

## Memorandum

To: Ms. Cynthia Bridges  
Executive Director, MIC:73

Date: August 20, 2015

From:   
Randy Ferris  
Chief Counsel

Subject: **Board Meeting, September 16-17, 2015**  
**Item J - Chief Counsel's Rulemaking Calendar**  
**Property Tax Rule 284, *Retention and Revocation of Appraiser Certificate*, and**  
**Property Tax Rule 1027, *U.S. Forest Service Timber Volume***

We request your approval to place proposed changes to Property Tax Rules 284, *Retention and Revocation of Appraiser Certificate*, and 1027, *U.S. Forest Service Timber Volumes*, on the Chief Counsel's Rulemaking Calendar for the September 16-17, 2015, Board meeting. The proposed changes update the rules to reflect organizational changes that have taken place at the Board.

Subdivision (c)(7) of Property Tax Rule 284 currently requires the "Deputy Director of the Property and Special Taxes Department" to be informed when proceedings should be initiated to revoke a person's Board certification to perform the duties of an appraiser for property tax purposes because the person has not satisfied the annual training requirement for certified appraisers set forth in Revenue and Taxation Code section 671. However, the Board recently created a new Property Tax Department and assigned the new department the property-tax-related duties previously performed by the Property and Special Taxes Department. Therefore, the proposed changes update subdivision (c)(7) of Property Tax Rule 284 to refer to the Deputy Director of the new "Property Tax Department," instead of the Deputy Director of the Property and Special Taxes Department.

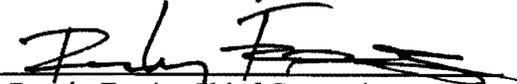
Property Tax Rule 1027 requires U.S. Forest Service timber sale contract holders to report their timber volumes harvested for purposes of the Timber Yield Tax using the reporting basis prescribed by subdivision (b) (reporting based on Timber Sales Statements of Account) or subdivision (c) (reporting based on timber volumes actually harvested and billed for by the U.S. Forest Service). However, subdivision (d) of the rule currently permits timber volumes harvested to be reported using an alternative basis, but "only if a written description of the reporting basis to be used is submitted to and is authorized by the Timber Tax Division prior to the due date of the return and prior to reporting." However, due to organizational changes, the Timber Tax Division is now located in the State-Assessed Properties Division and called the "Timber Tax Section." Therefore, the proposed changes update subdivision (d) of Property Tax Rule 1027 to refer to the "Timber Tax Section," instead of the Timber Tax Division.

Staff will request the Board's authorization to make the changes to Property Tax Rules 284 and 1027 under California Code of Regulations, title 1, section (Rule) 100, without the normal notice and public hearing process. The changes are appropriate for processing under Rule 100 because they update the rules to reflect organizational changes, and do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

Attached are strikeout and underlined versions of the rules illustrating the proposed revisions.

If you have any questions regarding this request, please let me know or contact Mr. Bradley Heller at (916) 323-3091.

Recommendation by:

  
Randy Ferris, Chief Counsel

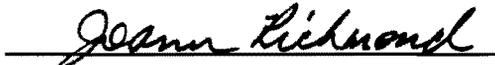
Approved:

  
Cynthia Bridges, Executive Director

Approved:

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Dean Kinnee, Deputy Director  
Property Tax Department

BOARD APPROVED  
At the 9-16-15 Board Meeting

  
Joann Richmond, Chief  
Board Proceedings Division

Attachments: Strikeout and underlined versions of the proposed regulatory changes

- cc: Mr. Dean Kinnee (MIC:64)
- Ms. Joann Richmond (MIC:80)
- Mr. Robert Tucker (MIC:82)
- Mr. Benjamin Tang (MIC:64)
- Mr. Richard Moon (MIC:82)
- Mr. Bradley M. Heller (MIC:82)
- Ms. Glenna Schultz (MIC:64)

## Proposed Changes to Property Tax Rule 284

### **284. Retention and Revocation of Appraiser Certificate.**

(a) A person who holds a permanent certificate to perform the duties of an appraiser for property tax purposes in the service of the state, a county, a city and county, or an appraisal commission shall adhere to the annual training requirements as set forth in section 671 of the Revenue and Taxation Code. The training requirement for an appraiser's certificate or advanced appraiser's certificate shall be met for each fiscal year, commencing July 1 and ending June 30. Failure to obtain such training shall constitute grounds for revocation of the appraiser's certificate or advanced appraiser's certificate.

(b) In calculating the number of training hours completed for the current fiscal year, any excess hours earned from attending training in prior years shall be counted first.

(1) To retain an appraiser's certificate, excess training hours over the 24-hour annual requirement may be carried forward as a credit a maximum of three years, with a maximum of 72 training hours available for carryover into future years.

(2) To retain an advanced appraiser's certificate, excess training hours over the 12-hour annual requirement may be carried forward as a credit a maximum of two years, with a maximum of 24 training hours available for carryover into future years.

Excess training hours carried forward from prior years shall be applied on a first in/first out basis, such that training hours available for the earliest year of carryover shall be credited first.

