

Profile

California's State Board of Equalization (BOE) collects taxes and fees that provide approximately 35.6 percent of the annual revenue for state government and essential funding for counties, cities, and special districts. In fiscal year 2009-10, the BOE-administered taxes and fees produced \$50.7 billion for education, public safety, transportation, housing, health services, social services, and natural resource management.

The BOE 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 BOE plays a significant role in California property tax assessment and administration. It also acts as the appellate body for corporate franchise and personal income tax appeals.



BOARD MEMBERS 2009-10: John Chiang, *State Controller*, Jerome E. Horton, *Chairwoman* Betty T. Yee, Michelle Steel, and Barbara Alby

History

In 1879, a constitutional amendment created the BOE and charged it with the 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 BOE to levy four new taxes, including insurance and corporate 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 BOE'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 BOE has been given the responsibility for administering a number of additional business and property taxes and fees. More details of the BOE history are found in the [Appendix](#).

Tax and Fee Programs: 2009-2010

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| <p>Sales and Use Tax Programs <i>Sales and Use Tax</i> Bradley-Burns Uniform Local Sales and Use Tax District Transactions (Sales) and Use Tax</p> <p>Special Tax and Fee Programs <i>Excise</i> Alcoholic Beverage Tax Cigarette and Tobacco Products Tax Cigarette and Tobacco Products Licensing Program Emergency Telephone Users Surcharge Energy Resources Surcharge Insurance Tax Natural Gas Surcharge</p> <p><i>Fuel</i> 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</p> | <p><i>Environmental</i> California Tire Fee Electronic Waste Recycling Fee Hazardous Substances Program Activity Fee Disposal Fee Environmental Fee Facility Fee Generator Fee Integrated Waste Management Fee Marine Invasive Species Fee Occupational Lead Poisoning Prevention Fee Water Rights Fee</p> <p>Property Tax Programs County Assessment Standards Program Private Railroad Car Tax State-Assessed Property Program Timber Yield Tax</p> <p>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</p> |
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[Publication 41](#), *Taxes and Fees Administered by the California State Board of Equalization*, accompanies this report and lists revenues and other comparative information in a convenient chart format for revenue producing tax and fee programs administered by the BOE.

Governance

The BOE's five Board 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 BOE's fifth Member. All but one of the 2009-10 Members of the Board were elected in November 2006, with terms beginning in January 2007. Acting Member Barbara Alby joined the Board in March 2010 replacing Member Bill Leonard.

The BOE's Executive Director, appointed by the Board Members, directs approximately 4,054 agency employees, who carry out the BOE's mission, goals, and directives.

BOE Responsibilities

The primary responsibilities of the BOE are to:

- Administer agency programs.
- Act as an appellate body for the review of property, business, and income tax determinations.
- Adopt rules and regulations clarifying the laws it administers.

- 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 BOE:

- Serves as the appellate body for final actions taken by the Franchise Tax Board (FTB) 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 rules 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 taxes, 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 California 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 and other interested parties 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 2009-10, the Board met in Sacramento, Culver City, and Squaw Valley.

The Board also holds Taxpayers' Bill of Rights hearings each year that allow taxpayers to make comments and suggestions regarding BOE-administered laws and programs. For information regarding the 2009-10 hearings and related agency actions, please see [page 25](#).

Board Members



Betty T. Yee represents the First Equalization District and its 21 counties along the northern and central California coast, including the entire San Francisco Bay Area. She was elected unanimously by her colleagues in January 2010 to serve as the Board's Chair. Betty previously served as Chief Deputy Director for Budget with the California Department of Finance and held senior staff positions on several fiscal and policy committees in the California State Legislature. Preceding her legislative experience, she served as a county public health commissioner. Recognized for over two decades of work in state and local finance, Betty received the Distinguished Service Award from the California State Association of Counties and an award of recognition from the California Assessors' Association for her leadership in establishing the State-County Property Tax Administration Program. A native of San Francisco, Betty earned her Bachelor of Arts Degree in Sociology from the University of California, Berkeley, and her Master's Degree in Public Administration from Golden Gate University, San Francisco.



