplishment moving forward, I'll
4 try not to repeat what you said, and kinda try to fill
5 in the gaps. And let's see if we can open up for
6 discussion afterwards.

7 Like in Goal, I guess it's, 1.b., the core
8 reports for training that ensure the Members fiscal
9 responsibility, ethical accountability and commitment to
10 public service.

11 I'm also pleased to hear that under Goal 1.a.,
12 the Executive Director will conduct a formal
13 infrastructure assessment of the organization to confirm
14 whether the Agency has the full authority and resources
15 needed to carry out their workload. And that she
16 recommend an action plan to the Board in July.

17 This is an important and probably
18 time-consuming effort, but it's a paramount for the
19 employees and everyone who does business with the Board.

20 And I applaud your plan on Goal 1.c., want to
21 collaborate with the Executive Director to secure one
22 additional exempt position supported by facility savings
23 to ensure that each Member has a confidential executive
24 assistant possibly needed to help us fulfill our
25 Constitutional responsibilities and workload.

1 And on our plan under Goal 2.a., to work with
2 the Executive Director and the Chair to possibly convene
3 two or more hearings, which are kind of touched on now.

4 The last one I had -- and I guess -- and when
5 the Executive Director undertakes the infrastructure
6 assessment under Goal 1.a., will it point out the
7 quantity where the Agency has the gaps, delays or
8 shortfalls, because of the lack of resources?

9 While it is a tremendous credit to the staff
10 for all that they do, and the revenue generated with so
11 few resources, I think enhancing their assets and
12 resources is critical.

13 Regarding Goal 2.a. on the possibility of
14 convening two more informational hearings this year,
15 would you -- I guess, would you be open to the ideas of
16 emerging issues as they come forward, preferably to
17 prepare the announcements with some specific plans down
18 the road?

19 MR. EMRAN: Yes. Exactly, Mr. Vazquez.

20 MR. VAZQUEZ: And that's the only thing I
21 would recommend.

22 And with that, I'll turn it back to Chair,
23 Vice Chair, and see if there's any other comments or
24 suggestions from any of the other Board Members.

25 MS. LIEBER: Comments or questions or

1 suggestions?

2 MR. GAINES: I have a concern. A concern I
3 have, and I want to move forward with this, because I
4 think we do have to make sure that we're keeping our
5 Strategic Plan updated. And we want to know what that
6 vision is for the future. But I've got a concern on,
7 you know, as to whether it's going to cost us money.

8 And the reason I'm saying that is we just had
9 this review. And I want to thank the Controller for
10 organizing that. But I'm concerned about our budget.

11 And so I'm wondering if we can at least
12 explore this idea moving forward in an economical
13 fashion.

14 And, you know, is there an opportunity for us
15 to take a look at this Strategic Plan and do it amongst
16 ourselves?

17 I think we've got a pretty good idea of how
18 the BOE operates. We've got a team here.

19 And so I'm just throwing that out there as an
20 option. I would want to obviously hear from the
21 Controller on this before we did proceed.

22 But definitely we need to follow through on a
23 Strategic Plan. We need to update it. I just want to
24 make sure we can do it within the confines of a tight
25 budget.

1 Thank you.

2 MR. VAZQUEZ: I think we were kind of banking
3 on the savings. Because I know not everybody has been
4 fully staffed. And I'm hoping that -- and maybe the
5 Executive Director can clarify this, that we could tap
6 into that, right?

7 Because you're right, we don't want to --
8 especially with, you know, what we're hearing in terms
9 of the deficit. Seems to be growing every day.

10 MR. GAINES: Yeah.

11 MR. VAZQUEZ: I don't want to make that
12 another burden on State budget.

13 MS. LIEBER: Yes. And maybe if I can add to
14 what's been said before we have the Executive Director
15 step in.

16 I'm really concerned about the environment in
17 which we find ourselves. And the fact that, you know,
18 we heard from the Finance Department about cuts and
19 climate, education, affordable housing, CalWORKS. Some
20 pretty large shifts within the budget.

21 And I think we'd put ourselves in a difficult
22 position if we're asking for outside contractors, or
23 even an additional exempt position right now at this
24 point in time.

25 I think we might be in a very difficult place

1 with that. And maybe our Executive Director can
2 elucidate that.

3 MS. STOWERS: Good morning.

4 Yvette Stowers, Executive Director.

5 So nice to see everyone this first day of
6 spring.

7 With me is Ms. Lisa Renati, Chief Deputy
8 Director.

9 We'd like to answer some of your questions.
10 But -- and a lot of times I answer backwards. So I'm
11 going to try to go forward this time.

12 And let's start with the beginning. I want to
13 first say thank you for the opportunity to speak on this
14 item, the Board Member Strategic Plan.

15 Since I've been asked to provide input, I
16 would like to say that I believe that Controller Cohen's
17 proposal to conduct a formal external assessment is a
18 constructive exercise that could help determine BOE's
19 future and is worthy of consideration.

20 But let me first begin with the review of what
21 we've done so far. At the December '22 meeting and the
22 July '23 meeting, I reported that the Board -- to this
23 Board that I completed my internal assessment of the
24 Agency, and that I had a plan of action to implement to
25 ensure that the Agency had the necessary resources and

1 infrastructure to fulfill our Constitutional and
2 statutory duties.

3 For the past five-and-a-half years, the
4 Executive Management Team has also reported on the many
5 achievements realized in our rebuilding and
6 revitalization efforts.

7 However, I note that my reports have all been
8 verbal. And it could be beneficial if I put this report
9 in writing, and that report would be very helpful in
10 deciding the scope of any future formal assessment.

11 With this Board's permission, I would say that
12 I can -- if you want the report, I can get this report
13 completed within the first -- last quarter -- wait a
14 minute -- spring or summer.

15 It's going to take some time, because we do
16 have other reviews that are coming up. And the person
17 who is going to be tasked with writing the report is
18 also going to have to do the review that we have.

19 But I also would like to take the time and map
20 out a cost of an external formal assessment. I know
21 that Controller Cohen is thinking July 2024 would be the
22 date that it would be completed. But if we're talking
23 about hiring a third-party vendor to do the assessment,
24 we are going to have to go to bid, and we are going to
25 have to go through the State contract process. And we

1 know that doesn't happen overnight.

2 And then once we get to a vendor, we are going
3 to have to spend time with that vendor explaining what
4 we do and how we do it. So then that vendor can say,
5 "Based on what you are currently doing, here's what --
6 and based on what you've already identified as gaps,
7 here's what we think you can do additionally."

8 So it's not a six-month project guaranteed.
9 But I think, again, that it is worthwhile to see how we
10 can continue to revitalize and modernize the BOE.

11 I do want to emphasize that under this Board
12 leadership, we have definitely rebuilt and revitalized,
13 and we have, in my opinion, exceeded expectations. And
14 I'm confident once you have that written report, you
15 will see as well of all the great work that we're doing.

16 In respect to the actual Strategic Plan, you
17 know, there's an Agency Strategic Plan, and there's a
18 Board Member Strategic Plan.

19 The Agency Strategic Plan is for 2020-2025.
20 And the main goals, rebuild, revitalize and modernize.
21 Those goals are very similar to the Board Member
22 Strategic Plan Goal 1.a. It's the same. We have the
23 same focus. We're on the same page.

24 But I note that for our Strategic Plan, we are
25 coming to a time where we do need to update. We're

1 halfway there. I say we rebuilt, but we're always
2 assessing the Agency. So it's time for us to start
3 thinking about our Strategic Plan update for '25-'28.

