

BRIDALVEIL
FALLS



Profile

California's State Board of Equalization collects taxes and fees that provide more than 36 percent of the annual revenue for state government and essential funding for counties, cities, and special districts. In fiscal year 2004-05, Board-administered taxes and fees produced \$49.95 billion for education, public safety, transportation, housing, health services, social services, and natural resource management.

The Board administers the state's sales and use, fuel, alcohol, tobacco, and other taxes and collects fees that fund specific state programs. More than one million businesses are registered with the agency.

In addition to administering key revenue programs, the Board plays a significant role in California property tax assessment and administration. It also acts as the appellate body for franchise and personal income tax appeals.

History

In 1879, a constitutional amendment created the Board and charged it with responsibility for ensuring statewide equality and uniformity in county property tax assessment practices. As the state's need for revenues to support programs, infrastructure, and services grew, the agency assumed a broader role.

In 1911, a voter-approved constitutional amendment directed the Board to levy four new taxes, including insurance and corporation franchise taxes. In 1933, the Great Depression caused a tremendous drop in property tax revenues, which in turn led to the most significant change in the Board's duties—the creation of the sales tax. Shortly afterward, in 1935, the use tax was established to protect California businesses from tax-free, out-of-state competition. Since that time the Board has been given the responsibility for administering a number of additional business and property taxes and fees. More details of Board history are found in the [Appendix](#).



Tax and Fee Programs, 2004-05

Sales and Use Tax Programs

Sales and Use Tax
Bradley-Burns Uniform Local Sales
and Use Tax
District Transactions (Sales) and Use Tax

Special Tax and Fee Programs

Excise

Alcoholic Beverage Tax
California Tire Fee
Cigarette and Tobacco Products Tax
Cigarette and Tobacco Products
Licensing Program
Emergency Telephone Users Surcharge
Energy Resources Surcharge
Insurance Tax
Integrated Waste Management Fee
Natural Gas Surcharge

Fuel

Childhood Lead Poisoning Prevention Fee
Diesel Fuel Tax
Motor Vehicle Fuel Tax
Oil Spill Response, Prevention, and
Administration Fees
Underground Storage Tank Maintenance
Fee
Use Fuel Tax
Water Rights Fee

Environmental

Electronic Waste Recycling Fee
Hazardous Substances Tax
Marine Invasive Species Fee (formerly
Ballast Water Management Fee)
Occupational Lead Poisoning Prevention
Fee

Property Tax Programs

County Assessment Standards Program
Private Railroad Car Tax
State-Assessed Property Program
Timber Yield Tax

Tax Appellate Programs

Bank and Corporation Tax Law
Personal Income Tax
Homeowner and Renter Property Tax
Assistance Law
Publicly Owned Property Assessment
Review Program
Taxpayers' Bill of Rights Law

A foldout chart inside the back cover of this report lists revenues and other comparative information for revenue-producing tax and fee programs administered by the Board.



Carleton E. Watkins, one of the pioneering photographers whose work appears in this report.



Governance

The Board's five Members, who serve concurrent four-year terms, constitute the nation's only elected tax commission. One Member is elected from each of California's four Equalization Districts. The State Controller, elected at large, serves as the Board's fifth Member. All but one of the current Members of the Board were elected in November 2002 with terms beginning in January 2003. Acting Member Betty T. Yee joined the Board in December 2004, replacing outgoing Member Carole Migden. For Member biographies, see [page 9](#).

The Board's executive director, appointed by the Board Members, directs approximately 3,850 agency employees, who carry out the Board's mission, goals, and directives.



Board Responsibilities

The primary responsibilities of the Board are to

- Adopt rules and regulations clarifying the laws it administers.
- Act as an appellate body for the review of property, business, and income tax determinations.
- Administer agency programs.
- Determine the assessed value of railroads and specified privately-held public utilities, including gas, electric, and telephone companies.
- Oversee the property tax assessment practices of county assessors.

In carrying out these responsibilities, the Board

- Serves as the appellate body for final actions by the Franchise Tax Board involving the state's Bank and Corporation Franchise Tax, the Personal Income Tax, and the Homeowner and Renter Property Tax Assistance Laws.
- Prescribes the state's property tax regulations and issues advice to guide property taxpayers, county assessors, and county assessment appeals boards.
- Considers appeals from taxpayers regarding sales and use taxes, excise taxes, fuel taxes and fees, environmental fees, insurance tax, and state-assessed property values.



- Considers appeals from local governments of assessments made by county assessors on lands, water rights, and certain improvements on properties owned by the local governments but located outside their boundaries.
- Develops and adopts capitalization rates to be used in valuing state-assessed utilities.
- Classifies unitary and nonunitary properties of public utilities and determines the property values of each assessee for local property taxation.
- Oversees revenue collection and program operations for fuel tax, excise tax, and environmental fee programs administered in cooperation with other state agencies.
- Fixes the 911 emergency telephone users surcharge rate determined by the state Department of General Services.
- Studies the operations of individual county assessor offices to determine their effectiveness.
- Prescribes property tax forms and publishes handbooks for county assessors' use.
- Publishes a *Business Taxes Law Guide* and advisory tax publications to help businesses comply with tax law requirements.
- Publishes a *Property Taxes Law Guide* and advisory tax publications for use by county officials and taxpayers.

