

**BOARD OF EQUALIZATION
LEGISLATIVE COMMITTEE MEETING AGENDA
HONORABLE JUDY CHU, CHAIRWOMAN
450 N STREET, SACRAMENTO, ROOM 121
APRIL 8, 2008 9:30 AM**

----- Minutes -----

I. 2008 LEGISLATIVE PROPOSALS

**BUSINESS TAXES
SALES AND USE TAXES**

2008 Legislative Proposals

Set forth below is a suggestion for Sales and Use Taxes legislation to be sponsored by the Board in the second year of the 2007-2008 Legislative Session (see attachments).

**Suggestion
Number**

3-7 **Repeal Section 7076.5 of the Sales and Use Tax Law to delete the January 1, 2009 sunset date of the Managed Audit Program and thereby extend the program indefinitely.**
Consent

Source: Sales and Use Tax Department

Revenue Impact: Potential \$260,000 annual net revenue increase, depending on level of participation.

COMMITTEE RECOMMENDATION: ADOPT (5-0) CONSENT

II. 2008 LEGISLATIVE BILLS

A. Discussion Item: Update and status of bills containing Board-sponsored provisions.

	<u>Bill No</u>	<u>Author</u>	<u>Date</u>	<u>Subject</u>	<u>Status</u>
1.	AB 0010c	Budgets	02/15/08	Use Tax: Vehicles, Vessels, and Aircraft: 12 month Test	Assembly Floor – failed
2.	AB 1012	Calderon	01/07/08	Property Tax: Disabled Veterans' Exemption cleanup	Senate Revenue and Taxation
3.	AB 1895	Silva	02/07/08	Sales Tax: Statute of Limitations: Corporate Officer Liability	Assembly Appropriations
4.	AB 1901	Silva	02/07/08	Business Taxes: One day Interest for Late Payment	Assembly Appropriations
5.	AB 1919	Silva	02/08/08	Sales Tax: Navy and Marine Thrift Store Exemption	Assembly Appropriations
6.	AB 1926	Horton	02/12/08	Business Taxes: Interest Equalization	Assembly Revenue and Taxation – 4/7
7.	AB 1957	Eng	03/25/08	Use Tax: Report on FTB return	Assembly Revenue and Taxation – 4/14
8.	AB 2047	Horton	02/19/08	Business Taxes: Offers in Compromise	Assembly Revenue and Taxation – 4/7
9.	AB 3009	Brownley	02/22/08	Sales Tax: Consumer: Itinerant Vendors	Assembly Revenue and Taxation – 5/5
10.	AB 3079	AR&T	03/13/08	Business Tax Proposals: <ul style="list-style-type: none"> • Info Sharing: Department of Industrial Relations • Use Tax: In-state Purchasers: Statute of Limitations • Fuel: Train Operator Informational Returns 	Introduced

	<u>Bill No</u>	<u>Author</u>	<u>Date</u>	<u>Subject</u>	<u>Status</u>
11.	SB 0008c	Budgets	02/13/08	Use Tax: Vehicles, Vessels, and Aircraft: 12 month Test	Assembly Floor - failed
12.	SB 1450	Dutton	02/21/08	Sales Tax: Navy and Marine Thrift Store Exemption	Senate Revenue and Taxation
13.	SB 1495	Kehoe	02/12/08	Property Tax: Disaster: Disabled Veterans' Exemption	Senate Revenue and Taxation – 4/9
14.	SB 1777	SR&T	03/12/08	Property Tax Omnibus Bill: <ul style="list-style-type: none"> • Disabled Veterans' Exemption cleanup • Cost-effective Annual Boat Reassessment • Code reference correction • PCOR: Remove detail from statute • On-line Appraiser Continuing Education • Disaster: Base Year Value Transfers • Exemptions: Property Leased to Public Schools Board Meetings: Place of Meetings	Introduced

B. Discussion Item: Update and status of bills of interest to the Board.

	<u>Bill No</u>	<u>Author</u>	<u>Date</u>	<u>Subject</u>	<u>Status</u>
1.	AB 1839	Calderon	01/24/08	BT: SUT: Deletes the provisions that allow an affiliate of a retailer, or lender to claim a bad debt deduction for sales tax reported and paid by a retailer on transactions held by a lender that are determined to be uncollectible.	Assembly Revenue and Taxation – 4/14

