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BEFORE THE CALIFORNIA STATE BOARD OF EQUALIZATION

450 N STREET

SACRAMENTO, CALIFORNIA

STATE BOARD OF EQUALIZATION

JANUARY 23RD, 2024

CALIFORNIA STATE BOARD OF EQUALIZATION

BOARD MEETING

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ITEM 4

CHIEF COUNSEL MATTERS:

PUBLIC HEARING: PROPERTY TAX RULE 192

ITEM 6

BOARD MEMBER MATTERS:

PROPOSAL TO RECONVENE THE VETERANS' EXEMPTION,

DISABLED VETERANS' EXEMPTION,

AND HOMEOWNERS' EXEMPTION BOARD WORK GROUP

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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

Henry Nanjo  
Chief Counsel  
Legal Department

Cathy Taylor  
Chief  
Board Proceedings and  
Support Services

Mary Cichetti  
Clerk  
Board Proceedings and  
Support Services

For the Department:

David Lujan  
Attorney  
Legal Department

Jack McCool  
Chief  
State-Assessed Properties Division

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18  
19  
20  
21  
22  
23  
24  
25

INDEX

PAGE NO

ITEM 4  
MOTION  
ITEM 6  
MOTION

1  
7  
7  
18

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
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12  
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STATE BOARD OF EQUALIZATION  
450 N STREET, SACRAMENTO  
JANUARY 23RD, 2024

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**ITEM 4**

MS. LIEBER: We will go on now to Item 4,  
which is our Chief Counsel Matters: Public Hearing on  
Property Tax Rule 192.

We have a presentation by Mr. Lujan.

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

Thank you. My name is David Lujan. I'm with  
the Legal Department.

Today before you, the rule regarding audit  
selection was approved by the Board and then published  
on November 9th of 2023.

The rule conforms with changes made to RTC  
Section 469 to provide County Assessors greater  
flexibility in meeting audit requirements.

Specially, they allow County Assessors to  
complete four years' worth of required audits any time  
within a set four-year period.

During the public comment period, we received

1 one letter of support for the amendments from the  
2 San Bernardino County Assessor, but otherwise received  
3 no public comment.

4 As a result, the amendments to Rule 192 are  
5 unchanged from what was approved and published.  
6 Therefore, staff recommends and requests adoption of the  
7 proposed amendments as presented in the materials, so  
8 that we may complete the rulemaking process.

9 Thank you, and I'm happy to answer any  
10 questions you may have.

11 MS. LIEBER: Thank you.

12 Members, do you have any questions on this  
13 item?

14 Seeing none, we'll go over for our public  
15 comment.

16 Do we have anyone who submitted written  
17 comments or sought to be recognized?

18 MS. CICHETTI: I have no one in the audience  
19 who would like to, but I do have a public comment that  
20 I'd like to read into the record.

21 MS. LIEBER: Please.

22 MS. CICHETTI: All right.

23 It's a letter dated January 16th, 2024 from  
24 Chris Wilhite, Assessor-Recorder-County Clerk, San  
25 Bernardino.

1           It was addressed to the State Board of  
2 Equalization to the Legal Department.

3           Re: January 23rd, 2024, Meeting of the Board,  
4 Agenda Item 4, Public Hearing, Property Tax Rule 192,  
5 Public Comment.

6           Dear, California State Board of Equalization,  
7 as of January 1st, 2019, Senate Bill SB 1498 amended  
8 Sections 469 to allow County Assessors flexibility in  
9 meeting annual audit requirements.

10           Beginning with a 2019 to 2020 fiscal year,  
11 assessors may meet requirements of Section 469 by  
12 completing four years' worth of required annual audits  
13 any time within a set four-year period.

14           Under the authority granted to the Board of  
15 Equalization, the BOE adopted Property Rule -- Property  
16 Tax Rule 192 to meet the audit requirements of  
17 Section 469. The proposed amendment provides further  
18 clarification to assessors of the change of Section 469.

19           San Bernardino County Assessor staff have  
20 examined and are in full support of the Property Tax  
21 Rule 192 proposed amendment.

22           After a thorough examination, the proposed  
23 amendment would have no significant financial impact to  
24 our processes, and, most importantly, would not impact  
25 property owners within our county.

1           Since the passing of SB 1498, our county has  
2       been able to adapt to the auditing requirements set  
3       forth through legislation, and are competent that with  
4       the BOE's approval of the proposed amendment, we will be  
5       able to be complacent.

6           This amendment is consistent with existing  
7       state regulation, and does not conflict with any federal  
8       regulations.

