

**Fuel Taxes Division – Fuel Tax Compliance Projects**  
**BCP No. 10**

Purpose:

BOE requests new authority to spend available Federal Highway Trust Funds for three related fuel tax compliance projects.

- Provide resources necessary for the BOE to participate as a member of the Joint Operations Center (JOC) for National Fuel Tax Compliance.
- Provide resources for two sequential fiscal years to procure the services of contract programming staff needed to enhance the BOE's Automated Schedule Processing (ASP) System.
- Provide resources for key staff to participate in critical federal/state task force and committee meetings and specialized training classes.

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Expenditures:	<b>\$952,000 (New)</b> (Federal Highway Trust Funds)	<b>\$933,000 (New)</b> (Federal Highway Trust Funds)
Positions:	<b>2.0 (New)</b> (2 PYs)	<b>2.0 (New)</b> (2 PYs)

Background:

- The most recent Federal Transportation bill, The Safe, Accountable, Flexible, Efficient Transportation Equity Act – a Legacy for Users (SAFETEA-LU), provides funding through FY 2010 “to reimburse State expenses that supplement existing (Federal) fuel tax compliance efforts”.
- SAFETEA-LU also permits ¼ of 1 percent (0.25%) of the federal STP Fund apportioned to the state each fiscal year to be used on initiatives to support the payment of motor fuel taxes.
- This federally funded proposal has the support of the IRS, Federal Highway Administration and CalTRANS. Each will provide some of the funding under the fed/state STP program.
- The Joint Operations Center (JOC) for National Fuel Tax Compliance is a federally funded program that will enhance current BOE efforts to combat fuel tax evasion.
- The ASP system must be updated to keep up with technological changes in electronic filing and retain the ability to electronically exchange data with other states and the IRS.

Justification:

- New estimated transportation taxes revenue of \$3 million annually once the enhanced ASP system is in place.
- Provides federal funding to increase revenue to benefit California's highways.
- Leverages other state and federal resources to identify evasion, non-reporting and under-reporting of California fuel tax.
- Recovers California's share of Federal revenue realized through the auditing and billing of non-compliant Federal taxpayers.
- Benefits honest taxpayers by providing another mechanism to assist the Board and the Federal Government to maintain a level fuel tax playing field.
- Prevents the system from deterioration caused by inability to keep up with technological change.

**STATE BOARD OF EQUALIZATION  
FISCAL YEAR 2007-08  
BCP No. 10**

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**TITLE OF PROPOSED CHANGE:**

**FUEL TAXES DIVISION – FUEL TAX COMPLIANCE PROJECTS**

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**SUMMARY OF PROPOSED CHANGES:**

This proposal requests authority to spend available Federal Highway Trust funds for three related fuel tax compliance projects as follows: FY 2007-08 \$952,000, FY 2008-09 \$933,000 and FY 2009-10 \$933,000.

- The first project requires authority to spend \$269,000 in federal funds in FY 2007-08 and \$250,000 for each of the two subsequent fiscal years to fund 2 limited-term positions. This staff will be assigned to work with the Joint Operations Center for National Fuel Tax Compliance (JOC). The JOC is a new state and federal project created to deter, identify and eliminate fuel tax evasion. Costs will be fully reimbursed by federal grant funds authorized by the Federal Highway Administration (FHWA). JOC efforts will result in a measurable increase in fuel tax revenues for California's highways.
- The second project requires authority to spend \$540,000 in federal funds in FY 2007-08 and \$540,000 in each of the two subsequent fiscal years to procure the services of contract programming staff. The contract programmers will supplement BOE resources to enhance the BOE's Automated Schedule Processing (ASP) system. Once fully operational, the enhanced ASP system is expected to generate \$3 million in increased revenue annually.
- The third project requests authority to spend \$57,000 in federal funds in FY 2007-08 and \$57,000 in each of the two subsequent fiscal years. The funds will allow BOE staff to participate in national and regional federal/state task force and committee meetings and specialized training classes. The BOE's participation in these joint efforts is critical to effectively deter tax evasion and criminal activity in California.