4 I also note that the Board Members Strategic
5 Plan initially was -- we had the meeting in 2019, the
6 plans covered 2020 through 2023. Most of the goals in
7 that plan have been completed. It's still a question of
8 Goal 1 and Goal 2.

9 And, again, me doing -- giving you a report on
10 the formal assessment, you can make a decision on if you
11 need to continue with Goal 1, or do you want to go with
12 a different direction.

13 If this Board would like to update their
14 Strategic Goals for the future, I'm available to assess.
15 When you did it in 2019, we did it in open meeting. You
16 guys hired a consultant to facilitate that exercise.
17 We all sat right around here in a circle. I am
18 confident that we can do it again.

19 Ms. Renati is available. She's been
20 volunteered to facilitate. And we don't have to hire
21 someone. We can do it ourselves. She can be the
22 note-taker. We will transcribe everything for you.

23 The Chair or the Vice Chair, the Chair is --
24 organizational management is -- is your thing.

25 MS. LIEBER: Mm-hm.

1 MS. STOWERS: If that's desired of the Board.

2 And then some of the things on the goals that
3 I think we need to correct the record on.

4 I think it's Goal 2 when you talk about using
5 facility savings in order to have an exempt staff
6 person.

7 Lisa, please explain.

8 MS. RENATI: Good morning.

9 Lisa Renati, Chief Deputy Director.

10 Generally, establishment of a position has to
11 come through the budget change proposal process.

12 So we would have to go -- and if you wanted to
13 create another position, we would have to provide data
14 to Department of Finance, who would then put it into
15 their budget, and then would go forward to the
16 Legislature to get approval for an additional position.

17 It makes sense to me why you would think using
18 facility savings would be a means for you to create more
19 positions. However, when it comes to facility savings,
20 it's one of our O&E, operating expenses. You can only
21 use those funds within that category of operating
22 expenses.

23 Now, when it comes to facility savings, it's a
24 little different. Because each Board Member doesn't
25 have their own -- your facilities -- you don't have your

1 own facilities budgets. It rolls up to the Agency's
2 budget.

3 And as we reduce our facilities cost,
4 although we like to shout it from the rooftops how well
5 we're doing at making sure we're using, you know,
6 reducing our cost, it just goes back to the general
7 fund. It doesn't -- we don't get more money to spend on
8 travel or infrastructure. So, unfortunately, that's not
9 available for us to use that facility savings to create
10 more positions.

11 But I'd also like to say, when Ms. Stowers
12 talked about all the work we've done in the last four
13 years, we've done it without additional positions.
14 We've redeployed positions we have in the Agency. We've
15 used them differently. We haven't created -- received
16 any new positions. So all the work we've done so far
17 has been with current existing resources.

18 MR. GAINES: Prop. 19 has been a big one.

19 MS. RENATI: Yes. Prop. 19, we did manage to
20 do that. And at the time we had a high vacancy rate.
21 And we were asking -- going forth asking for more
22 positions. And they, you know, we were told to fill our
23 vacancies. So we have.

24 MS. STOWERS: We've asked twice.

25 You know, when Prop. 19 came in, we definitely

1 asked, and it was a hard no.

2 We recently -- and we're gonna go again and
3 ask for more positions within our Property Tax
4 Department. We're not giving up. They told us no, and
5 I did not like the no. But the no was mainly because of
6 the budget deficit.

7 So we are going to go again, and we see the
8 need. And I can't continue to have the team work to
9 midnight seven days a week. And they're, you know,
10 Mr. Yeung and his team, Mr. Jack McCool and his team,
11 they're soldiers. They do an excellent job. And they
12 take on all the assignments that you give me, and it
13 actually goes to them.

14 So I guess what I'm saying is that, with your
15 permission, let me give you a report and really map it
16 out so you can see what we have accomplished, where I
17 see the need continues to be, and then make a decision
18 if you want to have another assessment of the Agency.

19 Knowing that assessing the Agency is an
20 ongoing activity for us. We just don't assess -- say,
21 "Okay, that's done," and move on. We're constantly
22 looking at what can we do to improve, make it better,
23 make it bigger. Just build an empire.

24 You know, you guys talk about some programs
25 that you would like to have, whether it's a new program

1 or newly-enacted legislation that we could have BOE be
2 responsible for, or if it's an old program. But I think
3 that the first step is to have this formal report that
4 you guys can really see what's been done.

5 MS. LIEBER: Okay.

6 MR. VAZQUEZ: Excuse me. Just a follow up to
7 that on the category for funding.

8 I know you mentioned, obviously, you can't
9 move facility dollars into staffing, but do we have
10 savings within staffing?

11 Because I know not all of us have been able to
12 fulfill or fill our vacancies within our respective
13 offices. What happens to that? Or is that even an
14 option?

15 MS. STOWERS: Well, most of -- and I don't
16 like to talk about individual Board Member's operation.

17 MR. VAZQUEZ: I don't want to -- in general.

18 MS. STOWERS: But let me say this, in general
19 speaking, although there may be a vacancy or two, most
20 Board Member's offices are using retired annuitants.

21 MR. VAZQUEZ: Right.

22 MS. STOWERS: And we are paying for those
23 retired annuitants through the vacant position.

24 MR. VAZQUEZ: Okay.

25 MS. STOWERS: So, no, there's no real savings

1 in --

2 MR. VAZQUEZ: Just thought I'd ask.

3 MS. STOWERS: Yeah. Good question.

4 Did I get that right?

5 MS. RENATI: Yes, you got it right.

6 And the vacancies within -- Board Member
7 vacancies are different than Agency vacancies. So we
8 can't just borrow from each other.

9 And -- but you can -- there is --
10 reclassification of positions is available. You have --
11 say you have an information officer, and you want it to
12 be a different -- maybe an AGPA. There is a process to
13 change those. But it's subject to budgetary constraints
14 and approval from CalHR and DOF.

15 As far as to go to an exempt position, we
16 haven't done that. It's something we worked on in 2018,
17 attempting to get that done. That would be a different
18 process, but -- as far as getting new positions using
19 vacancies.

20 MS. STOWERS: And I will say, as far as
21 exempt, I believe in the memo, the original goal was
22 confidential exempt. That's going to be a high hurdle.
23 There is an act -- it's a law that basically defines
24 what is confidential. And it's not just because you
25 work for a Constitutional officer, or you work for the

1 Executive Director, and you may receive confidential
2 files. It's a higher bar. And CalHR is going through a
3 review of all agencies that have confidential exempt
4 positions. And if their review is disclosing that they
5 don't meet that requirement, they are removing that
6 classification.

7 MS. LIEBER: And Mr. Emran, and then
8 Mr. Gaines.

9 MR. EMRAN: Thank you, Madam Chair.

10 And I appreciate you, Executive Director
11 Stowers. You've been doing some amazing work.

12 And you mentioned an empire, it's a rebuild
13 effort. You know, Rome wasn't built in seven days,
14 neither was the BOE. So as we rebuild the Board of
15 Equalization, we're taking the necessary,
16 mission-critical steps towards restoring our national
17 reputation, that includes building the administration
18 out, leading in statewide training, being key players
19 when it comes to taxpayer outreach, branding on a
20 national level.

21 And the Strategic Plan has been five years in
22 the making, but we also understand that COVID took us
23 off our course. And that's understandable. But it's
24 time to get back to serving California's taxpayers in
25 the 4th largest economy in the world.

1 Something that Mr. Vazquez always speaks out
2 to me and says, "It's time for the BOE to go on the
3 offensive." And I think every year we hold our breath
4 thinking what the Legislature -- not if, but when and
5 how they're going to try to take elected powers and
6 duties away from this Board.

