

BEFORE THE OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

IN THE MATTER OF THE APPEAL OF,)
)
CALIFORNIA WOOD RECYCLING,) OTA NO. 18011893
)
)
APPELLANT.)
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TRANSCRIPT OF PROCEEDINGS

Los Angeles, California

Friday, February 22, 2019

Reported by:
ERNALYN M. ALONZO
HEARING REPORTER

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Transcript of Proceedings, taken at
355 South Grand Avenue, South Tower, 23rd Floor,
Los Angeles, California, 90021, commencing
at 8:00 a.m. and concluding at 8:57 a.m. on
Friday, February 22, 2019, reported by
Ernalyn M. Alonzo, Hearing Reporter, in and
for the State of California.

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APPEARANCES:

Panel Lead: Hon. JEFF ANGEJA
Panel Members: Hon. LINDA CHENG
Hon. DOUGLAS BRAMHALL

For the Appellant: BILL CAMARILLO
JIM FIER

For the Respondent: DEPARTMENT OF TAX AND
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(CDTFA's Exhibit was received at 6.)

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Los Angeles, California; Friday, February 22, 2019

8:00 a.m.

ADMINISTRATIVE LAW JUDGE ANGEJA: Good morning, everybody. We're now on the record at the Office of Tax Appeals where we're hearing the appeal for California Wood Recycling, Case I.D. 18011893. We're in Los Angeles, California. The date is Friday, February 22nd, and it is 8:00 o'clock.

I am Jeff Angeja. I'm the lead administrative judge for this hearing. My co-panelist are Doug Bramhall and Linda Cheng.

Appellants could you please identify yourself for the record?

MR. FIER: Jim Fier, representative.

MR. CAMARILLO: Bill Camarillo, CEO.

ADMINISTRATIVE LAW JUDGE ANGEJA: All right. And tax and Fee?

MS. HE: Mengjun He.

MR. CLAREMON: Scott Claremon.

MS. RENATI: Lisa Renati.

ADMINISTRATIVE LAW JUDGE ANGEJA: And Ms. Renati, the position you have?

MS. RENATI: Hearing representative is my.

ADMINISTRATIVE LAW JUDGE ANGEJA: Is it PTS3

1 or --

2 MS. RENATI: No. I'm a Supervising Tax Auditor
3 Three.

4 ADMINISTRATIVE LAW JUDGE ANGEJA: I remember my
5 first set of conferences. I didn't write that sort of
6 information down, and I had to call back and get it. It
7 was embarrassing. And now I make sure I get it out of the
8 gate. Okay.

9 And the parties have agreed that the issue is
10 whether Appellant has established that its use of certain
11 equipment and diesel fuel qualifies for the partial
12 farming exemption pursuant to Revenue and Taxation Code
13 Sections 6356.5 and 6357.1.

14 And during out prehearing conference each party
15 had known exhibit and agreed that there were no objections
16 to those exhibits. So we've marked them and distributed
17 them Appellant's Exhibit 1, which has been provided.
18 That's the power point. And CDTFA's Exhibit A that was
19 attached to the DNR, which is the lease. And without
20 objection I'll admit those into evidence.

21 (Appellant's Exhibit 1 was received
22 in evidence by the Administrative Law Judge.)

23 (Department's Exhibit A was received
24 in evidence by the Administrative Law Judge.)

25 ADMINISTRATIVE LAW JUDGE ANGEJA: And we've got

1 one witness today, Mr. Camarillo. I'll swear you in a
2 moment as an overview. As I explained in the prehearing
3 conference, we'll have minutes for Appellant's
4 presentation. CDTFA was allowed 15-minutes as well.
5 There's a 5-minute rebuttal.

6 I'm thinking it would better if we hold our
7 questions until the end. They might be answered in the
8 exchange, and I'm sure we've got questions. I explained
9 off the record, we're swearing in Mr. Camarillo because
10 his testimony is evidence. None of the other individuals
11 are witnesses. They're making arguments. So we will not
12 be swearing them in.

13 With that, let's get started. Mr. Camarillo,
14 this will be your opportunity -- I presume you want Mr.
15 Camarillo to go first?

16 MR. FIER: Yeah. We wanted to give some
17 background on the company and the operations.

18 ADMINISTRATIVE LAW JUDGE ANGEJA: So I'll swear
19 him in, and it'll be your turn to go. So please stand and
20 raise your right hand.

21

22

BILL CAMARILLO,

23 produced as a witness by and on behalf of himself and
24 having been first duly sworn by the Hearing Officer, was
25 examined and testified as follows:

1 ADMINISTRATIVE LAW JUDGE ANGEJA: Thank you.
2 Okay. When you're ready please begin.

3
4

OPENING STATEMENT

5 MR. FIER: So again, we believe that the
6 operations that California Wood Recycling, Inc., or
7 Agromin, the DBA, qualify for the partial exemption for
8 farming equipment and diesel use in farming activities.
9 And so before we start getting into more of the detail,
10 the regulation, and the law I wanted Mr. Camarillo to
11 describe the operations and give some background, which I
12 think will help in how we feel the law should apply in
13 their operations.

14 ADMINISTRATIVE LAW JUDGE ANGEJA: Okay.

15 MR. CAMARILLO: Thank you. And does everybody
16 have the power point? We're going to be referencing that
17 right now.

18 ADMINISTRATIVE LAW JUDGE ANGEJA: Yes.

19 MR. CAMARILLO: Okay. So everybody here is
20 definitely experts at tax law, especially with regard to
21 sales tax. I am not. I'm an expert in climate change
22 solutions for the State of California, that has mandated
23 back in 2006, that we reduce greenhouse gas emissions and
24 be a leader in the world.

25 As part of that, the governor of California,

1 Brown who recently retired, had created five pillars that
2 were going to reduce greenhouse gas emissions. Two of the
3 major pillars impact this business model. One was waste
4 diversion and the other was healthy soil initiatives for
5 agriculture that is managed by the California Department
6 of Food and Ag.

7 Waste diversion required between now and the year
8 2025 is to divert 75 percent of all organic waste from
9 landfills, which is estimated to be upwards of 13 million
10 tons of organic waste generated annually from urban
11 centers that have to be diverted from landfills to reduce
12 methane emissions from the landfills, which is a
13 greenhouse gas that is 80 times more potent than CO2.