9           San Bernardino County Assessor staff believe  
10      that the proposed amendment is reasonably necessary for  
11      efficient and fair administration of the audit selection  
12      provisions.

13           If you or your staff have any questions,  
14      please do not hesitate to contact me.

15           There are some telephone numbers and e-mail  
16      addresses.

17           Respectfully, Chris Wilhite,  
18      Assessor-Recorder-County Clerk, San Bernardino County.

19           MS. LIEBER: Thank you so much.

20           And seeing no other comments coming from the  
21      auditorium, we'll go on now to our AT&T moderator.

22           Moderator, if you would please let us know if  
23      there is anyone on the line who would like to make a  
24      public comment regarding Item 4 on the agenda.

25           AT&T MODERATOR: Ladies and gentlemen on the

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

3 There are no comments.

4 MS. LIEBER: Thank you.

5 MR. VAZQUEZ: Madam Chair.

6 MS. LIEBER: Yes.

7 MR. VAZQUEZ: I just realized since we flipped  
8 the agenda, I had a quick question when it's  
9 appropriate.

10 MS. LIEBER: Okay. Well, having completed  
11 that non-input from the AT&T moderator, we'll bring it  
12 back to the Board and Mr. Vazquez.

13 MR. VAZQUEZ: Thank you. I appreciate it.

14 Mr. Lujan, I would just -- I noticed you might  
15 have answered -- or maybe not you, but the staff might  
16 have answered some of these questions in the past. But  
17 just for clarification, since SB 1498 went into effect  
18 in January 2019 to create this rolling four-year period,  
19 during which assessors could complete the specific  
20 number of audits, rather than having to complete the  
21 specified number each and every year, what was the  
22 starting point for the assessors? Do we know that?

23 MR. LUJAN: Yeah. There's actually a  
24 calculation based. It's in RTC 469. And that  
25 calculation is unchanged.



1 MR. VAZQUEZ: That didn't change.

2 MR. LUJAN: Yeah. So what it really does is  
3 just give greater flexibility, which is actually  
4 particularly useful for smaller counties. They would  
5 have to normally hire. Sometimes they don't have, like,  
6 an auditor on staff, so they'd have to hire someone  
7 every year. This actually benefits them, because now  
8 they can just hire somebody once instead of four times.  
9 So it helps them.

10 And with larger counties such as LA, the  
11 greater flexibility may help them if they have  
12 fluctuations in staffing. But it doesn't alter the  
13 number of audits or the audit requirements. It just  
14 gives the assessors greater flexibility.

15 MR. VAZQUEZ: And since that's been put into  
16 effect, do we know what type of impact it's had on the  
17 assessors, positive or negative?

18 MR. LUJAN: Well, we saw the letter of  
19 support. We didn't really receive any other public  
20 comment. But my understanding is that it seems to be  
21 working well, and it is well received.

22 MR. VAZQUEZ: Thank you.

23 MS. LIEBER: Great. Thank you.

24 Well, we can go ahead to take a motion on  
25 this.

1           The recommended motion is to adopt the  
2 amendment of Property Tax Rule 192 as recommended by  
3 staff.

4           MR. VAZQUEZ: So moved.

5           MS. LIEBER: Mr. Vazquez moves.

6           MR. GAINES: Second.

7           MS. LIEBER: And Mr. Gaines seconds.

8           Ms. Cichetti, if you would like to call the  
9 roll.

10          MS. CICHETTI: Chair Lieber.

11          MS. LIEBER: Aye.

12          MS. CICHETTI: Vice Chair Gaines.

13          MR. GAINES: Aye.

14          MS. CICHETTI: Member Vazquez.

15          MR. VAZQUEZ: Aye.

16          MS. CICHETTI: Member Schaefer.

17          MR. SCHAEFER: Aye.

18          MS. CICHETTI: Deputy Controller Emran.

19          MR. EMRAN: Aye.

20          MS. LIEBER: Okay. The motion passes.

21          Thank you, Members.

22

23

**ITEM 6**

24

25          MS. LIEBER: We'll go on now to item -- I

1 guess we'll take Item 6 at this time, and then we'll go  
2 back to Items 12 and 13 a little bit later.

3 And this is regarding the proposal to  
4 reconvene the Veterans' Exemption, Disabled Veterans'  
5 Exemption, and Homeowners' Exemption, Board Work Group.

6 And this will be presented by Mr. Vazquez.

7 MR. VAZQUEZ: Thank you, Madam Chair.

8 Members, this proposal is to reconvene the  
9 next Veterans' and Homeowners' Exemption Work Group at  
10 the February 21, 22, 2024 Board Meeting for several  
11 reasons.

