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BEFORE THE CALIFORNIA STATE BOARD OF EQUALIZATION
450 N STREET
SACRAMENTO, CALIFORNIA
BOARD MEETING TELECONFERENCE

REPORTER'S TRANSCRIPT
FEBRUARY 24, 2021

REPORTED BY: Jillian M. Sumner
CSR NO. 13619

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APPEARING TELEPHONICALLY

For the Board of
Equalization:

Honorable Antonio Vazquez
Chair

Honorable Mike Schaefer
Vice Chair

Honorable Ted Gaines
First District

Honorable Malia M. Cohen
Second District

Yvette Stowers
Appearing for Betty T.
Yee, State Controller
(per Government Code
Section 7.9)

For the Board of
Equalization Staff:

Brenda Fleming
Executive Director

Henry Nanjo
Chief Counsel
Legal Department

Richard Moon
Tax Counsel IV
Legal Department

David Yeung
Deputy Director
Property Tax Department

Patricia Lumsden
Chief
County-Assessed Properties
Division

Lisa Thompson
Taxpayer Rights Advocate

Peter Kim
Chief Communications Officer

Lisa Renati
Chief Deputy Director

Cathy Taylor
Chief
Board Proceedings Division

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APPEARANCES CONTINUED:

Additional speakers:

Ernest Dronenburg
President
California Assessors'
Association

Jeff Prang
Assessor
Los Angeles County

Public Speakers:

Joseph Penino

INDEX

PAGE NO.

Introductions	4
Item M	9
Item G1	21
Item K1d	50
Public Comment	77
Item G1 Recalled	79
Item K4	83
Item N	87

1 STATE BOARD OF EQUALIZATION

2 TELECONFERENCE

3 FEBRUARY 24, 2021

4 ---oOo---

5 MR. VAZQUEZ: Good morning. Good morning,
6 everybody. Looks like we're all present and ready to
7 go. So we'll go ahead and reconvene our meeting that
8 we started yesterday.

9 If I can get Ms. Taylor to please call the
10 roll.

11 MS. TAYLOR: Certainly.

12 Chairman Vazquez.

13 MR. VAZQUEZ: Present.

14 MS. TAYLOR: Vice Chair Schaefer.

15 MR. SCHAEFER: Present.

16 MS. TAYLOR: Member Gaines.

17 MR. GAINES: Present.

18 MS. TAYLOR: Member Cohen.

19 MS. COHEN: Present.

20 MS. TAYLOR: Deputy Controller Stowers.

21 MS. STOWERS: Present.

22 MR. VAZQUEZ: So we have a quorum.
23 Everybody is present.

24 I wanted to just, again, remind everybody,
25 another friendly reminder, that we're all sharing the
26 same line. And I know some of us yesterday, and it
27 looks like today again, are experiencing some
28 technical problems with the Internet. So if I could

1 just remind everybody that.

2 And you did a great job yesterday. And
3 hopefully we can do it again today, in terms of just
4 identifying yourself. And I will recognize you to
5 speak, so we can make sure the transcriptionist gets
6 it right when they're recording our minutes, and keep
7 everything as clean and clear as possible.

8 With that, let me have Ms. Taylor please
9 announce the first order of business.

10 MS. TAYLOR: Our first order of business is
11 an announcement regarding the public teleconference
12 participation.

13 Good morning and thank you for joining
14 today's Board of Equalization Meeting via
15 teleconference.

16 Throughout the duration of today's meeting
17 you will primarily be in a listen-only mode.

18 As you may know from our public agenda
19 notice and our website, we have requested that
20 individuals who wish to make a public comment fill
21 out a "public comment submission form" found on our
22 "additional information" web page in advance of
23 today's meeting. Or, alternatively, participate in
24 today's meeting by providing your public comment
25 live.

26 After the presentation of an item has
27 concluded, we will begin by identifying any public
28 comment requests that have been received by our Board

1 Proceedings staff, with the AT&T operator providing
2 directions for you to identify yourself.

3 After all known public commenters have been
4 called, the operator will also provide public comment
5 instructions to individuals participating via
6 teleconference.

7 Accordingly, if you intend to make a public
8 comment today, we recommend dialing into the meeting
9 on the teleconference line, as the audio broadcast on
10 our website experiences a one-to-three minute delay.

11 When giving a public comment, please limit
12 your remarks to three minutes.

13 We ask that everyone who is not intending to
14 make a public comment, please mute their line or
15 minimize background noise.

16 If there are technical difficulties when we
17 are in the public comment portion of our meeting, we
18 will do our best to read submitted comments into the
19 record at appropriate times.

20 Thank you for your patience and
21 understanding.

22 MR. VAZQUEZ: Thank you.

23 Before we begin, Members, I just want to
24 thank Senator Hertzberg, Robert Hertzberg, and then
25 my Senator, Ben Allen, and then one of the coauthors
26 now, Senator Mike McGuire, for their work to
27 introduce SB-539, which would implement the
28 constitutional provisions of Prop. 19.

1 Members, due to the introduction of this
2 important Proposition 19 legislation just a few days
3 ago, I would like us to start with that, as it really
4 drives everything else that we will have on our
5 agenda today.

6 Therefore, I am going to move Item M from
7 our public policy hearing on Prop. 19 up to the first
8 place on our agenda, to give time to our Executive
9 Director, Ms. Fleming, and her staff to provide an
10 overview that was scheduled under K4b, legislation,
11 by Ms. Fleming.

12 This will allow each Member, the assessors,
13 and the public to hear her report, ask questions, as
14 we provide input moving forward.

15 Having said that, since there is -- are
16 Prop. 19 items and discussion matters on the agenda,
17 we will need to limit the public policy hearing
18 session to one hour, in order to give all other
19 scheduled speakers an opportunity to present their
20 reports and answer questions.

21 This means that after we conclude Item M,
22 the Prop. 19 Public Policy Hearing, our second item
23 will be Item G, rulemaking.

24 Our third item will be the K1b, an overview
25 of the action plan for Prop. 19, which has six sub
26 items.

27 And then our fourth item will be Item K4b,
28 legislation and recommended Board action by

1 Ms. Fleming.

2 With that, and then just a big shout-out, a
3 real thank you to staff, the BOE staff, and my chief
4 of staff, and my staff.

5 You know, these last two weeks it's been --
6 I know it's been real tough. And I've asked them to
7 put extra hours in, especially over the weekends, to
8 make sure that we've got this thing moving.

9 And with the help of our senators and the
10 leadership, we now have a bill that we can move
11 forward.

12 Now the task is to make sure that it gets
13 through these committees and moves forward in a
14 productive way.

15 And of course we had a lot of participation
16 from our assessors' leadership, you know,
17 Mr. Ernest Dronenburg, and then Jeff Prang, my
18 assessor here.

19 But with that, let me open it up and see if
20 any of the Members have any opening remarks before I
21 ask Ms. Fleming to begin our presentation on Item M.

22 Seeing no hands, we will go ahead and get
23 started then.

24 Ms. Taylor, is Ms. Fleming on track and
25 available?

26 MS. TAYLOR: I believe she is. Would you
27 like me to call the first item?

28 MR. VAZQUEZ: Yes, please.

1
2 **ITEM M**
3

4 MS. TAYLOR: Our first item is M, Public
5 Policy Hearings. Items that appear under these
6 matters provide information to the Members, and may
7 require Board action or direction.

8 Subitem 1 is Proposition 19 implementation,
9 discussion on the implementation of Proposition 19,
10 The Home Protection for Seniors, Severely Disabled,
11 Families, and Victims of Wildfire or Natural
12 Disasters Act of 2020.

13 Is Ms. Fleming ready to present?

14 MS. FLEMING: Good morning.

15 Thank you, Ms. Taylor.

16 Good morning, Chairman Vazquez and Honorable
17 Members. This is Brenda Fleming, Executive Director.
18 Happy Wednesday.

19 Members, I will provide an overview of the
20 proposed legislation related to the implementation of
21 Prop. 19.

22 As I recently informed the Board last
23 Thursday, February 18th, Senate Bill-539 was
24 introduced by Senator Bob Hertzberg, joined by
25 principal coauthors Senators Ben Allen and
26 Mike McGuire, to assist in implementation of
27 Proposition 19.

28 The bill, Members, adds section 63.2 and

1 69.6 to the Revenue and Taxation Code, which provides
2 clarifications related to intergenerational transfers
3 of real property and base year value transfers.

4 So crucial elements in the introduced bill
5 will include defining the eligibility requirement,
6 such as transfers can be from grandchild to
7 grandparent, excludes stepparents from having to be
8 deceased for grandparent-grandchild, and property
9 must be maintained as a family home, and some
10 additional filing requirements.

11 Members, Mr. Moon is going to go into a
12 great deal more detail when we get to the G item as a
13 part of the rulemaking process.

14 And we'll talk more about the details of the
15 legislation, the rulemaking process, and the two
16 options that we have with regular rulemaking process,
17 and then the emergency rulemaking process.

18 We'll talk a little bit more about the
19 agility that the emergency rulemaking process
20 provides. We've exercised it before. So just noting
21 with that ability to do emergency rulemaking process,
22 the emergency rules, as you know, is just temporary.

23 I am pleased to share that the bill also
24 includes the authority for BOE to adopt emergency
25 regulations and produce forms and instructions in
26 order to implement Prop. 19.

27 But, again, I'll note the bill has just been
28 introduced, and is not yet enacted.

1 Members, I will provide a brief overview of
2 the legislative process.

3 Normally, bills are required to be in print
4 for about 30 days before they are heard or acted
5 upon. The Senate has recently taken action that
6 allows the bill to be heard earlier than 30 days.

7 As of today, it is anticipated that the bill
8 may be heard in the nearby future in the next week or
9 so, possibly by some of the policy committees.

10 We are hearing it possibly could be Senate
11 Gov. and Finance. But, again, that's tentative, and
12 we'll wait for the legislative -- Legislature to
13 publish their information.

14 During the committee process, Members, the
15 bill may be amended. And that will be another
16 opportunity -- at the public Legislative Committee
17 hearing, that will be another opportunity for the
18 public and all of us to provide additional public
19 comment and engage in public discussion.

20 Members, also, the California Assessors'
21 Association Legislative and their Executive Committee
22 met yesterday regarding Senate Bill-539.

23 The purpose of that meeting was to discuss
24 the -- the legislation as it is compared to the full
25 legislative proposal. That was attached to our
26 January PAN.

27 There was agreement between our
28 organizations, between BOE and NCAA, to recommend a

1 letter of support for Senate Bill-539. And we'll
2 talk about that under a later agenda item today. I
3 will be asking for your -- your approval to proceed
4 with a letter of support.

5 Members, as I noted before, bill
6 introduction is the first phase of the legislative
7 process.

8 As you can tell over the last few weeks, and
9 since we've been meeting on this, things are moving
10 quickly. And they change from morning to afternoon.
11 So it's a rapid, very exciting process.

12 Later in today's agenda, Members, I will ask
13 for the Board's approval, as I've mentioned, to
14 submit a letter of support to the Legislature, and
15 can take any questions for you at that time.

16 This concludes, Members, my high-level
17 overview for this portion of the public policy
18 discussion.

19 We have an opportunity now to have more
20 discussion or Q and A, and also if there's any public
21 commenters.

22 Thank you, Members.

23 MR. VAZQUEZ: Thank you.

24 Any questions for Ms. Fleming?

25 I have one quick one.

26 Ms. Fleming, I know now that this newly
27 introduced legislation, SB-539, the Hertzberg Bill is
28 out there. Where can the public find this bill? Is

1 it posted on our BOE website yet?

2 MS. FLEMING: So there's two -- two areas --
3 if you can hear me -- two areas where the information
4 is available.

5 So, one, we will have the link to the bill
6 information on our BOE.ca.gov website. It's also
7 available if you go to the legislative website,
8 either through the Assembly or the Senate.

9 But, again, the link is also available on
10 our website. So we encourage anyone to visit the
11 website for additional information.

12 MR. VAZQUEZ: Thank you.

13 Any other questions from any of the Members?

14 If not, let me ask if there's any
15 questions -- or are there any assessors on the line
16 that have any questions or comments on this,
17 Ms. Taylor?