7 So this Strategic Plan is going on the
8 offensive, and showing that we are restoring ourselves
9 and building back to that national reputation that we've
10 always, always been striving for.

11 And my very, very last point is we are a
12 Constitutional office. So Ms. Renati mentions too a
13 little bit in her presentations every month that we're
14 not under any mandate. It's just the State expects us
15 to be smart and wise with our spending.

16 And, lastly, the Controller's point in regards
17 to cost saving, she believes that this would ultimately
18 reduce cost, because it will show the Board we are
19 efficient -- where we are efficient and where we can cut
20 costs.

21 So I'm hoping we can find some type of middle
22 ground too. If the Board is open to some type of cost
23 analysis and scope, and maybe receiving Board input from
24 the Executive Director. Her going out and seeing if
25 it's feasible. If it's something that vendors are even

1 willing to take on, and kind of seeing how we can go
2 about that process.

3 But I wanted to leave it up to the Board on
4 that. But I think when we talk about building back the
5 Board of Equalization to where it was, the Strategic
6 Plan is core to it.

7 Thank you.

8 MS. LIEBER: Mr. Gaines.

9 MR. GAINES: Yeah. I want to thank the
10 Deputy Controller and your comments.

11 And, I mean, I agree in terms of going on the
12 offense and determining what our vision is for the BOE
13 is critical. And I want to be part of that and part of
14 that planning. And we definitely need to proceed.

15 And I'm open to looking at options. I would
16 like the Executive Director to explore that. And I'd
17 like to make sure we're in communication with
18 Controller Cohen as we move forward.

19 Because I -- we definitely need to -- we have
20 been under attack.

21 MR. EMRAN: Every year.

22 MR. GAINES: I mean, it's clear. And we're
23 going to talk about that a little bit later in the
24 agenda.

25 But, you know, we've gotten to the point where

1 the Agency is not only stabilized, but it's thriving.

2 But where do we go from here? What are the
3 next steps?

4 And we've got a lot of talent here. And I
5 think it can be utilized in a few other areas if we sit
6 down and talk about what our Strategic Plan is. So I'm
7 looking forward to that.

8 Thank you.

9 MS. LIEBER: Mr. Schaefer.

10 MR. SCHAEFER: Yes.

11 Deputy Controller mentioned Rome not being
12 built. When you mentioned Rome, Emperor Nero was
13 playing his violin while Rome was burning. And we're
14 not Rome, we're the State of California. And we're not
15 burning, but we've got a deficit in the billions of
16 dollars that would frighten any government.

17 That's why I would like us to be careful when
18 we're hiring additional people. I can assure you that
19 there's at least a million dollars in payroll that this
20 Board up here is not paying right now. Because we all,
21 each of us have a couple staff vacancies. And we would
22 fill them if we really had something urgent for them to
23 do.

24 But I think what we're doing is our present
25 staff is working double time to be sure we get it done

1 in efficiency. Because actually the people we work for
2 are the taxpayers, and we have to respect them.

3 I'm glad to see what's going on here, but I'd
4 like to see that any workshop and goal that we have is
5 something we can fill within 12 to 24 months.

6 All the dates on page 1 of this report today
7 are four years old, five years old, '19, '19, '19, '20.
8 You know, four or five years is a lifetime here on the
9 Board, because we have elections come and go. We change
10 Chief Counsels. We change Executive Directors. We have
11 just a lot of changes going on.

12 And those of us that are continuing while
13 we're here like to see efficiency in the economy, and
14 we'd also like to see something done within two years
15 instead of four years. So, you know, we can live to see
16 it to fruition.

17 My contract with the Board runs two more
18 years. And I'm going to be here to see that whatever we
19 want to do, we get done.

20 So I want to commend you with what you're
21 doing. But I want you to know that I don't want anybody
22 playing the violin. Okay?

23 Thank you.

24 MS. LIEBER: Thank you, Mr. Schaefer.

25 And I'll offer up some comments here since

1 they're burning a hole through me.

2 I would like to see the information that the
3 Executive Director has already put together that we've
4 already, in essence, paid for.

5 Have her present that in maybe the August,
6 September, October timeframe. And then we'll have a
7 much better budget understanding by that time.

8 I've never seen a consultancy report like this
9 that costs anything less than \$500,000. And it's
10 usually a million dollars. That's just what the
11 consultants want to start their engines.

12 And so I'd like to see the report from the
13 Executive Director in a timeframe that's reasonable
14 before we go anywhere towards it.

15 And, you know, every time I hear someone say,
16 "Well, if we don't use it, it just slips away. It just
17 goes back to the general fund." Okay, the general fund
18 is where we have problems with right now with affordable
19 housing, with CalWORKS, who are for people in a
20 desperate situation for our other Human Service needs.

21 So, to me, if the funding doesn't get used,
22 and it goes back to the general fund, this is what --
23 this is the expectation that the taxpayers have of us.
24 And -- and by and large, right now people in California
25 are working really hard for the money. And so that's on

1 the -- on the report. I'd like to have a stepwise
2 process where we look at that.

3 And then in terms of hearings in other parts
4 of the state, I'm okay with that if we can economize
5 greatly. I think we were able to economize greatly with
6 the Los Angeles hearing. And so I think those can be
7 very fruitful hearings.

8 In terms of the thought that we need to grow
9 the influence of the Agency, or expand outward in terms
10 of our footprint, that really sets off alarms for me.
11 Because what I would like to do is always keep in mind
12 the things that a normal State agency does.

13 So the DMV is not trying to increase its
14 footprint and its recognition nationwide. You know,
15 CDCR, any other State agency, it's just fulfill our
16 mission as effectively and as frugally as we possibly
17 can. So that's what I'm always looking for.

18 So I can't support securing us additional
19 exempt positions, especially, you know, of the exempt
20 nature. I think that we all have open positions that
21 are nonexempt, you know, classified, whatever we want to
22 call them, positions. And -- and those workers have
23 additional workplace protections. They are just less
24 likely to be focussed on, "What is it I can do to
25 satisfy the Member, and what can I do to meet the needs

1 of the public?" And I think that that's the direction
2 that we need to go in.

3 I also think that 2019 to 2023, this plan is
4 now exhausted in a certain sense. And even though all
5 of the objectives in it haven't been fulfilled, I think
6 it's time to, at some point, when our work plan allows
7 it, to come back and take a fresh look at those
8 objectives. Because things have really changed a lot
9 since 2019.

10 Earlier, when we heard from Ms. Lee from the
11 Department of Finance, she was talking about we're in a
12 completely different world in terms of remote working.
13 Until, you know, late spring of 2020, that was not
14 predominant in many of the workplaces in California, and
15 now it is. So things have really changed a lot. And I
16 think that we need to take another cut at it.

17 But what I'm looking for is -- is not in this
18 year additional expenditure, but kind of hunker down,
19 see how we can get through it with an eye towards the
20 situation of the Legislature, and then ultimately the
21 situation of our constituents and taxpayers.

22 I think that as we talked about earlier very
23 briefly, one of our most connected relationships is with
24 our county assessors and our county board of
25 supervisors. And, in their world, these cuts are really

1 impactful. Because the families that have a family
2 member with disabilities, the people that need
3 affordable housing within communities, are right in
4 their faces.

5 And my own county, we're probably one of the
6 wealthiest counties in California in terms of the
7 personal income tax and resources that the county has.
8 And I look at all the time, how long are the waiting
9 lists for emergency shelter? Well, right now, county
10 workers are calling people who got on the emergency list
11 in November.

