

**Wednesday, November 15, 2006**

The Board met at 8727 Soda Bay Road, Kelseyville, at 10:10 a.m., with Mr. Chiang, Chair, Mr. Parrish, Vice Chair, Ms. Yee, Mr. Hudson present on behalf of Mr. Leonard and Ms. Mandel present on behalf of Mr. Westly in accordance with Government Code section 7.9.

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

David Gau, Deputy Director, Property and Special Taxes Department, opened the annual meeting of the Board and county assessors required under section 15607 of the Government Code to discuss administrative issues related to assessment and taxation laws and to promote uniformity and tax procedural matters throughout the state. John Chiang welcomed the county assessors to the meeting on behalf of the Board.

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

Mr. Chiang thanked everyone for their attendance and also thanked the staff of the County Assessors' Association. Mr. Chiang commented that he was personally privileged to be at the meeting and thanked Rick Auerbach, the outgoing Chairman, on his leadership of resolving conflict issues. Mr. Chiang thanked Mr. Parrish for his extraordinary service and bipartisan leadership. Mr. Chiang thanked all of the county assessors who were retiring. He concluded that the public was better served because of their rapport. Mr. Chiang expressed his thanks to Ms. Yee and Ms. Mandel and stated that he looks forward to working with Mr. Leonard in the future.

Betty Yee congratulated Mr. Chiang as the next State Controller. Ms. Yee acknowledged Doug Wacker for putting on the assessors conference. Ms. Yee acknowledged her colleagues on the Board. Ms. Yee commented Mr. Parrish is old style, a man of his word. Ms. Yee stated Ms. Mandel has been a true mentor to her and Ms. Mandel has been a go to person with a lot of knowledge. Ms. Yee expressed the Board should work together to get the findings the county assessors need to get their work done.

Claude Parrish reflected on the past and commented he was fond of Gary Orso, Rick Auerbach, and the other Presidents of the California Assessors' Association. Mr. Parrish stated lawsuits are now a thing of the past with the Board, there are not as many of them. Mr. Parrish stated this was his last Board Assessors' meeting and he would like to continue to come to the meetings in the future. Mr. Parrish remarked after all is said and done that the Board Members and county assessors work together as elected officials. Mr. Parrish thanked the most cordial and gracious Board member, Mr. Chiang, because of his courteousness and cooperation. Mr. Parrish concluded he was glad to be Chairman of the Property Tax Committee and he has enjoyed this committee so much.

Mr. Parrish expressed Mr. Chiang, Mr. Leonard, Ms. Mandel and Ms. Yee were all great to work with and this was a time to give thanks. Mr. Auerbach and all of the county assessors were always very helpful and that it was a pleasure to work with the Board.

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Marcy Jo Mandel thanked the county assessors for the event at this location. Ms. Mandel requested that everyone remember to call the State Controller's Office when you have an issue before the Board and explain your issue.

Tom Hudson stated that he was honored to be at the Board/Assessors' meeting on behalf of Mr. Leonard. Mr. Hudson expressed that Mr. Leonard does take these Board/County Assessors meetings very seriously. Mr. Hudson conveyed that Mr. Leonard is always in touch and pays close attention to the issues.

### **Introduction of Newly Elected Board Members**

Mr. Gau congratulated Mr. Chiang and Ms. Yee on behalf of staff on the election. Mr. Gau announced the newly elected Board Members, Michelle Steel, Third District and Judy Chu, Fourth District weren't able to attend the meeting but conveyed to David Gau that they were looking forward to serving as Board Members on the Board of Equalization.

### **Presentation of Resolutions to Retiring County Assessors**

Mr. Gau made introductory remarks and presented Retirement Resolutions to the ten retiring County Assessors: (Exhibit 11.1)

1. Honorable E. Dan O'Connell, Colusa County Assessor
2. Honorable Gerald D. Cochran, Del Norte County Assessor
3. Honorable Robert Lowrimore, Mariposa County Assessor/Recorder
4. Honorable David A. Cardella, Merced County Assessor
5. Honorable Josephine Johnson, Modoc County Assessor
6. Honorable Cris Andrews, Shasta County Assessor/Recorder
7. Honorable William G. Copren, Sierra County Assessor
8. Honorable Eeve T. Lewis, Sonoma County Clerk/Recorder/Assessor
9. Honorable David W. Wynne, Tuolumne County Assessor/Recorder
10. Honorable Dick Fisher, Yolo County Assessor

Exhibits to these minutes are incorporated by reference.