18 MS. TAYLOR: I think if we open the line --

19 MR. VAZQUEZ: I just saw a hand go up by
20 Member Gaines.

21 Member Gaines, go ahead.

22 MR. GAINES: Great. Thank you.

23 How are you, Tony?

24 MR. VAZQUEZ: Good. Good. How's it going?

25 MR. GAINES: Good. Thanks for the
26 opportunity, Chair Vazquez.

27 So I just wanted to clarify. I know there
28 have been some issues with agriculture in terms of

1 trying to provide some clarity. And it's my
2 understanding that that will be addressed at a future
3 time.

4 And so I just wanted to acknowledge that
5 there are some challenges in terms of the
6 interpretation, potential challenges. And we just
7 want to make sure that they're clarified, and
8 there'll be a vehicle in the future to address those.

9 I've got a lot of agriculture in my
10 district. And there's just a lot of concern. I
11 think they -- the ag community felt that it was
12 addressed in the original language in the initiative.

13 But we just want to make sure that that
14 is -- that remains clear, and that family farms
15 are -- have that opportunity to pass land on to the
16 next generation.

17 And of course you have some challenges when
18 it comes to valuation of property versus the actual
19 revenue raised off the property.

20 And I think cattle ranching is probably one
21 of the best examples where low-margin business, but
22 you could have high-valued land that could break up a
23 family farm or ranch that's been in operation for
24 generations.

25 So I just wanted to bring that issue up.
26 And encourage that we're gonna have an opportunity to
27 address that as earlier discussed.

28 So thank you, Chair Vazquez.

1 MR. VAZQUEZ: Thank you.

2 That is a good point. I mean, this --
3 they're calling it the skinny bill. But this bill
4 that's actually moving forward now doesn't have
5 everything -- you know, I mean, we had a whole
6 laundry list of things. But the legislators were
7 saying, well if you want to fast track it, give us
8 what you need now. And that's what you see here in
9 539.

10 But we still have another -- hopefully
11 another bite at the apple coming soon before the
12 April 1st deadline. And we'll keep you posted on
13 that as that moves forward.

14 And I see a hand also from our president
15 from the assessors, Mr. Ernie Dronenburg, if he's
16 available.

17 MR. DRONENBURG: Yeah. Good morning

18 MR. VAZQUEZ: Good morning.

19 MR. DRONENBURG: It's good to see you guys.

20 I think Ted's mouth is moving. Is he trying
21 to say something?

22 MR. VAZQUEZ: No, go ahead.

23 MR. DRONENBURG: I can't overstate the
24 amount of teamwork that has gone on this.

25 You know, I've been around a long time, and
26 I've never seen such cooperation, such overtime,
27 working weekends, hours plus, by the Board of
28 Equalization with the assessors on an issue.

1 It's really heartbreaking to think about
2 what the past could have been if we had this kind of
3 cooperation. It's really cool.

4 And a special kudos to Brenda. Because
5 every other word out of her mouth was -- during this
6 process is, "We need emergency regulations for the
7 Board. We need emergency regulations for the Board."

8 She didn't care if anything else was in the
9 bill, as long as it included emergency regulations
10 for the Board.

11 And they're there. So that's really
12 important. You guys are going to fill the gap of
13 what the Legislature is going to allow us to have.

14 And I feel like this is all old hat to Ted.
15 He spent many years in there. He knows what we see
16 is not necessarily what we're going to get.

17 But the -- the author of the bill -- and
18 it's coauthored by McGuire. And that's really good,
19 because he's really sticking up for the farm
20 interest, Ted. He's there in spades for the farm
21 interest.

22 But the author of the bill has said -- and I
23 don't want to say too much, because Moon's going to
24 do an excellent presentation, I'm sure.

25 But he has said that there would be no
26 amendments to this bill. Because he wanted to get it
27 through. And the way to get it through is make no
28 amendments.

1 Of course I know here again Ted is really
2 grinning because he knows that there's no such thing
3 as no amendments. If somebody really wants it, and
4 it's do or die, it will be amended. But that's what
5 he claims.

6 So I'm not going to talk about substance.
7 You've got Moon, who's been really involved with
8 this. And he's done an excellent job. So I'll let
9 him get into the details.

10 But just compliments to your staff, and
11 letting you know what we see as the progress. And
12 we're spending all of our efforts with our lobbyists
13 on this thing, and it's been quite a lift.

14 MR. VAZQUEZ: Thank you.

15 I see another hand now from Ms. Stowers.

16 Go ahead, Ms. Stowers.

17 MS. STOWERS: Thank you, Chair Vazquez.

18 I also wanted to say how grateful I am that
19 SB-539 was introduced. I am so looking forward to it
20 being -- moving forward and enacted.

21 I'm going to wait for Mr. Moon's
22 presentation to clarify some of the rulemaking.

23 But I do want to acknowledge the work that
24 BOE's staff did.

25 It was a heavy lift, you guys. And you guys
26 stayed focused and continued to push.

27 Same thing with the assessors. Their staff
28 and their lobbyists in their push for it.

1 And of course the Members' staff who had
2 some involvement, and others who I may or may not
3 know about.

4 So it was all hands on deck to get this bill
5 introduced. So hopefully we don't have any
6 amendments, so we can keep it moving forward.

7 And anything that's lacking in the bill, as
8 long as we can clarify it in the rulemaking process,
9 I'm on board. Just look forward to moving it
10 forward.

11 Thank you.

12 MR. VAZQUEZ: Thank you.

13 You're right. Both of you spoke to this.

14 You know, there was just so many folks that
15 spent the extra hours and extra time on this, and I
16 really appreciate it.

17 But with that, let me just check and see if
18 there's any public comments.

19 Ms. Taylor, are there any public comments on
20 the content of SB-539?

21 MS. TAYLOR: I will check.

22 AT&T moderator, would you please let us know
23 if there's anyone on the line who would like to make
24 a public comment regarding this matter.

25 All callers are requested to limit their
26 comments to three minutes in order to provide
27 everyone with an opportunity.

28 For the record, we request that callers

1 provide their name.

2 AT&T MODERATOR: Thank you.

3 If you wish to make a public comment, please
4 press one, and then zero at this time.

5 And I do have one in queue. It will just be
6 one moment for their name.

7 Thank you. And we'll go to the line of
8 Joseph.

9 Please state your name, followed by your
10 comment.

11 MR. PENINO: Joseph Penino [phonetic].

12 I want to thank Chairman Vazquez and all the
13 other Honorable chair people.

14 I'm not sure if this is -- exactly falls
15 into Senate Bill-539. However, my concern is the
16 implementation of Prop. 19 and the gray area from the
17 point that it was approved in the election, to the
18 point we get the application and the interpretation
19 for the administrative process.

20 That's a pretty big area there. And I
21 happen to fall within that area of selling a primary,
22 and then picking up a replacement property.

23 So I was wondering, am I off base here? Do
24 I look in 539, which may pick up my concerns? Or is
25 there somebody that can comment on that, and lead me
26 in the right direction?

27 Thank you.

28 MR. VAZQUEZ: Thank you.

1 Is there anybody else on the line,
2 Ms. Taylor, or was that it?

3 AT&T MODERATOR: I have no further comments
4 in queue at this time.

5 MR. VAZQUEZ: What I would just suggest for
6 that last caller, just check -- keep checking our
7 website. Because we're trying to keep it as current
8 as possible, especially as SB-539 moves forward.

9 And if for some reason this doesn't answer
10 your question, by all means, you know, on our
11 website, you can reach out to our staff, either our
12 staff up in Sacramento, or depending on what district
13 you're in, you can locate any one of the Members as
14 well.

15 But feel free to reach out. At the end of
16 the day, I always suggest and recommend -- because
17 we're not legally in a position to give you legal
18 advice, I recommend that you check with your --
19 whether you're working with an attorney, or your real
20 estate people, or your financial folks. Because
21 every case is very specific and very unique. And I
22 don't want to misguide anybody, or lead somebody on
23 with misinformation.

24 So, for me, I think I -- I think the safest
25 thing is to, one, check the website. And if your
26 answer -- if you don't find an answer there, then I
27 would continue with either one of our staff, our
28 district offices, or our staff in Sacramento.

And if that doesn't clear it up for you, then I would refer back to whoever you're working with that's doing your financial planning, just to be safe. Especially on real estate.

I see a hand up by Vice Chair Schaefer.

MR. SCHAEFER: Yes, Chair Vazquez.

I just wanted to say I have no specific comments, but I am so impressed with Assessor Dronenburg's presentation showing how hard his staff and our staff have gone the extra mile to make this all possible. We need more input from them.

Thank you.

MR. VAZQUEZ: Thank you.

Now, this has been really -- a real team effort. And I know Mr. Dronenburg and some of his other assessors went that extra mile. And I really appreciate the time and effort they put in as well to work with us on this.

With that, and I'm not -- looking and seeing any other hands or comments, Ms. Taylor, would you please call our second agenda item.

ITEM G1

MS. TAYLOR: Yes. Our second agenda item is G1, Chief Counsel Matters, Rulemaking; overview of the plan to develop guidance and rulemaking, presented by Mr. Moon.

1 MR. VAZQUEZ: Thank you.

2 Mr. Moon, are you available at this time?

3 I see you on the screen. Okay.

4 MR. MOON: I am.

5 Good morning, Chairman Vazquez, Members of
6 the Board. Richard Moon with the Legal Department.

7 As you know, staff's been working on various
8 types of guidance for Prop. 19. And we most recently
9 published an LTA 2021/08, which includes about
10 40 questions and answers regarding the
11 intergenerational transfer exclusion.

12 And this LTA gives assessors, taxpayers, and
13 interested parties, guidance on topics, such as, for
14 example, timing, valuations, specific transactions,
15 and partial transfers. And we believe this LTA does
16 provide significant guidance.

17 However, as you're aware, guidance published
18 in the form of an LTA does not have the authority
19 that regulations do.

20 Therefore, in addition to the LTA guidance,
21 we've been working on draft regulations, two new
22 regulations, and amendments to several existing
23 regulations.

24 Because work has also been proceeding along
25 the legislative track, staff has been preparing to
26 move the rules through either the emergency
27 rulemaking, or the regular rulemaking process.

28 And, as you know, and as has just been

1 discussed, SB-539 has now been introduced. And it
2 includes explicit emergency rulemaking authorization.
3 But it has not yet passed, and it is not clear how
4 quickly the bill will move.

5 Therefore, instead of waiting, staff will
6 begin the regular rulemaking process, following the
7 procedures required by OAL and the APA, and adhering
8 to our usual practice.

9 If SB-539 passes during this process, staff
10 would bring the rules to the Board for adoption as an
11 emergency regulation, and also continue with the
12 regular rulemaking process.

13 We would then go down both tracks
14 simultaneously, effectively pulling forward the
15 regular rulemaking that would ordinarily follow the
16 emergency rulemaking process that makes the emergency
17 rules permanent.

18 As stated, we're drafting two separate new
19 rules: one covering the intergenerational transfer
20 exclusion, and one covering the base year value
21 transfers.

22 And we're a little bit further along on the
23 intergenerational transfer exclusion rule, because of
24 the earlier operative date.

25 So for the intergenerational transfer
26 exclusion, as you know, Prop. 19 excludes transfers
27 of a principal residence between parent or
28 grandparent, and child or grandchild that continue to

1 use the real property as their principal residence.

2 The regulation that we're drafting contains
3 specific guidance regarding definitions, or what you
4 may characterize as substantive parts of Prop. 19
5 regarding filing and regarding valuation.

6 With regard to the substantive definitional
7 category, some of the issues that are addressed in
8 the regulation are the continual residence
9 requirements in the real property as the principal
10 residence of the eligible transferee, that the
11 allowance of transfers from grandchildren to
12 grandparents, so that the transfers can go both
13 directions.

14 The rules also state that eligible
15 transferees have one year to establish the real
16 property as the principal residence. And, also, that
17 a family farm need not include a principal residence.

18 And these requirements that are in the
19 regulation or in the draft regulation also mirror
20 what is in SB-539.

21 Things that are in the rule that are not
22 explicitly in SB-539, but that the rule clarifies,
23 include items such as that only a single eligible
24 transferee need make the real property their
25 principal residence.

26 It has claim-filing requirements. And
27 although SB-539 does not specify what those
28 requirements are, it does -- it does require the

1 Board to come up with claim-filing requirements. And
2 so these rules would do that.

3 The rules also address the fact that
4 assessors can ask for verification for the exclusion
5 or for the continued residence. That the transferor
6 cannot also transfer the base year value to another
7 principal residence.

