



FIONA MA, CPA

District 2 | California State Board of Equalization



Message from Board Member Ma:

April is tax month and it's not too late to file. In my April newsletter, you will find useful tips and resources to help you with filing your taxes including FTB's online services. You will also find out when the federal government changed the tax day deadline in my fun trivia on page 4!

Don't forget, if your annual income is less than \$54,000 and have limited investment income, you may qualify for Volunteer Income Tax Assistance, which is a free tax preparation service provided by volunteers that are IRS-certified. Find out more by visiting <https://www.irs.gov/individuals/free-tax-return-preparation-for-you-by-volunteers>.

If you earned income of \$53,505 or less in 2016, you can check if you qualify for the Federal Earned Income Tax Credit (EITC) on www.irs.gov/credits-deductions/individuals/earned-income-tax-credit. California also has it's own EITC. This credit is available to California households with adjusted gross incomes of up to \$14,161 if there are two or more qualifying children. Find out if you qualify at earnitkeepitsaveit.org/.

As always, if I can be of service, please feel free to call me or members of my team at (415) 557-3000 or email me at Fiona.Ma@boe.ca.gov. We look forward to hearing from you.

In Peace and Friendship,

Fiona Ma, CPA

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Tax and Fees Changes Effective April 1, 2017

Sales and Use Tax Rate Changes

The BOE has posted the new tax rates for counties and cities that will be effective on April 1, 2017 on their website www.boe.ca.gov/pdf/1492.pdf. To find the correct tax rate for your area or business location, visit maps.gis.ca.gov/boe/TaxRates/ or taxpayers can also call our Customer Service Center at 1-800-400-7115 (TTY:711) where representatives are available to assist you weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

Prepaid Mobile Telephony Services Surcharge

Beginning April 1, 2017, local charges for cities of Pomona, Sunnyvale, and Watsonville will apply and the surcharge rate for these cities will increase as listed on the website. You may find the surcharge rate for each city and county on the California State Board of Equalization's Prepaid MTS Surcharge Rates webpage at www.boe.ca.gov/sutax/mts.htm.

Lead-Acid Battery Fees

If you are a dealer/retailer, manufacturer, importer, or purchaser of lead-acid batteries for sale or use in California, you may be subject to the new lead-acid battery fees. The Lead-Acid Battery Recycling Act, enacted by Assembly Bill 2153, imposes two new fees on sales of lead-acid batteries, the type commonly found in vehicles.

Effective April 1, 2017, the Act imposes a \$1.00 California battery fee on the purchase of a replacement lead-acid battery and a \$1.00 manufacturer battery fee on a manufacturer's sale of a lead-acid either at retail or for resale in California. More information can be found online at www.boe.ca.gov/pdf/1489.pdf.

Cigarette and Tobacco Products Tax Rate Increase and New Products Subject to Tax

On April 1, 2017, the cigarette tax rate will increase from \$0.0435 to \$0.1435 per cigarette. For example, the tax on a package of 20 cigarettes will increase from \$0.87 to \$2.87. On July 1, 2017, the tax rate on tobacco products, including electronic cigarettes and any device or delivery system sold in combination with nicotine, will increase at a rate equivalent to the increase on cigarettes.

More details on the tax increase and the new definition of "tobacco products may be found at www.boe.ca.gov/pdf/1488.pdf.

DEAR KATHRYN.....

Dear Kathryn is a section of the newsletter that addresses real taxpayer questions.

**DEAR KATHRYN:**

Due to health issues, I am unable to file my sales tax return by the due date. Can the BOE grant me an extension to file my return and pay the taxes due?

