

EXECUTIVE BRIEF

STATE BOARD OF EQUALIZATION

Fiscal Year 2009-10

Administrative Appeals

Background

The Board of Equalization (BOE) Appeals Division of the Legal Department and the Board Proceedings Division (BPD) of the Executive Department process and prepare tax appeals for the Board's consideration and determination. Taxpayers need not pay a disputed tax liability in order to file an appeal with the Board, thus the disputed tax amounts (excepting claims for refunds) are amounts not yet paid into the General Fund. Only final tax liabilities (those for which the Board has made a final determination) are collectible.

There are currently increased numbers of tax appeals, representing disputed and uncollected tax liabilities arising from increases in tax disputes filed by taxpayers with the Franchise Tax Board and the BOE, and appealed to the BOE, that exceeds the current workload capacity of the Appeals and Board Proceedings Divisions. Accelerating the processing of these appeals by adding the requested positions would accelerate the determination of final tax liabilities for collection and deposit to the General Fund.

Request

This proposal requests \$1,404,000 (\$1,206,000 General Fund, \$62,000 Special Funds, and \$136,000 Reimbursements) in Fiscal Year (FY) 2009-10 and \$1,114,000 (\$956,000 General Fund, \$50,000 Special Funds, and \$108,000 Reimbursements) to establish 10.0 permanent positions. This includes:

- 3.0 positions for the Franchise and Income Tax (FIT) Section of the Appeals Division (1.0 Tax Counsel III, 1.0 Tax Counsel IV, and 1.0 secretary) to handle the overall 10% increase in Corporate Franchise and Personal Income tax appeals, and 90% increase in complex appeals.
- 2.0 positions for the Business Tax Section of the Appeals Division (2.0 Tax Counsel III positions) to handle property tax appeals and accelerate processing of the unassigned inventory of business tax appeals.
- 5.0 positions for the BPD (1.0 AGPA, 1.0 SSA; 2.0 MST; and 1.0 OT) to address increases in volume of appeals and increased duties under new statutory and regulatory requirements.

Current Need

There has been a 10% increase from Fiscal Year (FY) 2006-07 to FY 2007-08 in the overall number of FIT appeals, and a 90% increase in complex cases involving enterprise zone, tax shelter, and unitary cases. The additional time required in preparing complex cases for Board consideration has contributed to an increasing inventory of appeals cases that exceeds the workload of current staffing. Approval of these positions will accelerate the final determination of disputed FIT appeals and collection or retention (in the case of claimed refunds) of tax liabilities up to \$19 million annually. Accelerated determination of these appeals will also limit the amount of accrued interest that taxpayers incur while waiting for their liabilities to be determined.

EXECUTIVE BRIEF

In addition, increases in property tax appeals (a 41% increase since FY 2005-06) have diverted attorney hours away from business tax appeals, contributing to an increase in unassigned inventory (close to double the optimum inventory) of business tax appeals. The unassigned inventory above the optimum level of 200 cases (or 105 cases) represents amounts in dispute totaling over \$39 million (105 x \$375,636; the average amount at issue per appeal). Most business tax appeals are sales and use tax cases. Historically 44.5% of the amount at issue is referred for collection following the Board's final determination of the appeal. Thus, the excess unassigned business tax appeals inventory represents potential revenue of over \$17.5 million. Accelerated determination of these appeals made possible by adding the requested positions would permit expedited collection of this revenue and limit the amount of interest that taxpayers will accrue while waiting for their liabilities to be determined.

Finally, the BPD manages and processes appeals flowing into the Appeals Division and out of the Appeals Division to the Board (acting much as a "clerk of the court"). (See the exhibit attached to the Budget Change Proposal.) Despite steady increases in workload arising from increases in the volume of appeals filed and from additional duties arising from statutory and regulatory changes, BPD has not augmented its staff to address the increased workload in over nine years. Five new positions are needed in BPD to expeditiously move appeals through the Appeals Division and ultimately to the Board for consideration and timely determination of appeals.

If the positions in this proposal are not approved, there will be a financial impact to the State. Collection or retention of up to \$19 million of Corporate Franchise and Personal Income tax owed to the State will be deferred to later years and taxpayers with unpaid liabilities will accrue additional interest on their contested tax. In addition, taxpayers and low income senior citizens, disabled and blind individuals seeking assistance under the Senior Citizen Property Tax Assistance Law will be impacted by delays in processing their appeals. The process for appealing business taxes and fees, upon which several other state agencies rely, including the Department of Public Health, Department of Toxic Substances Control, and Department of Insurance, will remain sluggish and efforts to collect millions of dollars in revenue annually (\$3.34 million in FY 2009-10, with the amount increasing thereafter to \$8.36 million in FY 2012-2013 and ongoing) will be delayed for many years.