Bill Leonard served as the Board Member for the Second Equalization District from January 2003 to March 2010. At the time of his re-election to his second term on the Board in November 2006, he garnered more than one million votes. Prior to his Board tenure, he served in the State Assembly from 1978-88 and again from 1996-2002. In 1997-98 he was the Assembly Republican Leader. He served in the State Senate from 1988-96 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. On the Board he has fought for justice for taxpayers, and has advocated for taxpayer rights and public accountability. In addition, Bill has spearheaded a pro bono assistance program to provide advice to individual taxpayers appearing before the Board. Bill earned a Bachelor of Arts degree in U.S. History from the University of California, 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, his wife Vicki, and their son Gavin; and son Jacob.



Barbara Alby assumed the office of Acting Board Member representing the Second Equalization District in March 2010, having served as Chief Deputy to the previous Board Member, Bill Leonard. Having been a successful businesswoman, Barbara understands the importance of fair and just administration of tax policy. She has a proven record as a tireless advocate for the taxpayer and business community. Barbara remains committed to fairness, common sense, and transparency at the Board of Equalization. Elected to the California Legislature in 1993, Barbara represented the Sacramento area. Foremost among Barbara's legislative accomplishments are laws to protect women and children from sexual predators. She is the author of California's Megan's Law, which requires law enforcement to notify you when a sexual predator moves into your community. As a domestic violence survivor, she is also very proud of her landmark legislation that now allows police to arrest for "probable cause" in domestic violence calls. This law has been a significant intervention tool to save women trapped in violent relationships.



[Michelle Steel](#), the nation's highest-elected Korean American officeholder and California's senior-ranking Republican constitutional officer, represents California's Third Equalization District. In just her first year on the job, Michelle quickly distinguished herself as the state's leading tax fighter. In 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Thanks to Steel's decisive leadership, procedures were changed. To date, the BOE has returned over \$100 million in security deposits to California businesses. In 2008, Steel successfully led the fight against a new iTax, a \$500 million tax on digital downloads. Steel's experience includes service on the President's Advisory Commission on Asian Americans and Pacific

Islanders, the White House Conference on Aging, California's World Trade Commission, Los Angeles Department of Children and Family Services, and Los Angeles Airport and Fire Commissions. Michelle, a Pepperdine University business graduate, has an Executive MBA from the University of Southern California and lives in Rolling Hills with her husband, Shawn.



[Jerome E. Horton](#) was appointed to the Board by Governor Arnold Schwarzenegger and confirmed by the California State Assembly and Senate in 2009. Mr. Horton joins the Board with over 35 years of public service experience, including 21 years with the Board of Equalization. While at the BOE, Mr. Horton served as a Business Tax Advisor and Legislative Director to Board Member Claude Parrish, Supervisor, District Reviewer, and Senior Auditor. Mr. Horton is the first African American to serve as a Member of the Board of Equalization since its inception in 1879, and the third African American constitutional officer in California's history. Mr. Horton received his Bachelor of Science degree in Finance and Accounting from California State University, Dominguez Hills. Mr. Horton is married to the Honorable Yvonne

Horton, City Clerk of the City of Inglewood. Together, they have two children, Myeshia and Matthew, and one granddaughter, Sahara.



[John Chiang](#), a Member of the Board since 1997, was elected to the position of State Controller in November 2006 and re-elected in 2010. As Controller, he continues to serve the Board as its fifth voting Member. John Chiang has long championed financial literacy, and uses his position to empower working families. Through seminars and free tax preparation assistance, Chiang educates low- and middle-income Californians about taking advantage of tax credits and refunds they have earned. Before serving as Controller, Chiang represented most of Los Angeles County on the Board. First elected in 1998, then re-elected in 2002, he was recognized by many groups for outstanding public service at the BOE. He sponsored more successful legislative proposals during his tenure than any other Member in

the BOE's 130-year history. Now the state's Chief Fiscal Officer, Chiang chairs the Franchise Tax Board and serves on 77 other boards and commissions including the boards of the nation's two largest public pension funds. Chiang graduated with honors from the University of South Florida with a degree in Finance, and received his law degree from the Georgetown University Law Center.