- **ADDISON**

DEAR ADDISON:

Yes, the Board does consider requests for extensions to file returns and pay taxes. You may electronically submit a request for an extension by logging into your account at efile.boe.ca.gov/boe/boe_login.jsp and selecting "Relief Requests." You have until one month after the due date of the return to submit your request. Your return, along with payment of tax and interest, must also be submitted within one month after the due date. Once the request for extension is processed and approved, the 10% late filing penalty will be abated. For more information regarding relief requests, please visit the BOE's website at www.boe.ca.gov/electsrv/esrvcont.htm#Request_Relief.

- **KATHRYN**

Do you have general sales and use tax questions? If you have a question, please send it to Fiona.Ma@boe.ca.gov with the subject title "Dear Kathryn."

FTB's Free Online Services Help Taxpayers Navigate Filing Season

FTB encourages taxpayers to sign up for a MyFTB Account, which allows users to manage their state income taxes through an interface similar to online banking. MyFTB makes it easier to change an address, see past returns, view an account balance, and track communication with FTB. MyFTB users can also use Secure Chat to ask questions specific to their account.

The main customer service line, 800-852-5711, has a callback feature that dials a taxpayer when an FTB agent becomes available. FTB also offers Live Chat so taxpayers can connect with FTB on general, non-confidential issues. To get real-time updates on all communication channels, taxpayers may click "Know Our Wait Times." The wait times page also displays trends from the past week to help taxpayers plan ahead.

Taxpayers who have already filed and expect a refund can use the Check Your Refund Status tool. FTB also provides this service in Spanish.

Taxpayers can sign up here:

https://www.ftb.ca.gov/individuals/efile/allsoftware.shtml?WT.mc_id=HP_Online_AllFilingOptions&WT.svl=HEf2



In what year did the federal government establish the personal income tax deadline as April 15 (moving it from March 15)?

In the United States, Tax Day is the colloquial term for the day in which income tax returns are due to the state and federal government. Income tax returns are generally due on April 15th, except when they're not. This year's tax return due date is April 18th, the result of the convergence of a weekend and of a little-known legal holiday in Washington D.C.

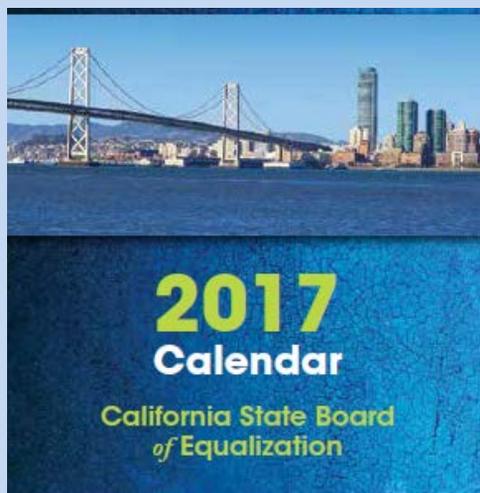
This year, April 15th falls on a Saturday. In most years, when Tax Day falls on a weekend, it moves to the following Monday. However, since Emancipation Day is celebrated as a holiday in Washington, D.C. on Monday, April 17th, Tax Day has been moved to Tuesday, April 18th. So, your California and federal tax returns are due on April 18th.

What is Emancipation Day? On April 16, 1862, President Abraham Lincoln signed the Compensation Emancipation Act, freeing nearly 3,000 slaves in the District of Columbia. Although formal slavery did not officially end until after the Civil War, Abraham Lincoln's action in 1862 is celebrated annually in Washington D.C. on April 16th, except when it's not.

So remember, your California and federal tax returns are due on April 18th.

Mark Your Calendars!

For the 2017 BOE Sales Tax deadlines, visit www.boe.ca.gov/ma/pdf/pub300.pdf



For taxable years beginning on or after January 1, 2016, the original and extended income tax return due dates for California returns have changed. You can now find the calendar online at:

www.ftb.ca.gov/professionals/taxnews/Editions/2017/February.shtml

What is the SCOP (Statewide Compliance & Outreach Program)?