**State Board of Equalization**

**Transportation Tax Programs**

**Fuel Taxes Division – Fuel Tax Compliance Projects**

**Fiscal Year 2007-08**

**A. Nature of Request**

This proposal requests authority to spend available Federal Highway Trust funds for three related fuel tax compliance projects for FY 2007-08, FY 2008-09 and FY 2009-10. The projects fall under the control of the Board of Equalization's (BOE) Fuel Taxes Division (FTD).

- The first project requires authority to spend \$269,000 in federal funds in FY 2007-08 and \$250,000 in each of the two subsequent fiscal years to fund two limited-term positions and related resources. This staff will work with the Joint Operations Center for National Fuel Tax Compliance (JOC). The JOC is a new state and federal project created to deter, identify and eliminate fuel tax evasion. The two positions provide California representation and support on the JOC. Their duties will include performing audits and investigations and assisting with the collection and analysis of federal and state fuel taxes data collected by the JOC. Costs will be fully reimbursed by federal grant funds authorized by the Federal Highway Administration (FHWA). Although the amount is unknown at this time, JOC efforts will result in a measurable increase in fuel tax revenues for California's highways.
- The second project requires authority to spend \$540,000 in federal funds in FY 2007-08 and \$540,000 in each of the two subsequent fiscal years to procure the services of contract programming staff. The contract programmers will supplement available resources within the BOE's Technology Services Division (TSD) to develop, implement and maintain the next generation of the BOE's Automated Schedule Processing (ASP) system. Once fully operational, the enhanced ASP system is expected to generate \$3 million in increased revenue annually. Funding for this project is fully reimbursed with federal Surface Transportation Program (STP) funds. In California, the STP funds are administered by CALTRANS. With approval, the BOE will enter into an interagency agreement with CALTRANS to support the automation project.
- The third project requests authority to spend \$57,000 in federal funds in FY 2007-08 and \$57,000 in each of the two subsequent fiscal years. The funds will allow key BOE staff to participate in numerous national and regional federal/state Task Force and committee meetings and specialized training classes. These workshops provide the forum for federal and state fuel tax agencies to develop and implement consistent and uniform compliance and investigation processes. The participants create common data analysis platforms and information sharing techniques. The combined efforts of the tax agencies, all with similar issues, are critical to effectively deter tax evasion and criminal activity. For instance, data formats and reporting requirements gathered at these group sessions are essential to the successful enhancement of the BOE's ASP system discussed above. The meetings and specialized training are sponsored by the Federal Tax Administrators (FTA) and the FHWA. Both organizations provide uniform specialized motor fuels audit and evasion training not available at the state level. Funding for this project is fully reimbursed with federal Surface Transportation Program (STP) funds.

**A. Nature of Request (Continued)**

The total federal funding requested for this proposal by fiscal year is as follows:

- FY 2007-08 - \$952,000
- FY 2008-09 - \$933,000
- FY 2009-10 - \$933,000

**B. Background/History**

Joint Operations Center for National Fuel Tax Compliance (JOC) Project

Adequate interstate and intrastate highways are vital to the nation's economic well-being. The main funding sources for these highways are the taxes collected on the fuel used by the vehicles using the highways. Historically, there have been ongoing organized efforts to evade fuel taxes, depriving both the federal government and the states of highway funding for needed transportation projects. In recognition of this ongoing problem, the Internal Revenue Service (IRS), the FHWA, and the states have been working together to deter, identify and eliminate fuel tax evasion. Industry is also concerned that tax evaders are able to compete unfairly in the marketplace. Accordingly, the motor fuel industry is extremely supportive of governments' efforts to maintain a "level playing field".

Congress has been encouraging joint federal/state fuel tax compliance efforts by providing funding for them. The most recent federal transportation bill, SAFETEA-LU, provides funding through FY 2010 "to reimburse state expenses that supplement existing federal fuel tax compliance efforts". One of the initiatives designed to achieve increased compliance is the Joint Operations Center for National Fuel Tax Compliance (JOC). A Memorandum of Understanding (MOU) was signed on January 31, 2006 between the IRS and the FHWA to provide funding for the JOC project. Participating states join the project by entering into a separate MOU with the other participating states, the IRS and the FHWA. California can join this effort only if spending authority for the federal funds is approved pursuant to this request.