12 So, for me, it's constantly, how do we
13 right-size ourselves to deal with the jurisdiction that
14 we have at this point? And really protect resources,
15 respect for money is a huge deal with me.

16 Many of my constituents are heavily
17 rent-burdened. They're working five jobs between two
18 parents. And -- and so they don't relate to kind of the
19 world when we're talking about, you know, in the
20 billions of dollars. They are tied to the world of,
21 "There's no way that I can pay the rent and not be
22 living at work," and sleepwalking through decades of
23 their lives.

24 So that's just kind of where I'm at on this is
25 I want to see what we can do with the information that

1 we have. Get that going.

2 I think that the Board should also spend a
3 session looking at the Agency's strategic directions,
4 and what is the health of the Agency from our
5 professional staff's perspective? And then have that
6 influence what we do on our strategic planning going
7 forward.

8 But I do think we need to take a refresh of
9 what we have here, and also take a breather as we see
10 what comes out of the May revise. And, you know, what
11 kind of numbers are coming out throughout the summer in
12 terms of where the Legislature's head is at.

13 And, you know, Ted and I had the experience of
14 being in the Legislature at a time when we had to cut
15 one-third of the State budget. And it was pretty
16 horrific. It kept me up many, many nights.

17 And so I think we have to kind of be grounded
18 in knowing where that fiscal cliff is, and keeping as
19 many people as far away from it as we can. Because in
20 our tenure in the Legislature, we saw people fall over
21 that cliff. And we were cutting things like adult
22 diapers for people with really profound disabilities.
23 And so we just have to be very, very, very careful with
24 money.

25 MR. GAINES: Paying off IOUs --

1 MS. LIEBER: Paying on --

2 MR. GAINES: -- to our vendors. "No, we're
3 not gonna give you a check. You're getting an IOU."

4 MS. LIEBER: Mr. Gaines is completely right
5 here. We were issuing IOUs to small businesses.

6 MS. STOWERS: And employees too.

7 MS. LIEBER: And employees for seven months.

8 MR. GAINES: Yeah.

9 MS. LIEBER: In small, first-generation
10 businesses who are service providers, and others. And
11 they had to pay their vendors. So our actions were kind
12 of eating them alive.

13 So I'm gonna -- I'm gonna stop there and bring
14 it back for further comments. But I think everybody
15 kind of knows where I'm at.

16 Mr. Vazquez.

17 MR. VAZQUEZ: I appreciate it. I appreciate
18 the feedback.

19 Because, like Mr. Emran mentioned, you know,
20 Controller Cohen and myself, when we started this back
21 in 2019, a lot has changed. And I'm wondering -- and I
22 heard from your comments, it sounds like we might be
23 able to do like a follow-up retreat in-house, without
24 spending money. I didn't know we had some talent here
25 within the staff that could possibly be the facilitator.

1 Because that's usually your biggest expenditure. And we
2 might want to think about that. And I'm wondering if
3 that makes sense.

4 You know, given -- I mean, take a look at our
5 schedule and our workload, and maybe look at one of our
6 meetings down the road, whether it's in the summer or
7 the fall, where, you know, we usually come up here any
8 ways, we usually schedule or calendar a two-day
9 Board Meeting. Maybe that second day is the retreat or
10 the phase two of the retreat.

11 Because we did lay out quite a bit of
12 objectives. And a lot of those things were in a
13 different world, because it was before COVID. And now
14 that, you know, like the Chair had mentioned, a lot of
15 people are working remotely. So it's a whole different
16 dynamic in terms of production and what we can expect
17 and hopefully accomplish.

18 And pretty much -- because we try to put goals
19 in that category of long-term, short-term and immediate.
20 And we may need to look at those and see what's doable.

21 I think it was mentioned earlier, is, you
22 know, for the most part, we have like two-and-a-half
23 years for most of us to see what can we really bite off.

24 And I like the fact that I'm hearing folks are
25 now in the position to take the offense. Because when

1 we first got up here, we were on the defense. And now I
2 think we're in a position where I'm hoping in that
3 retreat we would have that discussion. And what does a
4 Strategic Plan look like taking the offense as opposed
5 to the defense.

6 MS. STOWERS: I can definitely look at the
7 calendar for a retreat for the second day of a
8 Board Meeting.

9 MR. VAZQUEZ: Appreciate it.

10 MS. STOWERS: In the summertime after value
11 setting.

12 MS. LIEBER: Mr. Gaines.

13 MR. GAINES: Yeah. Thank you.

14 I appreciate Chair Lieber's comments, and also
15 Member Vazquez and Member Emran too.

16 And I do like the idea, if you could please
17 give us that report that updates the progress to date.
18 I think it would be very helpful just to have that in
19 writing.

20 And then step two would be working on the
21 Strategic Plan from a Board perspective, but also
22 internally, and how important that is.

23 You highlighted that, Madam Chair Lieber.

24 And I think that is -- we need to know, what
25 are we hearing on the ground within the organization?

1 And then I think we have our own priorities too that we
2 ought to kind of vet out and figure out, you know, where
3 do we go from here? What is the proactive position for
4 the BOE looking into the future?

5 So, yeah, I would say let's look at -- let's
6 get a written update where are we. Then we go ahead and
7 set the two-day meeting where we can dedicate a full day
8 to kind of figuring out what is our future Strategic
9 Plan for the BOE.

10 And if we need to do it more than once, we can
11 do it more than once.

12 MS. STOWERS: I think I understand.

13 I just want to just double check with
14 Mr. Emran.

15 MR. EMRAN: Thank you.

16 Thank you, Madam Chair.

17 Thank you, Executive Director.

18 Member Gaines, for your comments too. Vice
19 Chair Gaines.

20 Member Vazquez too.

21 This is a living document, and it's also a
22 legacy document. And I think the Controller ultimately
23 wants the Strategic Plan to continuously grow in its
24 efforts, and also, too, for the Board to speak with one
25 voice. And I'm hoping there's consensus here where we

1 can have that retreat, and also to see where we're at
2 and where we need to go.

3 So I think if there's a Board consensus here,
4 I think the Controller will be happy with this at the
5 moment.

6 Thank you.

7 MS. STOWERS: Report, map out the process,
8 and Board Member strategic goal setting. I'm taking
9 that as three items.

10 MS. LIEBER: Yes.

11 And I think as part of the goal setting, a
12 good grounding of the Members and the Agency's
13 professional staff goals for the Agency.

14 Well, great. Thank you so much, Members, for
15 the input on this. And I think this has been a good --
16 a good session of where we're all at.

17 And so we're going to take public comment on
18 this item. And we do not have written comments, is my
19 understanding, and we don't have anyone in the
20 auditorium who wants to pop up out of the fox hole for
21 this one. And so we're going to go to our AT&T
22 moderator.

23 On Item 11, moderator, is there anyone on the
24 phone line who would like to make a comment?

25 AT&T MODERATOR: Ladies and gentlemen on the

1 phone, if you would like to ask a question or make a
2 comment, please press one, then zero.

3 And there is no one in queue.

4 MS. LIEBER: Okay. Fantastic.

5 We'll bring it back to the Board.

6 And I think we've had some really great
7 discussion on this.

8 And let me confer with staff, is this a good
9 time for us to take our lunch hour, or should we first
10 deal with Item 12, and then come back for the
11 Executive Director's reports?