What is SCOP and why are they visiting me? The Statewide Compliance & Outreach Program (SCOP) visits non-residential retail businesses throughout the year to provide information and assistance to business owners on their tax reporting responsibilities, verify that business owners have the necessary tax and fee permits and licenses, review permits and licenses to certify they contain correct information, and provide guidance on the proper reporting of sales and use taxes. During visits to your area, the SCOP team members are happy to assist businesses by answering questions about how to register with the BOE, file tax returns, and pay BOE-administered taxes and fees.

Get the Scoop on SCOP

District 2 SCOP teams sent out notices to the following zip codes in March:

94503 American Canyon (Napa County)

94621 Oakland (Alameda County)

94022 Los Altos (Santa Clara County)

More information about SCOP can be found here: www.boe.ca.gov/ma/pdf/pub164-2.pdf and a list of all zip codes receiving SCOP visits can be found at www.boe.ca.gov/scop.

Free Webinars Available



Board Member Ma is pleased to host helpful webinars to provide tips on making sales in California. One of the best things about the web series is that you can watch it anywhere you have an internet connection – on your phone, tablet, desktop, or laptop!

You can find these webinars at

www.boe.ca.gov/ma/webinars

[Webinar – Register , File, and Pay](#)

[Webinar – Keep Your Business on Track,](#)

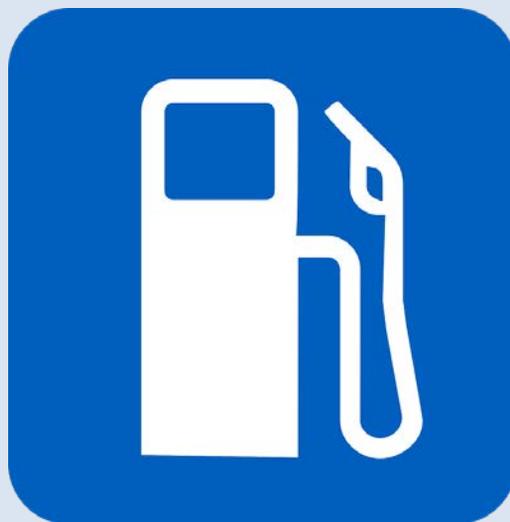
[Tips for Accurate Record Keeping](#)

Fun Fuel Fact

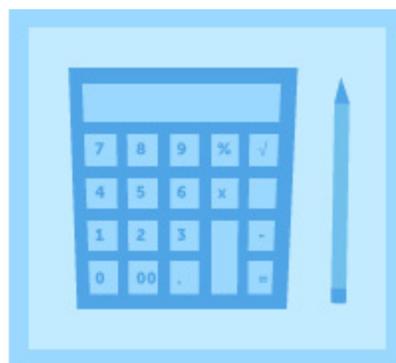
March 27, 2017 - Falling for a second week, could we be on a roll? Regular is lower than last week's price by less than half a cent.

The average price in California for regular gasoline decreased 0.3-cent from the previous week. The average statewide price for regular was \$2.998. Mid-grade and premium prices decreased as well.

For more information on gas prices, visit http://www.energy.ca.gov/almanac/petroleum_data/#fuel_price_data.



April Is Financial Literacy Month!



The United States has recognized April as Financial Literacy Month since 2003, and the Center for Economic Education (CEE) conducts a full roster of events throughout the month to shine a spotlight on the importance of economic and financial education.

The CEE is the leading organization in the United States that focuses on the economic and financial education of students from kindergarten through high school—and have been doing so for nearly 70 years! CEE delivers the fourth “R” – a real-world understanding of how to build fruitful lives – to America’s young people. Their goal is to reach and teach every child to create a more informed citizenry capable of making better decisions as savers, investors, borrowers, voters, and participants in the global economy. Each year, CEE trains approximately 55,000 teachers in person, and those teachers, in turn, reach approximately 5 million students throughout the country.

Please visit www.councilforeconed.org for more information and a list of events available during this month!



