

**M e m o r a n d u m**

**To** : Honorable Carole Migden, Chairwoman  
Honorable Claude Parrish, Vice Chair  
Honorable Bill Leonard, Member, Second District (MIC 78)  
Honorable John Chaing, Member, Fourth District  
Honorable Steve Westly, State Controller, c/o Ms. Marcy Jo Mandal

**Date:** October 6, 2003

**From** : Ramon Hirsig, Deputy Director  
Sales and Use Tax Department



**Subject:** SUTD's Report On Educational Outreach for Construction  
Contractors

At the September 10, 2003 Board Hearing in Culver City, Chairwoman Migden and Board Member Leonard requested the Sales and Use Tax Department to report on the types of educational outreach programs available to construction contractors. This request was made due to concerns over the number of construction contractor cases coming before the Board where there is a lack of understanding by contractors about accepting resale certificates when installing fixtures and materials.

The Board currently has registered approximately 23,000 construction contractors. When a taxpayer registers with the Board, they are provided with industry specific publications, general publications about their seller's permit, sales and use tax rates and services offered by the Board. In addition to this material, the Board offers the following Educational Outreach Programs.

**Educational Outreach Programs**

*Seminars/Presentations-* The Board offers general and industry specific classes for the public upon request and as part of educational outreach. During the last two years, the Sales and Use Tax Department has sponsored 555 seminars/presentations to the public with 30 of those seminars/presentations covering specific industries. Three of the 30 seminars/presentations were specifically for construction contractors.

*Taxpayer Educational Consultation Program-* The Taxpayer Educational Consultation Program is designed to provide individualized tax education and assistance to new taxpayers during their first year of business in order to help them meet their sales and use tax reporting requirements. During the last year and a half, 667 consultations were completed with 31 of those consultations being construction contractor businesses.

*Tax Information Bulletins (TIB) Articles-* While our last TIB article for construction contractors was in 2000, we are planning to include an article in the December 2003 TIB

ITEM #AB  
10/15/03

regarding subcontractors accepting resale certificates. We will also send this article to Construction Contractor Associations.

### Other Educational Information

The following is other construction contractor publications the Board has on our website and available by mail:

- Publication No. 9, *Tax Tips for Construction and Building Contractors*
- Audit Manual Chapter 12, *Construction Contractors*
- Sales and Use Tax Laws, Regulations, and Annotations

### Recommendation

The Department proposes the following enhanced outreach efforts.

1. **Industry Representatives:** The Department will contact Industry Representatives and seek approval to provide relevant tax information in their associations' newsletters and offer to speak at various industry seminars.
2. **Contractor State License Board:** Provide information and training opportunities to new contractors through the Contractors State License Board.
3. **Increase Presentations in Each District Office:** Invitation to all licensed contractors in the districts' respective geographic area.
4. **Small Business Fairs:** Consider providing specialized contractor training at the Board's Small Business Fairs. This was recently done for the February 2003 Chico Fair.

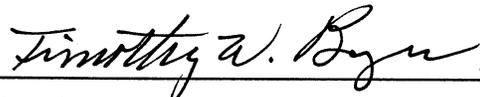
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Recommended by:



Ramon J Hirsig, Deputy Director  
Sales and Use Tax Department

Approved By:



Timothy W. Boyer, Interim Executive Director

At the BOARD APPROVED Board Meeting

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Deborah Pellegrini, Chief  
Board Proceeding Division