

SUBCOMMITTEE NO. 4

Agenda

Senator Gloria Negrete McLeod, Chair
Senator Doug La Malfa
Senator Noreen Evans



OUTCOMES
Thursday, May 3, 2012
9:30 a.m. or upon adjournment
of Budget and Fiscal Review Committee
Room 112

Consultant: Keely Martin Bosler

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State Administration and General Government

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Vote Only Calendar

1730 Franchise Tax Board (FTB)

1. Top 500 Tax Debtor List

Action. Approved this budget proposal.

Vote. 2-1 (LaMalfa)

2. Voluntary Contribution Funding Codes – Budget Bill Clean-Up

Action. Approved the budget bill amendments related to the voluntary contribution funding codes.

Vote. 3-0

0860 Board of Equalization (BOE)

1. Natural Gas Public Purpose Programs Collections

Action. Approved this budget proposal.

Vote. 3-0

1730 Franchise Tax Board

Tax Gap Reduction Measures

1. Enterprise Data to Revenue Project

Action. Approved this budget request.

Vote. 3-0

2. Accounts Receivable Management Program

Action. Approved the budget request, but continue all positions on a two-year limited-term basis.

Vote. 3-0

Other Issues

1. Corporate Tax Collection—Informational Item

Action. No action – informational item.

2. Consistent Enforcement by Tax Agencies

Action. Item removed from the agenda. No action taken. Issue not heard.

0860 State Board of Equalization

Tax Gap Reduction Measures

Action. No action on the Qualified Purchasers Program issue, but Board to get committee additional information on the relative cost/benefit of those reporting with less than \$500,000 in gross receipts.

2. Tax Gap II

Action.

- Rejected media campaign contract. **Vote.** 3-0
- Approved 5.5 positions related to internal education and outreach effort – but make two-year limited-term and require reporting by January 10, 2014 on efforts undertaken by these positions and performance metrics, including benefit cost ratio of this investment. **Vote.** 2-1 (LaMalfa)
- Approved request to augment the audit program. **Vote.** 3-0
- Approved request to augment the bankruptcy collections program. **Vote.** 3-0

3. Use Tax Nexus

Action. Approved the budget proposal.

Vote. 2-1 (LaMalfa)

4. Use Tax – Mandatory Reporting and Remittance

Action. Approved placeholder trailer bill language to require every person who is not otherwise required to file a sales and use tax return with the BOE to report qualified use tax *or is not required to file an income tax form, as specified* to report use tax on the income tax return filed with the FTB.

Vote. 2-1 (LaMalfa)

5. Expansion of Financial Institutions Records Match

Action. Approved the Governor's budget proposal (\$523,000 and one position for BOE) and trailer bill language to expand the use of FIRM to BOE collections of sales and use tax owed.

Vote. 3-0

Other Issues

1. Headquarters Building

Action.

- Approved the rent increase.
- Committee will request more information from the Department of General Services on the status of the relocation and consolidation study for BOE.

Vote. 3-0

2. Dell Computer Settlement

Governor's Budget. The Governor's budget includes a "placeholder" request of **\$3.2 million** (\$2.1 million General Fund) in the budget year to support 14.5 positions to address the additional workload associated with processing the Dell refunds. The majority of these positions are proposed as limited-term, but the request does include two permanent positions. The positions are proposed to be allocated as follows:

- 2 tax auditors for 2-year limited-term to audit large and medium sized refund claims.
- 1 business tax specialist for 2-year limited-term to audit largest and most complex claims.
- 1 business tax specialist for 1-year limited-term to coordinate, initiate, and review refund processing.
- 3 tax technician IIIs for 2-year limited-term to search for better addresses for returned warrants and respond to inquiries by class action administrator.
- 3.5 tax technician IIIs for 1-year limited-term to validate name/address changes and process correspondence related to claim exceptions.
- 1 supervising tax auditor II for 2-year limited-term to manage the overall refund project.
- 1 associate accounting analyst permanently established to review refunds and reconcile claims filed and claims paid.
- 1 associate administration analyst permanently established to maintain claim databases.
- 1 tax technician II for 2-year limited-term to manage 30,000 additional calls in the call center expected from the class action lawsuit.

Action. Held issue open – for further refinement.

3. State Responsibility Area Fire Prevention Fee Collection

Governor's Budget. The Governor's budget includes **\$6.4 million** in reimbursements and 57 positions in the budget year to administer this program.

Action. Held open – for further refinement.

