



BOARD OF EQUALIZATION

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

MAY 28, 2008, 9:30 A.M.

ACTION ITEMS & STATUS REPORT ITEMS**Agenda Item No: 1****Title:** Security Deposit Program Status Update.**Issue/Topic:**

Update regarding the Board of Equalization's release of security deposits and a revised action plan for the security deposit program.

Committee Discussion:

Committee Chair Bill Leonard opened the Committee meeting by introducing the agenda items and asked the staff to give an update on the Security Deposit Program.

Ms. Randie Henry, Deputy Director, Sales and Use Tax Department, gave an update on the progress of the security deposit program since the last update of the April 8, 2008 Board meeting.

Ms. Henry reported that the Technology Services Division is on schedule to complete programming for the new release criteria by July 30, 2008 and the automated denial letters by August 30, 2008 and will provide another update at the August 2008 Board Meeting.

Board Member Steel asked how taxpayers are being informed about the option to have their security deposits kept in an interest bearing account instead of directly with the Board of Equalization. Ms. Henry informed Ms. Steel that staff does emphasize to the taxpayer about interest bearing accounts. Ms. Steel asked if a taxpayer can transfer to an interest bearing account after they made the initial deposit with the Board of Equalization. Ms. Henry stated that they could change their mind and the Board of Equalization offers assistance in making the transfer.

Board Member Steel inquired about the progress in addressing the consistency of the security deposit law with tobacco taxes. Mr. David Gau, Deputy Director, Property & Special Taxes Department, responded that this would be part of the Annual Legislative Package submitted in late winter 2008.

Committee Chair, Bill Leonard asked if the Board of Equalization has staff working with the State Controller's Office to find out if any of the unclaimed property accounts with the Board of Equalization listed as the owner are security deposits and requested an update on escheated accounts.

Ms. Mandel and Ms. Henry both responded that the Board of Equalization staff are in regular contact and are working on identifying the ownership of the escheated accounts. Ms. Henry will provide an update of the progress made at the June 2008 Board Meeting.

Committee Action/Recommendation/Direction:

The direction to be taken:

- Staff to provide an update on the ownership of BOE escheated accounts in the State Controller's Unclaimed Property database.
- Staff to provide another update on the Security Deposit Program to the Customer Service and Administrative Efficiency Committee.

Committee Materials:

- Security deposit Update Memorandum dated May 9, 2008.

Agenda Item No: 2

Title: Presentation on Citation Process for the Statewide Compliance and Outreach Program (SCOP) BCP.

Issue/Topic:

An overview of the benefits of requiring all criminal work to be performed by designated limited peace officer (LPO) employees in the Investigations Division and the Chief Counsel Legal Opinion explaining the source and legal authority of designated BOE LPO staff to issue misdemeanor citations.

Committee Discussion:

Committee Chair Bill Leonard introduced Citation Process for Statewide Compliance and Outreach Program agenda item and asked staff to give an update.

Mr. Gil Haas, Chief, Investigations Division, gave an update on the Legal Department and the Sales and Use Tax Department proposal to streamline the misdemeanor process by having all criminal misdemeanor prosecutions coordinated and performed by the Investigations Division as was originally recommended by the 1998 Peace Officers Standards and Training Study.

Mr. Haas pointed out the benefits of all criminal investigation work being performed by the Investigations Division include:

- Capitalizing on expertise of trained investigative staff.
- Centralization of the criminal process thus creating better control over content, centralizing contact for District Attorneys, and Legal oversight of the process.
- Better protection of taxpayer constitutional rights and preservation of the Board's evidentiary control in criminal prosecution.

Mr. Haas referred the Board Members to the Legal Opinion on the authority of Board staff to issue misdemeanor citations and stated that it is the opinion of the Legal staff that the legislative intent supports the enforcement of all Board of Equalization programs. He

explained the legislation, although combined into AB 71, was originally carried by Senator Peace under Senate Bill 1702 (2001/02) as a Board Sponsored bill to provide BOE staff with Limited Peace Officer status. Based on informal discussions with the Attorney General's office, they concur with the Legal staff's opinion that the legislation enables Board of Equalization employees, designated as peace officers, the authority to enforce all Board of Equalization programs.

Board Member Judy Chu stated she was impressed by the rate of compliance going up from 25% to 70%. Ms. Chu asked how the District offices and the Investigations Division are managing the logistics of changing the process so that the citations are mainly administered by the Investigations Division, specifically, would it impact the personnel at the district offices and would it require a budget change proposal.

Mr. Haas responded that the personnel are already included in the BCP for the Statewide Compliance Outreach Program. There will be no affect on the personnel in the district offices.

Board Member Michelle Steel asked if the Investigations Division only had authority to investigate businesses on a certain list.

Mr. Haas stated pursuant to AB 71 in the licensing law the Board of Equalization has the authority to inspect any location that cigarettes are stored or possibly sold and they are not restricted to any list of businesses.

Board Member Steel followed up by stating her staff was informed by Investigations Division staff they could only inspect businesses on the list.

Committee Chair Bill Leonard asked Mr. Haas to look into the specific occurrence Board Member Steel referred to and prepare a report for the Board.

Board Member Betty Yee asked how the Statewide Compliance Outreach Program was being communicated to the district office personnel and the taxpayers.

Ms. Henry stated staff from both Investigations and the Sales and Use Tax Department are working together on implementing the budget change proposal and information about the program will published in the Taxpayer Information Bulletin, shared at all taxpayer outreach events, and district staff will be talking to the taxpayers directly.

Ms. Yee asked how many citations have been issued.

Mr. Haas replied 43 citations have been issued. Of which, 19 are pending, 10 have been upheld in court, and 14 dismissed due to compliance with the law or a plea with a lesser charge accepted.

Committee Chair Bill Leonard thanked the staff for the good work and the update.

Committee Chair Bill Leonard adjourned the Committee meeting.