14 All greenhouse gases is measured in CO2, whether
15 it's an energy source, a transportation fuel, a
16 fertilizer, or waste diversion. The strategy that is in
17 front of you today was created in collaboration with
18 Limoneira Company initially. We now have several of these
19 agricultural collaborations throughout the State of
20 California to help manage this massive amount of green
21 material, which is yard waste, food waste, wood waste that
22 has to be transformed into a soil nutrient for
23 agriculture.

24 There is not enough urban center landscapes and
25 bags that could consume this massive amount of organic

1 material. It has to go back to agriculture. And it has
2 to go back in a matter that is safe for human health and
3 safety. All things have to be made so that they can pass
4 food safety requirements because agriculture is producing
5 food for human consumption.

6 So the collaboration that we created was to
7 develop these on-farm composting operations, which on-farm
8 composting operations have been going on for centuries.
9 Farmers have been composting their own agricultural waste
10 products like dairy manure and agricultural waste, chicken
11 manure for centuries; and reusing the material back on the
12 farm to create a healthier soil that uses less water, less
13 chemical fertilizers, less pesticides, and less herbicides
14 which are all greenhouse gas emitters.

15 So in our collaboration, we were able to come up
16 with a solution that took the urban centers.

17 MR. FIER: What page? I'm sorry. We didn't
18 label the page numbers.

19 MR. CAMARILLO: We didn't, and I'm kind of not
20 going through the pages until we get to the pictures.

21 ADMINISTRATIVE LAW JUDGE ANGEJA: Our exhibit
22 that we distributed is Bates stamped. Your hard copy, if
23 you printed it out as you sent to us and you don't have
24 our hard copy it won't be Bates stamped. But I think it
25 should be okay. It's 14 pages?

1 MR. FIER: Yes.

2 ADMINISTRATIVE LAW JUDGE ANGEJA: It's not too
3 long.

4 MR. CAMARILLO: So the collaboration is meant to
5 serve the community surrounding the farm. The waste
6 hauler who is the collection company that serves the
7 cities and the counties within the area. This example is
8 in Ventura County.

9 The Limoneira Company is a very large worldwide
10 avocado and lemon grower. Probably Sunkist the largest
11 lemon grower and Calavo, avocados' largest grower. And
12 then Agromin is the science side of how to transform this
13 material back into a healthy plant nutrient, mineral and
14 organic fertilizer to be applied back to the farm.

15 So initially, we started out with a location that
16 is within the farm itself. So there's a page that shows
17 you the actual plant on the farm. And the waste
18 collection trucks deliver the material to the farm where
19 the material is cleaned of all of its contaminants, things
20 that are not organic; inorganic materials like plastic and
21 glass and metal and things that don't belong on the farm
22 and removed from the property.

23 The material is then ground into small particle
24 size so it can compost faster. And then it is particle
25 sized again after it goes through the composting process

1 and applied to the farm. So in there I kind of did stage
2 one, which is what the grinding process looks like 'cause
3 we're getting big trees, and branches and grass. It all
4 has to be homogenized. And then we run it over with a
5 compost machine.

6 We have to do what we call a pathogen kill
7 process meaning we have to kill all fecal chloroform,
8 salmonella, e-coli, listeria, any pathogen that could be
9 soil-born and cause problems like we recently had with the
10 romaine lettuce scare -- issue. We also have to kill weed
11 seeds, pest, like Asian Citrus Psyllid that's attacking
12 the citrus industry and Shot Hole Borers which are
13 attacking avocado trees. And that all gets taken place
14 through this composting process.

15 After it goes through that cycle, which takes
16 about 28 days, we load the material up and deliver it
17 throughout the ranch where it then gets applied through
18 the fields with a spreading vehicle that looks similar to
19 this one. And then I showed you a picture before the
20 material was actually applied to the farm, and a picture
21 after the material was applied to the farm.

22 So because the governor established a healthy
23 soils initiative as part of the greenhouse gas emissions
24 climate bills, the requirement of agriculture to reduce
25 their greenhouse gas emissions is through improving the

1 soil health of their properties. Typically, farmers will
2 just farm the property, over farm it, and then it's going
3 to require more water, more chemicals, more pesticides and
4 herbicides, rather than to introduce organic matter into
5 the soil.

6 And just as a fact, in Mother Nature, if the soil
7 as 4 percent organic matter, it can began to replace its
8 own top soil. It takes 3,000 years to build 6 inches of
9 topsoil. So we're doing it mechanically by putting the
10 organics back in the soil so that the farm performs better
11 and uses less resources.

12 Those two waste diversion to agriculture were
13 established so as they mandated by law with penalties to
14 every jurisdiction, which is \$10,000 a day if they don't
15 do it. There was a pathway to move it from landfills over
16 to the farms. This function taking place on the farm in
17 connection with Agromin and the farming company, we
18 believe qualifies.

19 Because if the farmer were to do it themselves,
20 they would qualify. And because they didn't have the
21 experience, they are a farming company, they didn't have
22 the experience of the transformation and of the soil
23 science. We partnered together on the farm to do this to
24 serve the community surrounding, to support the mandates
25 by the assembly bill to reduce greenhouse gas.

1 Now, we've done these throughout the state with
2 other big farming companies, Bowles Farming Company, Doles
3 Farming Company. I mean, these are gigantic farming
4 companies. Some of them you might recognize by their
5 brands that are out there. Corto Olive up in Lodi,
6 California that makes olive oil. And a lot of vineyards
7 like Gallo up in the Livingston area.

8 They can consume the material that the urbanites
9 are generating to reduce greenhouse gas emissions.
10 Therefore, the transformation process has to be completed
11 to meet state mandates for human, health, and safety
12 before it can be applied. And that's why we believe the
13 whole process should qualify as an agricultural practice.

14 Thank you.

15 ADMINISTRATIVE LAW JUDGE ANGEJA: Thank you.

16 MR. FIER: So just kind of continuing as Bill
17 mentioned in his presentation. In the Hearing Officer's
18 decision, the Hearing Officer wrote, "At conference, the
19 Department conceded farmers qualified persons for purposes
20 of Section 6356.5 in Regulation 1533.1. Since the farmers
21 are in the business of producing and harvesting
22 agricultural products for human consumption, and that if
23 the farmers rather than California Wood Recycling had
24 purchased the equipment at issue and processed the green
25 waste into usable compost to use on their lands, the

1 farmers would have qualified for both partial exemptions
2 at issue."

3 So from our perspective, why wouldn't California
4 Wood Recycling qualify? Because it's being subcontracted
5 out? That doesn't make any sense to use. If you look at
6 the pictures again, all the operations related to
7 receiving the material to ultimately, either moving it to
8 a location on the farm to be applied or being applied
9 themselves, all takes place on the farm.

