



2023 Mid-Year Update

CATA Members and All Interested Parties:

Introduction

I am honored to serve a second term as the Chairman of the Board for 2023, and concurrently serve in the role of President as an officer. Marc Aprea of Aprea & Micheli continues to be instrumental navigating the political process so that CATA remains relevant in matters that impact state and local taxation.

Your membership and contributions to CATA are critical in maintaining our eyes and ears in Sacramento with the expert team of Marc Aprea. This year, Aprea and Micheli initiated legislative updates that are published in CATA's new quarterly newsletter to its members. They also send legislative alerts to the CATA Board and Officers that we further share with our membership.

One of the more important roles of Aprea and Micheli is the interaction and collaboration with board members of the State Board of Equalization (SBOE). Since the SBOE has been stripped of most of its original responsibilities, they are left with the responsibility of property tax administration/oversight. We cannot afford, as an industry, to lose the SBOE as it is critical to maintaining uniformity among the 58 counties within California insuring the administration of ad valorem assessment practices, equalization and statutory compliance. CATA must continue its alliance with the SBOE so that taxpayers and practitioners continue to be guaranteed a semblance of uniformity throughout the State.

We encourage anyone who has an interest in California state and local tax issues to join CATA or at minimum contribute as a supporter of CATA to insure we have a voice at every level of government that impacts fair and equitable treatment in the area of taxation. WE NEED YOUR SUPPORT!

First Half of 2023

The first half of 2023 began with the introduction of ACA-11, Assembly Constitutional Amendment, which proposes to abolish the State Board of Equalization ("SBOE") and reassigns its responsibilities to other state tax agencies effective January 1, 2026.

CATA along with many other groups, legislators and SBOE members are actively pursuing support to oppose ACA-11. We believe the SBOE will ultimately remain to perform its Constitutional mandate of administering county assessors, policies, assessor training/certification and statutory uniformity. We will keep all informed of the progress as we fight to preserve taxpayers' rights to due process.

Prior Efforts

State Board of Equalization public hearing agenda entitled "Impact of Public Calamities on Property Tax Administration: County Board of Equalization / AAB Remote Hearings". The purpose of this topic was to evaluate various aspects of property tax administration, hearings and other processes impacted by public calamities. CATA formed a special committee from its membership to address concerns regarding the implementation of virtual hearings, relevance of virtual hearings versus in-person appearances, and prevent loss of due process as counties and taxpayers deal with restrictions arising from public calamities. Basically, we had to address if counties have the right to mandate a particular type of hearing process during public calamity or should the taxpayer be given the same right to control the process in a manner that maintains uniformity, transparency and due process.

Another notable issue CATA addressed was AB1203, which amended Sections 1624.05 and 1624.1 of the California Revenue and Taxation Code. In summary, the amendments expanded qualifications required to become an Assessment Appeal Board Member (AABM), thereby expanding the candidates available to be appointed as AABM, and concurrently reduces the "cooling off" period for anyone employed by the County from three years to one year to become an eligible AABM. Obviously, shortening the cooling off period gave us concerns from less qualified AABMs to potential conflicts of interest of ex-county employees sitting as AABM only one year after leaving the county's employment.

CATA had vigorously opposed AB1203, but not without first attempting a more favorable amendment that continues to maintain a fair and unbiased Assessment Appeals Board structure for taxpayers and representatives. The Bill ultimately passed.

CATA continues its Assessor Outreach program maintaining interaction with major counties such as Los Angeles, Riverside/San Bernardino, San Francisco, Orange and San Diego. Our most active interaction has been with the Los Angeles County Executive Office, the Assessment Appeals Board and other divisions that are responsible for the Assessment Appeals Board process.

Most recently, the Assessment Appeals Board Executive Office has begun to survey the assessment appeal process to determine if certain aspects of the process can be improved to address backlogs, timely processing current appeals and coordination of scheduling of hearings that provide taxpayers a forum of due process. The main concern is the timely resolution of

assessment appeals, and procedures that allow taxpayers and representatives to address issues without intimidation.

