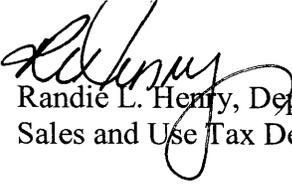


M e m o r a n d u m

To : Mr. Ramon J. Hirsig
Executive Director

Date: December 1, 2008

From :  Randie L. Henry, Deputy Director
Sales and Use Tax Department

Subject : **Proposal to Raise the Threshold for Board Member
Approval of Refunds in Excess of \$50,000**

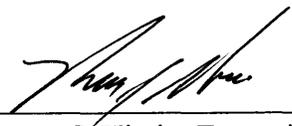
Your approval is requested to place the following item on "P. Other Administrative Matters" Agenda under section "3a. Sales and Use Tax Deputy Director's Report" for the December 17, 2008 Board Meeting:

- P3.a.2.- Issue Paper 08-014: Proposal to Raise the Threshold for Board Member Approval of Refunds in Excess of \$50,000

Mr. David Gau and I will present the paper recommending that the threshold for Board Member approval be raised to \$100,000. This item will require action by the Board. With your approval, the Board Proceedings Division will place this item on the Public Agenda Notice under the Deputy Director's Report and provide a copy of the attachments to each Board Member.

RLH:llw
Attachment: Issue Paper 08-014

cc: Ms. Diane Olson (MIC 81)

Approved: 
Ramon J. Hirsig, Executive Director

Issue Paper Number **08-014**



- Board Meeting
- Business Taxes Committee
- Customer Services and Administrative Efficiency Committee
- Legislative Committee
- Property Tax Committee
- Other

Proposal to Raise the Threshold for Board Member Approval of Refunds in Excess of \$50,000

I. Issue

Board Member approval is currently required for refunds greater than \$50,000 (including credit interest). Should this \$50,000 threshold be raised to streamline the refund process?

II. Alternative 1 – Staff Recommendation

Staff proposes requesting amendments to the Revenue and Taxation Code sections relating to refunds for Board administered tax and fee programs to raise the Board Member approval threshold on claims for refund to \$100,000 (see Exhibit 2 for a list of affected sections). This change would allow claimants to receive their refunds up to three months earlier on approved claims under \$100,000, reduce the number of cases brought before the Board, and reduce staff hours spent preparing those cases for Board calendar. The time savings also results in a savings of credit interest paid by the State on approved refunds. Considering the increases in sales and use tax rates and the rate of inflation since the \$50,000 threshold was established in 1989, staff believes \$100,000 is an appropriate level.

III. Other Alternatives Considered

Alternative 2 – Increase Approval Threshold to \$250,000

Staff alternatively proposes requesting amendments to the Revenue and Taxation Code sections relating to refunds for Board administered tax and fee programs to raise the Board Member approval threshold on claims for refund to \$250,000. This change would allow claimants to receive their refunds up to three months earlier on approved claims under \$250,000, resulting in a credit interest savings even greater than in Alternative 1. There would also be a greater reduction in the number of cases brought before the Board and the related number of staff hours spent preparing those cases for Board calendar. Raising the threshold to \$250,000 would go considerably beyond adjusting the current \$50,000 threshold for the increases in sales and use tax rates and the rate of inflation.

Alternative 3 – Make No Change

Do not change the current requirement that Board Members approve claims for refund in excess of \$50,000. Under this alternative, the Board would not realize any of the savings estimated from increasing the approval threshold.

Issue Paper Number 08-014

IV. Background

In the Sales and Use Tax Law, Revenue and Taxation Code section 6901, Credits and refunds, provides in the final sentence of subdivision (c):

“...Any proposed determination by the board pursuant to this section with respect to an amount in excess of fifty thousand dollars (\$50,000) shall be available as a public record for at least 10 days prior to the effective date of that determination.”

Accordingly, claims for refund in excess of \$50,000 placed on either the Board’s Adjudicatory or Consent calendar for Board Member approval, are made available when the Public Agenda Notice is distributed 10 days before the meeting. The approval process for these refunds is also explained in the Board’s Rules for Tax Appeals, Regulation 5237, *Board Approval Required for Refunds over \$50,000*.

