



**STATE BOARD OF EQUALIZATION
STAFF LEGISLATIVE BILL ANALYSIS**

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| Date Amended: | 05/01/07 | Bill No: | SB 920 |
| Tax: | Sales and Use Tax | Author: | Oropeza |
| Related Bills: | | Position: | Support |

BILL SUMMARY

This bill would permit the Board to provide information available in the Board’s records to an authorized representative of the California State Controller’s Office that would assist them in determining compliance with the provisions of the Unclaimed Property Law, as specified.

The bill would also incorporate similar provisions that would apply to the Franchise Tax Board (FTB).

SUMMARY OF AMENDMENTS

The amendments to this bill since the previous analysis make clarifying changes to the FTB-related provisions.

ANALYSIS

CURRENT LAW

Under existing law, the Civil Code and most of the tax laws the Board administers, including Section 7056 of the Sales and Use Tax Law, contain provisions making it illegal for the Board to divulge to any unauthorized persons information regarding a taxpayer’s affairs.

In accordance with Section 7056, unless the Governor authorizes examination of the Board’s records by other state officers, or as otherwise allowed pursuant to this section, all but the following information contained in the Board’s records is confidential: the taxpayer’s seller’s permit number, business name, names of general partners, business and mailing addresses, business code, ownership designation, start and close-out dates, status of permit (i.e., active/inactive), and tax area code. However, disclosure of the name and address of an individual may be prohibited by Civil Code Section 1798.69. (Civil Code Section 1798.69 provides in part that the Board may not release the names and addresses of taxpayers except to the extent necessary to verify resale certificates or administer the tax and fee provisions of the Revenue and Taxation Code).

To promote efficient tax administration, and as authorized under Section 7056, the Board has entered into agreements for the reciprocal exchange of, or for the release of, information, including personal or confidential information, with state agencies, other states, local government agencies, the Federal Government, and specific private contractors. These agreements permit disclosure of information contained in the files and records of the agencies subject to the restrictions prescribed in the agreements or provided by statutes and regulations.

Under California's Unclaimed Property Law, the State acquires unclaimed property which requires "holders" such as corporations, business associations, financial institutions, and insurance companies to annually report and deliver property to the Controller's Office after there has been no customer contact for three years.

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 Board’s formal position.

The Unclaimed Property Law was enacted to prevent holders of unclaimed property from using the owner's money and incorporating it into their business income. This law gives the State an opportunity to return the money to the rightful owner and provides a single source, the Controller's Office, for owners to check for unclaimed property that may be reported by holders from around the nation.

Often the owner forgets that the account exists, or moves and does not leave a forwarding address or the forwarding order expires. In some cases, the owner dies and the heirs have no knowledge of the property. California's Unclaimed Property Law does not include real estate property. The most common types of unclaimed property are:

- Bank accounts and safe deposit box contents
- Stocks, mutual funds, bonds, and dividends
- Uncashed cashier's checks or money orders
- Certificates of deposit
- Matured or terminated insurance policies
- Estates
- Mineral interests and royalty payments, trust funds, and escrow accounts

PROPOSED LAW

This bill would amend Section 7056 of the Sales and Use Tax Law to specify that, when requested by the Controller's Office, the Board may permit any duly authorized representative of that office to obtain information available in the Board's records that will assist the Controller's Office in determining compliance with the provisions of the Unclaimed Property Law (Title 10 (commencing with Section 1300) of Part 3 of the Code of Civil Procedure).

The bill would also amend the information disclosure statute administered by the Franchise Tax Board to authorize that agency to share specified information with the Controller's Office for the same purpose.

The bill would become effective January 1, 2008.

COMMENTS

1. **Sponsor and purpose.** This measure is sponsored by the Controller's Office in an effort to develop information on businesses that may not be complying with the unclaimed property laws.
2. **The May 1, 2007 amendments** make clarifying changes to the FTB-related provisions.
3. **The Board currently shares certain confidential information with the Controller's Office.** For example, when the Board initiates a refund of an overpayment, information is transmitted to the Controller's Office to issue a warrant to the person receiving a refund. The Board has never encountered a situation in which the Controller's Office has violated the confidentiality laws with respect to these transfers, and we do not anticipate enactment of this bill would cause any further concern with respect to the divulging of confidential information.

4. **Enactment of this bill would not materially affect the Board.** The language specifies that the Board may permit a representative of the Controller's Office to obtain information available in the Board's records. With this language, we do not anticipate problems in furnishing the information that may be requested.

COST ESTIMATE

Since the bill would require the Board to provide information available in the Board's records, it appears enactment of this measure would not materially affect the Board's workload.

REVENUE ESTIMATE

Enactment of this measure would have no affect in the taxes the Board administers.

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