10 They are only licensed to perform agricultural
11 activities on the farm and material can only be applied on
12 agricultural land. That's their only option. So they're
13 integrated with the farming process. And if you look at
14 the regulation, which we think were meant to promote the
15 farming industry -- the agricultural industry, the terms
16 that are used as far as a person assisting a qualified
17 person; soil preparation services, cultivation of land.

18 They're all very general terms. And they
19 reference 07 in the SIC Manual as far as the types of
20 activities that can qualify for those types of services,
21 general services. And it not only talks about soil
22 preparation, but it talks about crop preparation services,
23 farm labor and management, farm management services,
24 landscape, counseling, and planning.

25 I mean, I think we fall under a number of

1 categories here because we're so integrated into what the
2 farmer is doing. So that's primarily our argument as far
3 as how we think we qualify. The other thing is, when you
4 look at the staff's interpretation of the regulation, it
5 seems, again, very narrow. But when you look at the
6 regulation itself, it seems a lot of broader.

7 In the regulation it talks about what types of
8 activity wouldn't qualify aside from soil preparation and
9 cultivation of the land. It talks about a person who
10 provides administrative managerial or marketing services
11 or activities. That's so far removed from what we're
12 doing. It seems like the regulation was saying if you're
13 involve some way in what the farmer is doing physically,
14 whether it's digging a shovel.

15 Or in our case, we have the material. We
16 delivered it on to the land itself. That would have to be
17 assisting the farmer. How could it not be? How can it
18 not be involved with soil preparation if the material is
19 there being produced on the farm and being moved to
20 locations on the farm to be applied either by the taxpayer
21 or by the farmer themselves.

22 Isn't that assisting a qualified person? So
23 that's our position at this point.

24 ADMINISTRATIVE LAW JUDGE ANGEJA: Okay. Thank
25 you. CDTFA?

1 MS. HE: One second. Thank you.

2

3 OPENING STATEMENT

4 MS. HE: So this appeal involves the issue of
5 whether Appellant has established that its purchases of
6 certain equipment and diesel fuel qualifies for the
7 partial exemption as provided by the Revenue and Taxation
8 Code Sections 6356.5 and 6357.1. The record shows that
9 Appellant has not.

10 As you know, California imposes sales tax on the
11 retailer's retail sales in this state of tangible personal
12 property, we'll call it TPP, measure the retailer's gross
13 receipts unnecessarily is specifically exempt or excluded
14 from taxation by statute.

15 A taxpayer's ability of proving entitlement to
16 any exemption or exclusion must provide some credible
17 evidence of that entitlement. Similarly, a taxpayer who
18 claims a refund bears the burden of establishing its
19 entitlement for refund.

20 As relevant here for the first exception, Revenue
21 and Taxation Code Section 6356.5, partially exempts from
22 the sales and use tax the sale and storage use or the
23 consumption of farm equipment and missionary and the parts
24 thereof, purchase for use by qualified person to be used
25 primarily in producing and harvesting agricultural

1 products.

2 So basically there's three requirements. You
3 have to have a qualified person and you have to have farm
4 equipment and missionary or the parts thereof. And then
5 those TPP's have to be used primarily in producing and
6 harvesting agricultural products.

7 On the first requirement, a qualified person,
8 that's defined under statute and the regulation section
9 6356.5 and 1533.1. In the simplest terms, a qualified
10 person and those sections basically is either one, a
11 farmer engaged in a line of business as described in major
12 groups 01 and 02 of the SIC Manual.

13 In other words, those describe a person engaged
14 in agricultural production for crops or livestock and
15 animal specialties. Then you have another group that
16 could be qualified person. It's a person who is not a
17 farmer, but who is employed by a farmer who engaged on a
18 contract with fee-basis to perform agricultural services
19 described in major group 07, also of the SIC Manual, that
20 use farm equipment missionary in assisting a farmer.

21 Since Appellant is not a farmer, for Appellant to
22 be a qualified person under this stature and regulation,
23 he has to be employed by a farmer or engaged on a contract
24 under fee-basis to perform agricultural services described
25 in major group 07 that uses farm equipment missionary in

1 assisting a farmer.

2 Appellant contends that it is a person that
3 assist the farmer in soil preparation services and major
4 group 07. That's Industry Group 0711, soil preparation
5 services. Let's look at the -- what the SIC Manual says
6 on this.

7 So SIC Code 0711, that's the only soil category
8 and the Industry Group 071. Provides the following:
9 Industry Group 071, now quoting, "Soil preparation
10 services improves establishments primarily engaged in land
11 breaking, plowing, application of fertilizer, seed bed
12 preparation, and other services for improving the soil for
13 crop planting.

14 "This include chemical treatment of soil for
15 crops, fertilizer application for crops, lime spreading
16 for crops, plowing, seed bed preparation, weed control
17 crop before planting," end quote. So that's all that's
18 said on the SIC Manual Group 07.

19 Here Appellant is a wholesaler and retailer of
20 the soil products mulch and compost for use in
21 agriculture, landscaping, and home gardening. Appellant
22 manufactures these products from green grass and plant
23 materials it receives from waste disposal companies.

24 Applicant's contract with the farmers are
25 actually, as you can see from the Department's Exhibit A,

1 there are actually land lease agreements, were that
2 Appellant leased a small portion of the farmer's lands to
3 receive and process green waste in the exchange Appellant
4 pay the farmers rental payments in cash.

5 That is a percentage paid to the Appellant by the
6 waste disposal companies. And in kind, that's the mulch
7 and compost produced by Appellant on the farmer's land.
8 So if we look at the contracts -- we have two of them in
9 Exhibit A. The contracts do not require Appellant to do
10 the actual spreading of the mulch. And none of the TPP at
11 issue was used in spreading of the mulch.

12 In other words, Appellant was essentially a
13 supplier of mulch to the farmer, and Appellant is not
14 employed by farmer or engaged in a contract or fee-basis
15 to perform agricultural services as described by major
16 group 07 -- Industry Group 071 as was required by the
17 sales and use tax law.

18 The Appellant leased a portion of the farmer's
19 land to make mulch is no different than if had mulch
20 elsewhere and then sold the mulch to the farmers, and then
21 delivered to the farming location. In either case, since
22 Appellant is not spreading the mulch, it's not engaged in
23 this specific soil preparation activities as described in
24 the manual SIC Code.