Meetings

Public Board meetings offer taxpayers the opportunity to participate in the formulation of rules and regulations adopted by the Board and to observe the Members as they carry out their official duties. Meetings are held throughout the year, usually two to three weeks apart. The Board meets monthly in Sacramento and as necessary in other California cities. In 2004-05, the Board met in Culver City and Sacramento.

The Board also holds Taxpayers' Bill of Rights hearings each year that allow taxpayers to make comments and suggestions regarding Board-administered laws and programs. For information regarding the 2004 hearings and related agency actions, please see [page 58](#).



Board Members



Betty T. Yee assumed the office of Acting Board Member representing the First Equalization District in December 2004, having served as the Chief Deputy to the Board Chair. From 1999 to 2003, she served as the Chief Deputy Director for Budget with the California Department of Finance. Prior to her appointment to the Department of Finance, Betty served as a senior staff member to several fiscal and policy committees in the California State Legislature. With over 20 years of experience in public service, she is recognized for her leadership and expertise on state and local finance issues. Betty received the 2002 Distinguished Service Award from the California State Association of Counties and the 2004 California Assessors' Association award for her work in establishing the State-County Property Tax Administration Program. A native of San Francisco, Betty received her B.A. in Sociology from the University of California, Berkeley and her M.P.A. from Golden Gate University, San Francisco.

District 1



Bill Leonard was elected to the Board in November 2002 when he garnered more than one million votes. He served in the State Assembly from 1978-1988 and again from 1996-2002. In 1997-1998 he was the Assembly Republican Leader. He served in the State Senate from 1988-1996 and was chairman of the Senate Republican Caucus. As a legislator, Bill was known as an advocate for fiscal responsibility, family values, and quality public education. He was also recognized for his efforts to improve the job and business climate in California by lowering taxes, reducing unnecessary regulation, and providing incentives for job creation and business expansion. Bill earned a B.A. in U.S. History from U.C. Irvine and had a career in real estate and property management before his election to public office. He and his wife Sherry enjoy golfing, skiing, hiking, scuba diving, and boating. Their family includes son Tim, his wife Mona, and their daughter Katie; son Michael and his wife Vicki; and son Jacob.

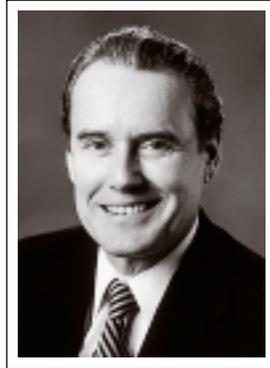
District 2





Board Members

District 3



Claude Parrish has served as a member since 1999. He has an open door policy and removed all phone mazes from his district offices. Claude's vote to exempt Scholastic Book Club's redemption program from sales tax rescued a valuable resource for California's teachers. While Chairman of the Board's Customer Service Committee, Claude implemented a new toll-free telephone line to help answer questions from tax practitioners. To prevent the collection of decades-old parking tickets through tax withholding, Claude sponsored legislation establishing a three-year statute of limitations on parking tickets. Claude has held positions in management, finance, and the securities industry. He holds a degree in accounting and graduated from college summa cum laude. Claude has served as a Los Angeles County Insurance Commissioner as well as treasurer of the Los Angeles County Republican Party. He was recognized by the *Wall Street Journal* as one of California's leading young business executives.

District 4



John Chiang, Member of the Board of Equalization since 1999, John offers innovative ideas to enrich the lives of taxpayers across California. His education and outreach efforts provide information for all Californians to build a better financial future for themselves and their families. At John's seminars, nonprofit organizations, religious institutions, and small business owners receive tools and sound advice on navigating the tax code. To enhance their quality of life, the elderly, disabled, and low-income families receive free tax preparation from John's trained staff. During his tenure, John sponsored more legislative proposals signed into law than any member in the Board's 126-year history. These measures produced tax relief for innocent spouses and those medically unable to manage their own affairs; expanded property tax exemptions and appeals for nonprofit corporations; and increased the accessibility of electronic tax filing. To combat tax evasion, John launched the Board's underground economy seminars and developed a handbook and CD-ROM for prosecutors. John graduated from Georgetown University Law Center after earning an honors degree in finance from the University of South Florida.



Board Members



Steve Westly, California's 29th Controller, was elected in November 2002. As Controller, he serves on more than 50 policy-making boards and commissions, including CalPERS and CalSTRS, and as chair of the Franchise Tax Board and State Lands Commission. Westly has more than 20 years of experience in business, government, and education. In the private sector, he guided the online auction company eBay through a period of rapid growth, serving as a senior vice president of marketing, business development, mergers and acquisitions, and international operations. Before joining eBay, Westly served for five years on the faculty of Stanford University's Graduate School of Business, teaching public management. He has also worked on Capitol Hill and for the U.S. Department of Energy. Westly holds B.A. and M.B.A. degrees from Stanford. Westly is married to Anita Yu, and they have two children. He and his wife have created the Steve and Anita Westly Foundation, a charitable organization focused on education, health care, and the environment.