8 And it also has a portion dealing with the
9 application of supplemental assessments.

10 As far as the filing requirements, the rules
11 would state that a claim must be filed within three
12 years, or within six months of supplemental
13 assessment, or prior to the transfer to a third
14 party, or else there will only be prospective
15 release. And, again, as long as the property hasn't
16 been transferred to a third party.

17 And these filing requirements are not
18 explicitly stated in SB-539, but they do mirror what
19 currently exists to file a claim under Section 63.1,
20 which is the parent-child exclusion under Prop. 58.

21 As far as valuation, the rules will
22 require -- will demonstrate the calculation of how
23 the new taxable value is calculated upon application
24 of the exclusion and upon removal of the exclusion.
25 And it will be described and then fleshed out with a
26 number of examples. And, again, that level of
27 specificity is not in SB-539.

28 For the base year value transfer, again, as

1 you know, Prop. 19 allows transfer of a base year
2 value from an original principal residence to a
3 replacement principal residence for those 55 or over,
4 severely disabled, and victims of wildfire and
5 natural disasters.

6 Here, again, the regulations contain
7 specific guidance around substantive or definitional
8 requirements, filing requirements, and then
9 valuation.

10 So examples of items that are in the
11 substantive or definitional category would include
12 that either the sale of the original residence, or
13 the purchase of the replacement residence, but not
14 both, may occur before April 1; that each spouse gets
15 three transfers and a previous transfer that may have
16 been made under 69.5. The old base year value rules
17 will not count towards those three transfers. And
18 those items are currently in SB-539.

19 Things that are not in SB-539 that the rule
20 clarifies would be things such as, specifically,
21 we're explicitly including victims of wildfire and
22 natural disasters. That is not explicitly stated in
23 SB-539.

24 It would explicitly include a filing
25 requirement. It would explicitly include a number of
26 definitions.

27 And it would explicitly include that a claim
28 for 69.5 is not a public document. That requirement

1 is there in the intergenerational transfer exclusion
2 in SB-539, but not in the base year value transfer
3 portion.

4 As far as filing requirements, the rules
5 require that a claim must be filed generally within
6 three years of purchase or completion of new
7 construction of the replacement principal residence.

8 And that is not in 539, SB-539. But, again,
9 it does mirror the current requirements that are in
10 Section 69.5.

11 With respect to valuation, the rules will
12 establish the dates on which valuation are to be
13 established, and then examples of how the calculation
14 of the value is to be done. And, again, that level
15 of specificity is not in SB-539.

16 As far as our process and our timing, again,
17 we have two brand new rules that will be created. We
18 expect that the first new rule, the one covering the
19 intergenerational transfer exclusion, will be
20 published for comment early next week. And the
21 second regarding base year value transfers,
22 one-to-two weeks following that.

23 Each rule would then move along similar, but
24 separate tracks, separated by about a month time.
25 And that will allow staff to focus on completing the
26 intergenerational transfer exclusion rule first, and
27 then complete the base year transfer rule.

28 And, again, that's because of the earlier

1 operative date of the intergenerational transfer
2 exclusion.

3 The process for both rules will involve
4 staff bringing them back to the Board two times. The
5 first would be for approval to send to the Office of
6 Administrative Law to publish the NOPA, or the Notice
7 of Proposed Amendment.

8 And we anticipate for the intergenerational
9 transfer exclusion rule, that that would be at the
10 April meeting. And then for the base year value
11 transfer rule, that that would be at the May Board
12 Meeting.

13 The second time we would bring the rule back
14 to the Board would be for adoption after a public
15 hearing.

16 And we would anticipate for the first rule,
17 that would be in July; and for the second rule, that
18 it would be in August.

19 And given all of the various considerations,
20 such as time, transparency and public involvement, we
21 believe that this is the best timeframe to follow.

22 And I'm happy to answer any questions that
23 you may have.

24 MR. VAZQUEZ: Thank you. Thank you,
25 Mr. Moon.

26 Once again, I just wanted to really look --
27 I'm looking forward to this rule resolving some of
28 our critical issues that are concerning to the

1 taxpayers as quickly as possible.

2 And I am very grateful, again, to our
3 Senators Hertzberg, Allen, and McGuire for including
4 this emergency rulemaking authority for Prop. 19 for
5 the BOE, and this bill, SB-539.

6 But I am -- and you kind of touched on it in
7 your remarks here. One, I have a question, you know,
8 clarify how long the child transferee or their
9 sibling must occupy the home in order to keep this
10 exclusion.

11 MR. MOON: Yeah. That -- so both SB-539 and
12 the rules require that the exclusion will last as
13 long as an eligible transferee keeps the real
14 property as their principal residence.

15 And that will -- that is in SB-539. It will
16 also be stated again in the rule.

17 MR. VAZQUEZ: Now, for example, I know that
18 we've heard this from some testimonies, if there's,
19 let's say, three children, for example, and one
20 leaves, how much time could lapse before another one
21 could move in and claim it as their principal
22 residence?

23 MR. MOON: They would have the same one year
24 that the original eligible transferee who moved in
25 first had.

26 And, again, that would be made clear in the
27 rule.

28 MR. VAZQUEZ: And then on the -- okay.

1 Well, that's -- what about, can we clarify the
2 method, timing and impact of Prop. 19, the
3 requirement for assessors to adjust any amount over a
4 million each year based on the percentage changed in
5 the California housing price index?

6 MR. MOON: Yes. There is plan to be a
7 provision in the rule that will cover that. And what
8 will be required is that that's done beginning, I
9 believe, in 2023.

10 And then every two years after that, the
11 Board will look at that index, and then publish, I'm
12 assuming via the form of an LTA, what that adjustment
13 will be.

14 MR. VAZQUEZ: Thank you.

15 Are there any questions?

16 I see a couple hands now. Let me start with
17 Ms. Stowers, and then Member Gaines.

18 Go ahead, Ms. Stowers.

19 MS. STOWERS: I get to go first. Thank you.

20 Okay. Let's start with SB-539, and then I'm
21 looking at the agenda.

22 Mr. Moon, you said that you guys would do a
23 dual track, you'll go with the regular rulemaking,
24 and you'll go with the emergency rulemaking.

25 And then if SB-539 is enacted, you'll come
26 back to the Board to move forward with the emergency
27 rules.

28 So I'm not -- looking at SB-539, I'm not

1 really clear if emergency rulemaking includes both
2 intergenerational transfer and base year transfer, or
3 just intergenerational transfers.

4 MR. MOON: Well, what I can say is that the
5 emergency rulemaking authority is in part of the bill
6 that's section two, which is 63.2, which is the
7 intergenerational transfers.

8 But the language of the authorization says
9 that we have authority to implement Section 2.1 of
10 Proposition 19, which is both base year value and
11 intergenerational transfer.

12 MS. STOWERS: Thank you for that
13 clarification. That's what I thought, but I wanted
14 to have you say it.

15 I also want to talk about the regular
16 rulemaking process, and then emergency rulemaking
17 process. Let's start with regular.

18 Again, let me first thank, again, the
19 senators for moving this bill forward, 539. Because
20 it's extremely important for everyone.

21 But I also wanted to acknowledge that I've
22 been getting some phone calls, and people are
23 indicating that the BOE -- for the BOE to take action
24 on the regular rulemaking process to implement
25 Prop. 19, could be viewed as the BOE attempting to
26 expand this authority or interfere with the
27 legislative process.

28 So, Mr. Moon, if you don't mind, or if

1 Mr. Nanjo is there, could someone kind of give us an
2 overview on why we are considering regular rulemaking
3 process, and what is our obligation and legal
4 authority?

5 And that's my first question regarding
6 rulemaking. And then I do have a second question.

7 MR. NANJO: Okay. Hi. This is Henry Nanjo,
8 Chief Counsel.

9 Mr. Moon, I can go ahead and take this, and
10 then you can add in if I missed anything, if that's
11 all right.

12 MR. MOON: Certainly.

13 MR. NANJO: Okay. Thank you.

14 So as this Board has discussed over the last
15 several months, the Proposition 19, which was dually
16 passed by the voters in November of 2020, left a lot
17 of details ambiguous or without clarity.

18 As the Board knows, the Board of
19 Equalization has obligation to make sure that rules,
20 property tax rules are applied consistently and in a
21 fair manner across the 58 counties of California.

22 In this particular case, in an effort to
23 provide guidance to the 58 assessors, especially on
24 the intergenerational transfer issue, which became
25 effective -- Proposition 19 rules became effective on
26 February 16th.

27 It is our -- basically in conjunction with
28 working with the California Assessors' Association,

1 an attempt to provide that guidance, which will help
2 them do their work consistently.

3 In regards to your comment about
4 overreaching on the part of BOE, the Legal Department
5 is very sensitive to that. So what we are doing is
6 we are strictly looking to the intent and the text of
7 Proposition 19, and only making those rules which
8 there is some basis on in both Proposition 19, either
9 in the text, or in some of the intent language.

10 However, that being said, there are a number
11 of issues that are still unclear, which we do not
12 have that kind of basis or guidance on, which remains
13 to be in the purview of the Legislature.

14 MS. STOWERS: Okay.

15 MR. NANJO: Does that answer your question,
16 Deputy Controller Stowers?

17 MS. STOWERS: I do believe so. And you did
18 kind of stepped -- you must have read my mind on the
19 overreaching. That was my follow-up question. So I
20 appreciate that.

21 MR. NANJO: You mentioned that in your
22 comments, ma'am.

23 MS. STOWERS: Oh, did I? I have so much on
24 my brain. Brain overload. Because I was going to
25 thank you for that.

26 Because, you know, I've been around a couple
27 of times with, not necessarily BOE 2.0, but BOE 1.0,
28 and another agency, where they've had rulemaking

1 regulations. And it was determined to be an
2 overreach, and rules determined to be invalid.

3 So I'm happy to hear that you guys are
4 sensitive to that, and making sure that what you do
5 do in rulemaking is within the limits of Prop. 19.

6 And, of course, if SB-539 is enacted, and
7 there's additionally provision within the law, I'm
8 sure our rulemaking will follow it.

9 So that kind of an --

10 MR. NANJO: Absolutely. We are --

11 MS. STOWERS: Go ahead.

12 MR. NANJO: No, I said absolutely. We are
13 very mindful and are taking great lengths to be
14 consistent with the language that exists.

15 MS. STOWERS: Thank you.

16 Mr. Moon, did you want to add anything else
17 to regular rulemaking?

18 MR. MOON: I mean, I guess the only thing I
19 would add is that we are also sensitive to potential
20 overreach on our part.

21 And we are sensitive to the way that the
22 government is set up in terms of the separation of
23 the powers. The Legislature is there to enact
24 legislation, and we are to interpret that
25 legislation.

26 And so I guess what I would say specifically
27 with respect to our thinking on Prop. 19 is that
28 SB-539 has been introduced.

1 And I don't think that there's been anything
2 that we are thinking, or that we would put in the
3 regulations that hasn't been, I guess, blessed or
4 confirmed by the Legislature in SB-539.

5 So I'm not -- I'm not sure -- I don't think
6 there's any overreach on our part.

7 MS. STOWERS: Okay. Great. Thank you.

8 And, Mr. Moon, you touched a little bit on
9 the emergency rulemaking as it relates to SB-539.
10 And I've also been a little busy getting calls on
11 emergency rulemaking, people acknowledging that
12 SB-539 has a provision for emergency rulemaking. But
13 they're also asking about the BOE's authority to do
14 emergency rulemaking on its own if SB-539 is not
15 enacted, or just to fast track everything.

16 So I was wondering, for the record, if
17 someone can give us a high-level overview on the
18 difference -- on what it would mean to have emergency
19 rulemaking based on a Board-declared emergency?

20 That's kind of a general question.

21 And then a second question to that is, you
22 know, what the Board must establish in order to have
23 emergency rulemaking if we don't have legislation.
24 Any pitfalls come across for emergency rulemaking?

25 And I have a couple more questions, and I'll
26 wait till you guys answer the first three.

27 MR. NANJO: Okay. Thank you, Deputy
28 Controller Stowers.

1 Mr. Moon, if it's all right with you, I'll
2 try to take first shot at it, and you can weigh in.

3 Again, this is Chief Counsel, Henry Nanjo.

4 With regards to emergency rulemaking, all
5 state agencies have the authority to do emergency
6 rulemaking under Government Code Section 11342.545.

