



**BOARD OF EQUALIZATION
LEGISLATIVE COMMITTEE MEETING AGENDA
HONORABLE JEROME HORTON, CHAIR
450 N STREET, SACRAMENTO, ROOM 121
NOVEMBER 15, 2011 10:00 AM**

----- Agenda -----

I. 2012 LEGISLATIVE PROPOSALS

BUSINESS TAXES

2012 Legislative Proposals

Set forth below are suggestions for Business Taxes legislation to be sponsored by the BOE in the second year of the 2011-12 Legislative Session (see attachments).

**Suggestion
Number**

[2-1](#) Amend Section 6591.5 of the Revenue and Taxation Code to revise the interest calculation provisions in the tax and fee programs the BOE administers so that the rate of interest allowed on refunds of tax and fee overpayments is the same as that calculated on late payments.

Source: Honorable Michelle Steel

Revenue Impact: For fiscal year 2012-13, credit interest payments are estimated to be approximately \$31 million for BOE administered tax and fee programs.

[2-2](#) Amend Revenue and Taxation Code Section 6757 of the Sales and Use Tax Law, and amend comparable statutes in BOE special tax and fee programs, to authorize the BOE to withdraw a lien after a taxpayer, feepayer, or surcharge payer pays the delinquent liability for which the lien was filed under the applicable tax, fee, and surcharge programs the BOE administers.

Source: Honorable George Runner

Revenue Impact: Indeterminable, but could have a positive impact to state and local revenues to the extent taxpayers would have an incentive to clear their tax debts more quickly.

**Suggestion
Number**

[2-3](#) Amend Revenue and Taxation Code Section 7093.6 of the Sales and Use Tax Law, and amend comparable statutes in BOE special tax and fee programs, to make permanent the BOE's ability to compromise certain final tax liabilities of (1) businesses that are not discontinued or transferred if the final tax liability arises from transactions in which the taxpayer did not receive sales tax reimbursement or use tax, (2) persons liable as successors, and (3) consumers who incurred a use tax liability. These provisions are set to expire January 1, 2013.

Source: Legal Department

Revenue Impact: To date, the BOE has accepted offer funds of \$532,667, while compromising \$357,183 for liabilities totaling \$889,850.

[2-4](#) Amend Revenue and Taxation Code Sections 6480.1 and 60116 of the Sales and Use Tax Law and Diesel Fuel Tax Law, respectively, to make technical and administrative changes related to the fuel tax swap legislation. Both the prepayment rate of the sales tax and the Interstate User rate for diesel fuel have adjustment dates that would be changed to coincide with the annual diesel and gasoline fuel excise tax rate adjustment, as specified in the fuel tax swap bills. (Housekeeping)

Source: Sales and Use Tax Department and Property and Special Taxes Department

Revenue Impact: None

**BUSINESS TAXES
SALES AND USE TAXES**

2012 Legislative Proposals

Set forth below are suggestions for Sales and Use Taxes legislation to be sponsored by the BOE in the second year of the 2011-12 Legislative Session (see attachments).

**Suggestion
Number**

[3-1](#) Add Revenue and Taxation Code Section 6593.7 to the Sales and Use Tax Law to authorize the Members of the BOE, meeting as a public body, to relieve all or any part of interest imposed, not to exceed \$50,000 during a 12-month period, on a late payment if the Members find, in their discretion, that a person's late payment was due to specified extraordinary circumstances and that it is inequitable to compute interest as the law requires.

Source: Honorable Michelle Steel

Revenue Impact: The maximum amount of interest that the BOE could relieve would be \$50,000 during a 12-month period.

[3-2](#) **PUT OVER** ~~Amend Sections 5027 and 22255 of the Business and Profession Code to require certified public accountants and tax preparers that complete income and/or sales tax returns to complete required continuing education in the Sales and Use Tax Law.~~

~~Source: Sales and Use Tax Department~~

~~Revenue Impact: Indeterminable.~~

[3-3](#) **PUT OVER** ~~Amend Revenue and Taxation Code Section 6452.1 of the Sales and Use Tax Law to *require* California purchasers incurring a use tax liability that do not hold a permit or license with the BOE to report use tax on their income tax return if they failed to report the tax to the BOE.~~

~~Source: Sales and Use Tax Department~~

~~Revenue Impact: Estimated \$5 million annual state and local revenue increase (\$3 million General Fund).~~

**Suggestion
Number**

[3-4](#) Add Section 22175 to the Public Contract Code to require local governments to contract for the purchase of tangible personal property with vendors or contractors that have a valid seller's permit or certificate of registration – use tax.

Source: Sales and Use Tax Department

Revenue Impact: Indeterminable but should result in additional revenue from previously unregistered sellers.

[3-5](#) Add Revenue and Taxation Code Section 7093.8 to the Sales and Use Tax Law to provide for a penalty and interest reprieve program for high risk collection accounts.

Source: Sales and Use Tax Department

Revenue Impact: Indeterminable - would be based on level of participation.

[3-6](#) Amend Revenue and Taxation Code Sections 7261 and 7262 of the Transactions and Use Tax Law to change the transactions and use tax rate to 0.125, or multiples of 0.125 percent (formerly 0.25 or multiples of 0.25 percent) to make it consistent with specified sections contained in the Transactions and Use Tax Law that were recently amended. (Technical)

Source: Legislative Section and Legal Department

Revenue Impact: None

[3-7](#) Amend Revenue and Taxation Code Section 6355 of the Sales and Use Tax Law to change the date in which the BOE is required to calculate the bulk sales threshold for coins and bullion. (Technical)

Source: Sales and Use Tax Department

Revenue Impact: None