**STATE BOARD OF EQUALIZATION
FISCAL YEAR 2009-10
PROPOSAL No. XX**

TITLE OF PROPOSED CHANGE:

Administrative Appeals

SUMMARY OF PROPOSED CHANGES:

This proposal addresses the increased numbers of tax appeals representing disputed and uncollected tax liabilities arising from increases in tax disputes filed by taxpayers with the Franchise Tax Board and the Board of Equalization (BOE), and appealed to the BOE, that exceeds the current workload capacity of the Appeals and Board Proceedings Divisions. Accelerating the determination of these appeals by adding the requested positions would accelerate the determination of final tax liabilities for collection and deposit to the General Fund.

This proposal requests \$1,404,000 (\$1,206,000 General Fund, \$62,000 Special Funds, and \$136,000 Reimbursements) in FY 2009-10 and \$1,114,000 (\$956,000 General Fund, \$50,000 Special Funds, and \$108,000 Reimbursements) to establish 10.0 permanent positions to accelerate the collection of tax, interest, and penalty revenue represented by increased workload and backlog of unassigned appeals in the Appeals Division of the Legal Department and the Board Proceedings Division of the Executive Department.

STATE BOARD OF EQUALIZATION

Fiscal Year 2009-10

Administrative Appeals

A. Nature of Request

This proposal requests \$1,404,000 (\$1,206,000 General Fund, \$62,000 Special Funds, and \$136,000 Reimbursements) in Fiscal Year (FY) 2009-10 and \$1,114,000 (\$956,000 General Fund, \$50,000 Special Funds, and \$108,000 Reimbursements) to establish 10.0 permanent positions to accelerate the collection of tax, interest, and penalty revenue represented by increased workload and backlog of unassigned appeals in the Appeals Division of the Legal Department and the Board Proceedings Division (BPD) of the Executive Department. Specifically:

1. Franchise and Income Tax Section

\$514,000 and 3.0 positions to address the increased number of franchise and income tax (FIT) appeals filed for consideration by the Board. From the FY 2006-07 to FY 2007-08, there has been a 10% increase in the overall number of FIT appeals, and a 90% increase in the number of complex appeals, among them enterprise zone, tax shelter, and unitary cases. Approval of these positions will accelerate the final determination of disputed FIT appeals and collection or retention of tax liabilities up to \$19 million annually.¹

2. Property and Business Tax Sections

\$416,000 and 2.0 positions to address the increased workload of property tax appeals and address backlog of unassigned business tax appeals cases. Currently 2.0 positions are being borrowed from the Business Tax Section to staff the Property Tax Section during July – December. This is one of the factors contributing to the growing backlog in the Business Taxes Section. These 2.0 positions will permanently staff the Property Taxes Section from July – December each year and will work on business tax appeals to reduce the backlog in the Business Taxes Section from January – June each year. Approval of these positions will accelerate the collection of up to \$3.34 million in FY 2009-10, with the amount increasing thereafter to \$8.36 million in FY 2012-2013 and ongoing.

3. Board Proceedings Division

\$474,000 and 5.0 positions to address new workload resulting from increased Homeowner and Renter Assistance (HRA) appeals, new legislation, new regulatory requirements, and any increased Appeals Division capacity to handle appeals that may result from approval of this proposal. Approval of these positions will contribute to and facilitate the acceleration of the final determination of disputed FIT and business tax liabilities and collection of tax and related revenue of up to \$22.34 million in FY 2009-10, with increases thereafter to \$27.36 million in FY 2012-2013, and ongoing.

¹ Approximately half of complex appeals are claims for refund where the taxpayer has paid the disputed tax liability and claimed a refund of the disputed amounts.

B. Background/History

The BPD processes incoming appeals for each of the three appeals programs from file creation to conference scheduling. It also acts as a “clerk of the court” for scheduling oral hearings for each of the appeals programs on the Board calendar. Thus, the BPD receives the inflow of appeals filed by taxpayers and also manages the outflow of decisions prepared by the Appeals Division for consideration by the Board.

The Appeals Division reviews and makes recommendations to the Board regarding appeals to be heard by the Board in three areas: (1) FIT; (2) property tax; and (3) business tax and fees, which area includes some licensing issues relating to tobacco products.

Accordingly, increases in the volume and complexity of appeals impact both the BPD and the Appeals Division in their combined effort to ensure that appeals are properly prepared for Board hearing. Attached as Exhibit I on page 20 is a chart that depicts the flow of appeals from initial filing by the tax or fee payer through BPD, to the Appeals Division, back to BPD, and finally to the Board. It should be noted that some FIT appeals that come into the BPD are withdrawn or otherwise drop out of the appeals process before they are referred to the Appeals Division.

1. Franchise and Income Tax Section

The Board of Equalization (BOE) is charged with hearing and determining appeals from actions of the Franchise Tax Board (FTB) pursuant to Revenue and Taxation Code section 19047. Under the general direction of the Chief Counsel, the attorneys in the FIT Section of the Appeals Division provide legal advice to the elected Board.