The \$50,000 threshold has been in effect since January 1, 1989. The prior threshold of \$15,000 was set effective January 1, 1986, and mirrored the level that required Board of Control approval (currently Victims Compensation Government Claims Board). There are no Board of Control thresholds for refunds in place at this time.

Similar sections of the law exist for all Property and Special Taxes programs requiring refunds in excess of \$50,000 be available as a public record for at least 10 days prior to the effective date of the Board’s determination of a refund. One exception is the Private Railroad Car Tax (PRCT), which requires refunds in excess of \$15,000 be available as a public record for at least 10 days in advance of the effective date of the refund. Additionally, the PRCT has not historically been included for any delegation considerations; consequently, the program requires all of its refunds be approved by Board Members, regardless of the amount. The PRCT should be included as a part of any statutory, regulatory, or procedural changes for consistency with other Board programs.

The processing of Sales and Use Tax Department (SUTD) claims for refund is centrally coordinated by the Refund staff in the Audit Determination and Refund Section. Claims may be verified by Refund staff in headquarters, or may be referred to a field office for investigation. If the claimant has an audit in process during the period of the claim for refund, SUTD Refund staff will refer the claim to that particular district office. The processing of Property and Special Taxes Department (PSTD) claims for refund are handled internally by Refund staff within each division. Claims are verified by Refund staff within PSTD. If the claimant has an audit in process during the period of the claim for refund, the refund request will be included as part of the audit.

In general, these procedures benefit the taxpayer by allowing offsetting interest at the debit rate rather than providing interest at the lower credit rate. Debit and net credit audits completed by a district are forwarded to Refund staff in Headquarters for processing. Claims for refund and concurred audits resulting in a net credit in excess of \$50,000 (including interest and penalty) have summaries prepared and are placed on the next available Consent or Adjudicatory Calendar for approval by the Board Members. The Adjudicatory and Consent Calendars are for concurred items between claimant and staff. If the claimant and staff disagree with the results, the claimant retains all appeal rights and can pursue his/her contentions before the Board Members.

With respect to general workload, there has been an increase in refund cases in excess of \$50,000. One cause of this increase is the January 2001 Sales and Use Tax Law change that allows lenders to file credit

returns for bad debts written off in their records for sales made by retailers who sold the receivables and the right to claim the bad debts to the lenders. This law change alone has resulted in a substantial increase in the amount of SUTD claims for refund in excess of \$50,000. For example, during Fiscal Year (FY) 2007/2008, there were 75 refunds of this type exceeding \$50,000 representing nearly 20% of the cases placed on the Adjudicatory and Consent Calendars (see Exhibit 3). These credit returns are filed on a routine basis by lenders and are placed on the Board's Consent Calendar for approval. However, each of these permit holders is selected for audit on a three-year basis; thus, the claimed refund amounts that were approved by the Board are later reviewed and verified by audit.

V. Discussion

The intent of this paper is to propose improvements to the Board's refund procedures with the goal of issuing approved claims up to three months earlier than with the current process.

Claim Processing Procedures. The process of preparing a claim for refund in excess of \$50,000 begins in headquarters up to four months prior to the Board Meeting. PSTD and SUTD auditors prepare Board Summaries for recommended refunds which are reviewed and approved for further processing by their respective Refund Section supervisors. To ensure there is adequate review before the summaries are due to the Board Proceedings Division, summaries are due to the Refund Coordinator approximately two (for Fuel Taxes and Environmental Fees) to three months (for Excise Taxes and Sales and Use Taxes) prior to the appropriate Board Meeting. For example, SUTD summaries for the September 16, 2008 meeting were due on June 18th.

Summaries are subsequently forwarded to the respective Department Petitions Section to combine with the entire Sales and Use Tax or Property and Special Taxes Calendar. The deadline for forwarding the completed summaries to the Petitions staff is approximately ten weeks prior to the Board Meeting. The summaries are compiled and forwarded for review and recommended changes to the appropriate Division Chief, and the Assistant Chief Counsel, Tax and Fee Programs Division. PSTD summaries are also reviewed by the Deputy Director of PSTD. The Petitions Sections deliver the SUTD and PSTD portions of the Calendar to Board Proceedings forty-five days prior to the scheduled Board Meeting. Since the time frame between Board Meetings may exceed one month, it is possible that a refund which just missed a prior deadline will wait an additional month before being heard for Board Member approval.