Let's not diminish the prior efforts of CATA of sponsored amendments to Property Tax Rules 302, 305, 305.1, 305.2 and 323, which became effective January 1, 2020. Most of you may have already seen the results of referenced amendments as the Amended Rules became effect on January 1, 2020, (see LTA No. 2019/051). Those amendments, which promote fairness to taxpayers in property tax hearing procedures, were the result of CATA's efforts in 2018 and 2019.

In addition, the SBE adopted a new "Request for Information" form which standardized Rev. & Tax. Code Section 441(d) requests from Assessors statewide. Much of the language in the new form was requested by CATA in order to limit overbroad and overreaching Section 441(d) requests issued by some Assessors. Concurrently, the SBE amended its *Assessment Appeals Manual* to incorporate language CATA had proposed clarifying standards for the granting of postponements and continuances by Assessment Appeals Boards. The Board's actions were the culmination of CATA's advocacy efforts in 2018 and 2019.

We are now 18 months since the pandemic began, and I would like to reiterate the efforts of CATA as one of the first taxpayer organizations to address the COVID-19 situation. With the assistance of Marc Aprea, CATA's Board Members and Officers drafted a proposed letter to the Governor requesting mid-year decline-in-value relief. However, before the letter could be issued that effort was eclipsed by more immediate concerns with the April 10 property tax payment deadline and requests to the Governor to postpone the payment date.

Soon after that, the SBE announced plans to establish a Property Tax Relief Task Force to address issues caused by COVID-19. The SBE's Chair, Antonio Vazquez, asked CATA to participate in the Task Force's efforts. Again, CATA's Board and Officers, as well as several Committee Chairs, jumped into action by developing potential solutions for the short-term, medium-term, and long-term problems facing property taxpayers. As discussed below, CATA's proposals became the basis for the five areas of property tax relief that the SBE has considered. At a meeting on April 21, CATA's Treasurer Nick Fogle and Board Members Cris O'Neill and Wes Nichols presented several ideas to the SBE for consideration. The presentation was overseen by CATA's President, Paul Waldman. After hearing presentations from CATA, the California Assessors Association, and the CACEO, among others, the SBE set up five working groups or teams to address the following areas:

- (1) May 7 deadline for filing Business Personal Property Statements
- (2) 2-year deadline under Rev. & Tax. Code Section 1604(c), and the 60-day deadline for filing appeals on supplemental and escape assessments

- (3) Disaster relief (M&C claims) under Rev. & Tax. Code Section 170
- (4) Decline-in-value relief, including moving the January 1, 2020 lien date
- (5) Electronic signatures on Business Personal Property Statements and other forms

CATA representatives participated in working groups: Group (1) – Sean Keegan; Group (2) – Cris O’Neill and Wes Nichols; Group (3) – Peter Kotschedoff; Group (4) – Cris O’Neill, Wes Nichols, Paul Waldman and Peter Kotschedoff; Group (5) – Sean Keegan. Marc Aprea participated in all five working group meetings. After these meetings, CATA’s representatives prepared position

papers on each issue, and at the Task Force’s meeting on April 29 CATA’s representatives presented the following proposals:

- (1) Extend BPP Statement filing deadline beyond May 7 and waive late-filing penalty
- (2) Extend Section 1604(c) 2-year statute, and extend 60-day appeal filing deadline
- (3) Remain neutral on Section 170 disaster relief (M&C claims)
- (4) Allow declines-in-value based on post-COVID-19 market data
- (5) Permit forms to be signed electronically in lieu of “wet” signatures

The SBE subsequently met on May 13 and June 9 of 2020, to consider the proposals that CATA and other organizations had presented. CATA’s representatives testified at both of those SBE meetings. We are pleased to report that SBE adopted Letters to Assessors accepting CATA’s proposals (1) and (5) above, and that CATA’s proposal (2) was also adopted by the SBE. CATA’s proposal (4) remains under consideration by the SBE. The SBE has not taken a position on Section 170 disaster relief.

Kind regards,



James R. DePasquale, Chair & President
California Alliance of Taxpayer Advocates (CATA)

CATA is a leading property taxpayer advocacy group in California. If you would like to get involved in CATA’s advocacy efforts, become a member, contribute or if you have questions about any of the topics discussed above, please contact James DePasquale at jdepasquale@dkctax.com.