The FIT Section currently has 7.5 attorney positions that are responsible for ensuring that appeals are ready for hearing by the Board. Of these positions, 5.5 are writing positions, one position is supervisory, and one position is review (Tax Counsel IV). FIT attorneys analyze the parties’ arguments, research legal issues, solicit additional briefing, conduct pre-hearing conferences as necessary, and issue formal documents including: (1) Hearing Summaries, which are summaries and analyses of the parties’ arguments and applicable law, with recommendations on how disputes might be decided, (2) proposed decisions containing legal conclusions, and (3) formal opinions setting forth the Board’s precedential opinions for the public.

From FY 2005-06 to FY 2007-08, there has been a 10% increase in the overall volume of FIT appeals (from 428 to 468 appeals), which includes all appeals regardless of complexity. Although this is only a modest increase and not alone sufficient to justify two positions, there has also been a 90% increase in the number of complex appeals (see chart below, in Justification section). Complex appeals are factually intensive cases with legal issues that are complex and/or are issues of first impression. These include issues such as enterprise zone hiring credits, abusive tax shelter issues, and unitary issues. Complex cases require more attorney time researching, drafting, and preparing multiple formal documents for the Board’s consideration. For example, in complex cases the FIT attorney may be required to draft a hearing summary and a formal opinion for the Board’s consideration. The increased factual and legal complexity of appeals coming to the Board since FY 2006-07 was reported to the Board by the Franchise Tax Board in its Chief Counsel report to the Board on February 1, 2007, particularly in appeals involving enterprise zone, unitary, and abusive tax shelter issues.

Administrative appeals filed from actions of the FTB do not need to be paid prior to the taxpayer filing an appeal. The requested Tax Counsel III and Tax Counsel IV positions would process an average of 63 cases per year for Board decision and would accelerate final administrative determination and potential collection of up to \$19 million per year.

The average amount at issue in each typical FIT appeal is approximately \$92,225. The average amount at issue in complex FIT appeals is approximately \$1,223,650. The following charts show that the 1.0 Tax Counsel III position and 1.0 Tax Counsel IV position will move millions closer to collection or retention within the first few years.

Tax Counsel IV (Complex FIT Appeals)

FY	Cases Completed (total for 2.0 Positions)	Revenue Closer to Collection or Retention
2009-10	12 x \$1,223,650	\$14,683,800
2010-11	12 x \$1,223,650	\$14,683,800
2011-12	12 x \$1,223,650	\$14,683,800
2012-13	12 x \$1,223,650	\$14,683,800

Tax Counsel III (Medium Difficulty FIT Appeals)

FY	Cases Completed (total for 2.0 Positions)	Revenue Closer to Collection or Retention
2009-10	51 x \$92,225	\$4,703,475
2010-11	51 x \$92,225	\$4,703,475
2011-12	51 x \$92,225	\$4,703,475
2012-13	51 x \$92,225	\$4,703,475

Final amounts due as determined by the Board are collected by the FTB.

2. Property and Business Tax Sections

The Business Tax Section currently has 13.0 attorney positions and 1.5 auditor positions, dedicated to the tasks of conducting appeals conferences and issuing Decisions & Recommendations (D&R) to provide advice and guidance to the elected members of the Board. These positions are responsible for processing the business tax appeals prior to final determination by the Board.

Prior to FY 2005-06, property tax appeals went directly from the Property and Special Taxes Department to the Board for final administrative determination. In FY 2005-06, the Board delegated to the Appeals Division the responsibility to perform an independent review and analysis similar to those performed on business tax cases. Taxpayers file property tax appeals in July and the Board concludes them by December, therefore the Property Tax Appeals program is equivalent to 6 months of workload. 1.0 Tax Counsel IV position has been allocated to this program. That single position is not adequate to address the growing workload. In FY 2005-06, there were 44 property tax appeals. There were 53 property tax appeals in FY 2006-07 and 62 property tax appeals in FY 2007-08. In FY 2007-08, the Property Tax Section also held 12 appeals conferences, appeared at eight Board hearings, and wrote 30 Board

Hearing Summaries, 22 Summaries and Recommendations, and 19 Findings and Decisions.

Since its inception, the Property Tax Section of the Appeals Division has had to borrow at least 2.0 positions from the Business Tax Section during the first two quarters (July – December) of each fiscal year to handle the growing number of property tax appeals.

This sharing of resources has contributed to a backlog in the number of unassigned cases in the Business Tax Section, which delays final determination by the Board and the initiation of collection of several million dollars per year by BOE.

The Case Management Section of the BPD manages cases awaiting assignment to the Appeals Division, Business Taxes Section, for an appeals conference and issuance of a D&R. The optimal number of unassigned cases is approximately 200. This generally allows for full rotations (a set of 7-10 conferences for a single conference holder) at eight-week intervals. On July 1, 2008, 305 cases were awaiting assignment to attorneys in the Business Taxes Section for appeals conference and D&R. Experience and past history indicate that as the number of unassigned appeals increases, the average processing time for an appeal also increases.

