

Memorandum

To Honorable Judy Chu, Ph.D., Chair
Honorable Betty T. Yee, Vice Chairwoman
Honorable Bill Leonard
Honorable Michelle Steel
Honorable John Chiang

Date: December 5, 2008

From Randie L. Henry, Deputy Director
Sales and Use Tax Department



David J. Gau, Deputy Director
Property and Special Taxes Department



Subject Security Deposits Program Update
December 16, 2008 - Customer Service and Administration Efficiency Committee

This memo provides an update on the security deposit program. The programming changes that included the new release criteria for the Active Security Three Years and Older Report were implemented July 31, 2008. Therefore, as of August, all the accounts identified on the report are eligible for release. The Sales and Use Tax Department (SUTD) district offices and the Property and Special Taxes Department (PSTD) have received instructions to release the security without further review. Security eligible for release for the Motor Vehicle Fuel Tax program within the PSTD is released upon approval from the State Controller's Office, who is responsible for collecting the receivables on these accounts.

The programming to automatically generate the security denial letter was implemented on August 30, 2008. The denial letter informs the taxpayer of the reason(s) the security is not eligible for release and that their account will be reviewed again in six months. If a taxpayer has questions regarding the release of their security, a contact name from each SUTD district office and PSTD division is provided.

The revised Compliance Policy and Procedures Manual (CPPM) section 405.035, *Release and Refund of Security - Active Accounts*, has been printed and distributed to staff.

The CPPM chapter 4, *Security*, has been updated to reflect the new policies and procedures. The revision was posted in the Board of Equalization Internet website for public comment and has been submitted for placement on the agenda for the December Board Meeting.

We will continue to look at ways to improve the security deposit program. If you have any questions, please feel free to contact us.

RLH:DJG:jt

cc: Mr. Steve Shea
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Ms. Barbara Alby
Mr. Michael Richman
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