UNDER THE DOME: *Updates on Legislation*

Even before I was elected to serve on the Board of Equalization, I've always fought to make sure laws are fair and equitable for all. This year I am proud to sponsor more legislation that will not only create equity, but expand penalty forgiveness to taxpayers to decrease confusion while increasing compliance. To get the latest updates on legislation I am active on, please visit <http://www.boe.ca.gov/ma/legislation/>.

SB 375 (Bradford): First-Time Abatement

SB 375 would give the Franchise Tax Board (FTB) the ability to forgive penalties for late filings or payment if a taxpayer has a proven history of paying their taxes on time. Currently in California, if a taxpayer fails to file and pay their taxes on time, they are subject to a penalty of 5% of the amount of tax required to be shown on their return. This 5% is for the first month the penalty is late, and increases each subsequent month no payment is made until the maximum fine of 25% is reached. This current system creates a lose/lose situation for the taxpayer since the accrued interest presents a financial hardship that will likely prevent them from bringing their payments current. It also creates a severe financial burden on low- to moderate-income Californians who made a one-time mistake.

The IRS can forgive a late filing or payment if the taxpayer has a consistent history of paying their taxes on time. The IRS being able to grant one-time penalty forgiveness and the FTB not having the authority to do so confuses the taxpayers and leads to further penalties due to unintentional late payments. Hardships and issues are a part of life, and taxpayers who have consistently filed and paid their taxes on time should be offered this first-time penalty forgiveness since they've proven to be in good standing time and time again.

I am proud to sponsor SB 375 – common-sense legislation that will create conformity with federal law, and establish a system to forgive historically compliant taxpayers. SB 375 will be heard in the Senate Governance & Finance Committee on April 5th. Please contact the Senate Governance & Finance Committee and issue your support for this pro-taxpayer legislation: (916) 651-4119 / <http://sgf.senate.ca.gov/>.



UNDER THE DOME: *Updates on Legislation (cont'd)*

AB 948: Electronic Funds Transfer (EFT) Exemption Expansion

AB 948 (Bonta) would allow medical and nonmedical licensees to remit sales and use tax amounts due by means other than EFT, and provides that mandatory EFT payments do not apply to persons required to pay or collect the cultivation and marijuana excise taxes, if the BOE deems it necessary to facilitate tax collection.

Federal law classifies marijuana as a schedule 1 drug. Since marijuana is a schedule 1 drug, nearly all banks refuse to provide accounts to marijuana-related businesses for fear that they will be shut down by federal authorities. Without a bank account, marijuana businesses that are required to make payments to the BOE through EFT are not able to do so. As a result, these businesses pay their sales and use tax liability in cash. However, by doing so, they face a 10 percent penalty for making payment that are not through the required EFT.

To fix this unfair disadvantage to medical marijuana businesses, the Legislature passed AB 821 (Gipson) last year with bipartisan support, which allows medical marijuana businesses to remit its sales and use taxes by means other than an EFT. While AB 821 fixed the problem of required EFT payments for medical marijuana businesses, it did not address adult recreational-use of marijuana since it was not legal at the time. However, on November 8, 2016, voters passed Proposition 64, which legalized marijuana for adults 21 and over, regulated nonmedical marijuana, and imposed a marijuana cultivation tax and a marijuana excise tax. AB 821 does not apply to the new taxes imposed by Proposition 64, causing unintentional inequity within the marijuana industry.

I am proud to sponsor AB 948 because I believe it's necessary to create equity for the taxpayers in this industry by extending the provisions of AB 821 to the cultivation and marijuana excise taxes passed by Proposition 64. AB 948 will also prevent an unfair penalty on cash tax payments made by marijuana businesses to the BOE. In addition, AB 948 further create incentives for the marijuana businesses to comply with California's tax code, which in turn would generate more taxable revenue and further stimulate California's economy. AB 948 has been referred to the Assembly Revenue & Taxation Committee, and is awaiting a hearing date. You can show your support for this bill by contacting the Committee: (916) 319-2098 / <http://arev.assembly.ca.gov/>.