The JOC is a new and innovative joint state and federal project designed to deter, identify and eliminate fuel taxes evasion. The JOC will accomplish this through a full-time partnering of federal and state motor fuel tax resources. California is one of three states initially selected to participate in the JOC with the IRS and the FHWA. Texas and North Carolina are the other states selected to become members of the JOC. These pooled resources will provide benefits to both state and federal fuel taxes compliance efforts. Combining federal and state skills and abilities will increase each participant's ability to address fuel taxes compliance issues more effectively. The JOC will combine staff, data, and expertise from both the federal and state point of view to effectively identify fuel taxes under-reporting, non-reporting and trends leading to evasion.

The JOC will include a data center developed and maintained by the IRS. It will include computer systems built to receive and analyze federal and state fuel data. The IRS and the states will provide staff to help develop and utilize the computer system. Their goal is to identify non-reporting, under-reporting, and potential trends leading to evasion. Operational JOC audit teams consisting of federal and state auditors will support the data center. These teams will conduct joint state and federal tax audits of selected taxpayers. A steering committee consisting of one representative from the FHWA, the IRS and each member will oversee the JOC operations.

**B. Background/History (Continued)**

California and other states are being asked to commit two positions to work full-time with the JOC. These positions require journey level audit staff. Participating states will provide local data and knowledge to the JOC. The IRS will provide national data and knowledge. The goal of the project is to combine resources to achieve common goals. Although the amount is unknown at this time, JOC efforts will result in a measurable increase in fuel tax revenues for California's highways.

**Enhance and Implement a New Automated Schedule Processing (ASP) system**

The second project requests authorization to expend available STP funds on automation and compliance projects. The Safe, Accountable, Flexible, Efficient Transportation Equity Act – a Legacy for Users (SAFETEA-LU) permits  $\frac{1}{4}$  of 1 percent (0.25%) of the federal STP fund apportioned to the state each fiscal year to be used on initiatives to support the payment of motor fuel taxes. Within California the STP Funds are administered by CALTRANS. BOE proposes to enter into an interagency agreement with CALTRANS to support the automation of motor fuel tax reporting.

An approved 2001-02 BCP and an interagency agreement with CALTRANS provided funds to build BOE's first generation ASP system. The system has now been in operation for over four years. The system has helped the BOE to become a nationwide leader in providing automated solutions for receiving and analyzing the large volumes of data related to the movement and reporting of motor fuels.

The BOE now needs to modify and enhance the ASP system to keep pace with changes occurring nationally. Motor fuel e-filing technology has been in transition on a nationwide level for the past three years. The IRS implemented a new Electronic Data Interchange (EDI) map that provides increased information for all states that upgrade to the new EDI system. Also, several aspects of the BOE's ASP system require enhancements to provide a great deal more functionality.

**Joint Task Force and Committee Meetings and Specialized Training**

The third project requests authorization to expend available STP funds for meetings and specialized training. FTD has been an active participant in the various cooperative meetings involving fuel tax compliance. By utilizing the now expired TEA-21 funding, the BOE has become an important part of the national fuel tax compliance effort. BOE proposes entering into an interagency agreement with CALTRANS to support the participation in motor fuel taxes compliance projects and specialized training. To continue this effort, funding of \$57,000 annually is requested for the following activities:

- Participation at regional task force meetings and other task force activities such as joint audits and investigations.
- Participation on the Steering Committee of the Joint Federal/State Motor Fuel Tax Compliance Project.
- Participation in cooperative state efforts to foster motor fuel tax compliance, such as meeting of the Uniformity Committee and the annual and regional Federation of Tax Administrators motor fuel conferences.
- Attend specialized training classes available for staff to develop uniform motor fuel audit and compliance skills.

**B. Background/History (Continued)**

These essential specialized training classes are critical to ensure that enhancements to the ASP system discussed above are completed using only the most current data and reporting requirements approved by the FTA. Relying on old data and outdated requirements will lead to future costs for updates and additional programming. The specialized training provides staff with audit and evasion training not available at the state level. Funding for this project is fully reimbursed with federal Surface Transportation Program (STP) funds.