The average amount at issue in each business tax appeal is approximately \$375,636. Historically, 44.5% of the amount at issue, or \$167,157 (based upon FY 2007-08), is referred for collection after appeals are granted in whole or in part and adjustments are made. The following chart shows that the 2.0 Tax Counsel III positions will move millions closer to collection within the first few years.

FY	Cases Completed (total for 2.0 Positions)	Revenue Closer to Collection
2009-10	20	\$3,340,000
2010-11	32	\$5,350,000
2011-12	44	\$7,350,000
2012-13	50	\$8,360,000

The 2.0 Tax Counsel III positions will enable the Appeals Division to process property tax appeals between July and December and process Business Tax Cases between January and June.

Except in Jeopardy determinations and those relatively few cases where the taxpayer pays the disputed liability prior to the appeals conference, the collection of disputed tax/fees, interest, and penalties does not begin until the appeal process is completed. History has indicated that the longer it takes to process an appeal, the less likely the State will be able to collect the revenue. Consequently, the acceleration of the process has the added advantage of making it more likely that the BOE will successfully collect the amount owed.

3. Board Proceedings Division

Under the general direction of the Executive Director, the BPD furnishes administrative services to the elected Board, the Executive Director, and taxpayers in support of the BOE's appellate functions. BPD is divided into two sections: Tax and Fee Case Management Section (TFCM) and Board Meeting Administrative Section (BMAS). Case Management processes all incoming appeals and refund claims, manages unassigned inventory, schedules conferences, and handles clerical functions until the files are transferred to the appropriate section in the Appeals Division (FIT, Property Tax, or Business Tax). The BMAS Section is responsible for coordinating the Board's rulemaking activities, administering the Contribution Disclosure Program, coordinating the distribution of Board hearing materials, recording and transcribing all of the Board meetings, and preparing the Board Meeting Preliminary Board actions, and Board Meeting Minutes.

- **TFCM**

HRA appeals filed with the BPD have increased over the past nine years. In 1998, the household income limit to qualify for the HRA program increased from \$13,200 to \$33,132, a 151% increase (Stats. 1998, ch. 322, AB 2797). In 2000, there was a temporary 150% increase in the assistance amount (Stats. 2000, ch. 60, SB 1664). In 2001, a permanent 45% increase in the assistance amount was granted (Stats. 2001, ch. 266, AB 1370). Now in 2008, the qualifying household income has increased to \$44,096, a total increase of 334% since 1998. These legislative changes have created a dramatic increase in appeals submitted to BPD over time; 410 appeals received in FY 1998/1999 vs. 1,386 appeals received in FY 2007/08, a 338% increase.

The FIT appeals filed with BPD have also increased. If two additional FIT attorney positions are funded, those two positions are expected to process 144 additional cases per year, which will further add to Case Management's workload. These appeals are time consuming due to the variations in the briefing process (i.e., bankruptcy, court action, settlement, and deferrals) and they have increased in complexity due to the issues involved, such as innocent spouse, enterprise zone, and unitary. The more complex a case is the more staff hours generally are required to process the appeal and move it along into the Appeals Division for consideration. The Franchise Group in the BPD, which manages cases for the FIT Section of the Appeals Division, analyzes each appeal to confirm jurisdiction, the tax years and amounts in dispute, and the specific issues taxpayer wishes to bring before the Board. In addition, appeals conferences were not required in FIT appeals before the effective date of the new Rules for Tax Appeals in February 2008. Those rules now require appeals conferences in some FIT cases, which adds more to the Case Management workload in BPD.

Although incoming business tax and fee appeals have remained relatively flat in the previous two FYs, there is a significant backlog of unassigned appeals. In the event two additional attorney positions for Property and Business Tax Sections are funded, the workload of Case Management will increase. The Appeals Division is estimating that two property/business tax Section attorneys will process 20, 32, 44, and 50 additional cases in FYs 2009-20, 2010-11, 2011-12, and 2012-13.

In summary, more cases are coming into Case Management for processing. Additional duties have been added. The typical case being processed now is more complex and requires more time. Finally, increased capacity of the Appeals Division will further increase the workload of BPD Case Management

- **BMAS**

The BPD, in conjunction with the Executive Director of the Board, is responsible for assisting the Board to comply with the Bagley Keene Open Meetings Act, Quentin L. Kopp Conflict of Interest Act, the Rules for Tax Appeals and other legislation and regulatory requirements, most of which are to ensure that the Board's actions are transparent, legal and fair.

Meeting the strict deadline of statutes and regulations with the limited staff of BPD has created excessive overtime directly related to the Board Meeting organization. Since FY 2004-05, this workload has been distributed between 6.0 Associate Governmental Program Analysts (AGPA) in the BMAS and Case Management Sections. For the FY 2007/08 overtime hours dedicated to these tasks totaled 2363.5.