After Board approval of a refund item, the Refund Coordinators in SUTD and PSTD send their refund schedule to Accounting who forwards the schedule to the State Controller's Office. Claimants usually receive their refund checks within two weeks of the Board Meeting.

Comparison of 1989 and 2008 dollar levels. The current threshold for refunds requiring Board Member approval is \$50,000, including credit interest. As explained in the Background section, this threshold was last increased in January 1989. Support for increasing the approval threshold can be seen by comparing the effect of the increase in the average tax rate of 6.5% in 1989 to 8% in 2008.

Considering the increase in the average sales tax rate, the Board reviews claims in 2008 that have a lower measure than claims in 1989. In 1989, a refund claim of \$50,000 in tax would have a taxable measure of \$769,231. In 2008, a refund claim of \$50,000 would have a taxable measure of only \$625,000. This represents a 19% difference resulting solely from an increase in the tax rate.

	Refund	Tax Rate	Measure (Refund/Tax Rate)
1989	\$50,000	6.5%	\$769,231
2008	50,000	8%	625,000
Difference			\$144,231
% Difference (\$144,231/\$769,231)			19%

Adjusting for inflation, the difference is even greater: Taxable measure of \$769,231 in 1989 equates to \$1,357,200 in measure in 2008 (see Exhibit 4). Using the average tax rate of 8%, tax on \$1,357,200 is \$108,576 which compares to the \$100,000 threshold recommended by staff.

Similarly, there have been significant changes in tax and fee rate structures for many PSTD programs since 1989 as well. Changes in tax rates have been driven by voter initiatives (Cigarette and Tobacco Products taxes), legislation, and by other state agencies for which the Board collects fees to fund programs and operations. Often changes in fees are increased or adjusted based on changes in the Consumer Price Index.

VI. Alternative 1 - Staff Recommendation

A. Description of Alternative 1

Staff proposes requesting amendments to the Revenue and Taxation Code sections relating to refunds for Board administered tax and fee programs to raise the Board Member approval threshold on claims for refund to \$100,000 (see Exhibit 2 for a list of affected sections). This change would allow claimants to receive their refunds up to three months earlier on approved claims under \$100,000, reduce the number of cases brought before the Board, and reduce staff hours spent preparing those cases for Board calendar. The time savings also results in a savings of credit interest paid by the State on approved refunds. Considering the increases in sales and use tax rates and the rate of inflation since the \$50,000 threshold was established in 1989, staff believes \$100,000 is an appropriate level.

As shown in Exhibit 5, in FY 2007/2008, 404 refunds in excess of \$50,000 were prepared by SUTD and PSTD equating to a dollar figure of \$183,011,934¹. If the approval threshold had been at \$100,000, 136 of these cases would not have required summary preparation. The dollar figure for these cases amounts to \$9,769,198. Refunds for these cases would have been granted up to three months earlier resulting in an estimated credit interest savings to the State of \$73,269 (see Exhibit 1). Under this proposal, the Board would still have approved \$173,242,736 in refunds for the 268 items in excess of \$100,000. In dollars, this represents over 95% of the refunds (see Exhibit 5).

In addition to credit interest savings, there would also be a savings of staff hours. Board summaries related to these refunds can require several hours of staff time. After preparation of the summary by the auditor, there are added layers of staff and management review such as the Refund Coordinator, Petitions Section, Division Chief, Assistant Chief Counsel, Department Deputy Director, Board Proceedings, and individual Board Member staff. Raising the threshold for Board Member approval

¹ It should be noted that denials of refunds in excess of \$50,000 would also be affected by raising the threshold in section 6901 for SUTD accounts, or other relevant sections of the Revenue and Taxation Code for PSTD accounts. The process of preparing summaries of denied refund claims for the Board's Consent and Adjudicatory calendar is generally much less extensive. Accordingly, staff has not included claims that were denied and placed on the Board's Consent Calendar in these savings calculations.

would save hundreds of staff hours preparing these cases for Board Calendar (see Operational Impact).

B. Pros of Alternative 1

- Allows claimants to receive their refunds up to three months earlier.
- The State saves credit interest (estimated at \$73,269 in FY 2007/08).
- Reduces the number of cases requiring Legal Department and Board Member review.
- Substantially decreases staff workload in preparing and reviewing cases for Board Calendar.
- Creates consistency for Board Member approval of refunds between SUTD and PSTD.