Exhibit I provides a detailed cost summary of the specialized training and meetings.

**C. State Level Considerations**

**Strategic Plan Conformity**

This proposal is consistent with the Board's strategic plan, Issues I, II, and III.

- Issue I - Demonstrating Quality Services and Best Value  
Strategy 3: Define our future business direction for gathering, processing and using taxpayer information and to ensure that agency program plans move us in that direction.
- Issue II – Modernizing Tax Compliance Practices  
Strategy 3: Identify and analyze areas of non-compliance and develop approaches to address targeted problem areas, while maintaining customer-service awareness.
- Issue III - Capitalizing on Technology  
Strategy 5: Assess and plan for technology needs and obsolescence and obtain funding through the state budget process.

**Impact on other State Departments/Federal Government**

The BOE collects the motor fuel taxes which are deposited in the Motor Vehicle Fuel Account with subsequent transfer to the State Transportation Fund and other smaller funds. The bulk of the revenue is used to support the state's transportation system. The impact of this proposal will be to safeguard over \$3 billion in annual revenue by providing temporary staff and increased automation.

In recent years, the motor fuel reporting system at both the state and national level has moved forward rapidly to provide electronic transactions reporting. On a state level, California has developed and is already using systems to receive and analyze California data. The JOC project will take advantage of rapidly expanding national fuel tax reporting by providing a national perspective to fuel tax compliance.

CALTRANS will be able to use the additional revenue the STP funds project generates to improve the state's highway infrastructure. CALTRANS will administer the federal contract and act as the conduit of the funding to California.

Approval of this BCP will also allow the IRS to share fuel tax information with California. Other states and the federal government will also benefit from the project. The BOE, as a leader in fuel tax administration, can continue to work with these entities to improve fuel tax compliance and to deter tax evasion.

**C. State Level Considerations (Continued)**

This proposal gives prior notice to the Department of Finance and the Legislative Analyst's Office that the BOE is requesting federal funds to totally support this BCP beginning in the budget year (fiscal year 2007-08). This proposal fully complies with the intent of Budget Letter 06-06 governing Section 28.00 provisions, which urges state agencies to request federal fund expenditure authority under the appropriate budget control item.

**D. Justification/Analysis of Alternatives**

Three alternatives are proposed for the Fuel Taxes Division's compliance projects. The recommended alternative (Alternative #1) requests authority to use federal grant funds authorized by the FHWA to establish two limited-term positions to participate in the JOC, a newly created federal/state taxes compliance project. Alternative #1 also requests authority to use federal STP funds. These federal funds will be used to hire contract programming staff to work on an automation project to develop and enhance the BOE's fuel taxes Automated Schedule Processing (ASP) system and to permit BOE staff to participate in numerous national and regional federal/state task force and committee meetings and specialized training classes.

**Alternative 1**

Authorize expenditure of \$269,000 federal funds for FY 2007-08 and \$250,000 for each of two subsequent fiscal years to establish two positions on a limited-term basis through FY 2009-10 for the BOE to participate in the JOC.

Authorize expenditure of \$540,000 in federal STP funds and \$540,000 for each of two subsequent fiscal years to hire contract programming staff to work with the BOE's TSD staff to develop and enhance the BOE's fuel taxes ASP system.

Authorize expenditure of the \$57,000 in federal STP funds for FY 2007-08 and each of the two subsequent fiscal years to permit BOE staff to participate in numerous national and regional federal/state essential task force and committee meetings and specialized training classes.

**JOC Project**

The JOC is an innovative approach to tax compliance issues. It is a 100% federally funded proposal which will provide additional road tax revenues for improvement of California's highway system. The JOC pools the resources of states and the federal government in a new way designed to produce a synergy of resources to accomplish tax compliance goals. This request is to approve expenditure of \$269,000 in federal funds for FY 2007-08 and \$250,000 for FY 2008-09 and FY 2009-10 to establish two limited-term Business Taxes Specialist I positions.