Workload for the BPD has increased over the past nine years but staff has not been augmented to handle the increased workload. The one AGPA position requested in this proposal will enable the BPD to effectively handle the increase in workload related to BPD responsibilities to ensure the public that the Board's actions and responsibilities are transparent, legal and fair, by compiling with all new and amended legislation, and regulations.

C. State Level Considerations

The mission of the BOE is to serve the public through fair, effective, and efficient tax administration. Board responsibilities include fair and efficient administration of FTB appeals, Business and Property Tax Cases, and Board Member preparation. This proposal is consistent with the mission of the BOE and its strategic plan goals and objectives to:

- Maximize Voluntary Compliance
- Improve the efficiency of BOE's Tax and Fee Programs
- Improve the BOE's Organizational Efficiency
- Create an expanded and responsive infrastructure
- Foster a skilled, motivated, and diverse workforce

If the positions in this proposal are approved, collection of up to \$19 million of tax owed to the State due to FIT appeals will not have to be deferred to later years and taxpayers will not accrue additional interest on their contested tax. The requested funding would also increase the efficiency of the business tax appeals process, upon which several other state agencies, including Department of Public Health, Department of Toxic Substances Control, and Department of Insurance, rely for the efficient processing of administrative appeals. This increased efficiency will also accelerate the collection of millions of dollars in business taxes and related revenue annually because in most appeals cases, the contested amount is not paid until the appeals process is complete. Finally, taxpayers, low income senior citizens, disabled and blind HRA claimants will benefit from increased efficiency in the processing of their appeals.

D. Justification/Analysis of All Feasible Alternatives

The Appeals Division (FIT, Property and Business Tax Sections) and the BPD need to increase staffing levels to efficiently address the increased volume and complexity of the workload. The following are three alternative ways to address the need:

Alternative 1 – Establish 10.0 positions and related resources to augment the Appeals Division (FIT, Property Tax, and Business Tax Sections), and the BPD.

Approval of these 10.0 permanent positions will satisfy the needs of all three areas to clear a backlog in workload and keep up with the current increased workload each area faces.

1. Franchise Income Tax Section

The FIT Section requests a budget augmentation of \$514,000 to fund 3.0 permanent positions to work in the FIT section of the Appeals Division. These positions will accelerate the resolution of the increased workload in volume and complexity of appeals from the FTB.

The following table summarizes the requested personnel years:

Classification	FY 2009-10	FY 2010-11 and ongoing	New
Legal Secretary	1.0	1.0	1.0
Tax Counsel III	1.0	1.0	1.0
Tax Counsel IV	1.0	1.0	1.0

Approval of these positions will enable the FIT section to complete an additional 63 cases annually beginning FY 2009-10, finalizing FIT tax liabilities for collection and deposit to or retention in the General Fund up to \$19 million per year. Finalizing FIT tax liabilities of an additional 63 appeals annually also reduces accrued interest that taxpayers incur while waiting for their liabilities to be determined by the Board.

1.0 Tax Counsel III and 1.0 Tax Counsel IV position are needed to address the 10% overall increase in FIT appeals and the 90% increase in complex cases; these positions could complete an additional 63 cases per year. A medium difficulty FIT case takes an average of 24 hours to complete and an attorney can complete 51 such appeals in a year. Complex FIT cases take an average 87 hours to complete; therefore, an attorney can complete 12 complex cases on average in a year.

The following chart summarizes the increases in complex appeals requiring a Tax Counsel IV position:

Fiscal Year	Complex Appeals Cases	Average Hours per Case	Total Hours Required per Year
2006-07	19	87	1653
2007-08	40	87	3480
Existing TCIV Position Hours (.5)			900
Total Hours Needed to fulfill workload			2580
Total TC IV Positions needed			1.43
Total TC IV Positions requested			1.0

The following table summarizes FIT Appeals Current Workload and Position Needs:

Case Difficulty	Case Type	Hours Per Case	Average Cases per Year	Total Hours Required per Year
Simple	HRA	2	237	474
Medium Difficulty	Innocent Spouse, Federal Determination, Statute of Limitations, Credits/ Deductions	28	448	12,544
Complex	Enterprise Zone, VCI Tax Shelter, Unitary, Native American Cases, Issues of First Impression, Factually Intensive Cases	87	30	2,610
Total Hours Required Per Year				15,628
Existing Position Hours (5.5 * 1800)				9,900
Total Hours Needed to fulfill workload				5,728
Total Positions needed				3.0
Total Positions requested				2.0

See Exhibit II on page 21 for the workload detail for the requested attorney positions.

The following tables summarize the impact of adding the requested positions on unassigned appeals inventory. The tables assume a static number of incoming appeals and demonstrate that the requested positions will not entirely address the unassigned FIT appeals inventory. The unassigned FIT appeals inventory will be reevaluated annually to determine whether additional positions should be added.