(c) The Board shall initiate informal revocation procedures if, upon review of an individual's annual training report, the appraiser appears to be deficient in meeting the annual training requirement. The steps of the informal revocation process are as follows:

(1) A letter will be sent to the appraiser who appears to have deficient training hours and to the assessor of the county or the city and county where the appraiser is employed or to the appropriate Board division chief. The assessor or division chief shall indicate whether or not the person is still employed by that office as an appraiser and, if applicable, should note whether the appraiser has transferred to another county, city and county, or Board division or if the person is no longer employed by any of these offices as an appraiser.

(2) The letter sent to the appraiser will be accompanied by a report of the training and respective hours completed by the individual so that the appraiser will have an opportunity to reconcile his or her records with the report. If training has been completed but has not been included on the training report, the name of the course, date and proof of completion, and training hours earned must be submitted. For non-Board provided courses, a course outline or seminar agenda must also be submitted. Written corrections and/or changes to the report must be submitted no later than 30 calendar days after receipt of the letter advising the appraiser of the deficiency in training hours. No later than 30 calendar days after the receipt of this information, Board staff will review the information submitted and make necessary changes to the appraiser's training hours, if warranted, and notify the appraiser whether or

not the corrections and/or changes have been accepted. A copy of the revised training report will be sent to the appraiser.

(3) If the appraiser is, in fact, deficient in training hours, a written plan on resolving the deficiency, as well as a plan for meeting the training requirements for the current fiscal year, must be submitted by the appraiser to the Board within 30 calendar days of receiving the above notification. The plan shall be submitted to the Board after the appraiser has consulted with and provided a copy of the plan to the assessor or Board division chief.

(4) If the Board does not receive a response by the specified date, Board staff will contact the appraiser to determine the reason for the lack of a response. If the written plan is not received within 10 calendar days from the follow-up contact date, a certified letter will be mailed to the appraiser advising him or her of a conference call or meeting with a panel of Board staff to remedy the deficiency. This letter will also be sent to the assessor or Board division chief and will indicate the date, time, and location (if applicable) of the conference call or meeting.

(5) During the conference call or meeting, the appraiser and the panel will discuss the training deficiencies and establish a plan to make up the deficiency and to satisfy the annual training requirements for the current fiscal year. The assessor or Board division chief, or their representative, may participate in the conference call or meeting. If the appraiser is unable to participate in the conference call or attend the meeting on the scheduled date, the appraiser must reschedule the conference call or meeting with the panel for a date within 30 calendar days of the originally scheduled date.

(6) If the appraiser presents an acceptable plan to the panel to make up the deficiencies, the Board shall notify the appraiser and the assessor or Board division chief. No further action will be taken unless the appraiser fails to meet the requirements of the plan by the deadline agreed upon by the parties.

(7) If the appraiser fails to participate in the conference call or attend the meeting with the panel or fails to follow the established plan, as set forth in subparagraphs (5) and (6) above, and remains delinquent at the end of the time frame specified, the panel will inform the Deputy Director of the Board's Property ~~Tax and Special Taxes~~ Department, or his or her designee, that proceedings should be initiated to revoke the appraiser's certificate. A certified letter will be sent to the appraiser and the assessor or division chief by the Deputy Director, or his or her designee, regarding the Board's decision to initiate formal revocation proceedings.

(d) Formal revocation proceedings shall be initiated if the foregoing informal revocation process could not satisfactorily resolve the appraiser's deficiency in training hours. Formal revocation proceedings shall be conducted in a hearing before an administrative law judge in accordance with the Administrative Procedure Act contained in Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) Holders of certificates shall report to the Board the training and respective hours completed for each fiscal year ending June 30. Reporting required by this subsection shall be effective as of the fiscal year commencing July 1, 2003.

Note: Authority cited: Section 15606, Government Code. Reference: Sections 670 and 671, Revenue and Taxation Code.

## Proposed Changes to Property Tax Rule 1027

### **1027. U. S. Forest Service Timber Volumes.**

(a) General. U. S. Forest Service timber sale contract holders shall report timber volumes harvested as hereinafter provided.

(b) Scaled Volume Billings. The Timber Sale Statement of Account (TSSA) is the basis for most U. S. Forest Service billing statements. Timber volumes shall be reported for the quarters reflected by the Timber Sale Statements of Account (e.g., April, May, and June, 1980 TSSA volumes shall be reported for the second quarter of 1980).

(c) Lump-Sum Billings. Timber volumes actually harvested, regardless of the volume purchased from, and billed for by the U. S. Forest Service, shall be reported for the quarters in which scaled. Timber sale contract holders must get and retain scaling data for such volumes.

(d) Other Methods of Reporting. Timber harvested pursuant to U. S. Forest Service timber sale contracts may be reported on a basis other than (b) or (c), above, only if a written description of the reporting basis to be used is submitted to and is authorized by the Timber Tax ~~Section~~ Division prior to the due date of the return and prior to reporting.

Note: Authority cited: Section 15606, Government Code; Sections 38108 and 38701, Revenue and Taxation Code. Reference: Sections 38108 and 38115, Revenue and Taxation Code.