12

13 ---o0o---

14 **ITEM 12**

15 ---o0o---

16

17 MS. LIEBER: In the spirit of powering
18 through, we'll go on now to Item 12.

19 This is Franchise Tax Board Membership
20 relative to AB 2238.

21 And this was an item that was requested by
22 Mr. Vazquez for discussion. So we'll go to
23 Mr. Vazquez.

24 It was actually for discussion and/our action.
25 So we'll go to Mr. Vazquez.

1 MR. VAZQUEZ: Thank you, Madam Chair.

2 And in the spirit, as we were talking earlier
3 about going from the defense to the offense, I'm hoping
4 there's some consensus here after the discussion about
5 some action that we could take possibly here.

6 Members, I requested to include this piece of
7 legislation as part of our agenda, so that we can have
8 the opportunity to discuss its efforts on our
9 organization, as well as our potentially take a Board
10 vote or voice an opinion on this.

11 Before the discussion, I would just like to
12 emphasize that the BOE's importance relationship with
13 the Franchise Tax Board. As you know, the BOE is the
14 state's only Constitutional tax agency and oversees
15 assessment practices of 58 counties, decides appeals of
16 State-assessed public utilities and railroad properties,
17 and administers all property tax exemptions with the
18 county assessors.

19 The BOE also administers the Legal Entity
20 Ownership Program, which gathers and disseminates to
21 county assessors information regarding changes in
22 control and changes in ownership that own or lease an
23 interest in California real property.

24 Such changes in ownership or control require
25 reassessment of real property interest. And the primary

1 source of this information is obtained from the State
2 income tax returns filed with the Franchise Tax Board.

3 In administering the Welfare Exemption for
4 affordable housing, the BOE also works in partnership
5 with the Franchise Tax Board to obtain information about
6 whether a taxpayer with a potentially eligible property
7 receives low-income housing tax credits. The tax
8 credits are reported on State returns filed with the
9 Franchise Tax Board.

10 Next, the BOE and the Franchise Tax Board
11 partner to ensure that organizations with invalid or
12 revoked exemptions are not claiming any disallowed tax
13 benefits.

14 Furthermore, the BOE determines if an owner or
15 organization qualifies for the exemption based on a
16 valid, unrevoked letter or ruling from the IRS or the
17 Franchise Tax Board stating that the organization or the
18 local chapter is an exempt organization.

19 As you can see, the BOE and the Franchise Tax
20 Board serves a vital tax administration function, many
21 of which require the cooperation and partnership of both
22 organizations.

23 The BOE Chairperson has served on the
24 Franchise Tax Board since its creation in 1950. I think
25 that it's important for the BOE to continue having a

1 seat on the Franchise Tax Board to effectively serve the
2 California taxpayer.

3 So with that, I'd like to just open it up to
4 the Members, and see what the opinions or the thoughts
5 are as we look at this bill that's, I guess it's
6 Mr. Low, that has out their AB 2238, that would -- that
7 would, if approved, would remove the Chair of the BOE
8 from the Franchise Tax Board.

9 MS. LIEBER: Okay. Other questions or
10 comments?

11 Mr. Gaines.

12 MR. GAINES: Well, yeah. I'll weigh in.

13 I just appreciate Tony making a clarification
14 in terms of what the role of the Chair of the BOE is in
15 terms of sitting on the Franchise Tax Board.

16 And I'm not sure how educated our -- our
17 public is, our constituent is on that key role. And
18 that it is -- it's vital. I mean, if you take a look at
19 just the welfare exemptions that we deal with on a
20 weekly basis at the BOE, that's a huge part of what we
21 do.

22 And to make sure that we're having that
23 communication occurring between the Franchise Tax Board
24 and the BOE is critical. So we need that -- that
25 relationship and that role.

1 So, yeah. Thank you.

2 MS. LIEBER: Other comments?

3 Mr. Emran.

4 MR. EMRAN: Thank you, Madam Chair.

5 I want to thank Member Vazquez as well for
6 bringing this up.

7 As the voice of the Controller here on this
8 body, and her serving as Chair of the Franchise Tax
9 Board, she's really honored to have the BOE Chair serve
10 alongside her. Alongside the Department of Finance too.

11 And you kind of see the Department of Finance
12 coming in here today, kind of the special relationship
13 that we all hold when we are together.

14 And she fully and 100 percent supports the
15 Board of Equalization. She loves the Board of
16 Equalization, and she wants to see the Board of
17 Equalization remain as a member of the California
18 Franchise Tax Board.

19 We're so lucky, too, we're about to kick off
20 our first meeting next -- next week. And Chair Lieber
21 will be joining us too. And I think it's important in
22 an elected space to have elected representation from the
23 Board of Equalization. The only elected Tax Board in
24 the country be a voting member. And I think that's so,
25 so important. So she fully supports the Board of

1 Equalization in this moment.

2 Thank you.

3 MS. LIEBER: Okay.

4 Other comments, Mr. Schaefer?

5 MR. SCHAEFER: Well, we're really not
6 obligated to vote or opine on this. It's a legislative
7 matter strictly. I would rather we abstain. But it's
8 interesting to know what's going on.

9 MS. LIEBER: Okay. Thank you.

10 Now, as I mentioned, this is on our agenda for
11 discussion and possible action. So if a Member desired
12 to make a motion, now would be the time to do so.

13 MR. VAZQUEZ: Well, in hearing the feedback,
14 it sounds like I think -- sounds like there's a
15 consensus that the Franchise Tax Board should consist of
16 the Controller, the Governor's appointee, and whoever is
17 the Chair of the BOE moving forward.

18 So I would like to move that the Board
19 officially take a position against this bill, which
20 would eliminate the Chair of the BOE from sitting on the
21 Franchise Tax Board.

22 MS. LIEBER: Okay.

23 Motion by Mr. Vazquez.

24 Is there a second to the motion?

25 MR. GAINES: Yes.

1 MS. LIEBER: Seconded by Mr. Gaines.

2 And the motion is to have the Board adopt a
3 position and opposition to AB 2238.

4 And we have no one who's submitted written
5 comments, or in the auditorium submitting comments.

6 And I see that we have Mr. Norm Scott
7 approaching the microphone.

8 Mr. Scott.

9 MR. SCOTT: Thank you, Chair Lieber.

10 Good to see you all today, Members.

11 In some of our discussions about this bill,
12 something that has come up is what the Board's position
13 might be if the bill were to be amended.

14 So I just put that out for discussion, whether
15 you'd like to include anything in your motion or not
16 about that, just so you can have a plan moving forward.

17 MS. LIEBER: Okay. Thank you.

18 And I'm inferring from your comments that it
19 would potentially be possible to take a position of
20 oppose unless amended, if the legislation were amended
21 to add the State Treasurer, but retain the Chair of the
22 Board of Equalization; is that right?

23 MR. SCOTT: Yes, that would be an appropriate
24 motion. I apologize for leaving the dais early. I
25 didn't --

1 MS. LIEBER: No, no. Thank you.

2 Is there interest in that type of a motion,
3 oppose unless amended, or are we strictly keeping it on
4 opposed at this time?

5 MR. VAZQUEZ: My position would be to move
6 forward, take a position against the current bill.
7 Because that's the way it's written.

8 If there was an amendment, then I'd be open to
9 it, as long as whatever the amendment is includes the
10 Chair of BOE.

11 MS. LIEBER: Let me ask a question of our
12 Deputy Controller.

13 Has the Controller considered that type of an
14 option? I know that the Treasurer's jurisdiction is
15 very different from the tax agency's. And so can you
16 speak to that?

17 MR. EMRAN: Yes. Thank you, Madam Chair.

18 The Controller sees the reasoning why behind
19 this, why the Treasurer would want to be on the
20 Franchise Tax Board. Especially what happened last year
21 with the tax deadlines being pushed back several times
22 during these storms.