25 While Appellant asserts that some portions of

1 these contracts with farmers, Appellant estimates less
2 than 50 percent, required Appellant to spread mulch that
3 it produces onto the farmer's land. Appellant has not
4 provided copies of any such contracts. And all the
5 contracts we have in the Exhibit A. And again, Exhibit A
6 does not require Appellant to spread the mulch.

7 Therefore, Appellant is not a qualified person
8 and the sales and use tax law for the exemption. As I
9 said before, the exemption actually has three components.
10 Besides requirements of a qualified person, the exemption
11 also requires the TPP at issue to be farm equipment and
12 missionary and parts thereof, and then to be used
13 primarily in producing and harvesting agricultural
14 products.

15 Appellant has not provided sufficient information
16 for the Department to determine whether any of the
17 equipment qualifies under use primarily for producing or
18 harvesting agricultural products. Specifically, the
19 Department notes that schedules of purchases, which
20 Appellant included with additional briefing, which
21 Appellant alleges additional exemption which include many
22 trucks and other vehicles.

23 As the Department noted in the DNR, to qualify
24 for the exemption vehicles must be exclusively used to
25 produce and harvest agricultural products. And then there

1 are other requirements which is vehicles. Generally
2 vehicles of the existing design is primarily for the
3 transportation of persons or property on a highway, is
4 excluded from being a farming equipment and missionary.
5 So is the vehicle that operates on a highway for more than
6 one mile.

7 So the trucks listing in Appellant's exhibits
8 appear to be the kind number one, was designed primarily
9 for the transportation of persons and property on a
10 highway, and we assume was also used to transport people
11 or property on highways; and then for a total distance of
12 greater than one mile.

13 So even if Appellant were a qualifying person,
14 quite some of the TTP's listed on schedule, especially the
15 trucks and other vehicles, still did not qualify as farm
16 equipment or missionary. So it still would not be
17 qualified for the partial exemption. And again for
18 vehicles, they have to be 100 percent listed in farming
19 activities as was stated in the DNR.

20 And we also note -- as the DNR noted, Appellant
21 estimated that about 20 percent of the compost generated
22 from its operation was sold to other retailers or
23 wholesalers. So it was very possible trucks were used in
24 transporting those to the end consumer or wholesaler or
25 retailers.

1 Furthermore, the record only contains again, two
2 land lease agreements for -- one is for the Newhall Farm,
3 and the other one is for the Limoneira Farm, which was
4 based, I guess still is, in Santa Paula. However, when
5 you look again at the equipment schedules attached to
6 Appellant's additional briefing, we assume that's the
7 latest document they're relying on for the exemption.

8 Those schedules only listed four items for use at
9 the Newhall location and two items for use at the Santa
10 Paula location. Those are the only two farm locations for
11 which we have contracts. There are 10 items for Oxnard
12 location, which appears to be Appellant's business
13 address. So we don't know if there's another farm there
14 for which they were also partner with the farmers and
15 doing farming operation, or if it's a totally different
16 operation.

17 If the other items that are not listed with them,
18 any location use. So regardless how this panel thinks of
19 the operation on the two farms on which we have contracts,
20 there's no information for us to evaluate the other items'
21 eligibility for the exemption because we don't know what
22 exactly used for, where, and for what kind of purpose.

23 So Appellant has failed, basically, to establish
24 any of these three requirements have been met for any of
25 the equipment at issue. Similarly with regard to partial

1 exemption for diesel fuel, Revenue and Taxation Code
2 Section 6357.1 provides that the gross receipts from the
3 sale of and the storage use or other consumption in this
4 state of diesel fuel used in farming activities are
5 partially exempt from tax.

6 Regulation 1553.2 defines farming activities as a
7 trade or business involving the cultivation of land or the
8 raising or harvesting of any agricultural or horticultural
9 commodity that may be legally sold or offered for sale to
10 others.

11 By here again, Appellant is a seller of the soil
12 products of mulch and compost supplying and used in
13 farming activities, landscaping and home gardening. And
14 it's not in of itself -- it's not engaged in farming
15 activities. In sum, based on the evidence presented,
16 Appellant has not established that either of the claim of
17 exemptions applies in this case.

18 And Ms. Lisa Renati, also from the Department,
19 will next address the issue of how the Department actually
20 examine the claim for refunds itself. Thank you.

21 MS. RENATI: In order for the Department to
22 identify the different items, we would look at the
23 invoices to confirm that sales tax was charged, or that
24 tax was approved and paid to the State. We would want to
25 look at invoice to identify the taxable measure items to

1 make sure that there's no other supply items on the
2 invoice, which would not be a part of the equipment cost.

3 We want to look at the items rebuilt -- the
4 rebuilt items that could be labor charge, or it could be a
5 purchase of a completely brand new or rebuilt engine. We
6 would also need to find out what each items are.

7 Hopefully, the Appellant could help us to say what these
8 items are and what they are used for.

9 We can also -- as mentioned before -- we need to
10 know the location of the item so that we can make a
11 determination of where it's used and what it's used for.
12 As for the vehicles, as I point out again, there's a Ford
13 Ranger. There's a Nissan pickup truck. These are
14 typically not used -- not eligible for the exemption.

15 And there are other very large trucks that appear
16 to be the ones that would be used for transportation,
17 perhaps, to other -- their wholesale customers or their
18 taxable customers. So we need to make sure they meet the
19 100 percent use. And that would be what we would need
20 just to verify the amounts, and then come up with if the
21 equipment met the definitions.

22 I think we mentioned before about 60 days total
23 to do that, pursuant to making sure the invoices are
24 present. Once we get the information we could probably do
25 that fairly quickly in 60 days to make sure that

1 information is there; especially if the taxpayer has the
2 DMV information regarding the special plates that are
3 issued by DMV or special equipment or off-highway use.
4 They have those.

5 ADMINISTRATIVE LAW JUDGE ANGEJA: Would you like
6 to a make a rebuttal.

7 MR. FIER: Yes.

8

9 CLOSING STATEMENT

10 MR. FIER: So as far as the documentation, all of
11 that is available. We're more than happy to provide that
12 and to coordinate with staff on that. So that's not an
13 issue. I think the issue is what was said with it sounds
14 great in theory, but again, in the Hearing Officer's
15 report, that the report said, "If the farmer performed
16 these activities, then the farmer would qualify."

17 So because California Wood Recycling is
18 performing the activity they don't qualify. It doesn't
19 make any sense. It's the same activity. As a matter of
20 fact, the activity is occurring solely on the farm. So if
21 you look at the definition for -- or in the regulation
22 about a person that assist a qualified person.