IN OTHER NEWS..

Economic Equalizer Award: Ceja Vineyards and Carneros Brewery



Presenting the Ceja Family with the Equalizer Award with Assemblymember Aguilar-Curry

Ceja Vineyards is the recipient of this year's District 2 State Board of Equalization Environmental and Economic Equalizer Award. Ceja Vineyards is a Latino family-owned winery founded in 1999 by Amelia Pedro, Armando, and Martha Ceja - first generation Mexican-American vintners in the Napa and Sonoma Valleys. Here are some examples of their eco-friendly processes:

- Water is recycled from the winery back into the vineyards in Sonoma Valley and a drip irrigation system is utilized throughout the estate vineyards in both valleys
- Cover crops are used to bring nutrients to the soils to provide a habitat where beneficial insects thrive
- All paper and glass products in the tasting rooms and production facility are recycled products
- The most organic fertilizers and pest controls are used
- Solar panels are being installed throughout the entire production facility

The family also founded the Carneros Brewing Company in 2013, a microbrewery operated by the four Ceja brothers and their families. Their mission is to brew the highest quality hand-crafted beers while being environmentally friendly.

Congratulations to the Ceja family!

2016-17 State Employees Ranked #1 in Food Drive Results

The results are in and the BOE once again ranked #1 in contributions to the State Employees Food Drive! The food drive ran from November 2016 to January 2017. Donations from participating state agencies yielded the equivalent of 764,038 pounds of food! The BOE donated 167,904 pounds of food, of which 116,938 pounds was donated by District Offices! The BOE was presented with the following awards:

- Highest Overall Poundage Donation
- Largest Cash Donation
- Largest Turkey Donation
- Largest Food Donation

Not only would I like to thank everyone who donated to this endeavor, but I would also like to extend my gratitude to the BOE's Food Drive Team, whose hard work and dedication led to the success of the food drive. The BOE's Co-Chairs, Sarah Ganas and Wilson Mar, did an extraordinary job of coordinating the BOE's food drive. I also give kudos to the following employees who spearheaded my District's donation efforts: Stephanie Tolman, Yoana Darmasaputra, Susanne Wong, Michael McGuinness, Miyong Byun, Sarah Nodder, Kate Wade, Cindy Bolfan, Scott Yokel, Rosa Nunez, Lawrence Brandt, Joanne Barry, Julie Spanier, Sophia Ficara, Jill Wright, Tina Mitchell, Vivien Thompson, Reyna Valenzuela, Elizabeth Nguyen, Jamie Perron, and James Koller. For lists of statewide award recipients and food drive totals, please visit the State Employees Food Drive webpage at <http://www.fooddrive.ca.gov/>.

Thank You BOE Volunteers in San Jose

Many volunteers from the San Jose BOE office came out to help during the flood season. Thank you all for your dedication to the community!

My-Ly Nguyen
Scott Bergkamp
Linda Covarrubias
Martha Hernandez
Vanessa Arteaga
Angela Huerta
Dory Clark
Trang Duong
Amin Zain

State of California Blood Drive



The State of California Blood Drive took place in San Jose on March 30 at the Alquist Auditorium but there are many more opportunities for volunteers and blood-givers to contribute!

Blood Centers of the Pacific is a nonprofit, community-based organization that provides blood and blood components to hospitals, physicians and patients throughout Northern California. It also houses the Blood Systems Research Institute which conducts medical research to improve blood safety and patient care. Blood Centers of the Pacific helps 50,000 patients every year with blood donated by community volunteers.

Visit their website at www.bloodcenters.org/ to locate blood drives, blood donation centers, and create your profile!

