



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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April 3, 2015

Honorable William P. Brough
California State Assembly Member
State Capitol, Room 2174
Sacramento, CA 95814

Subject: **BOE Sponsorship of Assembly Bill 1277, as Amended March 26, 2015**

Dear Assembly Member Brough:

The Board of Equalization (BOE) is sponsoring your AB 1277 related to the BOE's efforts to update the amount of temporary relief taxpayers receive when a levy threatens their health and welfare.

Specifically, AB 1277 increases the levy amount the BOE's Taxpayers' Rights Advocate (TRA) is authorized to return from \$1,500 to \$2,300 to adjust for inflation and to provide a mechanism for future inflation adjustments, and extends this authorization, even when a jeopardy assessment has been issued. The bill also adds levy return authority to the remaining BOE-administered tax and fee programs that currently lack it. This bill offers the following benefits:

- **Return Authority Mitigates Extreme Hardship.** The BOE is authorized to levy bank accounts to collect delinquent amounts. In rare cases, the TRA orders the return of levied funds to a taxpayer to provide for the taxpayer's basic needs. However, the TRA has no authority to relieve the taxpayer's liability. Moreover, the TRA may order funds returned only when the taxpayer can demonstrate that a levy threatens the health or welfare of the taxpayer or the taxpayer's family.
- **Inflation Adjustment is Necessary.** The return amount has not been increased since 1996, when the return authority first became effective. Increasing the return amount from \$1,500 to \$2,300 accounts for inflation since 1996 and provides a mechanism to ensure that the return amount keeps pace with the cost of living.
- **Applies Return Authority Consistently.** The TRA has return authority with respect to all BOE-administered tax programs except the Cigarette and Tobacco Products Tax Law and the Fee Collection Procedures Law. This measure provides consistent return authority to the TRA for all BOE-administered tax and fee programs.

Thank you for authoring AB 1277, which provides necessary temporary assistance to taxpayers when a levy threatens their or their family's health or welfare.

If you have any questions or need additional information regarding this bill, please contact Michele Pielsticker, Chief, Legislation and Research Division, at (916) 322-2376.

Sincerely,

Cynthia Bridges
Executive Director

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