

Memorandum

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

Date : August 3, 2007

From : Ramon J. Hirsig
Executive Director



Ramon J. Hirsig
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Subject : **Additional Tax Gap Proposals**

As requested, below is a listing of possible additional Tax Gap Proposals the Sales and Use Tax Department can pursue without any additional resources. This information is being provided for informational purposes only.

Examples of Tax Gap Proposals Not Requiring Resources for Future Discussion:

- Encourage out-of-state retailers to register for collection of California use tax
- Modify security requirements
- Automate filing liens and levies under specific conditions
- Allow liens for less than \$2,000
- Shorten the delinquency cycle
- Place liens on vehicles, vessels, and aircraft when used in the course of a business where an outstanding liability exists
- Involve collectors in exit discussions of audits
- Require the Automated Collection Management System (ACMS) to generate a notice to appear for a dishonored check regardless of amount (currently only done for high dollar amounts)
- Audit certain high risk businesses more frequently (a one or two-year audit cycle)

Also, as a result of our recent interested parties meetings on the Tax Gap Proposals, interested parties provided comments on potential legislative ideas and the process for approval of such proposals. I would recommend future interested parties meetings be held to develop tax gap legislative ideas, discuss legislative concepts and hear concerns. After interested parties have assisted in the development of legislative proposals, these proposals would then be handled through the Board's Legislative Committee process for Board Member approval and additional public comment.

Should you have any questions, please contact me at (916) 327-4975 or Ms. Randie Henry at (916) 445-1441.

RJH:sm

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