7 However, that's only if an emergency exists
8 that is a situation that, quote, calls for immediate
9 action to avoid serious harm to the public's peace,
10 health, safety, or general welfare.

11 Under this section, to justify the adoption
12 of emergency regulations, the BOE must present
13 specific facts supported by, quote, substantial
14 evidence demonstrating the existence of an emergency,
15 and the need for immediate adoption of the proposed
16 regulation to avoid such serious harm, as much as
17 Proposition 19, judging from some of our public
18 commenters, may be a major issue and cause serious
19 harm to individuals in certain situations.

20 It's a fairly high bar, because BOE's
21 jurisdiction is primarily related to taxation for it
22 to cause, quote, serious harm to the public peace,
23 health, safety or general welfare.

24 So, thus, in that respect, it's -- if -- I
25 would believe that it would be difficult for us to
26 meet that standard.

27 The risks are that if we do make an
28 emergency regulatory package, that, again, the Board

1 makes the finding that there is substantial evidence
2 demonstrating the existence of serious harm to public
3 peace, health, safety or the general welfare, then
4 that would be examined by the Office of
5 Administrative Law, OAL.

6 And if they do not concur with the Board's
7 finding that such emergency conditions are justified,
8 the emergency regulations would then not be approved,
9 and the regulatory package thrown out.

10 Because emergency regulations always affect
11 the rights of the public in a shifting landscape,
12 it's generally preferable for the Board to act under
13 clear authority, i.e., the legislative authority, so
14 there's no question or possibility that our
15 regulatory package can be thrown out.

16 As you can imagine, for us to try to do
17 emergency regulations that the assessors will try to
18 follow, and then have them throw them out, would
19 cause even more confusion to an already unclear
20 situation.

21 Deputy Controller Stowers, did I answer your
22 question, or did I miss something?

23 MS. STOWERS: I think you answered my
24 question, sir. I appreciate that response.

25 MR. NANJO: Sure.

26 And then, Mr. Moon, did you have anything to
27 add that I may have missed?

28 MR. MOON: No, nothing to add.

1 MS. STOWERS: Okay. Then this is my final
2 question, and I'll turn my mic over to someone else.

3 I know that BOE recently completed
4 rulemaking with respect to certificate aircraft. And
5 we did do that under emergency rulemaking. But it
6 was deemed emergency under RTC Section 1157. And a
7 similar agency, Secure Choice, did the same thing
8 under Government Code Section 100048. But, again, it
9 was deemed emergency by the Legislature.

10 I'm just curious, you know, are any of you
11 guys aware that a state agency did declare an
12 emergency?

13 And if so, did the Office of Administrative
14 Law accept it?

15 Just in your practice, if you have any
16 insight on that.

17 MR. NANJO: Sure. This is Henry Nanjo,
18 Chief Counsel again.

19 I have a vague recollection that there
20 were -- may have been a state agency that declared an
21 emergency under the wildfire situation, or the, you
22 know, flooding situation, or something like that,
23 that may have been through an emergency declaration.

24 But I don't -- I recall that those
25 instances, if they occurred, were far and few
26 between. In the vast majority of emergency
27 situations, they are declared by the Legislature.

28 Mr. Moon, are you aware of anything?

1 MR. MOON: Well, I do know that there are
2 some cases where emergency regulations have been
3 challenged, and they've been upheld.

4 And the one that I remember kind of off the
5 top of my head is emergency regulations, I believe it
6 was either by Health and Human Services or -- or
7 housing.

8 And the reason why they declared an
9 emergency regulation there was because they needed to
10 conform some of their practices to federal law. And
11 the Court said that they upheld the agency's
12 emergency declaration regarding that.

13 The other thing I guess I can mention is
14 that I'm not aware of any other time, with regard to
15 property tax rules, where the Board has done
16 emergency regulations on its own.

17 And this includes -- you may recall when the
18 COVID pandemic had started, we had been talking about
19 Revenue and Taxation Code Section 170. And the Board
20 had promulgated Rule 139 regarding a form of disaster
21 relief after the 9/11 terrorist attacks.

22 And the Board, at that time, did not do
23 those rules under emergency regulations. They did
24 those under regular rulemaking as well.

25 MS. STOWERS: Well, that's -- that's helpful
26 to know.

27 Well, this is -- this is more, you know, for
28 me, educational for the public who is listening,

1 educational.

2 Not taking a position on emergency rules,
3 but I just wanted to have the discussion, since I
4 keep getting the calls. So I appreciate you guys
5 responding to my questions.

6 That's all I have for right now, Chair.

7 MR. VAZQUEZ: Thank you. Good questions.

8 Member Gaines, I see your hand up still.

9 MR. GAINES: Yeah. Great. Thank you,
10 Chair Vazquez.

11 I just wanted to reiterate the family farm
12 issue. And I'm just looking at our presentation here
13 for Prop. 19, and -- because it looks like we are
14 clarifying family farm. And that -- that's great
15 that we're doing that.

16 And a family farm may not be -- necessary be
17 a primary residence. So we want to make sure that
18 the farmland is included. And that being, you know,
19 land that's under cultivation, used for pasture
20 grazing, production of any agricultural commodity.

21 And -- but there's a challenge here with
22 family farm as it regards an appraisal unit. So, you
23 know, if I -- if I was a farmer, I'd want to make
24 sure that my family farm was being protected.

25 The intent and the language, I think, was
26 not to create a sell-off of -- of family farms. And
27 yet, if we can't get clarification, we're going to
28 run into a problem on this appraisal unit.

1 It ought to be defined per APN versus any
2 other fashion. Because if you start combining parcel
3 numbers together for a family farm, you're going to
4 create tax consequences that will shut down some of
5 those family farms across the state.

6 I don't think that was ever the intent of
7 Prop. 19. You know, their -- the intent was to
8 provide base year transfer. And then they tightened
9 up in areas here in terms of the transfer of the
10 family home, or to a rental property.

11 But, you know, I believe that the farming
12 and ranching community was neutral on Prop. 19
13 because they felt they weren't impacted. So that's
14 an area that really needs needs to be zeroed in on
15 and clarified, this legislation. So I think that is
16 a -- that is a challenge.

17 If it's not addressed, you're going to see a
18 decline in family farms in California. And that was
19 never the intent of the proposition. So I just
20 wanted to clarify that.

21 Thank you.

22 MR. VAZQUEZ: Thank you.

23 I see a hand up from our president from the
24 assessors, Ernest Dronenburg.

25 I don't know if he wants to comment on that,
26 or just has other questions.

27 MR. DRONENBURG: No, I just wanted to tell
28 Ted that -- I'm sorry -- Member Gaines that that

1 issue is not quiet. It is being very much debated.

2 And when we -- when the skinny bill was put
3 together, we were told it couldn't be controversial
4 at all. So we looked at just the elements that we
5 needed, and just the elements that weren't
6 controversial.

7 The author of the skinny bill has talked
8 about that issue. And he has said that, you know,
9 we're going to have a -- we believe we'll have
10 another bill, and we'll address the controversial
11 pieces in that other bill. Because that's not 100
12 percent agreed to by the -- actually, the other --
13 the Assembly. So -- and they've stated that.

14 And so we've got to make sure that we don't
15 give them something that's going to -- one percent
16 controversial, and they eliminate the whole bill. So
17 that was specifically left out.

18 But it's not a hidden issue. It's a big
19 issue. And the Farm Bureau is all over the issue and
20 talking with the Legislature. But it wasn't an
21 accident.

22 And of course the way you assess property
23 currently, farms are based on a unitary value. It's
24 the unit, not -- that a farm is appraised on
25 currently. So it -- in order to change that, we will
26 have to have some kind of legislation that says a
27 different method can be used.

28 So I don't know if that helps Member Gaines

1 to understand what's going on. But it should relieve
2 your fears that this is something that nobody knows
3 about. I mean, it's very hot.

4 MR. GAINES: Yeah, it's a big deal.

5 And I, you know, in terms of looking at an
6 appraisal unit, that's a moving target for a farmer
7 or a rancher. Because their -- their -- a ranch is
8 in motion, right?

9 MR. DRONENBURG: You're talking to a 19-year
10 member of the Farm Bureau.

11 MR. GAINES: We have a -- we have a family
12 ranch of walnuts. And over time we were either
13 buying or selling a parcel here or there to whatever
14 made sense for the ranch at that particular time.

15 And so I think people understand that that
16 is a -- that an APN, an individual parcel number,
17 should be treated as such, individually.

18 But sounds like that's going to be
19 addressed, so I'm hopeful to hear that.

20 Thank you, Mr. Dronenburg. Appreciate it.

21 MR. SCHAEFER: Chair -- Chair Vazquez.

22 MR. VAZQUEZ: Oh, Vice Chair Schaefer. Go
23 ahead.

24 MR. SCHAEFER: Back when I was in law
25 school, I was in the tobacco farm business, and I was
26 in the corn farm business as a sharecropper in
27 Southern Maryland. And today, farming is quite
28 different. We think of it as the fields.

1 Do we have a relationship with the cannabis
2 industry? How does that fit into that?

3 MR. VAZQUEZ: I'm sorry, Mr. Schaefer, was
4 that a question for me or Mr. Moon?

5 MR. SCHAEFER: Question for Mr. -- well, a
6 question for Mr. Moon, is how the cannabis industry
7 relates to our family farm.

8 MR. MOON: So we have not had any
9 discussions, or anyone from the cannabis industry
10 reach out to us to see how it would affect them.

11 What I can say, however, is that there's
12 nothing specifically called out in Prop. 19 in
13 SB-539, or will be in our rules, carving anything out
14 or speaking specially about cannabis.

15 And so however they are organized now, so if
16 it's a family farm that cultivates cannabis, the same
17 rules that would apply to family farms would apply to
18 that farm as well.

19 MR. SCHAEFER: That's what I would expect.
20 That's a good answer.

21 Thank you, Mr. Moon.

22 MR. VAZQUEZ: Thank you.

23 Seeing no other hands, I know we just had
24 Jeff Prang, Assessor Jeff Prang from LA join us. I
25 don't know if he had any questions or comments on
26 this rulemaking process.

27 Ms. Taylor, do we know if he's available?

28 MR. PRANG: Mr. Chairman, I'm on the -- on

1 the line.

2 MR. VAZQUEZ: Yes.

3 MR. PRANG: So I apologize. I was detained
4 by other meetings, so I came in relatively late. So
5 I didn't hear all the discussion. But I'm happy to
6 answer any questions.

7 I did hear some of the discussion that
8 Assessor Association President, Ernie Dronenburg,
9 stated. I'm happy to offer any additional
10 information that -- that you might need that
11 Mr. Dronenburg didn't offer.

12 MR. VAZQUEZ: I think you were
13 well-represented.

14 I'm opening it up in case you had a
15 question. But if you're comfortable with your
16 leadership, I think you should be okay.

17 MR. PRANG: We -- you know, we laid out a
18 careful and thoughtful plan trying to get to the
19 finish line, which is creating an implementation plan
20 for Prop. 19 that will make it easy for assessors and
21 the Board of Equalization to administer.

22 As was -- has probably been discussed,
23 there's still a long road to get there. We're not
24 necessarily confident that we're going to get
25 everything that we need to administer it
26 appropriately.

27 I know assessors are really looking to the
28 Board of Equalization for leadership. We're all

1 going to have to stretch to provide property owners
2 in California guidance that they need.

3 But absent a comprehensive legislative
4 package, some of that guidance is going to be
5 missing. And that will create some -- a lot of
6 confusion, if not chaos, in the system until such
7 legislation is done.

8 That concerns me a great deal. Because I
9 know, like any other public officials, especially
10 those of us who have to run for office, we don't want
11 to be in a position to tell the public that we don't
12 know the answers.

13 But there is -- while we still have time to
14 work on this legislation, there is a real risk that
15 we may not have all the answers. And that end up --
16 might end up being our answer, that we simply don't
17 know the answers to a lot of questions the taxpayers
18 will have.

19 MR. VAZQUEZ: No, I -- that's understood.

20 And it's my understanding that if we move
21 forward with the skinny bill with hopefully no
22 amendments, it will get through.