Nonprofit Spotlight: Homeward Bound of Marin



Operating the only emergency shelter for homeless families in Marin County as well as four supportive housing programs, Homeward Bound of Marin is the primary provider of homelessness services in the county. The nonprofit also operates a \$6.5 million affordable housing project in Novato containing 14 small homes with fixed rents to allow families exiting homelessness to build savings while simultaneously providing programming and services for their children.

Additionally, Fresh Starts Culinary Academy is the organization's intensive, 10-week job-training program certified by the American Culinary Federation and designed to prepare low-income students in Marin County for employment in the food services industry. Through this program, Homeward Bound of Marin funds its services through revenue generated by several lines of participant-created products such as Halo HomeMades and Wagster Dog Treats. The Fresh Starts Culinary Academy is housed inside The Key Room, a rentable 2,900 square foot conference venue in Novato which Homeward Bound operates. Both The Key Room and the Fresh Starts Culinary Program serve the dual purposes of generating revenue while also providing a forum for job training and employment options for Homeward Bound of Marin program participants exiting homelessness. Altogether, this social enterprise allowed Homeward Bound of Marin to help 83% of families participating in programming exit homelessness, saving the community \$2.7 million in hospital fees for the 60,239 nights of shelter provided just in 2016.

To get more information on the organization, please visit <https://hbofm.org/>

UPCOMING EVENTS

- | | |
|--|--|
| Apr. 18, 2017
8:30am – 2:30pm | Free San Jose Nonprofit Seminar
Berryessa Branch Library, 3355 Noble Ave, San Jose, CA |
| May 4, 2017
8:30am – 4:00pm | Free San Francisco Small Business Expo
Milton Marks Auditorium, 455 Golden Gate Ave, San Francisco, CA |
| May 16, 2017
8:30am – 1:30pm | Free Santa Barbara Veterans Small Business Seminar
Veterans' Memorial Building, 112 W Cabrillo Blvd, Santa Barbara, CA |
| May 18, 2017
8:30am – 12:00pm | Free Galt Winemakers Small Business Seminar
Littleton Center, 410 Civic Drive, Galt, CA |
| Jun. 23, 2017
8:30am – 1:00pm | Free Napa Winemakers Small Business Seminar
Yountville Community Center, 6516 Washington Street, Yountville |

All events are free of charge, please visit www.boe.ca.gov/ma/events for latest updates.

MaSquad on the Road



Interview with KTSF 26 host Mina Li to warn taxpayers about tax scams, answer frequently asked tax questions, and more!



Board Member Fiona Ma speaking on the panel for Cal Tax



Kicking off the first annual Oakland Women's Film Festival at the New Parkway Theater in partnership with Oakland Mayor Schaaf, Alliance for Girls, Cielo House, and Camp Reel Stories.



With Novato Mayor pro Tem Josh Fryday and Assemblymember Levine's staff at the Marin Free Nonprofit Seminar hosted by the Homeward Bound of Marin



Thank you San Jose Mayor Liccardo, United Way, and IRS for training and recruiting volunteers to help do free tax prep for middle and low income families in San Jose!

Thank You for Your Support

If you have a tax or fee problem, or have difficulty understanding the complex tax laws in California, my office can help provide you with assistance and resources. Email me directly at fiona.ma@boe.ca.gov or call my offices in Sacramento at 916-445- 4081 or in San Francisco at 415-557-3000.

In addition, if you want to view some of the Board decisions or watch us live at the monthly Board hearings, please access www.boe.ca.gov and choose the webcast option under Board Hearings.

Representing the interests of taxpayers in a district of more than nine million Californians in 23 counties, I will ensure that the agency treats all taxpayers with respect and dignity. As your SBOE representative, I will continue to ensure that taxpayers are being heard in Sacramento. It is truly an honor to serve you.

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If you are interested in receiving a digital copy of my monthly newsletter straight to your inbox, please subscribe at this link:

www.boe.ca.gov/ma/newsletters/

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