23 It says a person that assist a qualified person
24 must provide physical aid or assistance in the actual
25 producing and harvesting of agricultural products owned by

1 the qualified person, and not merely provide aid in an
2 administrative, managerial, or marketing activities.

3 Well, I think if all the equipment that we're
4 talking about and the diesel fuel that we're talking about
5 are used in the activities that are pictured on our
6 presentation, then how is that not assisting in -- in the
7 producing and harvesting of an agricultural product? That
8 doesn't make any sense to argue that. It absolutely is
9 assisting.

10 And if you look at the definition under diesel,
11 it says, farming activities means a trade or business
12 involving -- involving the cultivation of land or the
13 raising or harvesting of any agricultural or horticultural
14 commodity that may be legally sold to or offered for sale
15 to others.

16 Well, we're talking about a lemon farm here. And
17 we're helping that farmer produce the lemon crop through
18 our processing of this material into a mineral that is
19 applied to the farm. And we either deliver it to a spot
20 on the farm where it's going to be applied by the farmer,
21 or we apply it ourselves. And I think you mentioned that
22 we don't do that. Well, we do that in certain cases. But
23 that's not where a majority of the diesel or the equipment
24 is used.

25 It's the whole operation, and it's mainly in the

1 sorting and the breaking down of the material and getting
2 it into another material, an agricultural mineral at some
3 point. So again, I don't understand what they're saying
4 when -- if you look at the activities that are performed
5 on the farm, it's 100 percent related to ultimately
6 producing that crop. So how can it not meet the
7 definitions in the regulation?

8 MR. CAMARILLO: I'd like to address the leases,
9 the, vehicle, the transferring of funds to the farm as it
10 relates to the climate change bill, which established the
11 cap and trade fund. Through the cap and trade fund the
12 CDTFA has been issuing large grants to agricultural to use
13 this type of material.

14 Agricultural in itself and its practices today
15 would not use organic matter. They would still be using
16 chemicals if they weren't financially incentivized. The
17 farmer would not go through this practice if there wasn't
18 a financial gain through the process.

19 At the time that these projects were established,
20 in order to get through local jurisdiction permitting, we
21 had to have some sort of vehicle in place that allowed the
22 transfer of funds to the farmer through the tipping fees
23 to encourage them to allow this practice to take place on
24 the farm.

25 The other part of the lease was in order to get

1 the permits to do on-farm agriculture, it's required that
2 none of the material can leave the farm. The vehicles
3 that are on the farm have to have over-the-road licenses
4 because the farming land is all not contiguous. It's
5 almost 3, 000 acres of land with highways in between them.

6 So as the trucks go from the compost center to
7 the other parts of the farm, they have to travel on roads
8 which require licensing through the DMV. So all the
9 equipment that you see pictured, including the trucks, are
10 dedicated to the farm projects. These facilities consume
11 more than 85 percent of all the material that our company
12 receives today.

13 We do have about a 15 percent volume of material
14 that goes to landscape, retail. And all of that is
15 manufactured and all taxes are paid, including -- we
16 collect sales tax and remit all those sales tax on those
17 sales. So the larger portion of everything we got is done
18 through these agricultural programs.

19 ADMINISTRATIVE LAW JUDGE ANGEJA: Can I stop you
20 real quick? The sales tax, you're saying you're
21 collecting is on the 15 percent?

22 MR. CAMARILLO: Correct.

23 ADMINISTRATIVE LAW JUDGE ANGEJA: Not on the part
24 that stays on the farm?

25 MR. CAMARILLO: No, because we receive a tipping

1 fee, which is a service fee from the waste companies. We
2 share in that with the grower so they're financially
3 incentivized to engage this practice on the farm. Because
4 in reality they prefer not to do it. They would just
5 use -- continue to use chemicals. It's easier. It's
6 faster. It's more predictable than using organic matter.
7 So it's --

8 MR. FIER: And I wanted to add also, I think
9 Ms. Renati said special DMV permits. The test is the
10 property -- the equipment be used primarily in the
11 qualified activity, but it doesn't have to be 100 percent.

12 MS. RENATI: For vehicles it's 100 percent.

13 MR. FIER: Well, again, if --

14 ADMINISTRATIVE LAW JUDGE ANGEJA: I think you're
15 talking diesel exemption.

16 MS. RENATI: I was talking the exemption per the
17 equipment.

18 MR. CLAREMON: Generally for vehicles they have
19 to be -- if they're the type of vehicle that's intended
20 for use on highways, they have to be exclusively farm and
21 agricultural operating.

22 ADMINISTRATIVE LAW JUDGE ANGEJA: Okay. We'll
23 look at it.

24 MR. FIER: That's fine. I just said it may not
25 have that permit. Because as Bill said, it has to cross a

1 public road, but that's because the farmland is not
2 contiguous. But they would have that special permit. I
3 don't know.

4 ADMINISTRATIVE LAW JUDGE ANGEJA: Okay. So does
5 that conclude your rebuttal?

6 MR. FIER: Yes.

7 ADMINISTRATIVE LAW JUDGE ANGEJA: I have a
8 suggestion. It occurred to me. We just quantified a
9 dollar figure. It's not going to help, but if we knew the
10 type of equipment, if we knew the use of that equipment,
11 where it was located, and the purchase price, that would
12 allow us to decide which equipment qualifies or not,
13 depending on what conclusion we reach. Yeah?

14 ADMINISTRATIVE LAW JUDGE BRAMHALL: I rather they
15 work that out, and if they have disputes over those things
16 to come back to us with their dispute.

17 ADMINISTRATIVE LAW JUDGE ANGEJA: Yeah. I'm just
18 trying to think. Does that information exist? My
19 thinking is this. If we get that within 60, 90, or
20 otherwise, we are then to come up with a clean decision;
21 whatever that decision is, instead of having to bifurcate
22 and keep things open. It was just a suggestion.

23 MR. FIER: We can provide that information, yes.

24 ADMINISTRATIVE LAW JUDGE ANGEJA: That would
25 be -- if we get that information and front loaded -- in

1 other words, whatever conclusion we reach would be that
2 applied to the list of what that equipment is and how it
3 was used.

4 ADMINISTRATIVE LAW JUDGE BRAMHALL: Yeah. I
5 don't think we have enough evidence in front of us to make
6 that decision. Personally, I don't. Judge Cheng?

