



BOARD OF EQUALIZATION

**CUSTOMER SERVICES AND ADMINISTRATIVE
EFFICIENCY COMMITTEE MEETING MINUTES**HONORABLE BILL LEONARD, COMMITTEE CHAIR
450 N STREET, SACRAMENTO

MARCH 16 2009, 9:30 A.M.

ACTION ITEMS & STATUS REPORT ITEMS**Agenda Item No: 1****Title:** Electronic Transition Plan Update**Issue/Topic:**

Update on the activities of the Board of Equalization's Electronic Transition Plan.

Committee Discussion:

Committee Chair Bill Leonard opened the Committee meeting by introducing the agenda item and asked staff to give an update on the Board of Equalization's Electronic Transition Plan.

Mr. Jeff McGuire, Chief, Tax Policy Division/Sales and Use Tax Department presented an update on the Board of Equalization's (BOE) Electronic Transition Plan that is transitioning the sales and use tax accounts from paper return filing to eFiling.

Mr. McGuire reported that under the transition plan, each quarter the BOE is transitioning a different group of existing seller's permits holders to eFiling.

He reported that the eFiling rates for the three groups that have been transitioned through January 2009 are:

- new seller's permit holders, 43%
- quarterly prepayment group, 69%
- monthly accounts, 53%

Overall for fiscal year 2008/09 BOE is projecting that 33% of all sales and use tax returns and prepayments will be filed electronically. For fiscal year 2009/10, BOE is estimating 47% eFiling overall. This is a significant increase from the 3.5% rate last year.

He also reported that staff has been closely monitoring the delinquency rate for each of the transition groups to be sure that transitioning from the paper return is not causing taxpayers to file no return at all. He reported that no delinquency problems in this area have been

identified. Staff will continue to monitor this closely with each transition group.

Mr. McGuire reported that due to the success of the Transition Plan, the BOE is realizing the savings anticipated by the move from paper processing to eFiling. The BOE budget was reduced in fiscal year 2008/09 by \$1.4 million in anticipation of saving due to eFiling. Based on staff calculations, BOE will achieve this level of savings. For fiscal year 2009/10, the BOE is projecting an additional savings of \$1.26 million that is equivalent to 25 full-time positions.

He reported that all personnel services savings will be able to be achieved through reduced overtime, reduction in the use of temporary staff and through normal attrition by eliminating vacant positions. The BOE Administration Department is working actively with the Union and impacted employees on a change management plan that will provide career counseling, upward mobility assistance and other job help for employees in the impacted sections.

In addition, the BOE will be submitting a supplemental report to the Legislature at the end of March 2009 addressing eFiling participation rates and anticipated savings for fiscal year 2009/10.

Mr. McGuire reported that the anticipated savings in the cashiering unit has not been as high as anticipated due to the number of eFiling taxpayers that chose to pay with a paper check. He reported about 40% of the eFilers still pay with paper checks.

In addition, he reported that since the October 2008 transition, the Call Center workload has grown due to eFiling. Each month, since October 2008, the Call Center has set records for call volume. The BOE did anticipate for the increase and are using staff from other sections during peak filing periods to assist with incoming calls.

Mr. McGuire stated that BOE staff have been some of the greatest advocates for eFiling and have done a tremendous job marketing the transition and assisting taxpayers. In January 2009, district offices assisted over 3,000 taxpayers with return preparation assistance, 98% of those assisted, eFiled in the district office.

In addition, feedback from taxpayers has been overwhelmingly positive. Comments have been received from multiple taxpayers who eFile in a number of other states that the BOE has the best system.

Mr. McGuire said the BOE will continue to hold lessons learned meetings to identify enhancements that will make the system easier to use and will continue to work on developing plans to outreach to taxpayers who have not yet made the transition.

Lastly, he reported that over the next four quarters the BOE will transition the remaining taxpayers which include annual filers as well as the largest EFT accounts. The BOE is encouraged by the initial success of the Transition Plan and is optimistic for similar success with the new taxpayer groups.

Mr. McGuire asked the Board Members if they had any questions.

Ms. Mandel stated she believed all new seller's permit holders, beginning July 1, 2008 were being prescribed to eFile when they registered for a seller's permit. She asked Mr. McGuire which new seller's permit holders are not eligible to be prescribed to eFile when they register for a new permit.

