



*Torrey Pines State Reserve, San Diego County*

## Highlights

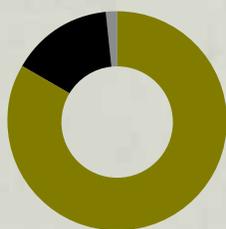
### Revenue

#### Total BOE revenues decrease

Fiscal year 2007-08 revenues totaled \$53.1 billion, 1.3 percent lower than the \$53.9 billion collected in 2006-07. Sales and use tax receipts, which totaled \$45.1 billion in 2006-07, dropped to \$44.3 billion, a decline of 1.7 percent.

#### 2007-08 BOE Revenues

*Billions of dollars*



- Sales and Use Taxes \$44.42
- Other Taxes and Fees \$7.92
- Property Taxes \$0.80

## Significant Legislation

### Purchases from Foreign Countries

Assembly Bill 1748 (Statutes 2007, Chapter 342) increases the exemption from use tax from \$400 to \$800 for purchases of tangible goods in a foreign country and personally hand-carried into California within any 30-day period.

### Expansion of the 911 Surcharge

Senate Bill 1040 (Statutes 2008, Chapter 17) imposes, beginning January 1, 2009, the 911 surcharge on amounts paid by every person in the state for Voice Over Internet Protocol (VoIP) service that provides access to the 911 emergency system by utilizing the digits 9-1-1 by any service user in this state.

### Retailer License Reinstatement Fee

Senate Bill 625 (Statutes 2007, Chapter 654) imposes a \$100 reinstatement fee upon a retailer under the Cigarette and Tobacco Products Licensing Act of 2003 if the license is reinstated after its expiration.

### Fractionally Owned Aircraft

Senate Bill 87 (Statutes 2007, Chapter 180) establishes streamline property tax administration procedures for assessing fractionally owned aircraft using a centralized approach in which counties coordinate their efforts allowing taxpayers to file a single statement with one county.

## Improving Operations

### Business License Inspection Program

The Investigations Division completed its two-year tax gap pilot program, the Business License Inspection Program (BLIP), at the end of the fiscal year. This program made possible the completion of almost 100,000 compliance inspections, which disclosed that approximately 3,000, or three percent, of the businesses inspected were operating without a seller's permit.

### Tax Gap

The Sales and Use Tax Department developed a comprehensive plan to address the estimated \$2 billion sales and use tax gap (the difference between sales and use tax revenue due under existing laws and the actual amount that is reported and paid). This plan was developed by identifying the components that form the tax gap, determining the programs that would be most successful in addressing each area, and requesting the resources necessary to effectively address the tax gap. The plan includes education, outreach, and other efforts to promote voluntary compliance, plus an enforcement component. Upon full implementation, the benefits of the tax gap proposal will include increased voluntary compliance, a leveling of the playing field for law-abiding businesses, and ultimately, increased revenue for the State of California.

### Expanded Online Services

The BOE continues to improve efficiency of operations and customer service by expanding the use of Internet-based eServices. New eService functions include Express Login, simplification of the eClient Registration Process, and a “Pay by Check” option. These enhancements allow taxpayers to: (1) skip the



*Historical Train Station, Old Sacramento  
Sacramento County*

eClient registration process and proceed directly to efilings a tax return using only their account number and a unique eight character Express Login Code; (2) efile a tax return, print out a payment voucher, and mail a paper check; and (3) choose their own User ID and password, then complete the eClient registration process by entering their account number, name, and Express Login Code. In addition, the eServices program expanded to allow efilings for sales and use tax accounts with multiple business locations and mandatory electronic funds transfer sales and use tax accounts.

### Streamlined Release of Security Deposits

The BOE streamlined the process for the release of security deposits. This updated process will ensure taxpayers receive their security deposits refund timely. Field offices now receive monthly reports of security deposits meeting the release criteria for refunding deposits. In

addition, taxpayers are now automatically notified if their security deposit is not eligible for release. The BOE will continue to enhance the security deposit program by using technology to automate more of the process.

### Accepting Credit Card Payments in Field Offices

Since dedicated credit card processing equipment was installed, credit cards can now be used to make payments in all field offices for every BOE tax and fee program account receivables, audits, and returns. The credit cards accepted for payments are Discover, MasterCard, American Express, and Visa.

### Cigarette and Tobacco Products Tax and Licensing Training Class

The Excise Taxes Division developed a Cigarette and Tobacco Products Tax and Licensing Training Class in May 2008 targeting all field offices over a three-month period. Staff visited a total of 23 field offices. Additionally, the training covered new enhancements to the BOE’s tracking system that improved the timeline for processing a cigarette and tobacco products retailer license. By having a better understanding of the cigarette and tobacco products tax and licensing program, field office staff will be able to provide a higher level of services to taxpayers.

### **New Rules for Tax Appeals**

The Board adopted its new Rules for Tax Appeals and repealed its old Rules of Practice effective February 6, 2008. The new Rules for Tax Appeals are easier to understand and provide a greater degree of clarity than the Board's old Rules of Practice, while retaining flexibility to respond to individual circumstances and new or changing Board responsibilities. The Rules for Tax Appeals also improve upon the Rules of Practice by codifying all of the procedures applicable to the Board's appeals processes in one place, organizing them by tax and fee program, and providing common procedures for taxpayers to follow where practicable. The new Rules for Tax Appeals create a more comprehensive set of procedural regulations covering all of the Board's administrative review functions with regard to BOE-administered tax and fee programs and the Board's appellate duties with regard to appeals from the actions of the FTB.

### **Disability Advisory Committee**

BOE's Equal Employment Opportunity Office established the BOE Disability Advisory Committee (DAC) in January 2008 as directed in the BOE Strategic Plan Initiatives and in compliance with Government Code 19795 (b). The purpose of the DAC is to advise the Executive Director about issues of concern to BOE employees with disabilities.