C. Cons of Alternative 1

- Board Member and Legal Department staff would not review refund cases under \$100,000.
- A public record would not be available for refund cases under \$100,000.

D. Statutory or Regulatory Change for Alternative 1

For Sales and Use Tax accounts, section 6901 would require amendment to raise or eliminate the dollar threshold and/or the public record requirement. For PSTD accounts, numerous sections of the Revenue and Taxation Code would require amendment as well (see Exhibit 2). Regulation 5237, *Board Approval Required for Refunds over \$50,000*, would require subsequent revision.

E. Operational Impact of Alternative 1

Multi-level reviews would be eliminated for refund cases ranging from \$50,000 to \$100,000. These reviews include the Refund Coordinator; Petitions Section staff; the appropriate Division Chief; the Department Deputy Director; the Assistant Chief Counsel, Tax and Fee Programs Division; Board Proceedings Division; and individual Board Member staff. It is conservatively estimated that in addition to each Division's Refund staff's initial preparation of the summary, up to 5 additional hours are spent in the above review process. Based on the number of summaries prepared in FY 2007/2008 on claims ranging from \$50,000 to \$100,000, this represents up to 680 hours expended in preparing cases for the Consent or Adjudicatory Calendars (136 cases x 5 hours).

F. Administrative Impact of Alternative 1

1. Cost Impact

No cost impact other than the administrative process required to prepare and process a proposal to amend the stated provisions of the Revenue and Taxation Code relating to refunds under all SUTD and PSTD programs, and to amend Regulation 5237.

2. Revenue Impact

There would be a savings in credit interest paid on these refunds. For Fiscal Year 2007/2008, this is estimated at \$73,269 (see Exhibit 1).

G. Taxpayer/Customer Impact of Alternative 1

Taxpayers with approved refunds between \$50,000 and \$100,000 would receive payment up to three months earlier than if their claim went through the Board Member approval process.

H. Critical Time Frames of Alternative 1

None.

VII. Alternative 2 – Increase Approval Threshold to \$250,000

A. Description of Alternative 2

Staff alternatively proposes requesting amendments to the Revenue and Taxation Code sections relating to refunds for Board administered tax and fee programs to raise the Board Member approval threshold on claims for refund to \$250,000. This change would allow claimants to receive their refunds up to three months earlier on approved claims under \$250,000, resulting in a credit interest savings even greater than in Alternative 1. There would also be a greater reduction in the number of cases brought before the Board and the related number of staff hours spent preparing those cases for Board calendar. Raising the threshold to \$250,000 would go considerably beyond adjusting the current \$50,000 threshold for the increases in sales and use tax rates and the rate of inflation.

If the approval threshold on refund cases had been increased to \$250,000, 129 SUTD and PSTD claims would have been placed on the Board Calendar in FY 2007/2008 (see Exhibit 5). Under this alternative, 275 SUTD and PSTD refunds between \$50,000 and \$250,000 would have been granted up to three months earlier resulting in an estimated savings to the State of \$248,310 in credit interest (see Exhibit 1).

During FY 2007/2008, the Board granted \$183,011,934 in SUTD and PSTD refunds from the Adjudicatory and Consent Calendars. If the threshold that year were \$250,000, the Board would have still approved \$149,903,901 in refunds based on the remaining 129 refund cases in excess of \$250,000. In dollars, this represents 82% of the refund amounts (see Exhibit 5).

B. Pros of Alternative 2

- Allows claimants to receive their refunds up to three months earlier.
- The State saves credit interest (estimated at \$248,310 in FY 2007/2008).
- Reduces the number of cases requiring Legal Department and Board Member reviews.
- Substantially decreases staff workload in preparing and reviewing cases.
- Creates consistency for Board Member approval of refunds between SUTD and PSTD.

C. Cons of Alternative 2

- Board Member and Legal Department staff would not review refund cases under \$250,000.
- A public record would not be available for refund cases under \$250,000.

D. Statutory or Regulatory Change for Alternative 2

For SUTD accounts, Section 6901 would require amendment to raise or eliminate the dollar threshold and/or the public record requirement. For PSTD accounts, numerous sections of the Revenue and Taxation Code would require amendment as well (see Exhibit 2). Regulation 5237, *Board Approval Required for Refunds over \$50,000*, would require subsequent revision.