23 And I'm hearing that there's going to be a
24 strong -- very strong opportunity for us to come back
25 with a second bill, that hopefully will include
26 everything that -- I know you gave a list to us. And
27 your assessors have really thought through everything
28 that you need that is just basically

1 administratively.

2 We're hoping that we can include all of
3 that, and get it all approved in a timely manner to
4 assist you folks.

5 MR. PRANG: So I am a -- you know, have a
6 couple of thoughts on this one.

7 One, as you know, we developed a
8 comprehensive package to interpret Proposition 19.
9 And I would describe that package as administerial.
10 It was noncontroversial. It was simply assessors and
11 the BOE going through it line by line, and trying to
12 clarify those points of administration and law that
13 we need in order to provide guidance and direction to
14 the public.

15 There are elements -- there's other
16 stakeholders, Realtors, the Farm Bureau, the
17 firefighters that have certain interpretations that
18 they would like to emphasize that they require a
19 little bit more time to get to a consensus, that are
20 different than the administerial definitions that we
21 had proposed.

22 Having the skinny bill move forward as
23 Senate Bill 359 is a good first step. But I can say
24 unequivocally, it is not enough. It represents just
25 maybe 10 or 20 percent of what we need to administer
26 Proposition 19.

27 So what we're hearing, that they want to
28 move that forward with no amendments, does make me

1 nervous. Because at the moment, we have the
2 legislative vehicle to fix some of these
3 deficiencies. We don't know that we're going to have
4 a legislative vehicle to deal with the other 80 or 90
5 percent of Prop. 19 that is not in 359.

6 So if we can hear from legislative
7 leadership, they recognize that the vast majority of
8 Proposition 19 is not yet being addressed. And it
9 has to be addressed this year, otherwise it's going
10 to have significant impacts on the public.

11 I know I'm going to be sitting on the edge
12 of my seat until we -- until we get a little bit more
13 direction and confidence that these issues are going
14 to be on their radar screen this year.

15 MR. VAZQUEZ: No, that's well understood.
16 And hopefully we'll have some good news on that
17 shortly.

18 MR. PRANG: Thank you.

19 Well, I do want to say, Mr. Chairman, that I
20 very much appreciate the leadership, your leadership
21 and that of your colleagues, as well as the Board
22 staff.

23 It's been a really incredibly good
24 partnership. We speak almost daily. And it's really
25 demonstrated how much we can get done when we work
26 together.

27 Now we just need to create that next bridge
28 to the Legislature, the Governor's office, and

1 hopefully we'll get what we need to get this work
2 done.

3 MR. VAZQUEZ: I know. Thank you.

4 I mentioned it earlier in my opening remarks
5 that I was really appreciative and thankful for you,
6 and of course for the President Dronenburg, for the
7 participation and your efforts as well.

8 Because I know we tapped you as well as your
9 staff these last two, three weeks. And I know we've
10 had even meetings over the weekend, and really
11 appreciated your time as well.

12 MR. PRANG: Thank you.

13 MR. VAZQUEZ: With that, if there's no other
14 questions from any of the Members, let me just check
15 with Ms. Taylor.

16 Is there any public comments on rulemaking
17 process?

18 MS. TAYLOR: I will check with the AT&T
19 moderator.

20 MR. VAZQUEZ: Thank you.

21 MS. TAYLOR: AT&T moderator, can you please
22 let us know if there's anyone on the line who would
23 like to make a public comment regarding this matter.

24 For the record, we request that the callers
25 provide their names, and limit their remarks to three
26 minutes.

27 AT&T MODERATOR: Thank you.

28 If you wish to make a comment, please press

1 one, then zero at this time.

2 And I currently have no comments in queue at
3 this time.

4 MR. VAZQUEZ: Thank you.

5 And, Ms. Taylor, you said there was no
6 written comments on this, correct?

7 MS. TAYLOR: Correct.

8 MR. VAZQUEZ: Thank you.

9 With that, if you would please call our
10 third item of the day.

11

12 **ITEM K1d**

13

14 MS. TAYLOR: The third item is K1d,
15 Executive Director's Report, Operational Priorities
16 and Projects; report on the status of operational
17 priorities and agency projects, including requesting
18 Board authorization for further actions related to
19 the legislative developments.

20 The first subitem is K1d, Proposition 19
21 implementation.

22 Ms. Renati will present an overview of the
23 implementation and action plan.

24 MS. RENATI: Good morning, Chairman Vazquez
25 and Honorable Members. My name is Lisa Renati, Chief
26 Deputy Director.

27 This morning I'll provide an overview of the
28 BOE's implementation and action plan for

1 Proposition 19.

2 For many decades, the Board of Equalization
3 has been tasked with the implementation of
4 legislation affecting our agency and tax program.

5 A historic practice or methodology the Board
6 of Equalization has successfully utilized is to
7 organize implementation as a project, which allows an
8 integrated and organized approach to ensure the full
9 body of work is implemented.

10 Using project management techniques, which
11 focus on the delivery of desired outcomes, fixed
12 timeframes, performance goals, and accountability, we
13 will ensure comprehensive implementation of
14 Proposition 19 is achieved, which will also be
15 cost-effective and efficient.

16 As you know, the first component of Prop. 19
17 regarding intergenerational transfer exclusions
18 became operative just last week on February 16th.

19 The provisions regarding base year transfer
20 values -- base year value transfers rather, will
21 become operative on April 1st of this year.

22 Accordingly, over the next few weeks, our
23 existing Prop. 19 project will be expanded with much
24 more detail, including any necessary updates based on
25 implementation legislation.

26 The objective of the Prop. 19 implementation
27 project is to ensure implementation is well
28 organized, that we can anticipate issues and mitigate

1 risks that would impede our ability to successfully
2 implement this important legislation, and fulfill our
3 constitutional and statutory duties.

4 Members, starting today, we will begin our
5 first report on the Proposition 19 project as a team.
6 As outlined in the public agenda notice, going
7 forward, the team report presentation will remain in
8 the same order throughout the project.

9 Each team leader will provide updates on
10 important milestones achieved, and upcoming
11 deliverables.

12 Members, as you are well aware, the BOE's
13 responsibilities and duties affected by
14 Proposition 19 touch many facets of our agency.

15 We are confident that our longstanding
16 history of implementing legislation, and the best
17 practices learned through past successful
18 project-planning will serve us well.

19 We are fully prepared to act on the
20 necessary components of the project, and the
21 subsequent reports by the agency's leaders today will
22 provide you with information on the project
23 implementation actions achieved to date.

24 As the project continues, the team and I
25 will provide monthly updates of our progress to
26 ensure you are informed, to allow public
27 participation, and to present material that requires
28 your action and/or approval.

1 Most of the information and updates will be
2 presented under Item K, Other Administrative Matters.

3 But, Members, for the near future, we will
4 also keep this item under M, Public Policy Hearings,
5 to allow important discussions regarding any
6 legislative matters.

7 Members, unless you have any questions for
8 me, I would like to turn to each team leader, so they
9 can provide you with information on their
10 department's implementation actions, including
11 updates on guidance provided.

12 And seeing as there's no questions --

13 MR. VAZQUEZ: No, go ahead. I'm sorry. Go
14 ahead, Ms. Renati.

15 MS. RENATI: Unless there's any questions
16 you had, Mr. Chairman --

17 MR. VAZQUEZ: I'll wait until you finish.
18 Go ahead.

19 MS. RENATI: I'm sorry. It's so hard with
20 the delay.

21 So the first report will be provided by
22 Chief of County-Assessed Properties, Ms. Patty
23 Lumsden, who will provide a report on the Property
24 Tax Department's implementation actions, including
25 updates on guidance.

26 MS. LUMSDEN: Good morning, Chair Vazquez,
27 Honorable Board Members. My name is Patty Lumsden,
28 and I'm the Chief of the County-Assessed Properties

1 Division here at the State Board of Equalization.

2 And today I'm going to report to you on the
3 Property Tax Department's Proposition 19
4 implementation actions and guidance updates that have
5 been put in place to date.

6 As part of the Property Tax Department's
7 Prop. 19 implementation plan, the following items
8 have been completed:

9 So far we have issued a Letter to Assessors
10 No. 2020/061 to announce the passing of
11 Proposition 19, and to provide some general
12 information. And this has been posted on our
13 website.

14 We have also issued Letter to Assessors
15 No. 2021/007, which contained our seven newly-created
16 and four existing forms that we put out to assist
17 assessors in collecting necessary information to
18 implement Prop. 19 for both intergenerational
19 transfers and base year value transfers.

20 We also have issued Letter to Assessors
21 No. 2021/008, which provides guidance on
22 Proposition 19's intergenerational transfers. And
23 this is done through a total of 44 questions and
24 answers.

25 And we have also created on our website and
26 posted on our website frequently asked questions.
27 And -- that relates to both base year value transfers
28 and intergenerational transfers for Proposition 19.

1 We also have on our website creating
2 comparison charts that reflect the effects of
3 Proposition 19.

4 And then, plus, in addition to that, of
5 course, is the Chief Counsel Memo that's posted to
6 our website, as well as Proposition 19 facts sheet.

7 So we -- we have some next steps that we
8 plan on following to stay up on our implementation
9 plan. And that is to -- we are now working on
10 providing further guidance for the base year value
11 transfer portion of Prop. 19, and then we will be
12 issuing another questions and answers LTA similar to
13 the one we issued for the intergenerational
14 transfers.

15 We will be continuing to update our website
16 as new information is available. And we will
17 continue to work with our Legal Department on the
18 promulgation of regulations to assist in the
19 implementation of Prop. 19.

20 And we continue to track legislation
21 relating to Prop. 19, such as Senate Bill 539.

22 And we plan on reviewing and updating
23 Assessors Handbook sections, Letters to Assessors,
24 county assessors only letters, annotations, and other
25 documents or publications as needed.

26 As we have discussed in previous meetings,
27 there will be some of these sections that will remain
28 in effect for some time, such as some of the

1 Proposition 58 parent-child transfers will still be
2 in effect for a while. And so we'll have to evaluate
3 our -- our documents to see what updates we need to
4 make.

5 We also are working with our TSD section to
6 update and revise our current database in order to
7 track the number of base year value transfers
8 throughout the state for persons over 55, and persons
9 that are severely disabled, in order to continue our
10 clearinghouse functions at the BOE.

11 And this is due to our current database has
12 the ability to trans -- to follow one-time transfers.
13 But with the Proposition 19, we will now be needing
14 to update it so it can track three-time transfers
15 under the new provisions.

16 And of course we will still continue to
17 track the \$1 million exclusion under the prior
18 Proposition 58 provisions until that no longer is
19 necessary.

20 And we will continue to issue guidance and
21 create and amend forms as the need arises for both
22 intergenerational transfer exclusions, as well as
23 base year value transfers as they relate to
24 Proposition 19.

25 This will be an ongoing effort, and we will
26 continue to work with our Legal Department and the
27 California Assessors' Association in order to address
28 those issues as they come up during this process.

1 And that concludes my report. And I'm
2 available to answer your questions.

3 MR. VAZQUEZ: Thank you.

4 Ms. Renati, did we have Mr. Moon also making
5 a presentation on this, or are we going to wait?

6 MS. RENATI: Thank you, Chairman.

7 I believe Mr. Moon was going to add or
8 assist Ms. Lumsden as needed.

9 So if you have any questions that she needs
10 help with, he'll jump in. But for now, we'll go on
11 to the next comment when you're ready.

12 MR. VAZQUEZ: All right.

13 Seeing no hands, I just had a quick
14 question.

15 And I don't know if it gets more addressed
16 to Mr. Moon or Ms. Lumsden. But it's, you know, that
17 we're still getting complaints from taxpayers who
18 tried to transfer property under the old parent-child
19 exclusion, and are being told they're too late if the
20 deed was recorded by February 15th.

21 My staff explains that, one, an unrecorded
22 deed is acceptable; and, two, that the signature
23 of -- on it of February 16th is acceptable, since the
24 15th was a holiday.

25 And then they addressed this by the Chief
26 Counsel's Memo, the LTA No. 2 -- 2021/08, and the
27 FAQs on our website.

28 But would you mind stating, for the sake of

1 the listening public, where they can most easily find
2 the clear, simple statement to this effect on
3 Prop. 19 on our webpage.

4 MS. RENATI: Yes, Chairman.

5 So as you mentioned, that particular issue
6 has been brought up, and we do also still get
7 questions in regards to it.