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### **Opening Remarks by California Assessors' Association**

Rick Auerbach, President, California Assessors' Association, thanked all of the Board Members that met with the association. Mr. Auerbach congratulated Mr. Chiang, Ms. Yee and Mr. Leonard on their re-elections. Mr. Auerbach thanked each Board Member and Mr. Parrish for his leadership on Rule 474. Mr. Auerbach expressed his and the California Assessors' Association's gratitude and thanked the property tax staff, David Gau, Dean Kinnee, Lisa Thompson, and the Legal Department staff for all of their advice and assistance over the years.

Michael Strong, President Elect, California Assessors' Association, joined Mr. Auerbach in welcoming the Board Members. Mr. Strong stated that he looked forward to working positively with the Board Members. Mr. Strong commented that he will be President and will not have the benefit of Rick Auerbach's secret weapon, Gerald Cochran. Mr. Strong stated that the California Assessors' Association will suffer a loss of 204 years of experience with the retirement of the ten county assessors. He concluded that there will be changes in the executive committee as well as other committees but the principles of fairness, uniformity and equality will not change.

### **Taxpayers' Rights Advocate's Office**

Todd Gilman, Chief, Taxpayers' Rights Advocate's Office, stated that the Taxpayers' Rights Advocate's Office was here to assist the county assessors and to help them when taxpayers have issues to be resolved. Mr. Gilman thanked the assessors personally for their cooperation. Mr. Gilman expanded on the 2005-06 Taxpayers' Rights Advocate's Annual Report with a general update: number of cases, referrals, etc. Mr. Gilman quoted that 79 percent of cases involved assessment in value issues. The remaining 21 percent were functional issues by the public. Mr. Gilman discussed the concept of developing an Assessment Appeals Board video for California taxpayers. Mr. Gilman thanked the assessors for their support and cooperation.

### **Property and Special Taxes Department Presentation**

Lisa Thompson, Principal Property Appraiser, Assessment Policy and Standards Division, offered introductory remarks on behalf of Dean Kinnee regarding the Valuation Factors Project and other 2007 Projects. Ms. Thompson commented on the project to develop valuation factors for biopharmaceutical equipment, non-production computer equipment, and semiconductor manufacturing equipment. Ms. Thompson provided an update on: the Assessors' Handbook sections newly drafted and revised for 2007; proposed draft of Assessors' Handbook Section 401, *Basic Change in Ownership*; proposed draft of Assessors' Handbook Section 260, *General Exemptions*; proposed revisions to Assessors' Handbook Section 515, *Assessment of Golf Courses*; proposed revisions to Assessors' Handbook Section 267, *Welfare, Church, and Religious Exemptions*. Ms. Thompson stated that the property tax staff appreciated the county assessor's input and if they wanted to be added to any mailing lists that the property tax staff would be happy to add them. (Exhibit 11.2)

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### Legal Department Presentation

Robert Lambert, Acting Assistant Chief Counsel, Tax and Fee Programs Division discussed the updates on the Board's Regulations: Rules 140, 140.1, 140.2, Low-income housing welfare exemption - these rules were enacted this year; Rule 143, Organizational requirements for the welfare exemption; Rule 474, Appraisal unit for valuing petroleum refining properties.

Dana Flanagan-McBeth, Tax Counsel, Tax and Fee Programs Division, provided comments regarding the appellant and current litigation cases: *Kuperman v. Assessment Appeals Board No. 1* (2006) 137 Cal. App. 4th 918: Base year values and errors in judgment under Rev. & Tax. Code § 51.5; *Reilly v. City and County of San Francisco* (2006) 142 Cal.App.4th 480: Life estate interests held in trust; *Silveira v. County of Alameda* (2006) 139 Cal.App.4th 989: Term of possession for taxable possessory interests.

Michael Lebeau, Tax Counsel, Tax and Fee Programs Division, discussed the issue of possessory interests. Mr. Lebeau expressed that there were two current issues 1) Public school food concessions, law and practice and 2) Term of possession.

### Legislative and Research Division

Rose Marie Kinnee, Property Taxes analyst, Legislative and Research Division, made a presentation on behalf of Margaret Shedd, Legislative Counsel. Ms. Kinnee discussed change in ownership discovery; split role as it relates to legal entities and a task force that started with the assessors. Ms. Kinnee commented on emerging legislative issues and provided an overview of the potential emerging legislative issues affecting Property Tax Laws in 2007. (Exhibit 11.3)

Mr. Chiang thanked the county assessors for their extraordinary leadership and for coming to the meeting.

The Board adjourned at 11:30 a.m.

*The foregoing minutes are adopted by the Board on March 20, 2007.*