7 ADMINISTRATIVE LAW JUDGE ANGEJA: All right.

8 ADMINISTRATIVE LAW JUDGE CHENG: Well, the
9 parties would have to agree on that list, right, so they
10 can either compile the list together or separately. Or if
11 it's easier, to provide all the invoices and highlighting
12 the ones that they are claiming qualify. And if CDTFA
13 agrees, or pick off the ones they don't agree --

14 ADMINISTRATIVE LAW JUDGE ANGEJA: Yeah. I think
15 it would be more helpful than just giving us a number.

16 ADMINISTRATIVE LAW JUDGE CHENG: Sure. Sure.
17 Either this way or highlighting the invoices, but we're
18 not there yet.

19 ADMINISTRATIVE LAW JUDGE ANGEJA: Yeah. Okay.
20 Questions?

21 ADMINISTRATIVE LAW JUDGE BRAMHALL: Just one
22 question first. You reference the fact that you'd only
23 seen two leases, but I thought there was a stipulation
24 that those two leases were representative of all the other
25 activity that they undertook. Is that -- did I misread

1 that stipulation?

2 MS. HE: They mentioned the -- the taxpayer did
3 mention that those two contracts are representative of the
4 kind of contracts they have with the farmers. But what I
5 was saying is based on schedule of equipment they provided
6 in the additional briefing.

7 ADMINISTRATIVE LAW JUDGE BRAMHALL: Okay. So
8 that goes to the equipment issue, not the qualified
9 activity issue?

10 MS. HE: Yeah. Whether they are qualified
11 person. And actually on that if I may, I want to clarify
12 something about the qualified person.

13 ADMINISTRATIVE LAW JUDGE BRAMHALL: Well, let me
14 finish my questions first. Okay. You indicated that in
15 addition to soil preparation, you thought that there were
16 some other 07 Major Groups SIC Code activities that
17 covered this?

18 MR. FIER: That it could fall under.

19 ADMINISTRATIVE LAW JUDGE ANGEJA: Yes.

20 MR. FIER: Yes.

21 ADMINISTRATIVE LAW JUDGE ANGEJA: Could you -- I
22 was trying to write, but I didn't get the others that you
23 referred to. I only had 071 based on what I looked at,
24 but you referenced some others.

25 MR. FIER: Well, if I look at this, 0721 talks

1 about crop planting and protection. I think that could
2 possibly fall under that. There's also landscape and
3 horticulture services under 078 -- 0781, Landscape
4 Counseling and Planning, which I think we could fall under
5 as well.

6 MR. CAMARILLO: Yeah, they're all pretty broad as
7 far as management services.

8 MR. FIER: Yeah. I'm sorry. 076 Farm Labor and
9 Management Services.

10 ADMINISTRATIVE LAW JUDGE BRAMHALL: Okay. I'll
11 look at those. Thank you. A major dispute seems to be
12 whether staging this produced product at various locations
13 around the farm is distinguishable and less significant
14 than actually spreading it on a plant. And I'd like to
15 understand your basis for thinking that's different.

16 MS. HE: Staging --

17 ADMINISTRATIVE LAW JUDGE BRAMHALL: And I'd like
18 for you to explain why, if you think it's the same.

19 MS. HE: Okay. Sorry about that. So staging as
20 we understood is basically to haul the compost generated
21 from the recycling operation to a location that the farmer
22 desired for later spreading.

23 So when you -- again, for Appellant to be a
24 qualified person since it's not a farmer, it has to be
25 engaged in SIC Code 07 Agricultural Services. So when you

1 look at the list of services covered by Major Group 07,
2 there's nothing that says about staging.

3 You basically have to be directly involved with
4 the soil preparation itself or something else that's
5 more -- several steps closer to the actual agricultural
6 part of the operation. Staging is just like I said, it's
7 like if a Home Depot sells a farmer compost, and Home
8 Depot has a contractor to dump the whole thing on the
9 farmland, that's staging, basically, because it's not
10 delivering to the door, but deliver to the location. But
11 they don't --

12 ADMINISTRATIVE LAW JUDGE BRAMHALL: Well, there
13 would be a lot of other things that make that not qualify.
14 Okay. Okay. I see your point.

15 MS. HE: Yeah, but the staging part. Of course,
16 Home Depot is not a good comparison here, but the work
17 itself. Just dumping the same thing at the location
18 closer to where the compost will be spread -- actually
19 spread qualifies. But staging is not mentioned in this
20 Group 07 and all the other SIC Code.

21 ADMINISTRATIVE LAW JUDGE BRAMHALL: Well, 071
22 does say, "Or other services." It doesn't just say --

23 MS. HE: Yeah. Other services as we understand
24 when you look at the list before that, it has to be
25 similar in nature or in the scope. There's other ones

1 listed.

2 ADMINISTRATIVE LAW JUDGE BRAMHALL: Okay. All
3 right.

4 MR. CLAREMON: We think when it says other
5 services, it's following kind of the lead of what is
6 listed services, which is services that are directly tied
7 to the soil itself.

8 ADMINISTRATIVE LAW JUDGE BRAMHALL: Okay. I'll
9 give you an opportunity to reply to that question.

10 MR. CAMARILLO: I think the issue around
11 interpretation of the words from a group of people that
12 are not agricultural experts is the challenge. In 25
13 years I face this challenge everywhere I go because the
14 laws in place today do not meet the changing environment
15 of what AB32 is doing to industries in all categories;
16 waste industry, transportation, and energy, and
17 agriculture.

18 And a bill was passed AB585, because mulch and
19 soil amendments or compost were not qualified as a
20 fertilizer. So, thereof, we were supposed to charge
21 farmers sales tax on the delivery of this material to the
22 farm for food production. Well, try and get the farmer to
23 pay the sales tax. They're not going to pay it. And by
24 statute they don't pay sales tax on crop production.

25 So we had to lobby back to the legislation to

1 change the law to add AB585, which is an organic input
2 material law now that's in place, of which the CDFA is
3 responsible for. So now all of our products get
4 registered under this bill, which makes an organic input
5 material, which qualifies as a fertilizer mineral to get
6 through the tax issue and other issues around it.

7 This challenge is the same. So if a farmer were
8 to perform this service for themselves, they would
9 qualify. Because it's being driven by AB32 which started
10 in 2006, they lack the expertise of the process of
11 converting and transforming the material.

12 The word recycling is not a good word. To
13 recycle is to sort and ship. To transform is to produce.
14 We produce an organic nutrient for agricultural
15 consumption. And the production of that material has to
16 be transformed, delivered, and applied in order for the
17 farm to be able to be productive.

18 So because the words that are old in the law
19 don't specifically call that out, therefore, we're
20 disqualified. The word "other service" is a broad term.
21 I mean, you could fit lots of things under other service,
22 including the entire transformation process before you
23 deliver and apply the material.