Business Taxes Specialist I	Hours	PYs Needed	PYs Requested
Auditing & Investigation	2,400	1.5	
Data Analysis	800	0.5	
Total	3,200	2.0	2.0

**D. Justification/Analysis of Alternatives (Continued)**

**ASP Automation Project**

This proposal seeks authority to use federal funds to enhance the BOE's ASP system. Enhancing the ASP system will require an expenditure of \$540,000 for each year for a three fiscal year period. These funds will be expended to procure the services of contract programming staff to supplement the available resources within the BOE's Technology Services Division (TSD) in completing these automation projects in a timely and efficient manner.

Contractor Functions	Hours	Cost per Hour	Total Cost
ASP Programming	2,000	\$90	\$180,000
ASP Testing	2,000	\$90	\$180,000
ASP Implementation	2,000	\$90	\$180,000
Total	6,000	\$90	\$540,000 Annually

**Joint Task Force and Committee Meetings and Specialized Training**

The FTD has been an active participant in the various cooperative federal/state task force and committee meetings involving fuel tax compliance. By utilizing federal funding approved in the now expired TEA-21, BCP 2001-02, the BOE has become an important part of the national fuel tax compliance effort. To continue this effort, funding of \$57,000 annually is requested for the following essential task force meetings and committee activities and specialized training:

1. Participation at regional task force meetings and other task force activities such as joint audits and investigations.
2. Participation on the Steering Committee of the Joint Federal/State Motor Fuel Tax Compliance Project.
3. Participation in cooperative state efforts to foster motor fuel tax compliance, such as the Uniformity Committee meetings and the annual and regional Federation of Tax Administrators motor fuel conferences.
4. Participation in specialized classes to improve overall staff skills and to gain a better understanding of the many tax evasion schemes identified by other state and federal entities. Sending staff to these classes is paramount to ensuring uniformity in auditing techniques to curb tax evasion. This very specialized training is not available at the state level. Classes are offered through the FTA, the Association of Certified Fraud Examiners, and other professional organizations and universities.

Exhibit I provides detailed costs of the meetings and specialized training.

**Pros:**

- Provides federal funding to increase revenue to benefit California's highways.
- Leverages other state and federal resources to identify evasion, non-reporting and under-reporting of California fuel tax.
- Recovers under-reported fuel taxes for California through the auditing and billing of non-compliant California taxpayers.
- Recovers California's share of federal revenue realized through the auditing and billing of non-compliant federal taxpayers.
- Benefits honest taxpayers by providing another mechanism to assist the BOE and the federal government to maintain a level fuel tax playing field.
- Provides for the early identification of non-compliant taxpayers.
- Provides for early identification of newly emerging fuel tax evasion schemes.
- Allows California to benefit from the expertise of other states and the IRS in analyzing data and performing audits.

**D. Justification/Analysis of Alternatives (Continued)**

- Sustains the revenue growth achieved in FY 2001-02 BCP #9.
- Accelerates identification of reporting errors and omissions.
- Provides enhancements necessary to stay abreast with technological change.
- Minimizes taxpayer costs by establishing common EDI map reporting.
- Ensures the BOE's ability to exchange data with other states and the IRS.
- Increases revenue through the use of better ASP analytical tools.
- Produces statistical data for use in audit selection.
- Allows the TSD to maintain current level of service to the FTD.

Cons:

- Benefits of participation in the JOC can only be determined as the first-time multi-state and federal project proceeds.
- Increases BOE staff by 2 limited-term positions.
- Diverts some federal funds from State and local transportation projects for three fiscal years.

**Alternative 2** - Establish 2 limited-term positions through FY 2009-10 so the BOE can participate in the JOC.

Pros:

- Provides federal funding to increase revenue to benefit California's highways.
- Leverages other state and federal resources to identify evasion, non-reporting and under-reporting of California fuel tax.
- Recovers under-reported fuel taxes for California through the auditing and billing of non-compliant California taxpayers.
- Recovers California's share of federal revenue realized through the auditing and billing of non-compliant federal taxpayers.
- Benefits honest taxpayers by providing another mechanism to assist the Board and the federal government to maintain a level fuel tax playing field.
- Provides for the early identification of non-compliant taxpayers.
- Provides for early identification of newly emerging fuel tax evasion schemes.
- Allows California to benefit from the expertise of other states and the IRS in analyzing data and performing audits.