23 It would be something she would be comfortable
24 with at the time, but she would like to defer from the
25 Board to see where they're at. If it's going to be a

1 hard no or a soft no if amended. And I'll kind of leave
2 that up to discussion.

3 MS. LIEBER: Mr. Schaefer.

4 MR. SCHAEFER: The Controller or the
5 Treasurer, whoever is the ex-official member, need not
6 appear personally, but can have their Deputy appear for
7 them on the other Board.

8 So, you know, I don't think it's really that
9 important. And I do think that our Chair has enough to
10 do, you know. I'm just looking to make your -- make
11 more of your time available for our prime mission, which
12 is to protect the taxpayers.

13 MS. LIEBER: Okay. Thank you.

14 MR. SCHAEFER: I oppose the change.

15 MS. LIEBER: Thank you.

16 Any further thoughts on that concept?

17 Mr. Gaines.

18 MR. GAINES: Yeah. I'll just weigh in.

19 I wouldn't be opposed to taking the position
20 in opposition of AB 2238 unless amended, but I want to
21 clarify what an amendment would mean. It would have to
22 include the BOE continue to serve on the Franchise Tax
23 Board.

24 MR. VAZQUEZ: Exactly.

25 MR. GAINES: So if we could have that clarity,

1 that would be fine.

2 MS. LIEBER: That would definitely be
3 something that we would want to include in our letter,
4 to make that really clear, that that's what we're
5 considering.

6 To go to the maker and then the seconder,
7 would you like to amend your motion to say, opposed
8 unless amended to include the Treasurer, but retain the
9 BOE representation?

10 MR. VAZQUEZ: I have no problem with that. As
11 long as it's clear that if it's amended, for example,
12 and there's agreement to include the Treasurer for
13 whatever reasons, that that doesn't mean that we take
14 the BOE Chair out.

15 That means that, I guess, they would just
16 increase the number of Board Members. Which, I'm okay
17 with that, as long as the BOE still has representation
18 on the Franchise Tax Board.

19 MS. LIEBER: Mr. Scott.

20 MR. SCOTT: We don't think that including as
21 amended would put the Board in a position to agree to
22 any amendment. Obviously, the Board would be free to
23 come back and reconsider its position if an amendment
24 were to put the Treasurer and, you know, the director of
25 another department on there.

1 But to the exclusion of the Board, the Board
2 would certainly be free to take a position to oppose
3 that amendment as well.

4 So I think you could certainly just say oppose
5 now, or the other alternative is you could say opposed
6 unless amended.

7 And the Chair's letter to the Legislature
8 could make clear that the Board would like to see the
9 Chair remain on the Franchise Tax Board. And any
10 amendment that was contrary to that, the Board could
11 certainly reconsider and oppose the amendment as well.

12 MR. VAZQUEZ: I'm comfortable with that.

13 MS. LIEBER: Okay. So it sounds like it's
14 acceptable to the maker and the seconder to amend their
15 motion to adopt a position of oppose unless amended to
16 retain the BOE representation on the Board.

17 MR. VAZQUEZ: Is it -- is it clear -- I guess
18 more of a legal question here.

19 Is it clear to say we oppose, I guess -- what
20 is it -- AB 2338 [sic] as proposed, but if it was
21 amended, as long as it included the BOE Chair to remain
22 on the Franchise Tax Board, we'd be open to it?

23 MR. SCOTT: Yes, I think the letter could --

24 MR. VAZQUEZ: Make it real clear.

25 MR. SCOTT: -- clearly convey that the Board's

1 position is that the Board Chair should remain as a
2 Member of the Franchise Tax Board.

3 MR. VAZQUEZ: Whatever composition it takes.

4 MR. SCOTT: So an amendment that included that
5 option would likely be acceptable to the Board,
6 subject to the Board discussing and voting on that.

7 But other amendments might not be, or probably
8 wouldn't be, and the Board would need to take a position
9 at that time as well.

10 MR. VAZQUEZ: Sounds good.

11 MS. LIEBER: So we've got a motion and a
12 second to oppose -- to adopt a position of oppose unless
13 amended on AB 2238.

14 And the amendment that we would be seeking is
15 to retain the membership of the BOE representative on
16 the Franchise Tax Board.

17 And I think that that would be an acceptable
18 give to the committee. And then it's up to the Rev. and
19 Tax Committee to decide if the separate jurisdiction of
20 the State Treasurer makes sense for inclusion on the
21 Franchise Tax Board.

22 But I think it puts us a little bit more into
23 the game. And what we're attempting to get at is public
24 policy that makes sense and is clear and functional for
25 taxpayers, and where the taxpayer's interests are

1 represented well.

2 So we've got that motion and second.

3 And we don't have written commentary on this,
4 or anyone in the audience that would like to comment.

5 So we can go out to our AT&T moderator.

6 Moderator, if there's anyone who would like to
7 comment on Item 12, relative to the Franchise Tax Board
8 Membership, if we could hear from them now, please.

9 AT&T MODERATOR: If you would like to make a
10 comment, please press one, then zero.

11 And there is no one in queue.

12 MS. LIEBER: Okay. Thank you.

13 We'll bring it back to the Board.

14 And we've got the motion by Mr. Vazquez,
15 seconded by Mr. Gaines.

16 MS. CICHETTI: I'll take the roll.

17 Chair Lieber.

18 MS. LIEBER: Aye.

19 MS. CICHETTI: Vice Chair Gaines.

20 MR. GAINES: Aye.

21 MS. CICHETTI: Member Vazquez.

22 MR. VAZQUEZ: Aye.

23 MS. CICHETTI: Member Schaefer.

24 MR. SCHAEFER: No.

25 MS. CICHETTI: Deputy Controller Emran.

1 MR. EMRAN: Aye.

2 MS. CICHETTI: Motion carries.

3 MS. LIEBER: Thank you, Members.

4

5 ---o0o---

6 **ITEM 18**

7 ---o0o---

8

9 MS. LIEBER: And we'll go on now to our
10 Legislative, Research and Statistics Division Chief's
11 Report, delivered by Mr. Angelo.

12 MR. ANGELO: Good afternoon, Honorable Board
13 Members, Chair Lieber.

14 Ted Angelo with the Legislative, Research and
15 Statistics Division.

16 I'm gonna give a brief report on some of the
17 bills that I've been sending out to you on a weekly
18 basis, every Friday that you've been seeing as they get
19 introduced and get amended and get scheduled for their
20 committee hearings.

21 I did just learn -- which is good news. I did
22 just learn that the very first item I was going to
23 discuss, which didn't have a number, now has a number.
24 Which is our proposal to further the sunset date on the
25 low-value exemption that we discussed last month will be

1 in SB 1527.

2 So I just heard from the Senate Rev. and Tax
3 Committee to let me know the bill number. So now you
4 know it too. SB 1527 will include our provision.

5 In terms of Board support and opposed
6 legislation, we didn't have anything when I came up
7 here, but now we do. So AB 2238 will reflect that as we
8 move forward.

9 The next bills, I'm going to go over them
10 relatively quickly so I'm not here too long. But the
11 primary bills right now that we're tracking and doing
12 our analyses on, and we'll be sharing with you soon, are
13 AB 1868, which is regarding the affordable housing model
14 that's otherwise best known as the Habitat for Humanity
15 model.

16 And right now valuation that takes place on
17 these types of contracts deals with -- right now they're
18 trying to change the way that that valuation is
19 determined. And they're trying to change it to the
20 first -- the value of the first mortgage in the
21 applicable down payment in the language in the bill
22 right now, rather than what's currently a permissive
23 county assessor process where they have to take into
24 consideration the effect of enforceable restrictions.
25 Which also include these contractual provisions that are

1 in the habitat model. So they're trying to change that
2 model to reflect it.