12 One, there are a number of bills concerning  
13 veterans carried over from last year, as well as some  
14 new ones that the Work Group participants have asked us  
15 to discuss and to consider during this legislative term.  
16 So the end of February is a key time for that.

17 No. 2, the assessors are already beginning  
18 discussion and consideration of a number of veterans'  
19 legislative proposals and options.

20 Assessor Prang in particular, in their input,  
21 would be timely and valuable to us, the agency, and to  
22 all the veterans and their organizations.

23 And then, No. 3, the agenda for the Work Group  
24 will be limited only to discussion of matters pertaining  
25 to the individual veterans' and disabled veterans'

1 exemptions, and will not include the veterans'  
2 organizations exemption, which will be discussed at a  
3 later date after the ED is prepared with updates and  
4 recommendations.

5 And the 4th one is based on the limited  
6 agenda, the time slot needed for the Work Group would be  
7 one-to-two hours, but not more than that.

8 So even if the agenda for March is so robust,  
9 this will not be a time-consuming item, but rather  
10 extremely important to many of the people who have  
11 supported this in the past, especially at this time of  
12 the year with the legislative session.

13 So as the Co-Chair of the Work Group, I will  
14 prepare present minutes and report to the Board and  
15 participants for review, discussion and Board approval  
16 at the March meeting.

17 For these reasons, I ask for your support.

18 MS. LIEBER: Okay. Thank you.

19 A question for Ms. Stowers.

20 I know that on the first day of the February  
21 meeting, we have a very full agenda. The second day, we  
22 have the hearing relative to the insurance markets for  
23 homeowners.

24 And how many hours is that expected to take?

25 MS. STOWERS: On the first day, February 21st,

1 we have the Board Meeting starting at 10:00 a.m., and  
2 the estimated end time is 4:40 p.m.

3 Is that correct, or --

4 MS. TAYLOR: 2:35 p.m.

5 MS. STOWERS: I'm sorry, 2:35 p.m.

6 MS. LIEBER: Okay.

7 MS. STOWERS: On the first day.

8 On the second date for the informational  
9 hearing, Vice Chair Gaines is still preparing his  
10 speakers, but -- so I don't have -- I don't have an end  
11 time yet. But so far they have three to four speakers,  
12 and they're allocating 15 to 30 minutes per speaker.

13 MS. LIEBER: Okay.

14 MS. STOWERS: So that's all.

15 MS. LIEBER: Okay. Thank you.

16 And, Mr. Schaefer, did you have a question?

17 MR. SCHAEFER: Yes.

18 Madam Executive Director, I'm hearing that  
19 there's a substantial cost involved, 30/\$40,000 in  
20 trying to do what we're planning to do in Work Groups.  
21 I'm at a loss to understand why we get so involved when  
22 we do have Mr. Angelo who works with every matter  
23 pending before the Legislature that might possibly  
24 affect us.

25 Are we trying to substitute for his good work,

1 or is he -- doesn't have the time to do the job that's  
2 needed?

3 I look at what our grant of obligation to  
4 perform is in the Constitution and under the statutes,  
5 and I just don't find that we need to be having Work  
6 Groups on these things.

7 I'm hearing that there are some among us,  
8 staff, management, Board, that missed the old days when  
9 we had 4,000 employees instead of 180. And figured by  
10 getting into these additional operations, we can grow,  
11 grow, and grow, where we will become our old imperial  
12 self. And I don't want to do that. I'm more of a  
13 student of Jerry Brown, where less is better. And I'm  
14 quite content to be at a reduced size, 180 staff for BOE  
15 instead of 4,000.

16 And if a majority of my Board is wanting to  
17 return to the old heydays and spend 30, 40, \$50,000 a  
18 crack in hiring additional people, you know, maybe it's  
19 time for a revolution within the Board.

20 And I'm just not happy to see us exposing  
21 ourself more and more and more easily at the suggestion  
22 of Members of our Board who are seeking some publicity  
23 for perhaps their reelection to this or another job.

24 And I'm not that person. I'm not running for  
25 anything in California. I'm termed out, according to

1 some.

2 I just would like to ask us to tighten our  
3 belt a little bit around anything that you mentioned  
4 involves money.

5 And I'd like to ask you, if it involves more  
6 than \$100, you share the financial figures with us  
7 without us asking you.