24 So I think where we are at today is we're
25 assisting the farmer to use this material on the farm to

1 meet the new healthy law -- the healthy soils law. At the
2 same time, we're helping the communities that are mandated
3 to do this, and if they don't, they're going to be
4 penalized \$10,000 a day.

5 So Jacqui Irwin -- Assemblyman Jacqui Irwin
6 developed another bill, AB1045 to make all the departments
7 work together; the water board, the air board, the CDFA,
8 the waste board, and the BOE, which is now the CDTFA.
9 Because they need to get the laws aligned to support the
10 movement of these climate change bills, which do not seem
11 to be going away.

12 They survived the last governor. They're going
13 to survive this one. It seems like we're going to
14 continue to have this changing environment that's not
15 flexible at all to meet the new requirements.

16 MR. FIER: So I'd like to add. I'm -- I'm not
17 sure as you asked Mr. Bramhall, what the basis was for
18 the -- their definition or interpretation. Staging, I
19 don't know where that comes from. That's somebody's
20 individual interpretation of what's being done here.
21 That's not in the regulation or the law.

22 The law -- the regular says, "A person that
23 assist a qualified person must provide physical aid or
24 assistance in the actual producing and harvesting of
25 agricultural products."

1 Physical aid or assistance. Again, that's very
2 broad. It doesn't talk about just staging or that -- if
3 we're providing the material on the land itself, how is
4 that not assisting the -- the farmer? That meets the
5 definition. It seems like the staff is taking it a step
6 further and coming up with a definition that doesn't exist
7 anywhere, other than in their personal interpretation.

8 If you look at for diesel, it says, "Farming
9 activities mean, a trade or business involving the
10 cultivation of land."

11 Well, our material is involved in the cultivation
12 of land, pretty clearly. And we go back to if the farmer
13 did this, it would qualify for the exemption. So it all
14 seems to go full circle back to they're on the farm.
15 They're producing this material that's used on the farm.

16 So therefore, the taxpayer has to be assisting or
17 involved in the cultivation of land or soil preparation,
18 whatever you want to call it. The whole point is to grow
19 this crop, and the client is involved in assisting the
20 farmer in growing that crop.

21 ADMINISTRATIVE LAW JUDGE BRAMHALL: Okay. Thank
22 you.

23 ADMINISTRATIVE LAW JUDGE CHENG: Yes. So I agree
24 that staging is kind of a vague term. Explain to us what
25 was actually done. Was it just delivery of the mulch onto

1 the land? Is it more, like, delivery rather than --

2 MR. FIER: Well, when you say delivery, to me
3 delivery is, all right. I ordered a pizza, and they
4 deliver it. This is different. They're on the farmland
5 itself. You've seen the picture. They're right in the
6 middle of the farmland, and they're producing the material
7 that's going to go on that land. And so it's got to be
8 spread along to each acre, each parcel.

9 So they take that material and move it around to
10 all the different locations the farmer requested it to be
11 applied. And sometimes Cal Wood Recycling did apply the
12 material. Other times the farmer would take the material
13 that's left at that particular location, again, on the
14 land right in the middle of the lemon trees, and then use
15 their equipment to apply it.

16 ADMINISTRATIVE LAW JUDGE CHENG: Okay. So what
17 if a manufacturer of fertilizer or pesticide brought the
18 product onto the land? Would they be qualified in
19 assisting the farmer and their equipment should be exempt?

20 ADMINISTRATIVE LAW JUDGE ANGEJA: Or even saying
21 mulch.

22 ADMINISTRATIVE LAW JUDGE CHENG: Or mulch.

23 ADMINISTRATIVE LAW JUDGE ANGEJA: With the exact
24 same product created off-site by someone else?

25 ADMINISTRATIVE LAW JUDGE CHENG: Let me ask my

1 question.

2 ADMINISTRATIVE LAW JUDGE ANGEJA: I didn't want
3 to get into chemical fertilizer.

4 ADMINISTRATIVE LAW JUDGE CHENG: Well, I don't
5 want to talk about those. So what about a fertilizer
6 manufacturer that brings it onto the land for the farmer?
7 Would their equipment be qualified?

8 MR. FIER: Well, I think there are two different
9 types of operations. All right. You're talking about a
10 chemical fertilizer company, which I think is the way --
11 this was kind of written to say, well, we're not going to
12 qualify that because that's more manufacturing. That's
13 done off-site. That's not done on-site here.

14 That's not using the green waste, the natural
15 material that the client is using. It's a chemical
16 fertilizer. Okay. So I mean, I can't get into whether or
17 not that would qualify. I don't know. I'm not trying to
18 say if it didn't qualify that helps, or if it did, it
19 would help us. It's just a different set of
20 circumstances.

21 I'm just looking at within the regulation, what
22 it says as far as us being involved in the cultivation of
23 land or assisting a farmer. That's how -- if I just drop
24 off something -- in your situation, if I'm making
25 something and just dropping it off at the farmer's

1 location -- I don't know where it might be dropped off --
2 I don't know how that would qualify if it's any kind of
3 item.

4 Then I could argue anything that's delivered
5 there could be a qualified activity, but that's not what
6 we're arguing here. We're arguing within the regulations'
7 definitions. Are we assisting, or are we involved in a
8 business that involves the cultivation of land?

9 ADMINISTRATIVE LAW JUDGE CHENG: Well, then let's
10 go back to Mr. Angeja's question. What if it was another
11 mulch producer not done on the farmer's land? Farmer
12 purchases it online and then it's delivered on the
13 farmer's land. Would they qualify?

14 MR. CAMARILLO: No. That is not an on-farm
15 activity. This is an on-farm activity.

16 MR. FIER: And they're only licensed to do. For
17 selling purposes, they're only licensed for agricultural
18 purposes not for manufacturing purposes.

19 ADMINISTRATIVE LAW JUDGE CHENG: So just a
20 manufacturer wouldn't be qualified as a person assisting?

21 MR. FIER: Just like any manufacturer wouldn't be
22 qualified just because they're manufacturing.

23 MR. CAMARILLO: And the farmer is not paying for
24 the material. They're being paid to consume the material.
25 It's an on-farm activity. No manufacture -- chemical

1 manufacture is going to deliver fertilizer to a farmer and
2 pay him to take it. That's just never going to happen.

3 The only way that we're getting agriculture to
4 participate in climate change is to financially
5 incentivize them, which the rate payer -- your trash bill,
6 which we're required to divert, is paying to close the
7 loop on the material all the way back to the farm. That
8 doesn't happen in anywhere else, in other business or any
9 other industry.

