

[Assembly Bill 814](#) (Daly)

Date: 03/26/15

Program: Administration

Sponsor: BOE Member Runner

Revenue and Taxation Code Section 39

Effective: January 1, 2016

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**Summary:** Requires the Board of Equalization (BOE), the Franchise Tax Board (FTB), and the Employment Development Department (EDD) (“tax agencies”) to conduct a feasibility study on developing an Internet Web site portal that virtually consolidates the three agencies. This bill also directs the agencies to consider form, application, and other document consolidation.

**Purpose:** To allow taxpayers an easy and up-to-date integrated access to their accounts with all three tax agencies. Once implemented, this website would allow taxpayers to file tax returns, claim refunds, and interest and penalty relief requests with one login. Taxpayers would no longer need to navigate through three separate tax agencies to access forms and information. This will save taxpayers time and increase voluntary compliance.

**Fiscal Impact Summary:** No effect on state revenues.

**Existing Law:** Under existing law, the tax agencies perform the following duties:

**BOE**

- Administers state, local, and district sales and use taxes.
- Administers a variety of business and excise taxes and fees, including those levied on gasoline, alcoholic beverages, diesel fuel, cigarettes, and hazardous waste.
- Oversees the administration of the local property tax by county assessors.
- Assesses certain statewide utility and railroad property.
- Adjudicates tax disputes and appeals, including income tax disputes.

**FTB**

- Administers personal income tax (PIT) and corporation tax.
- Administers homeowners’ and renters’ assistance programs.
- Collects child support payments and other court-ordered payment programs.

**EDD**

- Administers employment-related services.
- Administers unemployment insurance (UI).
- Administers state disability insurance (SDI).
- Collects UI contributions and employment taxes from employers.
- Collects SDI contributions for the SDI program.
- Collects PIT withholding on wages and salaries.
- Interacts directly with FTB in the administration of the PIT.

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the BOE’s formal position.

**Proposed Law:** This bill requires the tax agencies to collaborate and focus their current and future information technology efforts to conduct a feasibility study on developing a single Internet Web site portal that virtually consolidates the agencies.

The portal is intended to allow a single logon for all three agencies and provide online self-service access for taxpayers. The portal is expected to allow taxpayers to:

- Electronically file returns;
- Submit forms or other information;
- Determine account balances and tax due dates;
- Remit amounts due;
- Identify the status of any appeal, refund claim, or interest or penalty relief request; and
- Access any other information the agencies deem helpful that assists the taxpayer in complying with the state's tax laws.

Additionally, the bill directs the agencies to consolidate forms, applications, and other documents to reduce or eliminate multiple submissions of the same information by taxpayers, upon a joint determination by the agencies that a need exists to improve cost-effective services to taxpayers and an appropriation by the Legislature.

The bill requires the feasibility study to:

- Be completed on or before January 1, 2017,
- Consider the California Tax Service Center Internet Web site in its analysis,
- Be conducted with the tax agencies' existing budgets, and
- Be submitted to the Legislature no later than six months after the study is completed.

**In General:** The BOE works actively with the FTB and EDD to identify specific, incremental processes to achieve efficiencies for taxpayers. In conjunction with BOE's Centralized Revenue Opportunity System (CROS) the agencies work to identify opportunities to coordinate and collaborate on various aspects of business processes. This effort is designed to avoid unnecessary duplication and incompatibility of systems and business methods. The CROS project will replace the BOE's current legacy technology systems.

BOE has taken the lead in working with the FTB and the EDD to identify specific, incremental processes to optimize capacities and achieve efficiencies.

A combined workgroup was formed to discuss processes and functions most opportune for consolidation, taking into account all practical aspects and costs. The workgroup discussed the tax return process, call centers, printing, mailing and the electronic capture of documents.

Numerous other collaborative efforts underway include the following:

- A joint agency information sharing team ensures that new technology projects continue to increase current data sharing abilities. The team evaluates the risks and resources to pursue a more integrated approach for accessing data from the other agencies.
- A "Tri-Agency Collector Exam" consolidates the three agencies' entry level collector exam into a single exam. Candidates take one exam for all three agencies' entry level collector classifications.
- Consolidated recruitment efforts allow one recruitment table at the recruitment events. These efforts are primarily for tax auditor and collector classifications because of their similar duties and minimum qualifications.

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- The BOE and the FTB work collaboratively to enhance the collection of the use tax. Taxpayers can report their use tax on their state income tax return. FTB's income tax instruction booklet includes taxpayer use tax reporting obligation information to improve voluntary compliance.
- The agencies worked together to provide a more simplified approach for taxpayers requesting to satisfy their tax debts through offers in compromise. One form is available to all three agencies.
- The agencies established an offset process to notify the other agencies of a pending refund. The other agencies may obtain the refund monies to apply to taxes owed.
- The agencies and the IRS created the California Tax Service Center website, [www.taxes.ca.gov](http://www.taxes.ca.gov), with the goal of "one-stop" tax help. This combined effort streamlines and improves taxpayer resources and educational programs.

**Previous Legislation:** Two measures similar to this bill were introduced in 2013. AB 833 (Harkey) was held in the Senate Appropriations Committee. SB 582 (Knight and Harkey) was vetoed by Governor Brown, whose veto message states:

Consolidation of the tax departments has been studied for decades. We don't need to conduct any further studies. I instruct the Secretary of the Government Operations Agency to determine if taxpayer service can be improved in a cost effective manner with a single state Webpage for all state taxes. If it can, my administration will work with the author to seek implementing legislation should it be needed.

SB 1326 (Harman, 2012) was held in the Senate Appropriations Committee.

### **Commentary:**

- 1. Effect of the bill.** This measure begins the process of developing an enhanced "one-stop-shop" portal to allow taxpayers easy and up-to-date integrated access to their accounts with all three tax agencies.
- 2. BOE technology limitations.** The BOE's current information technology is not taxpayer-focused. Although the BOE is improving on-line taxpayer services (i.e., eFile, eRegistration, ePay, eRelief), its ability to fully embrace new technologies is severely limited.

This bill's objectives are similar to those of the previously mentioned CROS. CROS is proposing a system that will:

- Improve customer satisfaction by offering more online services, streamlining processes, and increasing transaction accuracy.
- Provide a secure environment to ensure that customers' interactions are fast, reliable, stable, scalable and secure.
- Improve program efficiency and utilize best practices from other tax agencies.

**Administrative Costs:** The cost to work with EDD and FTB to develop a plan to create a single web-based portal that virtually consolidates the agencies is absorbable.

**Revenue Impact:** This bill in and of itself would not affect the state's tax revenues. In general, a web-based virtual consolidation would not appear to have any effect on the state's revenues.

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