



BOARD OF EQUALIZATION

**CUSTOMER SERVICES AND ADMINISTRATIVE
EFFICIENCY COMMITTEE MEETING MINUTES**

HONORABLE MICHELLE STEEL, COMMITTEE CHAIR
450 N STREET, SACRAMENTO

DECEMBER 17, 2013, 10:00 A.M.

ACTION ITEMS & STATUS REPORT ITEMS

Agenda Item No: 1

Title: Security Deposit Update

Issue/Topic:

Recommended changes to the BOE's Security Deposit function

Committee Discussion:

Committee Chair Michelle Steel opened the Committee meeting by introducing the agenda item, and asked staff to make their presentation.

Mr. Jaime Garza, Deputy Director, External Affairs Department, introduced Mr. Jeff McGuire, Deputy Director, Sales and Use Tax Department.

Mr. McGuire recommended, on behalf of the Sales and Use Tax and Property and Special Taxes Departments, discontinuing the automatic security deposit requirement for new tax and fee accounts. Security would still be required for cigarette accounts, as required by statute. He noted that staff would continue to manually require security deposits from accounts with a history of non-payment or that pose a high compliance risk. He also noted that the BOE is currently holding more than \$296 million in security. \$67 million is in the form of cash and liquid security deposits.

Mr. McGuire stated that programming changes to the online registration system would be required. Those changes could be completed by March 2014. The return of security deposits for existing accounts could begin in February 2014.

Board Member Betty Yee applauded Committee Chair Michelle Steel for her efforts on this issue and asked staff if additional procedures would be necessary to ensure the successful return of the deposits.

Mr. McGuire stated that staff will follow standard procedure so that the returned security deposits reach the correct account holders.

Board Member George Runner thanked staff for reviewing this process and making their recommendation. He noted that existing businesses will now be able to direct those security deposit funds into their operations. He also stated this will help those who may open a business.

Board Member Jerome E. Horton thanked Committee Chair Steel for her efforts on this matter. He noted that staff will continue to require security deposits on a case-by-case basis. He also noted that the agency has a responsibility to the State of California and to our taxpayers.

Committee Chair Michelle Steel noted that some taxpayers struggle to pay their security deposits.

Board Member Betty Yee moved approval of the staff recommendation. Board Member Jerome E. Horton offered a second to that motion. The motion was approved without objection.

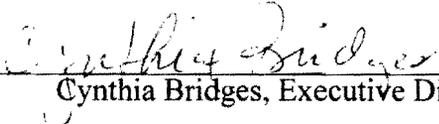
Committee Chair Michelle Steel thanked staff and the Board Members. She then adjourned the meeting.

Committee Action/Recommendation/Direction: Approved staff recommendation

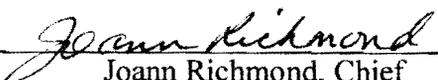
Committee Materials

None

Approved: 
Michelle Steel, Committee Chair


Cynthia Bridges, Executive Director

At the 12/17/13 Board Meeting


Joann Richmond, Chief
Board Proceedings Division