Inventory Increases/Decreases Without New Positions

Year	New FIT ² Appeals	Cases Processed	Inventory Change	Ending Inventory
2007-08				370
2008-09	478	280	198	568
2009-10	478	280	198	766
2010-11	478	280	198	964
2011-12	478	280	198	1162
2012-13	478	280	198	1360
2013-14	478	280	198	1558
2014-15	478	280	198	1756

Inventory Increases/Decreases With New Positions

Year	New FIT Appeals	Cases Processed	Inventory Change	Ending Inventory
2007-08				370
2008-09	478	343	135	505
2009-10	478	343	135	640
2010-11	478	343	135	775
2011-12	478	343	135	910
2012-13	478	343	135	1045
2013-14	478	343	135	1180
2014-15	478	343	135	1315

The FIT section currently has 2.0 secretary positions supporting the current 7.5 attorney positions. The FIT section secretaries input data for incoming and completed appeals for tracking purposes, format and revise edited decisions, prepare routine correspondence, mail decisions and other correspondence to the parties, respond to case status requests, and distribute decisions for publication. The requested 1.0 secretary position is needed to provide 3.0 secretarial support positions for the total 9.5 attorney positions including the requested 1.0 Tax Counsel III and 1.0 Tax Counsel IV positions.

2. Property and Business Taxes Sections

The Appeals Division requests a budget augmentation of \$416,000 to fund 2.0 permanent positions to work in its Property Tax and Business Tax Sections. These positions will fully staff the Property Tax Appeals program from July – December each

² This figure does not include Senior Citizens Homeowners and Renters Property Tax Assistance appeals (simple appeals for which no revenue is associated to the outcome of the appeals.)

year and work on the backlog of unassigned Business Tax Cases from January – June each year.

The following table summarizes the requested personnel years:

Classification	Personnel Years		
	FY 2009/10	FY 2010/11 and ongoing	New
Legal Department			
Tax Counsel III	2.0	2.0	2.0

The backlog of unassigned Business Tax Cases is in part a result of the Property Tax Appeals program. Currently the Business Tax Section lends 2.0 positions to the Property Tax Appeals program from July – December each year, leaving those positions only 6 months to work on assigned business tax cases, which reduces the average case processing rates from 58 cases each per year to approximately 25 cases each per year

Based on an analysis of actual production during the last FY, an experienced appeals conference holder working full-time can process an average of 58 business tax cases annually. A new, full-time attorney with no recent appeals conference experience processes approximately 12 cases in the first six months, 18 cases in the next six months, 23 cases in the next six month, and 29 in the next six months, maintaining close to that production thereafter. Using existing staffing and assuming no unusual disruptions and immediate replacement of retiring attorneys, the Business Tax Section predicts the following production:

Period:	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
D&Rs:	602	579 ³	671	680	680

There were approximately 670 new case assignments to the Business Taxes Section during FY 2007-08. The number of unassigned appeals cases was 305 on July 1, 2008.⁴ If the number of new appeals filed during the current and next four FYs remains static, and with current staffing and manageable caseloads, the unassigned appeals inventory will continue to increase to approximately 595 cases during FY 2008-09, and then decrease at the rate of approximately 12 cases per year. This translates to increased time for completion of the appeal process.

Approval of 2.0 permanent positions for the Property and Business Taxes Sections will address the workload related to property tax appeals, as well as reduce the backlog of unassigned business tax cases. The backlog will continue to increase to 479 cases during FY 2010-11 and then begin decreasing by approximately 47 cases annually, moving millions of revenue dollars closer to collection annually.

³ The reduction will be due to the replacement of a retiring conference holder with an inexperienced one and the transfer of responsibility for local tax allocation cases from a Business Tax Specialist III (auditor) position to a Tax Counsel III Specialist.

⁴ This number normally fluctuates by 15 to 25 on a week-to-week basis depending on when new cases are logged in and assignments are made. It has increased steadily since the forced evacuation of the Appeals Division staff from headquarters.

The table on the next page summarizes the need in the Property Tax Section (Total attorney hours are listed and the existing permanent Tax Counsel IV position is deducted):

PROPERTY TAX APPEALS WORKLOAD			
	Hrs/Case	# Cases	Total
File Review & Preparation	12	62	744
Travel			
Conference	2	12	24
Other Info. Gathering	16	12	192
Research/Writing Summary/Decision	23	62	1426
Post-Summary/Decision	3	59	177
Hearing Preparation and Appearance	5	8	40
Post-Board Hearing	4	19	76
Total Hours Required			2679
.5 Tax Counsel IV position already in place			900
Work requiring Tax Counsel III			1779
Total Tax Counsel III Positions Required			.99
Total Tax Counsel III Positions Requested			1.0

See Exhibit III on pages 22-23 for the workload detail for the requested Tax Counsel III positions in the Business and Property Tax Sections.

The following tables summarize the impact of adding the requested positions on unassigned appeals inventory.