8 Thank you.

9 MS. STOWERS: Thank you, sir, for your  
10 comment.

11 MS. LIEBER: And before we go too deeply into  
12 the response to that, I wanted to confirm my  
13 understanding with Ms. Stowers that the Board Work  
14 Groups are achieved with the current Board Member staff.

15 And so if this were potentially done on day  
16 two in the afternoon, we would not be paying for  
17 speakers to attend or anything like that.

18 And it would -- it would be done within  
19 Mr. Vazquez' existing staff for his district; is that --  
20 is that right?

21 MS. STOWERS: That is correct, Chair Lieber.

22 The Board Work Group, the charter, and the  
23 policy of the Board Work Group is that it is the  
24 Member -- it is the Chair of that Work Group or Co-Chair  
25 of that Work Group are responsible for organizing the

1 agenda, doing the research. BOE agency staff is here  
2 for technical and legal support only.

3 The calls from an agency perspective is  
4 minimal, because it's just the cost of being in this  
5 building, the cost of CHP, which is a cost we're going  
6 to incur any way.

7 MR. SCHAEFER: How do you define minimal?  
8 Less than a thousand, or less than 10,000?

9 MS. STOWERS: I'm sorry, sir. I do not have  
10 that number in front of me. But I will pull it up and  
11 give you basically the cost of -- what does it cost to  
12 have a -- what is the daily cost for the Board Meeting?

13 MR. SCHAEFER: I understand we spend \$8,500  
14 cold hard cash taking our staff down to Santa Monica to  
15 meet the legislatures who represent his district down  
16 there, and talked to one lady who was homeless.

17 I would think for maybe \$1,000, we could have  
18 flown those people up here instead of spending \$8,500 to  
19 bring us down there.

20 I just am not happy to see things that are off  
21 our required obligation, which is 12 meetings a month in  
22 Sacramento or elsewhere, as the Chair may demand. And I  
23 don't think we've been paying any attention to that  
24 until maybe today.

25 MS. STOWERS: Okay.



1 MR. SCHAEFER: Thank you.

2 MS. STOWERS: Thank you, sir.

3 MS. LIEBER: And, Mr. Schaefer, I think, you  
4 know, your points are well taken about the need for  
5 frugality. And I don't think anybody is as cheap with a  
6 dollar as I am, but you are definitely a competitor for  
7 that.

8 MR. SCHAEFER: Thank you.

9 MS. LIEBER: But being that the Board Work  
10 Group would piggy-back on the existing hearing dealing  
11 with the difficulty that the majority of Californians  
12 are having in getting homeowner's insurance, I think we  
13 could do it at minimum cost. Because we already have a  
14 sunk cost for that day in terms of our CHP presence, and  
15 this room, and other issues. And so if we added it on  
16 in the afternoon for an hour or two, or an  
17 hour-and-a-half, I think it would be a very minimal  
18 cost, which is what I'm into as well. I think we're on  
19 the same wavelength with that.

20 Any other questions?

21 MR. VAZQUEZ: No, I think you hit it right on  
22 the nail.

23 Basically, that's why we're looking to do  
24 this, is taking advantage of the fact that we're all  
25 going to be up here anyway. We're not asking for a

1 special meeting.

2 And it's kind of ironic, Member Schaefer,  
3 because you're the one who keeps bugging us to move our  
4 meetings to Southern California. You know, that doesn't  
5 happen free of cost. You know, that's an additional  
6 cost.

7 MR. SCHAEFER: I know, and --

8 MR. VAZQUEZ: And what we're talking about is  
9 having the meeting up here, and just piggy-backing on  
10 it. So it's kind of disingenuous for you to even raise  
11 that.

12 MR. SCHAEFER: Well, there's cost other than  
13 financial cost, money --

14 MS. LIEBER: Excuse me.

15 Excuse me, Mr. Schaefer, please, if I may.

16 We won't call each other out and have a  
17 colloquy. Because we're already over 25 minutes behind  
18 in our schedule. So I'll cut that off right there a  
19 little bit.

20 But I think that Mr. Gaines had a comment or  
21 request to supply.

22 MR. GAINES: I think the informational hearing  
23 that we had on housing was very helpful, and I  
24 appreciate that -- that we had that discussion.

25 We've got further discussions coming forward.

1 These are all related to the BOE. The nexus is that  
2 we're looking for exemptions in some cases.

3 And of course the one I'm doing on insurance,  
4 we're going to examine what's happening to property  
5 values as a result of not being able to get coverage for  
6 any particular property in the state of California.