Cons:

- Benefits of participation in the JOC can only be determined as the first-time multi-state and federal project proceeds.
- Increases BOE staff by 2 limited-term positions.
- Results in the inability to keep up with technological changes in electronic filing.
- Increases taxpayer costs caused by having to maintain more than one EDI map.
- Eliminates the ability to electronically exchange data with other states and the IRS.

**D. Justification/Analysis of Alternatives (Continued)**

**Alternative 3** –Approve the expenditure of the STP funds to:

- 1) Hire contract programmers to develop the automation for the ASP system.
- 2) Provide essential committee participation and specialized training needed to complete the enhancement of the ASP system.

Pros:

- Does not result in an increase in BOE staff.
- Provides federal funding to increase revenue to benefit California highways.
- Sustains the revenue growth achieved in FY 2001-02 BCP #9.
- Accelerates identification of reporting errors and omissions.
- Provides enhancements necessary to stay abreast with technological change.
- Minimizes taxpayer costs by establishing common EDI map reporting.
- Ensures the BOE's ability to exchange data with other states and the IRS.
- Helps to achieve a level playing field for motor fuel taxpayers complying with the motor fuel tax laws.
- Increases tax revenue through the use of better ASP analytical tools.
- Produces statistical data about taxpayers for use in audit selection.
- Allows the TSD to maintain current level of service to the FTD.

Cons:

- Will not take advantage of the opportunity to use federal and other state resources to identify non-compliant taxpayers.
- Will not provide California with an additional tool to timely identify non-compliant taxpayers and emerging tax evasion schemes.
- Damages nationwide efforts to eliminate and deter fuel tax evasion.

**E. Timetable**

Implementation of the projects included in this proposal is shown by FY in the table below.

FY2007-08	FY 2008-09	FY 2009-10
<p><b>Joint Operations Center</b></p> <ul style="list-style-type: none"> <li>• Hire staff to participate in the JOC effective July 1, 2007.</li> <li>• Train staff to work on joint federal/state audits and investigations.</li> </ul> <p><b>ASP Enhancement</b></p> <ul style="list-style-type: none"> <li>• Hire contract programmers for the STP Funds project effective July 1, 2007.</li> <li>• Begin redesign of the ASP database structure.</li> <li>• Update EDI map.</li> <li>• Modify ASP reports and screens.</li> </ul> <p><b>Meetings and Training</b></p> <ul style="list-style-type: none"> <li>• Participate in Federal/State Task Force and committee meetings and specialized training.</li> </ul>	<p><b>Joint Operations Center</b></p> <ul style="list-style-type: none"> <li>• Conduct joint federal/state audits and investigations.</li> </ul> <p><b>ASP Enhancement</b></p> <ul style="list-style-type: none"> <li>• Continue development of ASP redesign.</li> <li>• Develop and test the ASP test upload.</li> </ul> <p><b>Meetings and Training</b></p> <ul style="list-style-type: none"> <li>• Participate in Federal/State Task Force and committee meetings and specialized training.</li> </ul>	<p><b>Joint Operations Center</b></p> <ul style="list-style-type: none"> <li>• Continue to conduct joint federal/state audits and investigations.</li> <li>• Evaluate program activities and impact of operations.</li> <li>• Based on evaluation of program, develop BCP to continue program.</li> </ul> <p><b>ASP Enhancement</b></p> <ul style="list-style-type: none"> <li>• Develop and test E-Filing program.</li> <li>• Complete E-Filing programming changes.</li> </ul> <p><b>Meetings and Training</b></p> <ul style="list-style-type: none"> <li>• Participate in Federal/State Task Force and committee meetings and specialized training.</li> </ul>

**F. Recommendation**

Alternative 1 is recommended. This alternative would authorize federal funding for two limited-term positions for the JOC project. This will allow California to participate in this nationwide fuel tax compliance effort. Participation in the federally funded JOC is designed to increase fuel tax compliance throughout the nation. California will benefit from the JOC in two ways. First, when it identifies non-compliance within California and second, when federal non-compliance is identified because California receives 10% of all federal fuel tax revenues.