Inventory Increases/Decreases Without New Positions

Year	New Appeals	Cases Processed	Inventory Change	Ending Inventory
2007-08				305
2008-09	668	602	66	371
2009-10	668	579	89	460
2010-11	668	671	-3	457
2011-12	668	680	-12	445
2012-13	668	680	-12	433
2013-14	668	680	-12	421
2014-15	668	680	-12	409

Inventory Increases/Decreases With New Positions

Year	New Appeals	Cases Processed	Inventory Change	Ending Inventory
2007-08				305
2008-09	668	622	46	351
2009-10	668	611	57	408
2010-11	668	715	2	410
2011-12	668	730	-47	363
2012-13	668	730	-47	316
2013-14	668	730	-47	269
2014-15	668	730	-47	222

3. **Board Proceedings Division**

The BPD requests a budget augmentation of \$474,000 to fund 5.0 permanent positions to address increased workload resulting from the following:

- Increase in FTB and HRA appeals
- Backlog of appeals conferences
- New Regulatory Requirements requiring conferences of new tax types

The following table summarizes the requested personnel years:

Classification	Personnel Years		
	FY 2009/10	FY 2010/11 and ongoing	New
Associate Governmental Program Analyst (AGPA BMAS)	1.0	1.0	1.0
Staff Services Analyst (SSA TFCM)	1.0	1.0	1.0
Management Services Technician (MST TFCM)	2.0	2.0	2.0
Office Technician Typing (OT TFCM)	1.0	1.0	1.0
Total Positions Requested			5.0

The following summarizes the need for 1.0 Staff Services Analyst (SSA), 1.0 Management Services Technician (MST) and 1.0 Office Technician (OT). The tasks below are similar; however, the difference is the level of complexity. The clerical duties currently being performed by the SSA and MST will be transferred to the OT position.

FIT 2007/08 Workload Description	Hours
Verification of all Appeals Received: 2,276 X 1.5 hours per appeal	3414
Briefing Process: 1,585 appeals x 5 sets of briefs each x 30 minutes for each	3962
Dismissal Letter: 691 Dismissals X 30 minutes each	346
Board Decisions: 2.5 hours X 14 hearings per year X 5 analysts = 175 hours (450 Cases Decided)	225
Miscellaneous:	
• Correspondence, phone, e-mail, internet	3250
• Staff meetings	778
• Weekly/Monthly/Yearly Reports	36
• Personnel Issues	25
• Training	360
• Review Work	185
• Prioritize daily workload	325
• Special Projects	1099
• Transaction and research problem appeals	650
Total:	6708
Total Hours	14655
Existing Position Hours (1,800 hrs X 5)	9000
Additional Positions Needed	3.14
Positions Requested	3.0

See Exhibit IV on page 24 for the workload detail for the requested SSA, MST, and OT positions for the TFCM Section.

The following summarizes the need for 1.0 MST position in conjunction with the anticipated addition of two Tax Counsel III positions in the Business Tax and Property Tax Section.

Case Management 2007/08 Workload	Hours
Receipt of Petition file (B300): 30 minutes/ file 865 files received	432
Schedule Conferences: 3 people 2.5 hours/person/week x 52 weeks	400
Prepare Conference Notices: 2 hours/case ID x 600 notices	1200
Postponement/Reschedule: 1.5 hours/request x 220	330
Board Hearing/Nonappearance: 30 minutes/88 cases x 12 months	528
Case Indexing of Board Hearing status material	228
Miscellaneous:	1755
• Correspondence, phone, e-mail, internet	234
• Staff meetings	26
• Weekly Reports	30
• Monthly/Yearly Reports	360
• Training	476
• Special Projects	94
• Update Procedures and Policy Manuals	52
• Board Member Requests	217
• Transaction and research problem appeals	<u>3244</u>
Total hours (existing workload)	<u>6362</u>
Anticipated extra work with the addition of the 2.0 Attorney positions requested by the Property and Business Taxes Sections	
12 conferences a year x 10 cases = 120 x 2 hours to process	240
Response to Notices = 80 responses x 30 minutes each	40
Postponement/Reschedules = 43 x 1.5 hours	64
Miscellaneous = 5 x 120 new cases	<u>600</u>
Total hours (additional workload)	<u>944</u>
Total Hours	<u>7306</u>
Existing Position Hours (1,800 hrs X 3)	5400
Additional Positions Needed	1.05
Positions Requested	1.0

See Exhibit IV on page 25 for the workload detail for the MST position in the TFCM Section.

The following table summarizes the need in the Board Meeting Administrative Section for 1.0 AGPA. Current workload is being distributed between 6.0 AGPAs in the BMAS and Case Management Sections. During FY 2007-08, overtime was required to meet this need.