8 We did specifically put that question and
9 answer in our LTA as you mentioned under 2021/008,
10 and it is question No. 4.

11 And also, as you also mentioned is we also
12 have on our website under our frequently asked
13 questions, and it's under the parent-child and
14 grandparent-grandchild section of that under question
15 No. 8.

16 So they are out -- that information is out
17 there, as you pointed out, in our website.

18 So if there's, you know, another spot that
19 you maybe think would be more accessible to the
20 public, then we're definitely willing -- open and
21 willing to get further input on that. But currently
22 that's where that information is.

23 MR. VAZQUEZ: Thank you.

24 So for the viewing public, and hopefully
25 folks that are listening, so you said it's on page 8,
26 I believe.

27 MS. RENATI: It's question No. 8 of our
28 frequently asked questions.

1 MR. VAZQUEZ: Oh, question.

2 MS. RENATI: Yeah. There's a tab under the
3 Proposition 19. If you -- if they click on
4 Proposition 19 on our website, there's a tab for
5 frequently asked questions. And it's under that
6 section in there.

7 And there's a part that deals with
8 parent-child and grandparent-grandchild questions.
9 And it's question No. 8.

10 MR. VAZQUEZ: Thank you.

11 MS. RENATI: You're welcome.

12 MR. VAZQUEZ: And going back just a minute
13 here for Ms. Renati.

14 In your opening remarks, I just wanted --
15 on -- especially based on your overview, it was clear
16 that you have various timeframes and targeted
17 completion dates associated with each part.

18 I just wanted to affirm that I'm very
19 supportive of that, and want to emphasize how
20 important it is for the taxpayers in my district and
21 myself to have received sound information that we can
22 rely on in a timeline -- in the timelines
23 established.

24 And so I just wanted to make that statement,
25 and appreciate that.

26 MS. RENATI: Thank you, Chairman. This is
27 Lisa Renati.

28 MR. VAZQUEZ: With that, was there -- you

1 said Mr. Moon was just there for reference, right?
2 He's not making a presentation?

3 MS. RENATI: Correct, Chairman. Mr. Moon
4 will be available in the next report regarding the
5 Legal Department.

6 MR. VAZQUEZ: Okay. I know you were going
7 through all the different bullets here. Did we leave
8 one out, or are we finished on your end?

9 MS. RENATI: No, it's -- if you will allow,
10 I can introduce the next report.

11 MR. VAZQUEZ: Please do.

12 MR. SCHAEFER: I wanted to comment on --

13 MR. VAZQUEZ: Vice Chair Schaefer, do you
14 have a question?

15 (Unintelligible background discussion.)

16 MR. VAZQUEZ: Just a reminder, if you're not
17 speaking, mute your --

18 (Unintelligible background discussion.)

19 MR. VAZQUEZ: Okay. Thank you.

20 I'm sorry, Ms. Renati. Go ahead.

21 MS. RENATI: Thank you, Chairman.

22 Again, this is Lisa Renati, Chief Deputy
23 Director.

24 The next report will be provided by Chief
25 Legal Counsel, Henry Nanjo, and Tax Counsel, Richard
26 Moon, who will provide a report on the Legal
27 Department's implementation actions, and the next
28 steps.

1 MR. NANJO: Thank you, Ms. Renati.

2 Chairman Vazquez, Honorable Members of the
3 Board, this is Henry Nanjo, Chief Counsel again.

4 I'm actually going to let Mr. Moon take a
5 break. So if there's questions for him, of course
6 he's available to answer. But I'll cover this brief
7 report on the Legal Department's implementation
8 actions.

9 As is the case with most elements of BOE,
10 the Legal Department has had a serious increase in
11 the number of inquiries we've gotten from taxpayers
12 and other professionals regarding Proposition 19
13 questions.

14 In an effort to provide timely service and
15 respond to these inquiries, the Legal Department's
16 been reorganized a little bit. I've actually
17 designated a senior attorney as a lead for
18 Proposition 19 issues.

19 That attorney, Ms. Sonya Yim, is also
20 working with the Property Tax Department and the TRA,
21 Taxpayers' Rights Advocate's Office, to ensure that
22 we have consistent answers, and that we get
23 appropriate information as quickly as possible to
24 those who are asking for our assistance.

25 In addition, the Legal Department has been
26 supporting the Property Tax Department and Taxpayer
27 Rights Advocates Department in reviewing material and
28 ensuring that we get appropriate and legally correct

1 information up on our websites and through materials
2 that have been sent out.

3 We also are working hand in hand with the
4 Property Tax Department with regards to making sure
5 that common inquiries and/or questions are answered.

6 I can't speak enough on behalf of the
7 Property Tax Department and the TRA for the efforts
8 they're doing in order to get information to
9 taxpayers.

10 Finally, the major efforts of the Legal
11 Department has been working with the California
12 Assessors' Association, and in conjunction with them
13 on both any efforts to get legislation and discuss
14 issues, as well as the yeomen's regulatory work that
15 Mr. Moon has already reported on and given you pretty
16 much a full report on.

17 But that's all -- again, we're dualtracking
18 two different regulations. One on the
19 intergenerational transfers, and the other one on the
20 base year values, in an effort to get some clarity
21 out to the assessors.

22 And that is primarily the report on the
23 Legal Department's implementation action.

24 Mr. Moon, did you have anything to add?

25 MR. MOON: No, nothing to add.

26 MR. NANJO: Thank you.

27 And back to you, Ms. Renati.

28 MS. RENATI: Our next report will be

1 provided by the Board of Equalization's Chief
2 Communication's Officer, Peter Kim.

3 He will provide a report on the
4 Communication Office's planned Prop. 19
5 implementation efforts.

6 MR. KIM: Thank you, Ms. Renati.

7 Chairman Vazquez and Honorable Members, this
8 is Peter Kim, Chief Communications Officer.

9 Members, today I will provide a brief report
10 on the Communication Office's efforts in
11 operationalizing and implementing Proposition 19.

12 As you know, the Board approved the
13 communications plan on education and outreach in
14 January.

15 I am closely collaborating with our
16 Taxpayers' Rights Advocate, Lisa Thompson, to explore
17 additional ways in educating and reaching out to
18 taxpayers.

19 The Proposition 19 webpage is continually
20 being updated and enhanced to provide the latest
21 information in realtime for taxpayers.

22 As of this morning, a minor refresh of the
23 design of the BOE website went live.

24 We've also added additional questions and
25 answers on the "frequently asked questions" page, and
26 posted the link to the latest letter to assessors
27 with a series of 44 questions and answers on the
28 intergenerational transfer exclusion provision

1 related to Proposition 19.

2 While it is guidance to county assessors, it
3 can also serve and be helpful to taxpayers in better
4 understanding Proposition 19.

5 We have also begun to post a notice on
6 existing webpages on the BOE website that have
7 Proposition 58 and 193 information to remind
8 taxpayers that they are no longer operative for
9 transfers on or after February 16th.

10 Since the Proposition 19 webpage went live
11 on November 10th, soon after the November 2020
12 general election, and up until yesterday, there have
13 been almost 100,000 unique external visits reflecting
14 that the BOE website is an essential communications
15 tool in sharing Proposition 19 information.

16 Finally, our social media channel such as
17 Facebook, Twitter and Instagram are being utilized to
18 expand our audience and direct followers to the BOE
19 website for the latest update.

20 This concludes my report. And I'm available
21 to answer any questions the Board may have.

22 Thank you.

23 MR. VAZQUEZ: Thank you, Mr. Kim. I just
24 have one quick question if nobody else has one.

25 And that's -- you know, the assessors and
26 Board Members have held virtual webinars on Prop. 19.
27 And I assume we will plan to continue more how-to
28 webinars, especially to help taxpayers understand and

1 comply with Prop. 19.

2 Could you tell me what's the best way for
3 the public to keep informed about these events?

4 MR. KIM: Mr. Chairman, thank you for that
5 question.

6 As I've commented before, our webpage is
7 really to serve as a repository of information. I
8 will look into seeing if it's feasible to add a
9 calendar of events tab on the Prop. 19 webpage to
10 possibly list events hosted by either Board Member
11 offices or county assessors where the Board is
12 partner when advanced notice is provided.

13 So I'll definitely take a look into that,
14 and follow up with your office and the Board.

15 Thank you.

16 MR. VAZQUEZ: Thank you.

17 I think there's a great need for some
18 personal how-to communication with taxpayers that
19 would be really helpful.

20 And I see a hand for Member Gaines.

21 Go ahead, Member Gaines.

22 MR. GAINES: Thank you, Chair Vazquez.

23 I was just wondering, Mr. Kim, if you could
24 maybe give me a little more -- little better sense in
25 terms of constituent contact at the website.

26 And I'm just trying to get a read on kind of
27 what that algorithm looks like in terms of the number
28 of people responding.

1 And are you seeing it diminishing as we get
2 farther away from the Prop. 19 deadline of
3 February 16th, or is that interest just continuing to
4 grow?

5 I don't know if you've got breakdowns on a
6 weekly basis, or daily basis, or something of that
7 nature, to kind of give me a little better indication
8 of the demand there.

9 MR. KIM: Yes, Board Member Gaines. Thank
10 you for that question.

11 I may need some assistance from our Property
12 Tax Department, because they are the lead in terms of
13 fielding questions from taxpayers.

14 But I do know that, generally speaking, that
15 all the questions we do receive, we make sure and
16 take inventory of what types of questions they have,
17 just so that we make sure that our webpage and our
18 website is responsive to their needs.

19 I don't know if someone from the Property
20 Tax Department could provide that information to you
21 now. But you could definitely circle back with the
22 Board if we can't do it at this moment.

23 MR. GAINES: How about just in a more
24 general sense. Do you know, like, how many hits
25 we're getting on the website kind of looking back on
26 a weekly basis?

27 MR. KIM: Yeah, I don't have that specific
28 data in front of me right now.

1 But I do know that, as I reported, we
2 have -- we almost have over -- I mean, almost 100,000
3 unique external visits since the webpage went live.

4 And so it is a reflection of just the demand
5 that taxpayers and other folks are looking for.

6 And so hopefully we continue to serve as
7 that repository of information for taxpayers.

8 MR. GAINES: Sure. Okay.

9 And I think -- my recollection is, weren't
10 we around 90,000 on February 11th?

11 I'm trying to remember the last time you
12 gave us a report. Was that the 11th, or --

13 MR. KIM: Yes, sir.

14 So the data that I provided to the Board was
15 as of February 16th. So it's been maybe a little
16 over a week.

17 MR. GAINES: Okay.

18 MR. KIM: And so, therefore, it's gone up to
19 almost 100,000. I think we're like 16 visits short
20 of being 100,000.

21 MR. GAINES: Okay.

22 MR. KIM: So that is just sort of a snapshot
23 of just the -- the traffic from that period.

24 MR. GAINES: All right. Wonderful. That's
25 helpful. Thank you.

26 MR. KIM: Thank you.

27 MR. VAZQUEZ: Thank you.

28 With that, seeing no other hands or

1 comments, let me have Ms. Renati, if you would please
2 introduce Ms. Thompson, who would report on the fifth
3 voted subitem, the Taxpayer Rights Advocate's Office
4 Implementation Actions.

5 MS. RENATI: Chairman, this is Lisa Renati,
6 Chief Deputy Director.

7 As you stated, the next report will be
8 provided by Lisa Thompson. She's our Taxpayers'
9 Rights Advocate. And she will provide a report on
10 the implementation actions to be completed by her
11 office.

12 MS. THOMPSON: Good morning, Honorable Board
13 Members. My name is Lisa Thompson. I'm the agency's
14 Taxpayers' Rights Advocate.

15 And I'm pleased to report to you on the
16 Proposition 19 implementation and action plan for the
17 Taxpayer Rights Advocate's Office.

18 The Taxpayers' Rights Advocate Office is
19 reviewing guidance issued by the Property Tax
20 Department and Board-prescribed forms adopted to
21 ensure we are aware of all the comprehensive
22 information issued by our agency to assist county
23 assessors and taxpayers with the effects of
24 Proposition 19.

25 As soon as implementing legislation has been
26 adopted for the provisions of Proposition 19, the
27 Taxpayers' Rights Advocate Office will begin revising
28 existing information sheets on the

1 grandparent-child -- or -- excuse me -- parent-child
2 and grandparent-grandchild transfer exclusion, as
3 well as the base year value transfer for seniors and
4 disabled persons.