E. Operational Impact of Alternative 2

Multi-level reviews would be eliminated for refund cases ranging from \$50,000 to \$250,000. These reviews include the Refund Coordinator; Petitions Section staff; the appropriate Division Chief; the Department Deputy Director; the Assistant Chief Counsel, Tax and Fee Programs Division; Board Proceedings Division; and individual Board Member staff. It is conservatively estimated that in addition to Refund staff's initial preparation of the summary, up to 5 additional hours are spent in the above review process. Based on the number of summaries prepared in FY 2007/2008 on claims ranging from \$50,000 to \$250,000, this represents up to 1,375 hours expended in preparing cases for the Consent or Adjudicatory Calendars (275 cases x 5 hours).

F. Administrative Impact of Alternative 2

1. Cost Impact

No cost impact other than the administrative process required to prepare and process a proposal to amend the stated provisions of the Revenue and Taxation Code sections relating to refunds under all SUTD and PSTD programs, and amend Regulation 5237.

2. Revenue Impact

There would be a credit interest savings to the State. For Fiscal Year 2007/2008, this is estimated at \$248,310.

G. Taxpayer/Customer Impact of Alternative 2

Taxpayers with approved refunds between \$50,000 and \$250,000 would receive payment up to three months earlier than if their claim went through the Board Member approval process.

H. Critical Time Frames of Alternative 2

None.

VIII. Alternative 3 – Make No Change

A. Description of Alternative 3

Do not change the current requirement that Board Members approve claims for refund in excess of \$50,000. Under this alternative, the Board would not realize any of the savings estimated from increasing the approval threshold.

B. Pros of Alternative 3

Will allow the Board Members continued access to review all refund cases in excess of \$50,000.

C. Cons of Alternative 3

- Claimants will continue to experience delays in receiving their refunds due to the requirements of the calendaring process for cases in excess of \$50,000.
- The State will continue to pay up to three months additional credit interest on refund cases in excess of \$50,000 to \$100,000/\$250,000 on refunds that are granted at a later date.
- Based on historical trends in tax rate increases and inflation rates, the number of refunds in excess of \$50,000 will gradually increase.

- With additional tax increase and inflationary changes, additional staff resources will be incrementally expended in preparation and review of summaries for the Consent and Adjudicatory calendars.

D. Statutory or Regulatory Change for Alternative 3

None.

E. Operational Impact of Alternative 3

None.

F. Administrative Impact of Alternative 3

1. Cost Impact

None.

2. Revenue Impact

None.

G. Taxpayer/Customer Impact of Alternative 3

None.

H. Critical Time Frames of Alternative 3

None.

Preparer/Reviewer Information

Prepared by: Audit Determination & Refund Section

Current as of: December 1, 2008

REVENUE ESTIMATESTATE OF CALIFORNIA
BOARD OF EQUALIZATION**BOARD OF EQUALIZATION**
REVENUE ESTIMATE

**Proposal to Raise the Threshold for Board Member Approval of Refunds
in Excess of \$50,000****Alternative 1 – Staff Recommendation**

Staff proposes requesting amendments to the Revenue and Taxation Code sections relating to refunds for Board administered tax and fee programs to raise the Board Member approval threshold on claims for refund to \$100,000 (see Exhibit 2 for a listing of affected sections). This change would allow claimants to receive their refunds up to three months earlier on approved claims under \$100,000, reduce the number of cases brought before the Board, and reduce staff hours spent preparing those cases for Board calendar. The time savings also results in a savings of credit interest paid by the State on approved refunds. Considering the increases in sales and use tax rates and the rate of inflation since the \$50,000 threshold was established in 1989, staff believes \$100,000 is an appropriate level.

Alternative 2 - Other Alternative Considered

Staff alternatively proposes requesting amendments to the Revenue and Taxation Code sections relating to refunds for Board administered tax and fee programs to raise the Board Member approval threshold on claims for refund to \$250,000. This change would allow claimants to receive their refunds up to three months earlier on approved claims under \$250,000, resulting in a credit interest savings even greater than in Alternative 1. There would also be a greater reduction in the number of cases brought before the Board and the related number of staff hours spent preparing cases for Board calendar. Raising the threshold to \$250,000 would go considerably beyond adjusting the current \$50,000 threshold for the increases in sales and use tax rates and the rate of inflation.

