

Wednesday, October 17, 2007

The Board met at 2757 Shell Beach Road, Pismo Beach, at 10:05 a.m., with Ms. Yee, Chairwoman, Ms. Chu, Vice Chair, Mr. Leonard and Ms. Steel present, Ms. Mandel present on behalf of Mr. Chiang in accordance with Government Code section 7.9.

ANNUAL BOARD MEETING WITH COUNTY ASSESSORS

Betty T. Yee 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. Ms. Yee welcomed the county assessors to the meeting on behalf of the Board.

Greetings and Introductory Remarks by Each Board Member

Ms. Yee thanked Tom Bordonaro, Jr., San Luis Obispo County Assessor, and his staff for the wonderful venue and planning efforts of the meeting. Ms. Yee introduced the Members of the Board of Equalization, expressing her appreciation and esteem for each of her colleagues. She also introduced some of her staff: Alan LoFaso, Chief Deputy; Sabina Crocette, Legal Advisor; and, Mengjun He, Tax Counsel. Ms. Yee continued by commenting on the challenges of the year 2007 and the hard work ahead. Ms. Yee congratulated Marsha A. Wharff, Mendocino County Assessor/Recorder/Clerk, on her retirement, extending her best wishes and appreciation for Ms. Wharff's contributions to Mendocino County, the State of California and the Timber Advisory Committee.

Ms. Chu commented that before she came to the Board, she was in the State Legislature, Chair of Appropriations and a member of the Budget Conference Committee. She also stated that she sponsored a county assessors' bill that would increase the penalty from \$2,000 to \$10,000 for failure to file a change-in-ownership statement, which was vetoed; but that she will not give up on the bill because of its importance. Ms. Chu expressed her appreciation and respect for all the county assessors and encouraged them to keep the lines of communication open.

Mr. Leonard expressed his admiration for the location of the meeting and introduced some of his staff: Barbara Alby, Chief Deputy; Susan Blake, Tax Counsel and specialist on property and special taxes; and, Thomas Hudson, Tax Counsel. Mr. Leonard commended the assessors and Members on their ability and commitment to work together. He stated that the meeting is being provided to the public via streaming audio over the Internet and that cameras will be added to Board Meetings in the future to encourage the public's involvement. Mr. Leonard remarked that, like no other agency, the county assessors' workload increases in times of both growth and decline. He expressed his appreciation for their hard work of insuring the accuracy of the roll to bring in revenue.

Ms. Steel thanked the county assessors in her district for making themselves available to her and for helping to prepare workshops for taxpayers. Ms. Steel expressed the importance of electronic services and the paperless office, naming the Orange County Assessor's Office as a prime example. Ms. Steel described her background as that of the private sector rather than government; and stated that she is looking forward to working in her new capacity as

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a Member to help taxpayers. Ms. Steel introduced some of her staff: Neil P. Shah; Elizabeth Maeng, property tax expert; Erik Caldwell, Chief of Staff; and, John Hrabe, Communications Director. She also commented on her open-door policy and invited county assessors to become acquainted with her staff.

Ms. Mandel brought regards from State Controller John Chiang, stating that she and the Controller do care about the county assessors' concerns and encouraged them to contact the Controller's Office regarding property tax matters. Ms. Mandel announced that the Los Angeles executive office recently moved and provided the new address. Ms. Mandel strongly recommended that time-sensitive material, particularly close to Board Meetings, be sent to both the Los Angeles office and the Sacramento office. She also encouraged county assessors, as well as taxpayers, to provide specific facts, rather than generalized or hypothetical situations, when expressing concerns. Ms. Mandel noted that Mr. Chiang is sorry he could not attend this meeting and stated that she will be the face of the Controller at the Board Meetings.

Opening Remarks by California County Assessors' Association

Dean Kinnee, Chief, County-Assessed Properties Division, Property and Special Taxes Department, made introductory remarks regarding the format of the meeting.

Michael Strong, President, California Assessors' Association, stated that this is the fourth consecutive Board Meeting with County Assessors held in conjunction with the California Assessors' Association (CAA) conference; and, thanked the Members and their staffs for attending. Mr. Strong commented that with the uncertainty of change, the new Board has sustained and continues to foster a mutually respectful and collaborative relationship between the Board and county assessors. Mr. Strong mentioned the Board's willingness to solicit the views of the CAA; although not always in agreement and gave the following examples: Rule 462.040, *Joint Tenancies*; community benefit relating to properties eligible to the welfare exemption; and, the petition for modification of Rule 21, *Possessory Interests*. Then he thanked the Board for pursuing Rule 474 to establish the proper unit of appraisal for petroleum refining properties. Mr. Strong thanked Ms. Yee for her leadership and accessibility, and thanked the Board for its respectful consideration. Mr. Strong expressed his gratitude toward the property tax staff, David Gau, Dean Kinnee, Sherrie Kinkle and Lisa Thompson as standouts, in addition to other Board staff.