	<u>Bill No</u>	<u>Author</u>	<u>Date</u>	<u>Subject</u>	<u>Status</u>	<u>COMMITTEE DISCUSSION</u>
2.	AB 1840	Calderon	01/24/08	BT: SUT: Specifies that a "retailer engaged in business in this state" means any retailer that has substantial nexus with this state for purposes of the commerce clause of the United States Constitution and any retailer upon whom federal law permits this state to impose a use tax collection duty.	Assembly Revenue and Taxation	Comments from Board Members Chu, Yee, Leonard, and Deputy Controller Mandel. Public comments from California Taxpayers' Assn.(CalTax), American Electronics Assn.(AEA), CCC, and California Tax Reform Assn. (CTRA).
3.	AB 1956	Calderon	03/24/08	BT: SUT: Requires the Board to submit a report to the Legislature on transactions involving digital property within this state that includes, among other things, a proposed regulation that would provide that sales of digital property are subject to tax for purposes of the Sales and Use Tax Law.	Assembly Revenue and Taxation – 4/14	Board Members Yee and Steel stated their concerns. Public comments from CalTax, AEA, CCC, and CTRA
4.	AB 2297	Saldana	02/21/08	BT: BOE to calculate the revenue impact of reclassifying any alcoholic beverage from beer to a distilled spirit.	Assembly Governmental Organization – 4/9	
5.	AB 2461	Davis	02/21/08	PT: Split Roll: Revenue Study. Requires the Board to conduct a study to determine the amount of revenue that would be generated if "nonresidential commercial property" had been reassessed at its fair market value in the prior year.	Assembly Revenue and Taxation – 4/14	Public comments from CalTax, CCC, and CTRA

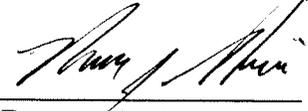
	<u>Bill No</u>	<u>Author</u>	<u>Date</u>	<u>Subject</u>	<u>Status</u>
6.	AB 2568	Houston	02/22/08	PT: Disabled Veterans' Exemption: 100% Exemption. Exempts the home of any person eligible for the disabled veterans' exemption.	Assembly Revenue and Taxation – 5/5
7.	AB 2579	Niello	02/22/08	PT: Base Year Value Transfers. Related to the "one time only" limitation, allows each spouse to make a separate one-time claim.	Assembly Revenue and Taxation – 4/14
8.	AB 3035	Huffman	02/22/08	PT: Welfare Exemption: Supplemental Assessment. Expands the grace period to qualify for the welfare exemption on newly purchased property from 90 to 180 days.	Assembly Revenue and Taxation – 4/28
9.	SB 0153 Amendments	Migden	As proposed	PT: Change in Ownership Exclusion: Co-owners Death. Creates a change in ownership exclusion for the transfer of an interest in a home from the decedent to the surviving co-owner. In the case of other types of co-owned property, limits the exclusion to \$500,000 of assessed value.	Pending

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| 10. | SB 1098 | Migden | 03/11/08 | BT: SUT: Among other things, provide amnesty for unpaid tax, interest and penalties on any sales of tangible personal property by a medical cannabis dispensary, as defined, prior to October 1, 2005 if the dispensary applies for relief by March 31, 2009 and begins prospective compliance with the Sales and Use Tax Law, as specified. | Senate Revenue and Taxation – 4/9 |
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VOTE CHART

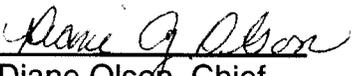
	<u>Chu</u>	<u>Yee</u>	<u>Leonard</u>	<u>Steel</u>	<u>Chiang/ Mandel</u>	<u>COMMITTEE RECOMMENDATION</u>
SUGGESTION <u>3-7</u>	CONSENT					ADOPT (5-0)

Approved: 
Ms. Judy Chu, Chair
Board Legislative Committee


Ramon J. Hirsig, Executive Director

BOARD APPROVED

at the April 8, 2008 Board Meeting


Diane Olson, Chief
Board Proceedings Division

April 8, 2008