5 Because property transfers and home
6 purchases will have occurred prior to the effective
7 date of Proposition 19, it is important that we
8 maintain information concerning transfers occurring
9 before this time when Proposition 58 and 193 were
10 still in place for family transfers, as well as under
11 Proposition 69 and 110 for seniors and disabled
12 persons.

13 We're considering how best to present this
14 in conjunction with property transfers occurring
15 after the effective dates of Proposition 19 for the
16 various provisions.

17 It is important to the Taxpayer Rights
18 Advocate's Office that taxpayers understand what laws
19 apply to them and under what timeframes.

20 It is likely that we will have information
21 sheet publications that address transfers occurring
22 before and after a certain date.

23 To ensure the taxpayers are aware, there
24 were changes made to the exclusion and base year
25 value transfer provisions.

26 The Taxpayers' Rights Advocate Office worked
27 with the Communications Officer, Mr. Peter Kim, as
28 well as the Legal Department, to place an important

1 notice on the TRA office's webpage under the
2 "Taxpayer Education Area" to notify taxpayers that as
3 of certain dates, the provisions for the family
4 transfer exclusion and base year value transfers were
5 affected by the passage of Proposition 19.

6 Specifically, that the parent-child and
7 grandparent-grandchild transfer exclusion added by
8 Proposition 58 and 193 are repealed, and that
9 Proposition 19 instituted new intergenerational
10 transfer exclusion rules as of February 16th, 2021,
11 and also that Proposition 19 instituted new base year
12 value transfer provisions for persons age 55 and
13 over, and disabled persons, that become effective on
14 April 1st, 2021.

15 The Taxpayers' Rights Advocate Office will
16 continue to work with the Communications Officer on
17 education and outreach, which is the topic of the
18 next agenda item.

19 Unless there are any questions regarding the
20 update for the Taxpayers' Rights Advocate Office
21 implementation plan, that concludes my update.

22 MR. VAZQUEZ: Thank you.

23 Members, do we have any questions of
24 Ms. Thompson?

25 Seeing no hands, we will continue.

26 Ms. Renati, I believe you have -- is it
27 Ms. Thompson coming back again? I think she is.

28 MS. RENATI: Chairman, that's correct.

1 The final report will be provided by
2 Taxpayers' Rights Advocate, Lisa Thompson, who will
3 provide a report on implementation actions regarding
4 education outreach as regards to Prop. 19
5 implementation.

6 MS. THOMPSON: Again, I'm Lisa Thompson, and
7 I'm here to present information on the Proposition 19
8 implementation and action plan for education and
9 outreach.

10 As of the February 11th, 2021 Board Meeting,
11 the Communications Officer, Peter Kim, and I provided
12 an update on the activities related to education and
13 outreach.

14 As part of my remarks, I explained that a
15 facts sheet on Proposition 19 was created and posted
16 to our website under the "Additional Resources" tab
17 of our Proposition 19 page, which presented
18 information on the base year value provision for
19 seniors and disabled persons that will become
20 effective April 1st, and presents information on the
21 parent-child and grandparent-grandchild exclusion
22 that became effective February 16th, 2021.

23 I also updated you on the creation of the
24 PowerPoint presentation on Proposition 19 that could
25 be used for speaking engagements by Board Members'
26 offices, and standard PowerPoint presentation slides
27 that were posted to our website.

28 Peter Kim and I have been watching for

1 implementing legislation for Proposition 19 so we can
2 make any updates to the fact sheet and PowerPoint
3 presentation as necessary.

4 Peter Kim and I are also working closely
5 together in collaborating on updates to
6 Proposition 19 frequently asked questions on our
7 website to ensure taxpayers are informed.

8 Recently a question was added to the website
9 addressing how to apply for the homeowner's or
10 disabled veteran's exemption, and directing them to
11 additional resources about those exemptions.

12 Since taxpayers apply for the parent-child
13 and grandparent-grandchild exclusion are required
14 under Proposition 19 to file for the homeowner's or
15 disabled veteran's exemption within one year.

16 So as indicated previously, Taxpayers'
17 Rights Advocate Office will revise its information
18 sheet -- sheets on the exclusion and base year value
19 transfer topics affected by Proposition 19, and
20 continue to draft information sheets on other topics
21 to ensure taxpayers have information available to
22 them in simple, nontechnical terms.

23 This concludes my update for the education
24 and outreach implementation plan. I'm available if
25 you have any questions.

26 MR. VAZQUEZ: Thank you.

27 Members, do we have any questions or
28 comments for Ms. Thompson?

1 Member Gaines, go ahead.

2 MR. GAINES: Thank you, Chair Vazquez.

3 I just want to thank Ms. Thompson and,
4 again, Mr. Kim, for their efforts. That website is
5 just so much better than it has been historically.

6 And I think, you know, if we could just
7 continue to make sure that we're staying in touch
8 with constituent needs, and having that reflected
9 through our website, it's a great means of
10 communication to our constituents.

11 So I just want to thank them for their
12 efforts, and improving it so dramatically.

13 Thanks.

14 MR. VAZQUEZ: Thank you.

15 Vice Chair Schaefer, I think it was, had a
16 hand up.

17 MR. SCHAEFER: Yes, Chair Vazquez.

18 I'm just reading Ms. Thompson's report.
19 It's out, I think, a little earlier this year, which
20 I like.

21 I notice under "taxpayer service
22 improvements" on page 10, features six counties that
23 have made improvements in the services provided to
24 the public. None of those counties are in my
25 district. I wondered if my district ever does submit
26 something for her valuation.

27 I assume she solicits all 58 districts. And
28 some choose to respond, some, I guess, choose to not

1 respond.

2 Could she tell me something about her
3 experience in dealing with District 4 assessors'
4 offices.

5 Hello?

6 MS. THOMPSON: Yes.

7 So yesterday I provided an update on the
8 Taxpayer Rights Advocate annual report. And that
9 just as -- in addition to our educational component
10 that I discussed with you today.

11 What we do is we solicit input from
12 assessors each year. And after the fiscal year, and
13 about August timeframe, we send the request to all 58
14 counties.

15 It's a one bulk e-mail that asks for
16 information on different customer service
17 improvements that they have submitted during that
18 particular fiscal year of the report, that we're
19 seeking information for that we would like to
20 incorporate into our annual report.

21 So assessors determine whether they're going
22 to submit information to incorporate.

23 But even though a particular county might
24 not be identified in the report, it doesn't mean that
25 they are not providing customer service improvements,
26 or they've done improvements to their systems during
27 that timeframe.

28 So --

1 MR. SCHAEFER: Well, then that doesn't --

2 MS. THOMPSON: -- historically --

3 MR. SCHAEFER: Ms. Thompson, that doesn't
4 mean they ignored you. They may have submitted, or
5 may not have submitted something.

6 And, in any event, it's not in the top six
7 that you featured, which I have no problem with that.

8 MS. THOMPSON: Yeah. We submit -- if
9 someone submitted -- if an assessor submitted
10 information, we would incorporate it.

11 But, yes. So if it was submitted, it was
12 incorporated.

13 But, you know, in many respects, at
14 different assessor's offices they may, you know,
15 place information on their own website to indicate
16 different, you know, service improvements that they
17 made.

18 MR. SCHAEFER: Yeah. Well, this morning I
19 talked with the Imperial County assessor, and they
20 have a growing hemp business. Which is dealing with
21 the fibers and making the clothes, and disputes they
22 have with the Bureau of Reclamation to buy water.

23 And we're making a lot of progress there to
24 be able to better serve the hemp -- the hemp farmers
25 in our district.

26 And I would like a lot of this very positive
27 stuff, as soon as it's finalized, to maybe get into
28 your top six. But, you know, if they don't submit

1 it, you can't know about it. Okay.

2 MS. THOMPSON: Okay. Well, thank you very
3 much. But -- yeah.

4 And I'll reach out to the Imperial County
5 assessors separately in addition to a group e-mail
6 just to inquire that.

7 But this would be -- what's reflected in our
8 report pertains to, you know, assessment -- property
9 tax assessment. So if it was not in that area, the
10 hemp area, it's just --

11 MR. SCHAEFER: Sure.

12 MS. THOMPSON: -- different than --

13 MR. SCHAEFER: (Unintelligible.)

14 MS. THOMPSON: (Unintelligible.)

15 -- property tax matters, then it wouldn't be
16 reflected in our report. But I will reach out to the
17 assessors to ask them --

18 MR. SCHAEFER: Robert Dunville, the
19 assessor, has been there for many years, and really
20 knows the community.

21 I've been down to a rodeo with him with my
22 staff. And we feel that he's doing a great job.

23 Thank you.

24 MS. THOMPSON: Thank you.

25 MR. VAZQUEZ: Thank you.

26 Seeing no other comments, let me have
27 Ms. Taylor, if you would please check -- do we have
28 any written comments on this item before we go to the

1 public?

2 MS. TAYLOR: Sir, we do not.

3 MR. VAZQUEZ: Let's go ahead and check with
4 AT&T to see if there's any public comments on
5 Prop. 19 implementation action plan.

6 MS. TAYLOR: Thank you.

7 AT&T moderator, can you please let us know
8 if there's anyone on the line who would like to make
9 a public comment regarding this matter.

10 For the record, we request that callers
11 provide their name and limit their remarks to three
12 minutes.

13 AT&T MODERATOR: Thank you.

14 If you wish to make a comment, please press
15 one, and then zero at this time.

16 Now we'll go to the line of Joseph.

17 Please state your name, followed by your
18 comment.

19 MR. PENINO: Joseph Penino.

20 My comment is that I have a memorandum dated
21 January 8th, 2021 from Chief Counsel Nanjo. And it
22 specifically states in there the implementation of
23 the base transfer -- base year value transfer.

24 And it gives a -- there's a question
25 regarding it. And it's very clear at that point that
26 the process does not have to take -- that the
27 process -- there's an exemption for the April
28 exemption. Which basically means the transfer --

1 just filling out a form.

2 Any comments on that?

3 MR. VAZQUEZ: Is Mr. Nanjo on the line
4 still?

5 MR. NANJO: Yes, I am, Chairman Vazquez.

6 For the speaker, this is kind of what we
7 were talking about earlier in the discussion.

8 The Chief Counsel memo and guidance that we
9 provide the assessors is just that, it's guidance.

10 The individual assessors may or may not
11 choose to follow it.

12 So that's an issue to take -- for the
13 speaker to take -- or the caller to take up with
14 their individual county assessor.

15 And this also, as I mentioned earlier in the
16 proceedings or hearing today, this is why we feel
17 that it's necessary to do some of this by regulation.

18 Thank you, Chairman Vazquez and Members of
19 the Board.

20 MR. VAZQUEZ: Thank you.

21 Ms. Taylor, do we have anybody else on the
22 line?

23 MS. TAYLOR: We do not.

24 MR. VAZQUEZ: Thank you.

25 You know what, can we also check if the
26 assessors -- you know, I know we have a couple of the
27 assessors. If they wish to comment or make any
28 suggestions or questions on this item before we move

1 on as well.

2 Hearing and seeing none, I think we're okay.

3 Ms. Taylor, before we move on to the next
4 item, I just wanted to see if I can get you to go
5 back.

6 It just occurred to me that when we were
7 discussing the rulemaking item under G on the agenda,
8 we didn't make a motion supporting that rulemaking.
9 And I was wondering if we could go back to that.

10 MS. TAYLOR: Sure. I can recall the item,
11 and then you can proceed.

12 MR. VAZQUEZ: Please.

13

14 **ITEM G1 RECALLED**

15

16 MS. TAYLOR: We will return to G1, Chief
17 Counsel Matters, Rulemaking overview of the plans to
18 develop guidance and rulemaking, that was presented
19 by Mr. Moon.

20 MR. VAZQUEZ: Thank you.

21 And I would just like to entertain a motion
22 to see if we can get a motion to support that
23 rulemaking that took place.

24 And I see a hand up by Ms. Stowers.

25 Go ahead, Ms. Stowers.

26 MS. STOWERS: Thank you, Chairman Vazquez.

27 I'm prepared to make a motion to authorize
28 staff to move forward with the regular rulemaking

1 process as described by Mr. Moon during the
2 discussion under G1.