This alternative will also authorize hiring contract programmers to enhance the BOE's ASP system. Once fully operational, the enhanced ASP system is expected to produce increased revenue of \$3 million per year. Because of current projects, and on-going production system support, current TSD staff cannot absorb the workload. Contract programmers will assist TSD staff in developing and implementing necessary modifications and backfill TSD employees who will do work on modifications to the system.

**F. Recommendation (Continued)**

Approval of this alternative will provide the BOE with the ability to use federal funds to maintain and enhance its resources and the expertise of staff. California will receive increased highway funding at no cost to the state. All activities and support for this effort would be paid for by the federal government.

**G. Fiscal Detail**

See attached "Fiscal Detail" Schedules.

**Exhibit I – Meeting and Specialized Training Costs**

**Summary of Task Force and Committee Meetings**

<b>Meeting</b>	<b># Attending</b>	<b># Meetings</b>	<b>Cost per Meeting/Staff</b>	<b>Total Cost</b>
Pacific Regional Task Force	2	2	\$1,200	\$4,800
Steering Committee	1	1	\$1,600	\$1,600
Uniformity Task Force				
Uniform Form Design	1	3	\$1,200	\$3,600
Information Sharing	1	3	\$1,200	\$3,600
Electronic Commerce	1	3	\$1,200	\$3,600
National Motor Fuel Meeting	2	1	\$1,600	\$3,200
Pacific Regional Motor Fuel Mtg.	2	1	\$1,200	\$2,400
<b>Total Annual Expenditure (rounded to thousands)</b>				<b>\$23,000</b>

**Summary of Specialized Training**

<b>Class</b>	<b>Cost per Class</b>	<b>Travel Cost</b>	<b>Combined Cost</b>	<b># Attending</b>	<b>Total Cost</b>
Basic Motor Fuel Auditing	\$500	\$1,500	\$2,000	4	\$8,000
Advanced Motor Fuel Auditing	\$500	\$1,500	\$2,000	4	\$8,000
Basic Motor Fuel Invasion	\$500	\$1,500	\$2,000	4	\$8,000
Advanced Motor Fuel Evasion	\$500	\$1,500	\$2,000	4	\$8,000
FTA Compliance Workshop	\$500	\$1,500	\$2,000	1	\$2,000
<b>Total Annual Expenditure</b>					<b>\$34,000</b>

**Annual Cost for Task Force & Committee Meetings and Specialized Training - \$57,000**

**STATE OF CALIFORNIA  
 BUDGET CHANGE PROPOSAL--FISCAL DETAIL  
 STATE OPERATIONS  
 FISCAL YEAR 2007-08  
 (Dollars in Thousands)**

**Title of Proposed Change:** FUEL TAXES DIVISION - FUEL TAX COMPLIANCE PROJECTS

**Program/Element/Component:** 50 Transportation Fund Tax Program/All Elements

	PERSONNEL YEARS			CY	BY	BY + 1
	CY	BY	BY + 1			
<b>TOTAL SALARIES AND WAGES</b> <i>_a/</i>		2.0	2.0		\$139	\$139
Salary Savings						
<b>NET TOTAL SALARIES AND WAGES</b>		2.0	2.0		139	139
Staff Benefits <i>_a/</i>					49	49
<b>NET TOTAL SALARIES AND WAGES</b>		2.0	2.0		188	188
Distrubuted Administration <i>_b/</i>					69	69
<b>TOTAL PERSONAL SERVICES</b>		2.0	2.0		\$257	\$257

**OPERATING EXPENSE AND EQUIPMENT**

General Expense		\$21	\$4
Distributed Administration		17	17
Printing			
Communications		2	1
Postage			
Travel--In-State		22	22
Travel--Out-of -State		76	76
Training		10	10
Facilities Operations		6	6
Consulting & Professional Services: Interdepartmental			
Consulting & Professional Services: External		540	540
Stephen P. Teale Data Center			
Data Processing		1	
Equipment			
Other Items of Expense: (Specify Below)			

*\_a/* See page 15 of 16 for itemized staff benefits and classification detail.

