

**Wednesday, November 17, 2004**

The Board met at 1441 Quivira Road, San Diego, at 10:00 a.m., with Mr. Parrish, Vice Chairman, Mr. Leonard and Mr. Chiang present, Ms. Mandel present on behalf of Mr. Westly in accordance with Government Code section 7.9 and Ms. Betty T. Yee, present on behalf of Ms. Migden, Chairwoman.

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

David Gau, Deputy Director of the 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 issues throughout the state. Mr. Gau welcomed the county assessors to the meeting on behalf of the Board Members.

Steve Peace, former Senator and Director of Finance, stated that it was good to be present at the Board/Assessors meeting and to see old friends. Mr. Peace addressed the state's budget situation.

Ernest Dronenburg, Jr., Deloitte & Touche, LLP, discussed the tax amnesty program for income taxes and sales and use tax. Mr. Dronenburg stated that the amnesty program applied to everyone that has a liability during the amnesty period. Mr. Dronenburg commented that it was good to see everyone and thanked the Members for being invited to participate in the meeting.

Claude Parrish encouraged the assessors to contact the State Controller's representative, Marcy Jo Mandel, when they have inquiries. The more information that Ms. Mandel has about the issues coming before the Board, the better the advice she can give to the Controller. Mr. Parrish stated that the Board does want to hear from the assessors on the issues that are important to their offices. Mr. Parrish conveyed that he enjoys coming to the Board/Assessors' conference and is happy to be here.

John Chiang commented that he wanted to be at the Board/Assessors' meeting and that he has an obligation to be present at the meeting. He addressed responsibilities as constitutional officers to the State of California. He indicated that his office makes every effort to accommodate his constituents. Mr. Chiang's first concern is education projects, free income tax assistance, and free homeowner and renter's assistance. Mr. Chiang stated that he looks forward to working with the assessors and that it has been a great pleasure to work with them.

Betty T. Yee welcomed everyone to the assessors' meeting and expressed Chairwoman Carole Migden's regrets that she couldn't attend the meeting. Ms. Yee stated that she looks forward to working with the assessors in the upcoming year. She commented that although Ms. Migden's tenure on the Board has been brief, she has achieved a lot. Ms. Yee looks forward to the Board continuing cordial partnerships with the assessors.

Bill Leonard thanked everyone for the opportunity to be included in the Board/Assessors' meeting. Mr. Leonard discussed the California Performance Review regarding the aspect of merging the Board of Equalization, the Franchise Tax Board, the Department of

**Wednesday, November 17, 2004**

Motor Vehicles and the Employment Development Department. He feels that this would be very important to do. The public thinks that different tax agencies already share information regarding property statements and he feels that we should head in that direction and that the California Performance Review has benefits to the county assessors. Mr. Leonard stated that he would like to see the Board become a policy maker. Mr. Leonard thanked Kris Andrews and the other assessors that have come out to meet with him and stated that he has enjoyed the dialogue with each.

Claude Parrish commented that he always enjoys the Board/Assessors' meeting and that he always has an open door policy. He has held some business tax days to help the constituents in his district in San Diego and Long Beach. He recalled when there was legislation aimed against the Board of Equalization to replace the Members with judges. Mr. Parrish expressed that it is his personal opinion that the county assessors came to the aid of the Members when this legislation was brought up. Mr. Parrish was very pleased with the outcome of Rule 305.3, Application for Equalization under Revenue & Taxation Code section 469. Mr. Parrish stated that he was very optimistic that when the assessors come to the Board Members offices that the Members would hear their concerns and that their concerns would be dealt with fairly and with an open mind.

### **Rulemaking Process**

Bill Gausewitz, Director, Office of Administrative Law (OAL), explained the rulemaking process. Mr. Gausewitz commented that the regulatory law is very technical and tedious. Mr. Gausewitz stated that a rulemaking agency such as the Board of Equalization prepares proposed regulations to progress to OAL and OAL has 30 days to announce whether the regulation is going on the books or not. The attorney at OAL looks at the regulations and determines if the agency has done what is required. California probably has the most comprehensive law in the United States. If there is something in writing and a state agency wants to adopt it as law it has to go through the rulemaking process at OAL. The Office of Administrative Law does offer a three-day course on regulations. The criteria that OAL looks for regarding rules and regulations are (1) Authority, (2) Reference, (3) Consistency, (4) Clarity, (5) Necessity, and (6) Non-duplication. If all these standards are met, OAL will approve the regulation. If not, OAL will assist the agencies in preparing the appropriate documentation to approve the regulation or will reject it.

### **Taxpayers' Rights Advocate**

Todd Gilman, Chief, Taxpayers' Rights and Equal Employment Opportunity Division, discussed the philosophy of the Taxpayers' Rights Advocates Office. The Taxpayers' Rights Advocates Office strives to insure that taxpayers receive accurate information. They have been extremely successful in resolving the issues presented to their office by means of explaining the rule or action. Mr. Gilman pointed out that the 2003-04 Property Taxes Annual Report is out and their office has received some positive feedback.

Wednesday, November 17, 2004

### **Current Property Tax Legal Issues**

Kristine Cazadd, Assistant Chief Counsel, Legal Department, discussed current legal issues and recent court cases affecting assessors and the Board of Equalization. Ms. Cazadd stated that the court held that AB 205 does not conflict with Proposition 22. Ms. Cazadd discussed parent-child transfers of domestic partners. There were a couple of legal opinions that were prepared in 2004; (1) Ponzi Scheme in nine counties and (2) Decline in Value Adjustments – Validity of Escape Assessments. Ms. Cazadd commented that an opinion was distributed to the Board regarding the emission reduction credits and that some cases that involve the emission reduction credits would be coming before the Board in December.

### **Legislative Update**

Margaret Shedd, Legislative Counsel, Legislative Division, discussed the property tax legislation that was enacted in 2004. Ms. Shedd distributed a handout referencing property tax legislation in 2004. She stated that the Board is working on legislation with the Franchise Tax Board to not allow depreciation on equipment. Ms. Shedd commented on the California Performance Review regarding the consolidation of the Board of Equalization, the Franchise Tax Board, the Department of Motor Vehicles and the Employment Development Department.

The Board adjourned at 12:00 p.m.

*The foregoing minutes are adopted by the Board on March 22, 2004.*

Wednesday, November 17, 2004