7 So the fact that they're informational, cuts  
8 the cost down dramatically. And I think, in my opinion,  
9 it's part of our responsibility to make sure that we are  
10 addressing issues that are related and have a nexus to  
11 our duties as elected members to the BOE.

12 I've always been fiscally conservative, and  
13 will continue to do so. I don't even have a Southern  
14 California office any longer. We shut that down last  
15 year.

16 Fortunately, I have a staff person that  
17 addresses a lot of those constituent matters across my  
18 district, and I'm thankful for that individual.

19 I think all of us are being careful with how  
20 we're spending our money. We know that there's a  
21 \$68 billion deficit in the state of California, and  
22 we're going to watch our nickels and dimes, and do all  
23 the things we ought to.

24 But I don't think we should shy away from what  
25 I would consider our responsibilities as the Members of

1 BOE.

2 So thank you.

3 MS. LIEBER: Thank you.

4 And, Ms. Cichetti, if you can confirm my  
5 understanding, if we have a consensus on this item, we  
6 don't need to take a formal motion? Or would we need to  
7 have a formal motion on it?

8 Okay, I'm seeing yeses and nos.

9 MS. CICHETTI: Yes, I was going to say it's  
10 preferred that we have a motion.

11 MS. STOWERS: Pursuant to -- sorry, Ms. --  
12 sorry.

13 Pursuant to the Board Member Board Work Group  
14 policy, whenever you want to reconvene or establish a  
15 Work Group, a motion is required.

16 MS. LIEBER: Okay. Okay. We will -- if there  
17 are no further questions at this point, we'll go ahead  
18 and take a motion to hold this limited-time hearing on  
19 the second day of the February meeting after the  
20 conclusion of the insurance hearing.

21 And I'm assuming --

22 MR. VAZQUEZ: If that's a motion, I'll --  
23 I'll --

24 MS. LIEBER: You'd like to -- Mr. Vazquez will  
25 move that.

1           And, Mr. Gaines, would you like to second  
2 that?

3           MR. GAINES: Sure.

4           MS. LIEBER: Okay. Thank you.

5           And do we have anyone here in the auditorium  
6 who has submitted written comments or wishes to get in  
7 on this?

8           MS. CICHETTI: We have not received anything  
9 in writing pertaining to this item, and there's no one  
10 in the auditorium who wanted to come forward to speak on  
11 this item.

12           Okay. And then we'll go out to our AT&T  
13 moderator.

14           Moderator, could you tell us if there is  
15 anyone on the line who would like to make a public  
16 comment regarding Item 6.

17           AT&T MODERATOR: To comment on the phone  
18 lines, please -- please press one, then zero.

19           There are no comments.

20           MS. LIEBER: Okay. Thank you.

21           Mr. Vazquez has made a motion to hold the  
22 hearing, and Mr. Gaines has seconded it.

23           Ms. Stowers.

24           MS. STOWERS: Before you call the roll,  
25 please, just a clarification that the motion is going to

1 be -- to have the -- reconvene the Board Work Group on  
2 veterans on the second day of the Board Meeting,  
3 following Vice Chair Gaine's informational hearing.

4 MS. LIEBER: Yes, that was part of -- part of  
5 the motion.

6 And as Mr. Vazquez indicated earlier, this is  
7 just to hear the limited scope of the homeowners'  
8 exemption for the veterans.

9 And, again, Mr. Schaefer, your points are  
10 very, very well taken. And I hope that we can all vote  
11 to do this in this instance only. But I'm going to be  
12 your wing-woman as far as your budget hawk functions.

13 MR. SCHAEFER: And you know I'm a big advocate  
14 of the veterans. And just because I vote no on  
15 something that has a veteran mention in it, doesn't  
16 diminish an iota of my support of our veterans.

17 MS. LIEBER: Absolutely. Thank you so much.

18 We'll go ahead and have Ms. Cichetti call the  
19 roll.

20 MS. CICHETTI: Chair Lieber.

21 MS. LIEBER: Aye.

22 MS. CICHETTI: Vice Chair Gaines.

23 MR. GAINES: Aye.

24 MS. CICHETTI: Member Vazquez.

25 MR. VAZQUEZ: Aye.

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MS. CICHETTI: Member Schaefer.

MR. SCHAEFER: Nay.

MS. CICHETTI: And Deputy Controller Emran.

MR. EMRAN: Aye.

MS. LIEBER: Okay. The motion carries.

(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 January 23, 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 21 constitute a complete and accurate transcription of the shorthand writing.

Dated: January 26, 2024

*Jillian Sumner*  
JILLIAN SUMNER, CSR #13619  
Hearing Reporter