10 ADMINISTRATIVE LAW JUDGE CHENG: So the
11 Department, does that make a difference in your mind where
12 they're just not a manufacturer providing a delivery
13 service? They're actually on the land using the land to
14 produce the mulch.

15 MR. CLAREMON: No. I don't -- yeah, I don't --
16 it's a difference, but not a difference without a
17 distinction. They're on the land, but they're leasing the
18 land. And they're on a small portion of the land where
19 they are producing this. So we don't see it making a
20 legal distinction here.

21 ADMINISTRATIVE LAW JUDGE ANGEJA: When my
22 colleague had his questions, there was a point you wanted
23 to make. We finished the questions, but you wanted to
24 make a point.

25 MS. HE: Oh, yes. Thank you. I appreciate that.

1 So I think Appellant kept on saying the reg -- our reg
2 only said administrative, managerial services were not
3 qualified. Any time you have a physical aid or
4 assistance, that would qualify. But when you look at the
5 reg, the reg does not say anything other than
6 administrative or managerial services, okay, or any
7 physical aid or assistance is okay.

8 But the reg goes further to say what is a
9 qualified person assisting a qualified person. You have
10 to be engaged in Major Group 07 in those services. So
11 regardless what you do, whether you're doing it on-site or
12 off-site, the service you provide to the farmer has to be
13 agricultural service that can be under Major Group 07.

14 So it's not about physical, whether there's
15 physical aid or not. Like Judge Cheng's hypo about
16 another operation sending the same to the taxpayer -- to
17 the farmer, that's exactly the same thing, what they did,
18 the service to the farmer. All is -- that's provided is
19 the tangible personal property part, the mulch.

20 So there's no additional service provided to the
21 farmer whether you do it on-site or off-site. And also
22 for the operation -- for the agricultural recycling
23 operation here, you can actually get a permit to do it
24 elsewhere. You don't have to do it on the farmer's land.
25 Of course different requirement apply to each different

1 location.

2 You don't have to -- the law doesn't say you have
3 to do it on the farmer's land. You can do it elsewhere.

4 Thank you so much.

5 MR. FIER: I'm -- let's see. I'm not sure about
6 the last point, it could be done somewhere else. We're
7 just dealing with where they do it now. So we're not --
8 I'm not sure if we're addressing that. I'm not sure on
9 the point on that. Then I wasn't sure. Are you saying
10 there's no physical aid or assistance that's required to
11 qualify for -- I was a little bit confused. Can you
12 clarify that?

13 MR. CLAREMON: We're just saying that sentence is
14 like a limitation, but it's in the context of the
15 definition itself. Okay. So the definition is here is
16 someone who is assisting the farmer, and then in that
17 sense is it can't go too far. It can't be managerial. It
18 can't be an attorney. It can't be in a back office, but
19 you have to read that within the context of the definition
20 itself.

21 ADMINISTRATIVE LAW JUDGE ANGEJA: Let me stop you
22 guys, please. It'll be our job to figure out what the reg
23 says and what it means.

24 MR. CLAREMON: I'm sorry.

25 ADMINISTRATIVE LAW JUDGE ANGEJA: We'll all be

1 looking at the same spot trying to figure it out. It's
2 not lost on me, your comment that this is a room full of
3 attorneys trying to figure out what it means when you're
4 actually out there doing it every day. I can appreciate
5 that distinction.

6 ADMINISTRATIVE LAW JUDGE BRAMHALL: I can too.

7 ADMINISTRATIVE LAW JUDGE ANGEJA: I don't have
8 any questions. You guys have asked what I had on my list.
9 And we'll figure out what type of an order and what it
10 will look like, but we will be keeping this record open
11 for -- we'll pick a period of time that's going to be open
12 to extension if the parties need that as well, depending
13 on what our order looks like when it comes out.

14 So we will conclude the hearing today, but not
15 close the record. And I think that'll do.

16 Go ahead, a question?

17 MR. FIER: So again, we'll coordinate with staff
18 as far as quantifying what we think are the refunds?

19 ADMINISTRATIVE LAW JUDGE ANGEJA: It would help
20 to get started. I'm not going to be able to issue this
21 order today. It'll come out next week, but we've got to
22 think about it. But don't let our slight delay of getting
23 that order out stop you guys from quantifying -- my
24 understanding is, in order to get at a number, you're
25 going to have to be looking at the type of equipment, the

1 use, the location, the purchase price.

2 That legwork has to happen because whatever we
3 decide is going to have to apply to what your answers is.
4 I'm being really vague, aren't I? Whatever decision we
5 come up with has to be applied to each piece of equipment.
6 So sooner that gets started, the sooner you guys can reach
7 a resolution.

8 We'll have an order that's somehow intelligently
9 encapsulates that. So it'll be 60 days from today's date
10 when that goes out. So do it even though you haven't
11 received our order yet.

12 ADMINISTRATIVE LAW JUDGE CHENG: You can start
13 pulling invoices.

14 MR. CLAREMON: I think we would prefer to see the
15 order to see what's in front of us.

16 ADMINISTRATIVE LAW JUDGE ANGEJA: Yeah.

17 MR. CLAREMON: We're at this point we haven't
18 done this yet, because normally we wouldn't.

19 ADMINISTRATIVE LAW JUDGE ANGEJA: Hindsight
20 20/20, I would have had this happen before we had the
21 hearing.

22 ADMINISTRATIVE LAW JUDGE BRAMHALL: It is kind of
23 hard to have a half a hearing, but we we're too close to
24 the hearing. We wanted to get through this part.

25 MR. FIER: We'll quantity. Yeah.

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ADMINISTRATIVE LAW JUDGE ANGEJA: All right.
With that, we'll close it. Thank you for excellent
arguments and attending on this Friday.

And we'll close it.

(Proceedings adjourned at 8:57 a.m.)

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HEARING REPORTER'S CERTIFICATE

I, Ernalyne M. Alonzo, Hearing Reporter in and for the State of California, do hereby certify:

That the foregoing transcript of proceedings was taken before me at the time and place set forth, that the testimony and proceedings were reported stenographically by me and later transcribed by computer-aided transcription under my direction and supervision, that the foregoing is a true record of the testimony and proceedings taken at that time.

I further certify that I am in no way interested in the outcome of said action.

I have hereunto subscribed my name this 17th day of March, 2019.

ERNALYN M. ALONZO
HEARING REPORTER