

**BOARD OF EQUALIZATION
LEGISLATIVE COMMITTEE MEETING MINUTES
HONORABLE JUDY CHU, CHAIRWOMAN
450 N STREET, SACRAMENTO, ROOM 121
NOVEMBER 12, 2008 9:30 AM**

----- MINUTES -----

I. 2009 Legislative Proposals

**BUSINESS TAXES
SALES AND USE TAXES**

2009 Legislative Proposals

Set forth below are suggestions for Sales and Use Taxes legislation to be sponsored by the Board in the first year of the 2009-2010 Legislative Session (see attachments). Additional suggestions will be included on the agenda for December 2008.

**Suggestion
Number**

3-1 Amend Revenue and Taxation Code Sections 6452.1, 6453, 6487.3, and 18510 to eliminate the sunset date of December 31, 2009, to continue to require the Franchise Tax Board to provide a line for payment of use tax on the state income tax returns.

Source: Sales and Use Tax Department

Revenue Impact: Continuance of annual \$6 million ongoing state and local revenue

COMMITTEE RECOMMENDATION: Motion to Adopt a proposal that is identical to the provisions of AB 1957 (Eng, 2008) – Passed (3-2)

3-2 Amend Revenue and Taxation Code Section 6069 of the Sales and Use Tax Law to increase the reinstatement fee on revoked seller's permits from fifty dollars (\$50) to one hundred dollars (\$100).

Source: Sales and Use Tax Department

Revenue Impact: \$400,000 annual revenue increase

COMMITTEE RECOMMENDATION: Motion to Adopt – Passed (3-2)

3-3 Amend Revenue and Taxation Code Section 7054 of the Sales and Use Tax Law to authorize the Board to impose a 25% penalty when a taxpayer fails or refuses to timely or adequately furnish any information, documents, or books and records requested in writing by the Board during an examination or audit engagement, unless the failure is due to reasonable cause and is not due to willful neglect. To the extent they are applicable, similar provisions would be incorporated into the Board-administered special taxes and fees programs.

Source: Sales and Use Tax Department

Revenue Impact: Unknown. Penalty is intended to increase compliance and expedite audit process.

COMMITTEE RECOMMENDATION: Motion to Adopt – Passed (3-2)

3-4 Amend Revenue and Taxation Code Section 6248 of the Sales and Use Tax Law to clarify the definition of "California resident" and the exception for repair, retrofit, and modification for purposes of the 12-month test for out-of-state purchases of vehicles, vessels and aircraft.

Source: Sales and Use Tax Department

Revenue Impact: Approximately \$490,000 annual state and local revenue gain

COMMITTEE RECOMMENDATION: Motion to Adopt – Passed (4-1)

II. TABLE OF SECTIONS SCHEDULED TO SUNSET BY JANUARY 1, 2011

Notification of law sections administered by the Board that will sunset by January 1, 2011

Discussion: Staff informed Members that Legislative Section will keep them apprised of legislation introduced that impacts these sections of law.

III. FINAL STATUS OF PROPOSALS FOR BOARD- SPONSORED LEGISLATION IN 2008

Report on final status of proposals for Board-Sponsored Legislation in 2008.

Discussion: Staff informed Members that Ms. Steel previously requested that proposals identical to AB 1901 and AB 1919 be placed on the December Legislative Committee agenda.

Committee Recommendation: Place proposals identical to AB 1901 (Silva), AB 1919 (Silva), AB 3009 (Brownley), and the entire contents of SB 1777 (SR&T) on the December Legislative Committee agenda.

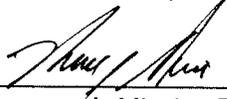
**BOARD OF EQUALIZATION
BOARD COMMITTEE ON LEGISLATION
NOVEMBER 12, 2008**

**Attending: Honorable Judy Chu, Chair - Honorable Betty T. Yee, Honorable Bill Leonard, Honorable Michelle Steel,
and Marcy Jo Mandel**

<u>Suggestion No.</u>	<u>Chu</u>	<u>Yee</u>	<u>Leonard</u>	<u>Steel</u>	<u>Chiang/ Mandel</u>	<u>Committee Recom.</u>
Business Taxes Sales and Use Taxes						
3-1	Y	Y	N	N	Y	PASSED (3-2)
3-2	Y	Y	N	N	Y	PASSED (3-2)
3-3	Y	Y	N	N	Y	PASSED (3-2)
3-4	Y	Y	Y	N	Y	PASSED (4-1)

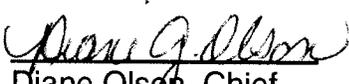
November 12, 2008

Approved: 
Dr. Judy Chu, Chair
Board Legislative Committee


Ramon J. Hirsig, Executive Director

BOARD APPROVED

at the November 12, 2008 Board Meeting


Diane Olson, Chief
Board Proceedings Division

November 12, 2008