

Fiscal Year 2008/09 Budget Change Proposal (BCP) Concepts Summary

This document is a summary listing of the Board's BCP concepts currently under development for Fiscal Year 2008/09. These concepts support the Board's 2007-2011 Strategic Plan by:

- Continuing and introducing new initiatives to address the tax gap problem through improved compliance as well as revenue generation.
- Creating an expanded and responsive infrastructure, particularly in the area of increased E-services for taxpayers.
- Providing expanded outreach to taxpayers and greater protection of taxpayer rights.

BCP drafts will be provided to the Board during the week of August 1, 2007. The BCPs will be presented for the Board's approval at the August 14, 2007 meeting.

Board of Equalization
Summary of Proposed BCPs
Fiscal Year 2008-09
(in Thousands)

BCP ISSUE	2008-09 Revenue Estimate	2008-09 Cost Estimate	Positions	SUMMARY
Maximize Fairness and Education in the County Assessment Standards Program (CASP)	\$0	\$516	4.0	This BCP requests 2.0 new positions for the CASP to educate property tax appraisers statewide and ensure taxpayers receive uniform and accurate property assessments and pay their fair share of property taxes. In addition, this BCP requests permanent funding for 2 existing limited-term positions for the Valuation Factors Unit which will result in the ability to calculate more reliable and accurate assessed values of locally assessed property.
Cigarette and Tobacco Products Taxes Revenue Recovery	\$28,700	\$4,200	46.5	This BCP requests permanent funding for 46.5 positions (20.2 limited-term positions due to expire 6/30/08 and 26.3 new positions) and related resources for cigarette and tobacco products revenue recovery. These positions will focus on out-of-state tax avoidance, accounts receivable recovery, and audits and enforcement activities to diminish cigarette and tobacco products tax evasion.
Statewide Business License Inspection Program (BLIP)	\$40,000	\$11,287	109.7 (PYs)	<p>This BCP requests funding for a 3-year period for a statewide effort to identify and register entities which are actively engaged in business in California and selling tangible personal property without a seller's permit. This BCP requests a total of 137.1 positions -- 109.7PYs -- as follows:</p> <ul style="list-style-type: none"> • 32.8 positions are continuing from the pilot program established Fiscal Year (FY) 2006-07. • 56.3 new positions effective July 1, 2008. • 48.0 positions effective February 1, 2009.
Agricultural Inspection Station Tax Leads	\$6,350	\$1,373	16.0	This BCP requests a two-year extension of funding for these limited-term positions, and an interagency agreement with the CA Department of Food and Agriculture to continue a pilot program for the detection and identification of property brought into California without payment of sales and use taxes.

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Tax Gap Initiatives	TBD	TBD	TBD	This BCP requests positions and funding to attack California's sales and use tax gap (estimated at \$2 billion) using cost-effective, efficient methods. This proposed initiative takes a comprehensive approach at improving compliance in the three main components of the tax gap: use tax reporting, underreporting and nonpayment by registered taxpayers, and registering nonfilers/evaders.
E-Services Expansion	TBD	TBD	TBD	This BCP requests funding for the expansion of the BOE's E-Services to develop E-filing functionality for Sales and Use Tax accounts related to Motor Vehicle Fuel. In addition, it will provide the same functionality for the following types of Property and Special Taxes accounts: Cigarette Distributors, E-waste Recycling, Underground Storage Tank, and California Tire Fee. Moreover, it will allow for the development of an Internet Registration (E-reg) system for the BOE's tax- and feepayers. Additionally, this BCP requests funding for the BOE to provide other new E-services which include: requests for Installment Payment Agreements, submission of Requests for Relief of Penalty, Interest and Extension Requests, and submission of Declarations of Timely Mailing.
New Special Taxing Jurisdictions (STJs)	\$17,380	\$441	7.5	This BCP requests additional resources needed to administer 24 new STJs approved by voters since May, 2005.
Improved TaxPayers' Rights (TRA) /Equal Employment Office (EE0) Outreach and Services	\$0	\$581	5.0	This BCP requests funding and related resources to address the increase in taxpayer cases and to expand the pro-bono program, which provides legal assistance to low-income taxpayers. This BCP will enable the Advocate's office to more effectively carry out the Board's strategic plan and protect taxpayer rights pursuant to the Taxpayers' Bills of Rights.