3 The action should include the following
4 eight items, and other steps as needed:

5 Prepare property tax rules to address
6 intergenerational transfer and base year transfer.

7 Amend existing property tax rules as needed.

8 If and when SB-539 is enacted, come back to
9 the Board for approval of the emergency rules related
10 to intergenerational transfers and base year
11 transfers.

12 Complete the public comment period for
13 intergenerational transfers by next week.

14 Complete the public comment period for base
15 years one to two weeks later.

16 Six, come back to the Board in April for
17 approval to have the Office of Administrative Law
18 publish a notice of proposed action for the
19 intergenerational transfers, and come back to the
20 Board in May for the Office to approve the notice of
21 proposed action for base year transfer.

22 And, hopefully, No. 8, the Board to approve
23 the intergenerational transfers in July, the property
24 taxes for that transfer.

25 And then in August, approve the property tax
26 rules for base year transfers.

27 MR. GAINES: Second.

28 MR. VAZQUEZ: It's been moved and second.

1 Seeing no other comments or questions,
2 Ms. Taylor, if you would please call the roll on
3 that.

4 MS. TAYLOR: Chair Vazquez.

5 MR. VAZQUEZ: Aye.

6 MS. TAYLOR: Vice Chair Schaefer.

7 MR. SCHAEFER: Aye.

8 MS. TAYLOR: Member Gaines.

9 MR. GAINES: Aye.

10 MS. TAYLOR: Member Cohen.

11 MS. COHEN: Aye.

12 MS. TAYLOR: Deputy Controller Stowers.

13 MS. STOWERS: Aye.

14 MR. VAZQUEZ: So that's unanimous of those
15 present.

16 And with that, Ms. Taylor, if we could move
17 on. I guess now we're on the fourth item.

18 MR. NANJO: Chairman Vazquez, this is
19 Chief Counsel, Henry Nanjo.

20 MR. VAZQUEZ: Yes. Go ahead.

21 MR. NANJO: On behalf of the Legal
22 Department, we will try to comply as closely with
23 that timeline as possible.

24 But if I can ask the Board Members for some
25 flexibility, we are kind of dependent on working with
26 the Office of Administrative Law. And sometimes
27 things don't go exactly as we planned.

28 So if we can use that as general authority

1 and guidance for the timeline, please understand that
2 we may need to modify that as necessary.

3 MS. STOWERS: Chairman Vazquez.

4 MR. VAZQUEZ: I'm sorry.

5 Ms. Stowers, go ahead.

6 MS. STOWERS: This is Yvette Stowers.

7 I wanted to adjust my motion to understand
8 that they would have to adjust the timelines, as they
9 are dependent on other agencies.

10 So just as long as they are moving forward,
11 as Mr. Nanjo commented.

12 MR. GAINES: Second.

13 MR. VAZQUEZ: Ms. Taylor, I guess we need to
14 take another roll call on that amendment then.

15 MS. TAYLOR: Certainly.

16 Chairman Vazquez.

17 MR. VAZQUEZ: Aye.

18 MS. TAYLOR: Vice Chair Schaefer.

19 MR. SCHAEFER: Aye.

20 MS. TAYLOR: Member Gaines.

21 MR. GAINES: Aye.

22 MS. TAYLOR: Member Cohen.

23 MS. COHEN: Aye.

24 MS. TAYLOR: Deputy Controller Stowers.

25 MS. STOWERS: Aye.

26 MR. VAZQUEZ: Thank you, Members.

27 So that's approved, unanimously.

28 And with that, Ms. Taylor, if we could move

1 on to the fourth item.

2
3 **ITEM K4**

4
5 MS. TAYLOR: The next item is K4,
6 Legislative Research and Statistic Division, Chief's
7 Report.

8 The first subitem is K4b, proposed
9 legislation related to the implementation of
10 Proposition 19, presented by Ms. Fleming.

11 MR. VAZQUEZ: Ms. Fleming, are you available
12 to tell us about the proposed Prop. 19 implementation
13 legislation, SB-539, and the next steps in the
14 process, and the recommended action for the Board?

15 MS. FLEMING: Yes.

16 Thank you, Chairman Vazquez and Honorable
17 Members. Brenda Fleming, Executive Director.

18 Members, as you've heard today with some
19 really good discussion, and we certainly hope the
20 information provided not only provides updates on
21 what's going on with Senate Bill 539, but the
22 importance of this legislation, and the need to
23 clarify some of those things that are ambiguous.

24 So we really appreciate the discussions and,
25 Members, we also appreciate the support to proceed
26 with the rulemaking process.

27 Members, based upon today's discussion,
28 staff recommends that as we prepare for the next

1 steps, which would be the Legislative Policy
2 Committee Hearings, that we have the Board submit a
3 letter and Board approval to submit a letter of
4 support for Senate Bill 539 to the Legislature.

5 Based upon some conversations that we're
6 having with the -- with the Policy Committee and both
7 Houses, it looks like we need a letter of support by
8 Friday, February 26th, in anticipation of some
9 possible hearings coming up soon.

10 So if we could, Members, I would appreciate
11 the Board's approval to proceed with a letter of
12 support for Senate Bill 539.

13 MR. VAZQUEZ: Thank you.

14 Members, do we have any questions or
15 comments of Ms. Fleming and her recommendation?

16 MR. GAINES: Do we need a motion?

17 MR. VAZQUEZ: I believe so.

18 MR. GAINES: So moved.

19 This is Member Gaines.

20 MR. SCHAEFER: Member -- Vice Chair
21 Schaefer.

22 I second it.

23 MR. VAZQUEZ: It's been moved and second.

24 And, actually, hold on -- oh, I see a hand
25 by Ms. Stowers.

26 Go ahead, Ms. Stowers.

27 MS. STOWERS: I'm in support of the motion.
28 I just wanted clarification.

1 Board approval of SB-539, will this letter
2 be going out on the Chair's letterhead, or will it be
3 going out over the --

4 MR. VAZQUEZ: What's -- what's -- well, how
5 do the Members feel about that? I'm good either way.

6 MR. GAINES: If you need to do it quickly, I
7 just assume have the Chair do it. But I'm flexible,
8 whatever the Board desires.

9 MS. STOWERS: I would like the Chair to do
10 it as well.

11 MR. VAZQUEZ: Ms. Stowers, do you want to do
12 that?

13 MS. STOWERS: Yes to the Chair.

14 MR. VAZQUEZ: Okay. We'll just do it
15 through the Chair. Because it will probably be the
16 fastest thing.

17 So we have a --

18 MS. FLEMING: Thank you, Members.

19 MR. VAZQUEZ: So we have a second, and I
20 see -- I see a hand up by Mr. Dronenburg.

21 Go ahead, Ernie.

22 MR. DRONENBURG: Yeah. I'm issuing a
23 support letter on my stationary as president of CAA,
24 and it will be there, too, by Friday.

25 So -- but it will -- it will -- that's
26 generally how the CAA operates, the president issues
27 the letter, you know.

28 MR. VAZQUEZ: Appreciate that.

1 Ms. Fleming, is that -- that's all you need
2 at this point, right?

3 MS. FLEMING: Yes, sir.

4 Thank you, Members, for the support.

5 Thank you for preparing to send and submit a
6 letter of support on SB-539. Much appreciated.

7 MR. VAZQUEZ: Let me get Ms. Taylor to call
8 roll on that.

9 MS. TAYLOR: Chairman Vazquez.

10 MR. VAZQUEZ: Aye.

11 MS. TAYLOR: Vice Chair Schaefer.

12 MR. SCHAEFER: Aye.

13 MS. TAYLOR: Member Gaines.

14 MR. GAINES: Aye.

15 MS. TAYLOR: Member Cohen.

16 MS. COHEN: Aye.

17 MS. TAYLOR: Deputy Controller Stowers.

18 MS. STOWERS: Aye.

19 MR. VAZQUEZ: So that's unanimous of all
20 those present.

21 Ms. Fleming, was there anything else on your
22 report, or was that it?

23 MS. FLEMING: Chairman and Members, that
24 concludes my report.

25 MR. VAZQUEZ: Thank you.

26 And, moving forward, if there's no other
27 comments or questions, let me get Ms. Taylor to call
28 the next item.

ITEM N

MS. TAYLOR: The final item would be N,
Public Comment on matters not on the agenda.

We did call this yesterday, but we can call
it again if you wish.

MR. VAZQUEZ: Okay. Well, let me ask
Mr. Nanjo.

Do we have to, or are we -- I just want to
make sure we're in compliance here.

MR. NANJO: No, we are in compliance. There
is no need to call it, because it was called
yesterday.

MR. VAZQUEZ: So, Ms. Taylor, it sounds
like --

MR. NANJO: It's your call, sir.

MR. VAZQUEZ: If the Members are
comfortable, I would just move on.

Ms. Taylor, there's no other -- and I see
heads nodding. So I think we're good.

I just want to make sure legally we're doing
this thing right.

And, Ms. Taylor, it sounds like that's the
end of today, is that correct?

MS. TAYLOR: That is correct.

MR. VAZQUEZ: Let me -- in closing, and then
I'll turn it over to see if there's any other Members
that want to have any comments.

1 I would just like to thank Ms. Fleming,
2 Mr. Moon, Ms. Renati, and the entire BOE staff, and
3 the assessors, team members, for the tremendous work
4 they did getting this legislation into the form it is
5 today.

6 As well as the efforts that develop to
7 publish the detailed letters to the assessors, a
8 dozen important forms, facts sheets, and other
9 information required for the effective Prop. 19
10 implementation. It was a Herculean task, and in very
11 short time.

12 In recognition of Black History Month, I'd
13 like to adjourn this meeting in honor of the Civil
14 Rights' leaders, past and present, and the countless
15 Americans from all walks of life who continue to work
16 for promoting awareness and positive change to help
17 create fairness and equity for all Black Americans.

18 And with that, let me just see if there's
19 anybody else that has any other closing remarks
20 before we officially adjourn this meeting.

21 Seeing no other hands or comments, we stand
22 adjourned.

23 Oh, I'm sorry. I see a hand from Member
24 Gaines.

25 Go ahead.

26 MR. GAINES: I'm sorry. I didn't get my
27 hand up fast enough.

28 MR. VAZQUEZ: Not a problem. Go ahead.

1 MR. GAINES: I just wanted to thank you for
2 your leadership effort. Because it's been a lot of
3 work to address Prop. 19. And the Board as a whole,
4 I think, has done well. And certainly the staff that
5 put in the long hours.

6 But, Tony, you're -- you're the head, you're
7 our Chair. And thank you for that leadership.

8 MR. VAZQUEZ: Thank you all. And thank you
9 for your patience.

10 I know at one point it was really -- we were
11 all kind of nervous, because we just couldn't get
12 anybody to put together this bill for us.

13 And, like I said, I just wanted to thank
14 obviously the leadership, Senator Hertzberg, and my
15 Senator, Ben Allen, as well as Senator McGuire for
16 stepping up and being coauthors.

17 Because hopefully with that combination, we
18 can get this thing through in a very timely manner.

19 Because I know in listening to the
20 assessors, they're really, really in a pinch. You
21 know, they need to know ASAP, so they can begin to
22 implement Prop. 19.

23 I thank you all.

24 And I see a hand up by my Vice Chair
25 Schaefer.

26 Go ahead.

27 MR. SCHAEFER: Chair Vazquez, I just want to
28 second Member Gaines' laudatory remarks.

1 And especially thank Senator Bob Hertzberg
2 for all he's done. He is the most powerful -- second
3 most powerful senator in the state. He's given his
4 full time to making all this happen. He should know
5 that we all appreciate him very much.

6 MR. VAZQUEZ: Thank you.

7 And with that, Members, we will go ahead and
8 officially adjourn this meeting.

9 And I have 12:02. And our next meeting is
10 scheduled for March 23rd at 10:00 a.m., unless we
11 have any other comments.

12 And thank you again to the assessors. I see
13 Mr. Dronenburg is still with us. And I believe
14 Jeff Prang is still with us.

15 Thank you for your time. I know we held you
16 over for most of yesterday, and part of today as
17 well. Thank you for your participation and your
18 patience as well.

19 With that, we're officially adjourned. And
20 we'll see you all on March 22nd.

21 Thank you. Enjoy your rest of your day.

22 MR. GAINES: Take care.

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