Alternative 3 – Make No Change

Do not change the current requirement that Board Members approve claims for refund in excess of \$50,000. Under this alternative, the Board would not realize any of the savings estimated from increasing the approval threshold.

Background, Methodology, and Assumptions

Alternative 1 – Staff Recommendation: \$100,000 Threshold

Staff proposes requesting amendments to the Revenue and Taxation Code sections relating to refunds for Board administered tax and fee programs to raise the Board Member approval threshold on claims for refund to \$100,000. This change would cut the time to issue refunds on approved claims under \$100,000. The time savings also results in a savings of credit interest paid by the State on approved refunds.

In FY 2007/2008, 404 refunds in excess of \$50,000 were prepared by SUTD and PSTD equating to a dollar figure of \$183,011,934. If the approval threshold had been increased to \$100,000, 136 of these cases would not have required summary preparation. The dollar figure for these cases amounts to \$9,769,198. The refunds for these cases would have been granted up to three months earlier resulting in an estimated credit interest savings to the State of \$73,269 ($\$9,769,198 \times .03 \times 3/12$) at the current credit interest rate of 3% per annum.

Alternative 2 - Other Alternative Considered: \$250,000 Threshold

Staff alternatively proposes requesting amendments to the Revenue and Taxation Code sections relating to refunds for Board administered tax and fee programs to raise the Board Member approval threshold on claims for refund to \$250,000. This change would cut the time to issue refunds on approved claims under \$250,000, resulting in a credit interest savings even greater than in Alternative 1.

If the approval threshold on refund cases had been increased to \$250,000, only 129 SUTD and PSTD claims would have been placed on the Board Calendar for FY 2007/2008. Under this alternative, 275 SUTD and PSTD refunds between \$50,000 and \$250,000 would have been granted up to three months earlier. The dollar figure for these cases amounts to \$33,108,033 resulting in an estimated savings to the State of approximately \$248,310 ($\$33,108,033 \times .03 \times 3/12$) in credit interest.

Alternative 3 – Make No Change

There is nothing in Alternative 3 that would impact revenue.

Revenue Summary

Alternative 1 – staff recommendation would result in a revenue savings of \$73,269.

Alternative 2 – staff's alternative recommendation would result in a revenue savings of \$248,310.

Alternative 3 – this alternative does not have a revenue impact.

Preparation

Mr. Bill Benson, Jr., Research and Statistics Section, Legislative and Research Division, prepared this revenue estimate. Mr. Robert Ingenito, Jr., Manager, Research and Statistics Section, Legislative and Research Division, and Mr. Jeff McGuire, Tax Policy Manager, Sales and Use Tax Department, reviewed this revenue estimate. For additional information, please contact Mr. Benson at (916) 445-0840.

Current as of December 1, 2008.

**Revenue and Taxation Code Sections Relating to Refunds of
BOE-Administered Tax and Fee Programs**

Tax/Fee Program	Revenue and Taxation Code Section
Sales and Use Tax	6901
Motor Vehicle Fuel Tax	8126
Use Fuel	9151
Private Railroad Car	11551
Insurance Tax	12977
Cigarette and Tobacco Products Tax	30361
Alcoholic Beverages Tax	32401
Timber Tax	38601
Energy Users Surcharge	40111
Emergency Telephone Users Surcharge	41100
Natural Gas Users Surcharge	55221
Tire Recycling Fee	55221
Electronic Waste Recycling Fee	55221
Ballast Water Fee	55221
Water Rights Fee	55221
Childhood Lead Fee	43451
Environmental Fee	43451
Occupational Lead Fee	43451
Hazardous Substances	43451
Integrated Waste Management Fee	45651
Oil Spill Surcharge	46501
Underground Storage Tank Fee	50139
Diesel Fuel Tax	60521