*\_b/* Represents Distributed Administration costs resulting from this BCP. The Distributed Administration costs for existing BOE programs will reflect a corresponding decrease which will be addressed in the Planning Estimate process.

	<u>CY</u>	<u>BY</u>	<u>BY + 1</u>
<b>TOTAL OPERATING EXPENSE AND EQUIPMENT</b>		\$695	\$676
<b>TOTAL EXPENDITURES (State Operations)</b>		\$952	\$933

**Source of Funds**

General Fund	(0001)		
Special Funds:			
Breast Cancer Fund	(0004)		
State Emergency Telephone	(0022)		
Propane Surcharge Fund	(0051)		
Motor Vehicle Fuel Account	(0061)		
Occupational Lead Prevention Fund	(0070)		
Childhood Lead Poisoning Prev. Fund	(0080)		
Cig. and Tobacco Prod. Surtax Fund	(0230)		
Oil Spill Prevention and Admin. Fund	(0320)		
Integrated Waste Management	(0387)		
Underground Storage Tank Fund	(0439)		
Energy Resources Programs Account	(0465)		
CA. Children and Families First Trust Fund	(0623)		
Federal Trust Fund	(0890)		
Timber Tax Fund	(0965)		
Gas Consumption Surcharge Fund	(3015)		
Water Rights Fund	(3058)		
Elec. Waste Recovery and Recycling Acct.	(3065)		
Cig. and Tobacco Prod. Compliance Fund	(3067)		
Federal Funds		952	933
Other Funds			
Reimbursements	(0995)		
Net Total Augmentation (Source of Funds)		\$952	\$933

**DETAIL OF STAFF BENEFITS  
AND PERSONAL SERVICES**

Staff Benefits Detail:	CY	BY	BY + 1
	<i>(Whole Dollars)</i>		
OASDI		\$10,634	\$10,634
Health Insurance		14,437	14,437
Retirement		20,632	20,632
Workers' Compensation		2,641	2,641
Industrial Disability Leave		133	133
Non-Industrial Disability Leave		175	175
Unemployment Insurance		121	121
Other		364	364
<b>TOTAL</b>		<b>\$49,137</b>	<b>\$49,137</b>

Classification	Positions			Salary Range <sup>a</sup>	Amount		
	CY	BY	BY + 1		CY	BY	BY + 1
Property and Special Taxes Department:							
Fuel Industry Section:							
Business Taxes Specialist I <sub>b/</sub>		2.0	2.0	\$69,648		\$139,296	\$139,296

Blanket Funds:  
Overtime (Various)  
Temporary Help

<b>TOTAL SALARIES AND WAGES</b>		<b>2.0</b>	<b>2.0</b>			<b>\$139,296</b>	<b>\$139,296</b>
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<sub>a/</sub> The salary is the mid-step of the salary range for the stated classification plus \$315 per month (\$3,780 annually) for out-of-state differential.  
<sub>b/</sub> 2.0 limited-term positions effective July 1, 2007 through June 20, 2010.

**SUPPLEMENTAL INFORMATION**  
 Dollars in Thousands

	<u>Current Year</u>	<u>Budget Year</u>	<u>Budget Year + One</u>
<b>Proposed Equipment:</b>			
Total			
<b>Proposed Contracts:</b>			
Total			
<b>One-Time Costs:</b>			
General Expense		\$17	
Communications		1	
Data Processing		1	
Total		\$19	
<b>Future Savings:</b>			
N/A			
Total			
<b>Full-Year Cost Adjustments:</b>			
N/A			
Total			

**SUPPLEMENTAL INFORMATION**  
 Dollars in Thousands

	<u>Current Year</u>	<u>Budget Year</u>	<u>Budget Year + One</u>
<b>Proposed Equipment:</b>			
Total			
<b>Proposed Contracts:</b>			
Total			
<b>One-Time Costs:</b>			
General Expense		\$17	
Communications		1	
Data Processing		1	
Total		\$19	
<b>Future Savings:</b>			
N/A			
Total			
<b>Full-Year Cost Adjustments:</b>			
N/A			
Total			