3 We're trying to come up with the reason why
4 they want to do that, as opposed to how it's done right
5 now, and what the difference would be. So we'll be
6 sharing that with you soon, and working out any issues
7 or concerns we have with the committee and the author
8 regarding this proposal.

9 AB 1879 is an update to the electronic
10 signature statutes. This has been going on for quite
11 some time, going back to the mid-90s, and then updated
12 for many different state entities doing business.

13 In this case, it would be property taxpayers
14 dealing with the Board of Equalization and their county
15 assessors, where forms that weren't specifically
16 prescribed to be allowed electronically from us to the
17 assessor with the taxpayer's signature, other than a wet
18 signature, weren't allowed.

19 So this bill takes care of some of those
20 anomalies that were in the statute that weren't under
21 the UETA, Uniform Electronic Transactions Act.

22 So AB 1879, we're tracking, and we'll have an
23 analysis on that for you. It went to Judiciary, and is
24 moving with no opposition, and will be going to the Rev.
25 and Tax Committee next on the Assembly side.

1 AB 2353 is by Assemblymember Ward. This one
2 is a little more complex in the affordable housing
3 sphere under the welfare exemptions. It would allow
4 non-profits to withhold tax while welfare exemption
5 applications are under review. And it stops collection
6 action and waives interest and penalties for that.

7 So it's a fiscal issue, but it's one that is
8 well-intended. And it's one that you have to look at if
9 there might be middle ground on this one, or if it's
10 kind of, you know, black and white in terms of the
11 proposal, and what they're moving forward for. So we'll
12 be analyzing that and providing analyses to the Board
13 Members as well on AB 2353.

14 On AB 2506, this is a possessory interest bill
15 by Assemblymember Lowenthal. This is the one that
16 would -- it's similar to our bill for extending the
17 low-value ordinance. But this one puts in a provision
18 that it makes it presumed that they meet the standard,
19 rather than being permissive like under our proposal.

20 So it's a little more -- it's a little more
21 structured and less wiggle room. But it kind of
22 furthers the intent of the bill last year, where we
23 weren't going to assign possessory interest payments to
24 anyone living in low-income units.

25 We have to look at the thresholds and what

1 they are to see what this would specifically change
2 compared to the bill from last year, which kind of
3 furthered our position, which was a BOE longstanding
4 position that we weren't going to assign possessory
5 interest to folks in low-income housing units.

6 AB 2897 --

7 MS. LIEBER: Excuse me, Mr. Angelo.

8 MR. ANGELO: Go ahead.

9 MS. LIEBER: We had a question about what bill
10 number is that by Mr. Lowenthal.

11 MR. GAINES: Thank you.

12 MR. ANGELO: Oh sure, AB 2506.

13 MR. GAINES: Thank you.

14 MS. LIEBER: Thank you.

15 MR. ANGELO: So it -- and, again, it would
16 exempt from property tax any possessory interest by a
17 tenant in a publicly-owned housing as defined with a
18 value so low that it's pretty much, in other terms, not
19 worth trying to collect it, is what it does.

20 And then it puts the burden -- it links to the
21 taxpayer in terms of the presumptive nature of that
22 before any kind of hearing before any kind of board. So
23 they don't have to overcome some type of standard.

24 AB 2897, Connolly, is a Welfare Exemption
25 Community Land Trust Bill. This one is going to be a

1 little complicated. We're going to be taking a look and
2 analyzing that.

3 This would eliminate requirements of a lease
4 agreement between a lower-income household and community
5 land trust in order for the unit to continue to be
6 treated as occupied by low-income household, and would
7 amend the definition of community land trust to extend
8 these requirements to a wholly-owned subsidiary of the
9 trust.

10 This was in a bill last year that became a
11 two-year bill or didn't move forward. So it has two
12 things in it. One of them was in a bill last year. The
13 threshold that's involved in it is the percentage
14 threshold that we have to take a look at to see if it's
15 going cause any heartburn.

16 And then on the Senate side, we have the
17 Accessory Dwelling Unit Bill by Senator Newman, SB 1164.
18 A hearing date hasn't been set as of the publication of
19 this, but I believe it's coming up in -- on April 10th,
20 or the following week, on the Senate side. I have to
21 check their hearing date.

22 But this is an exclusion for the accessory
23 dwelling units for the first 15 years from taxation,
24 from construction of the accessory dwelling unit until
25 there's a change in ownership. And it requires the

1 Board to prescribe the manner and form for claiming the
2 exclusion.

3 So there will be some administrative costs for
4 that. But it's also -- it's also going to be a revenue
5 issue in terms of just putting a blanket 15-year
6 moratorium on any kind of collection of fees that would
7 otherwise be in place under existing law. So one to
8 take a look at there.

9 AB 2238 is the FTB Board Membership you
10 discussed earlier. So I'm not going to go into that
11 again.

12 SB 1436 by Senator Allen. Senator Allen was
13 here last month, and he was describing the oversight
14 board that is contemplated in this proposal, which would
15 be made up of the Controller, the Director of Finance,
16 and the Chair.

17 You, Madam Chair, of the Board of
18 Equalization.

19 Of the oversight of the two agencies under the
20 government operations agency, CDTFA, which is the State
21 Department of Tax and Fee Administration, and the Office
22 of Tax Appeal, or OTA, as it's known. So it would put
23 together a Board oversight of that entity.

24 And just this morning we saw there was a gut
25 and amend, and AB 2895 by Assemblymember Gipson is doing

1 something substantially similar. I haven't had a chance
2 to read through the provisions to see if it's exact, but
3 it's very similar to what SB 1436 is proposing.

4 So there's two oversight of CDTFA/OTA
5 proposals with the same type of framework. So we're
6 taking a look at those as well from an administrative
7 side.

8 And two-year bills, I'm not going to go into
9 them right now. There's a couple of welfare exemption
10 bills, and also the Constitutional amendment and
11 accompanying bill that were held at the end of last
12 session. They're still not moving right now, as we're
13 dealing with fiscal concerns that would allow the
14 veteran's exemption and the disabled veteran's exemption
15 to also receive the homeowner's exemption. That's SCA 6
16 and SB 871.

17 And I believe that covers what I planned to
18 discuss today. If you have any questions on any of
19 those bills, or any of the bills that I send out on a
20 weekly bases, I can answer any questions you have.

21 MS. LIEBER: Okay. Great.

22 And I'll just let Members know that I've
23 requested that we have an item for next month regarding
24 the Board taking a position on AB 2353. And this is the
25 Ward bill to enhance access to the welfare exemption for

1 affordable housing.

2 And this was the bill that Mr. Mark Stivers
3 from the California Housing Partnership commented on at
4 our last meeting. And so we'll have that back next
5 month.

6 Other questions or comments for Mr. Angelo?

7 Mr. Emran.

8 MR. EMRAN: Thank you, Madam Chair.

9 Mr. Angelo, I really appreciate the thorough
10 breakdown of these bills.

11 Leading up into the fall, and where we're
12 looking into Proposition 1, have you been tracking that?
13 Is it still too close to call?

14 MR. ANGELO: I believe it's too close to call,
15 unless somebody's heard something in the last few hours.
16 But it's very nip and tuck. And it was leading, you
17 know, 50-plus percent to 49.8. So it was very close.
18 I don't have the exact vote count, but we're still
19 waiting on that.

