

# Memorandum

**To** : Honorable Betty T. Yee, Chairwoman  
Honorable Judy Chu, Ph.D, Vice-Chair  
Honorable Bill Leonard  
Honorable Michelle Steel  
Honorable John Chiang

**Date** : May 8, 2007

**From** : Ramon J. Hirsig  
Executive Director

**Subject** : **P1 Executive Director's Report – April 25, 2007**  
**4. Taxpayers' Bill of Rights Hearing Actions**

Attached for your information is the Taxpayers' Rights Advocate's update on assignments from the March 20, 2007 Taxpayers' Bill of Rights Hearings.

If you have any questions about the status of these assignments, please contact Mr. Todd Gilman at 916-324-2796.

RJH: ls  
Memo to Members 4-25-07.doc

Attachment

cc: Mr. Alan LoFaso  
Mr. Mark Ibele  
Mr. Steve Shea  
Ms. Barbara Alby  
Mr. Erik Caldwell  
Ms. Marcy Jo Mandel

Update on Assignments from  
March 20, 2007 Taxpayers' Bill of Rights Hearings

This is a status report on assignments pursuant to the March 20, 2007 Taxpayers' Bill of Rights Hearing in Sacramento where taxpayer expressed concerns regarding the laws, policies and procedures administered by the Board of Equalization.

***Written and Oral Reports to the Board***

Two assignments are for the Advocate to provide written as well as oral reports to the Board at the June 1, 2007 hearing. Representatives of the responsible departments will be available to answer questions when these reports are presented to you.

- **Veterans Exemption** – The Board's Legal Department is analyzing the early legislative history of Business and Professions Code 16102, as well as researching the Gilstrap case mentioned by the taxpayer. The TRA Office is working with the Research and Statistics Section and the Sales and Use Tax Department on the number of veterans that hold seller's permits in California to determine how many veterans would be affected if the proposed change in interpretation were to be made. This information will be based on an estimate.
- **Underground Storage Tank Maintenance Fee - Reliance on Advice Pursuant to RTC section 4902 Related to BOE Audit** - The Fuel Taxes Division and the Legal Department are preparing an informal issue paper on this matter.

***Written Reports to the Board***

I will provide written reports to the Board Members and Board management on the following items:

- **Lag time in processing and posting returns and payments** - The Advocate Office is working with the Administrative Department's Cashiers Unit and Facilities Management Section on identifying reasons for delays in posting of taxpayer payments and returns. I will provide you with a status report, including an anticipated completion date on June 1, by which time we will have a better understanding of the scope of the project.
- **Transfer of ownership between great-grand parent to great grand child Issue** – The Board's Legal Department has completed their research and analysis of the law. A report from the Advocate Office will be provided to the Board on May 15. A letter will be sent to the taxpayer regarding the recent legal opinion.
- **Silent Second Mortgages (Affordable Housing)** – An opinion was provided to the Yolo County Assessor on April 10 regarding the proper assessment and treatment of silent second mortgages used as part of the affordable housing program administered by the City of West Sacramento Redevelopment Agency. The Advocate Office has been informed by the County Assessed Property Tax Division that the California Assessors' Association created an ad hoc committee to address assessment issues related to affordable housing programs, and staff will

be working with the committee. Property and Special Taxes Department staff will be attending the California Assessors' Associations conference during the week of April 30<sup>th</sup> and will make the association aware of staff's recent opinion letters and current position regarding the treatment of "silent seconds" for affordable housing programs. Letters will be sent to both presenters explaining the Board's legal interpretation of the law by May 31.

***Responses to other presentations and requests***

The appropriate managers have been apprised of the following concerns presented at the March 20 hearing. I have requested they take the appropriate action necessary and keep me informed regarding those actions taken on the following items:

- **Need for uniform policy for payment instructions** -The Advocate Office and the Sales and Use Tax Department are reviewing current policy on payment instructions. A written report will be sent to the consultant by May 31.
- **Suggestion for posting Schedule A on BOE website** – The Advocate Office is working with the Sales and Use Tax Department to determine the feasibility of posting copies of the district tax schedules for the prior three years to the Board's website. A written report will be sent to the consultant by May 31.
- **Need for better training of new BOE tax auditors** - The Advocate Office has provided the Sales and Use Tax Department with a copy of the March 20 transcript regarding the concerns expressed by the tax consultant. The Advocate Office will work with the Sales and Use Tax Department on these concerns to determine if current training is adequate.
- **National Medical Care Appeal** – This case is currently in Appeals and has previously been heard by the Board. The case is pending the issuance of a Supplemental Decision & Recommendation (SD&R). The Appeals Division is currently in contact with the taxpayers' representative, to obtain information necessary to complete the SD&R. The expected completion date of the SD&R is May 31, 2007.