Mr. Strong discussed the CAA's Legislative Committee lead by Tom Bordonaro, Jr.; Standards Committee lead by Bruce Dear; regular SBE project reports from Board staff added to each agenda; Education Committee lead by Tim Holcomb; AB 83; change in ownership. Mr. Strong expressed his confidence in Kenneth Stieger, President Elect, CAA.

Kenneth Stieger, President Elect, California Assessors' Association, stated that he is looking forward to working with the Board and the CAA on solutions to the challenges ahead.

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**Legal Department, Tax and Fee Programs Division, Property Taxes Section
Presentation**

Robert Lambert, Acting Assistant Chief Counsel, Tax and Fee Programs Division, Legal Department, introduced the following Property Tax Counsels: Andrew Jacobson, Daniel Paul, Carole Ruwart, Richard Moon and Denise Riley.

Property and Special Taxes Department Presentation***Change in Ownership Provisions***

Mr. Kinnee introduced Carole Ruwart, Tax Counsel, who made introductory remarks regarding joint tenancy and training for non-appraisal personnel who process change in ownership documents (Exhibit 10.15).

Exhibits to these minutes are incorporated by reference.

Speakers: Dan Goodwin, Ventura County Assessor
Robert C. Werner, Fresno County Assessor
Gregory B. Hardcastle, Tulare County Assessor
Webster J. Guillory, Orange County Assessor

Mr. Leonard suggested that staff identify written curriculum in counties that have the appraisal training and post it to the Board's website and make it interactive.

Training County Assessors' Personnel

Mr. Kinnee introduced Barry Frazier, Senior Specialist Property Auditor-Appraiser, County-Assessed Properties Division, Property and Special Taxes Department, who made introductory remarks regarding training needs for county assessors' personnel and possible changes to the Board's training and certification program (Exhibit 10.16).

Speakers: Bill Postmus, San Bernardino County Assessor
Bruce Dear, Placer County Assessor
Lawrence E. Stone, Santa Clara County Assessor
Webster J. Guillory, Orange County Assessor
Dan Goodwin, Ventura County Assessor

Cable Television-Broadband

Mr. Kinnee gave a brief history of the interaction between Board staff, county assessors, and other interested parties on cable television matters the past few years. Mr. Kinnee noted the California Assessors' Association had requested the Board to develop an Assessors' Handbook section on cable television.

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David Yeung, Senior Specialist Property Appraiser, County-Assessed Properties Division, Property and Special Taxes Department, made introductory remarks regarding implementation of Digital Infrastructure and Video Competition Act provisions (Exhibit 10.17).

Speakers: Rick Auerbach, Los Angeles County Assessor
Kenneth Stieger, Sacramento County Assessor and President Elect, California Assessors' Association
Jeffrey Sinsheimer, representing California Cable and Telecommunications Association

Mr. Leonard expressed his support for an Assessors' Handbook section on cable television and recommended that staff treat county-assessed and State-assessed properties equally.

Ms. Chu expressed her support for an Assessors' Handbook section on cable television as well.

Mr. Kinnee briefly outlined the process of creating an Assessors' Handbook section on cable television.

Ms. Yee stated that interested parties meetings on this topic should be preceded by seeking assistance from the California Public Utilities Commission as to which provisions govern the Board of Equalization in the area of cable television and telecommunications.

Speakers: Michael Morris, California Public Utilities Commission
David A. Brown, Yuba County Assessor

Assessment Practices Survey Program

Mr. Kinnee discussed the assessment roll sampling program and possible solutions for recurring survey recommendations (Exhibit 10.18).

Ms. Yee stated that she is not opposed to seeking a statutory change regarding the frequency of surveys and that she would like the program to be as useful as possible for county assessors and the Board.

Speakers: Thomas P. Kidwell, Madera County Assessor

Executive Director's Report

Ramon Hirsig, Executive Director, provided an update on the Board of Equalization headquarters building.

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 12:15 p.m. and reconvened immediately in closed session with Ms. Yee, Ms. Chu, Mr. Leonard, Ms. Steel and Ms. Mandel present.

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CLOSED SESSION

The Board met to discuss pending litigation (Gov. Code § 11126(e)(2)(B)(i)).

The Board recessed at 1:35 p.m. and reconvened immediately in open session with Ms. Yee, Ms. Chu, Mr. Leonard, Ms. Steel and Ms. Mandel present.

The Board adjourned at 1:40 p.m.

The foregoing minutes are adopted by the Board on February 1, 2008.