20 And we heard rumors that that's why the State
21 of Address didn't happen on Monday. That they were
22 still waiting to see what that was gonna do. But that's
23 a rumor.

24 MR. EMRAN: I appreciate it.

25 MR. ANGELO: I probably shouldn't do that.

1 MR. EMRAN: Once that race is decided, if you
2 could just notify us all, so the Board of Equalization
3 can have the best plan of action for it, I'd really
4 appreciate it.

5 MR. ANGELO: Absolutely.

6 MS. LIEBER: Excellent.

7 Mr. Gaines.

8 MR. GAINES: Yeah.

9 I just -- I had heard this morning that it was
10 20,000 votes. I mean, it's pretty thin for a statewide
11 race -- or initiatives. Excuse me.

12 MS. LIEBER: Mhm.

13 Mr. Vazquez.

14 MR. VAZQUEZ: Madam Chair, just going back to
15 your comment on, I guess, you're agendizing the Ward
16 bill, should we also agendize, I guess, the Ben Allen?
17 I understand there's a hearing coming up on that one.

18 Is it April 24th you mentioned?

19 MR. ANGELO: Which one?

20 MR. VAZQUEZ: On Senator Allen, Ben Allen's
21 bill.

22 MR. ANGELO: I'll have to double check the
23 date on that, but it is -- it is mid April.

24 MR. VAZQUEZ: Yeah. I think it's the week
25 after our Board Meeting. So it would probably be

1 appropriate for us to have a discussion to see what our
2 position might be on that as well, if that's possible.

3 The other thing I was going to ask is, as we
4 see these bills, especially ones that impact the BOE
5 that you mentioned earlier in your presentation, what
6 role do you play in terms of trying to see what's the
7 best place to have these things heard?

8 Or do we have any influence on that with the
9 legislators in terms of what committees they get
10 assigned to for the hearings?

11 MR. ANGELO: I -- I pretty much track where
12 they go. I don't -- I don't try to influence the Rules
13 Committee, which is where they go and where it is
14 determined.

15 And I don't know how much hearing they have
16 from the public. You can reach out to them as Board
17 Members individually if you believe a bill such as a
18 jurisdictional governmental organization matter doesn't
19 go to the GO committee. It just goes to the Rev. and
20 Tax Committee, per se.

21 Those are things that the Rules Committee
22 decides. And I typically don't try to influence, as an
23 analyst in the leg. division, where bills get assigned.
24 That's pretty much left up to the legislator. Unless --
25 unless, you know, high-power lobbyists are retained to

1 do something like that in the private sector for other
2 interests.

3 MR. VAZQUEZ: I wasn't so much interested in
4 obviously lobbying them, but if the -- I don't know if
5 there was any communication, or if there's even a line
6 of communication available to us to make a
7 recommendation, I guess.

8 MR. ANGELO: I believe you can -- I believe
9 you can make a recommendation to the Rules Committee.

10 MR. VAZQUEZ: Okay.

11 MR. ANGELO: But I don't -- what I don't know
12 at this time is if they have a pre-motion before it's
13 taken up the day of Rules Committee. If they have an
14 intent to refer list that you could know in advance to
15 where if you saw something that they might have
16 overlooked.

17 Because nobody -- let's be honest with you,
18 nobody likes double referrals because of timeframes on
19 policy committee deadlines, even though the jurisdiction
20 may lie within two or three different committees. And
21 then they try to choose the best one to streamline the
22 process if it's noncontroversial.

23 Other times, you know, there's -- a lot of
24 factors go into it. Sometimes it's political, sometimes
25 it's oversight. So there are a number of ways you can

1 check with the committee to see where it's going to be.
2 But I don't believe the Rules Committee is very
3 forthcoming with their assignments in advance of their
4 hearings.

5 MS. LIEBER: We might want to do that
6 carefully and informally. Because it's never fun to get
7 your fingers burned on the Rules Committee.

8 And so that will be SB 1436 by Mr. Allen that
9 we'll get back.

10 And then did you want to also include AB 2895
11 by Mr. Gipson?

12 MR. VAZQUEZ: Yeah. I was gonna -- yeah. I
13 thought he was gonna sign on there, but it sounds like
14 he may have a separate one that tweaks it a little bit
15 different. We should take a look at it.

16 MS. LIEBER: Yeah. And we'll have more
17 information. So that would be great for April, if we
18 may. And then there may be a clearer direction which
19 piece of legislation has momentum, or where things lie
20 with that. So that would be great.

21 Okay. Other comments, anybody else?

22 I think that's it for right now.

23 MR. ANGELO: Okay. I will say one last thing
24 is --

25 MS. LIEBER: Yes.

1 MR. ANGELO: The deadline to amend bills is
2 coming up soon. So there could be a lot of bills that
3 are in the spot form that I talked about last month.

4 Bills that don't make substantive changes
5 could be changed and moved completely away from tax
6 issues and into, you know, schools and housing, or it
7 could be further detailed and have a distinct proposal.

8 But that deadline is coming up soon in the
9 next couple of days to have those amended and referred
10 to committee through rules.

11 MS. LIEBER: Okay. Super. Well, we will look
12 forward to all the information on that.

13 And I see Ms. Stowers coming forward as well.

14 MS. STOWERS: Good afternoon.

15 Yvette Stowers.

16 I was taking note on the three bills that you
17 guys would like to discuss next month. The Allen bill
18 is set for hearing for April 10th. So the hearing will
19 take place before the Board takes action.

20 MS. LIEBER: Okay.

21 MR. VAZQUEZ: Oh, did they move it? I thought
22 it was the 24th. I thought I saw an e-mail that said it
23 was on the 24th.

24 MR. ANGELO: And it could have been put over.
25 That's the thing is some of these things get scheduled,

1 and then they get put over.

2 MS. LIEBER: And I think regardless of when it
3 comes up, because it concerns the BOE very much --

4 MR. VAZQUEZ: Oh, we should.

5 MS. LIEBER: So I think that we'll still be
6 timely with it at that point.

7 MR. ANGELO: Yeah.

8 MS. LIEBER: And, you know, if it gets double
9 referred, or it will definitely be before it goes to
10 appropes, or any of those good things that are
11 happening. So it's a good thing.

12 MR. ANGELO: We always have the other house.

13 MR. VAZQUEZ: Exactly.

14 MS. LIEBER: That's what we always believe,
15 and we cling to.

16 Well, thank you so much, Mr. Angelo.

17 And so we'd like to take public comment on all
18 of the Executive Director Reports items. So these are
19 Items 13 through 18.

20 And I know that we didn't get any written
21 comment, and we don't have comment from folks that are
22 here in the auditorium with us today.

23 So we'll go to our AT&T moderator to see if
24 there's anyone on the line who would like to comment on
25 any of the Items 13 through 18.

1 AT&T MODERATOR: Ladies and gentlemen on the
2 phones, if you wish to ask a question or make a comment,
3 please press one, then zero.

4 And there is no one in queue.

5 MS. LIEBER: Thank you so much.

6 Members, we're going to go on now to our last
7 item of our formal meeting today.

8 (Whereupon the item concluded.)

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REPORTER'S CERTIFICATE

State of California)
) ss
County of Sacramento)

I, Jillian Sumner, Hearing Reporter for the California State Board of Equalization, certify that on March 19, 2024, I recorded verbatim, in shorthand, to the best of my ability, the proceedings in the above-entitled hearing; that I transcribed the shorthand writing into typewriting; and that the preceding pages 1 through 88 constitute a complete and accurate transcription of the shorthand writing.

Dated: May 22, 2024



JILLIAN SUMNER, CSR #13619
Hearing Reporter