**SUTD Refund Claims Requiring Board Approval - Bad Debt Lenders
 FY 2007/2008**

	Board Meeting Date	#Cases in Excess of \$50,000	Dollar Value	#Cases from Bad Debt Lenders	Dollar Value
1	7/17/07	20	\$ 15,367,699	3	\$ 4,425,797
2	8/14/07	34	25,212,040	5	3,796,399
3	9/11/07	42	20,079,482	12	9,053,583
4	10/02/07	19	6,354,457	2	760,513
5	10/23/07	18	10,257,202	3	4,724,177
6	11/14/07	25	13,315,230	4	3,602,811
7	12/11/07	36	12,369,659	6	3,497,441
8	01/31/08	46	13,376,598	11	3,706,137
9	02/26/08	25	11,567,276	4	4,329,132
10	03/18/08	20	4,571,322	7	1,547,233
11	04/08/08	16	2,375,927	3	571,125
12	05/13/08	33	16,783,816	9	5,482,981
13	05/28/08	13	6,757,437	0	0
14	06/24/08	31	5,568,737	6	1,452,585
Totals		378	\$163,956,882	75	\$46,949,914

Percentage of the number of refund cases related to bad debt lenders: $75 \div 378 = 20\%$

Estimated Threshold Adjusted for Inflation and Changes in Tax Rates

Measure for \$50,000 tax in 1989 using 6.5% tax rate ($\$50,000 / .065$): \$769,231

Amount of tax in 2008 using 1989 measure and 2008 average tax rate of 8%
 ($\$769,231 \times .08$): \$61,538

Adjustment for inflation using US Bureau of Labor Statistics inflation calculator at
<http://data.bls.gov/cgi-bin/cpicalc.pl>.

	\$61,538 tax adjusted for inflation	Related measure (adjusted tax + 8%)
1990	\$ 64,863	\$ 810,788
1991	67,593	844,913
1992	69,627	870,338
1993	71,712	896,400
1994	73,548	919,350
1995	75,632	945,400
1996	77,865	973,313
1997	79,652	995,650
1998	80,893	1,011,163
1999	82,679	1,033,488
2000	85,458	1,068,225
2001	87,890	1,098,625
2002	89,280	1,116,000
2003	91,314	1,141,425
2004	93,746	1,171,825
2005	96,922	1,211,525
2006	100,049	1,250,613
2007	102,898	1,286,225
2008	108,576	1,357,200

**Analysis of SUTD and PSTD Refund Claims Requiring Board Approval
 FY 2007/2008**

	Board Meeting Date	# Cases in Excess of \$50,000	Dollar Value	# Cases in Excess of \$100,000	Dollar Value	# Cases in Excess of \$250,000	Dollar Value
1	7/17/07	22	\$ 15,555,324	15	\$ 15,131,401	7	\$ 13,930,961
2	8/14/07	36	27,143,599	24	26,267,872	12	24,581,703
3	9/11-12/07	46	22,182,286	33	21,240,770	17	16,670,980
4	10/02/07	19	6,354,457	13	6,109,059	7	5,379,351
5	10/23/07	19	10,404,660	14	9,850,219	8	8,716,932
6	11/14/07	27	16,216,699	18	15,451,989	10	14,858,057
7	12/11-12/07	37	12,779,989	26	11,997,289	16	10,415,820
8	01/30-31/08	52	16,663,252	34	15,382,136	15	12,445,476
9	02/26/08	25	11,567,276	16	10,885,569	8	9,664,077
10	03/18/08	20	4,571,322	16	4,288,451	5	2,344,787
11	04/08/08	17	2,475,244	10	1,934,155	3	890,746
12	05/13/08	33	16,783,816	16	15,556,594	5	13,718,900
13	05/28/08	16	10,532,763	13	10,328,328	8	9,428,754
14	06/24/08	35	9,781,247	20	8,818,904	8	6,857,357
Totals		404	\$183,011,934	268	\$173,242,736	129	\$149,903,901

Raising the threshold for Board Member approval to \$100,000

Reduction in the number of cases to be approved by the Board: $404 - 268 = 136$
 Difference in dollar value $\$183,011,934 - \$173,242,736 = \$9,769,198$

Percentage of SUTD and PSTD cases still requiring Board approval based on dollars:
 $\$173,242,736 \div \$183,011,934 = 95\%$

Raising the threshold for Board Member approval to \$250,000

Reduction in the number of cases to be approved by the Board: $404 - 129 = 275$
 Difference in dollar value $\$183,011,934 - \$149,903,901 = \$33,108,033$

Percentage of SUTD and PSTD cases still requiring Board approval based on dollars:
 $\$149,903,901 \div \$183,011,934 = 82\%$