Board Meeting Administrative Section Workload	Hours
Associate Governmental Program Analyst	
Annual Workload Plan	115
Board Meeting Reference	180
Review of Board Meeting Material	174
Board Meeting Materials Distribution (coordination between BPD and Departments, Day of Binders, posting agenda to internet, PRA/IPA requests)	432
Public Agenda Notice - Preparation, Proofing and Editing	162
Board Meeting Attendance	210
Lead and Training Sergeant of Arms	38
Board Directives	68
Transcripts	75
Approved calendars – obtain signatures and distribution	18
Back-up to Contribution Disclosure Analyst	80
Back-up to Vote Recorder	40
Miscellaneous:	
• Correspondence, phone, e-mail, internet	190
• Reports	24
• Staff meetings	120
• Special Projects	53
Total	387
Total AGPA Hours	1979
Total AGPA Positions Requested (1,800 Hours Per Position)	1.0

See Exhibit IV on page 25 for the workload detail for the requested AGPA position in the BMAS Section.

Pros:

- Ensures taxpayers rights to due process through the appeals process are provided in a timely manner.
- Accelerates the resolution of Franchise and Income Tax appeals, adding resolution of an additional 144 appeals per year, totaling potentially \$13 million in collection revenue.
- Provides resources necessary to recruit and retain qualified staff with experience in Franchise and Income Tax law, Business Tax law and Property Tax law.
- Provides a proactive approach to addressing steady increases in Franchise and Income Tax appeals.
- Addresses need for permanent half-time assignments of attorneys to Property Tax Section and need for reduction of unassigned business tax appeals inventory.
- Accelerates the resolution of business tax appeals and adds capacity to process more appeals, thus annually moving millions of dollars in revenue closer to collection.
- Ensures Board Members and staff receive all materials timely.

- Meets statutory and regulatory requirements for Board meetings.
- Reduces the use of overtime.

Cons:

- Requires additional funding of \$1,403,000 to fund 10.0 new full-time positions.

Alternative 2 – Redirect 10.0 positions from other Legal Divisions to augment the Franchise and Income Tax Section, the Business and Property Tax Sections, and the Board Proceedings Division.

This alternative does not require a budget augmentation and recognizes the potential of drawing staff from other Legal Department divisions, but fails to recognize the negative impact to other Legal Division's existing programs and services to taxpayers. This alternative also does not address the need for experienced attorneys with the expertise to efficiently develop and prepare complex appeals for hearing or decision.

Pros:

- No additional funding required.
- Utilizes current Legal Division resources.

Cons:

- Does not accelerate movement of revenue into collection.
- Redirection of attorneys from other Legal Divisions within the Board will negatively impact current services being provided to taxpayers and Board program staff.
- Redirection of borrowed attorneys for limited periods of time from other Legal Divisions necessarily requires time consuming training and development as other Legal Divisions do not practice in the area of Franchise and Income Tax law.
- Redirection of borrowed employees from other Divisions to assist the BPD's Case Management Section requires time consuming training and development as no other Division in the Board handles this type of case work.
- Fails to recognize the existing serious short-fall in staffing necessary to meet current workload demands.
- Slow reduction of unassigned business tax inventory, which decreases efficiency of the appeals process and slows the collection of final tax liabilities.
- Delays in collection generally reduce the success of collection activity.

E. Facility/Capital Outlay Considerations

The BOE is currently completing a "restacking plan" for BOE's Headquarter building. This plan will allow BOE to address current optimum occupancy issues, align program functions/activities, identify additional offsite lease space, and address growth.

F. Outcomes and Accountability

This proposal addresses the staffing deficiency within the Appeals Division (FIT, Property Tax, and Business Tax Sections) and Board Proceedings Division by identifying specific resource needs to protect the financial interests of the State. The data collected from resolved appeals will be captured for revenue estimation and reporting.

FIT appeals are tracked by Integrated Revenue Information System (IRIS). Attorney production and FIT Section production are measured monthly. The output of the two positions can be tracked monthly to measure the number of appeals completed. In addition, the amounts at issue determined by the Board for collection in the appeals completed by the two positions will be tracked to measure the amounts finalized for collection in those appeals.

Property and business tax appeals are tracked by IRIS and using internal tracking and production reports.

TFCM workload is tracked by IRIS and Access. Daily, weekly and monthly production input and output can be tracked for the four positions requested. For the two positions requested in BMAS work will be tracked through reports generated, daily and weekly meetings with supervision and identification of expectations.

Revenue retention (i.e. the percentage of revenue sent to collections after all grants and adjustments during the appeals process) is tracked on audit cases by the Sales and Use Tax Department.

G. Timetable

The processing of applicants and non-commitment hiring interviews of potential candidates will begin prior to FY 2009-10 to gain the immediate benefit of the increased staff.

Appeals Division: FIT Section and Business Tax Section

January 2009 to June 2009	July 2009 +
1. Develop seating plan and identify any workstation, desktop PC, and telephone needs.	Hire new personnel July 1, 2009.
2. Prepare training plans for new staff	Train new personnel.
3. Advertise new positions and conduct hiring interviews.	Monitor and measure production of new hires.

Board Proceedings Division

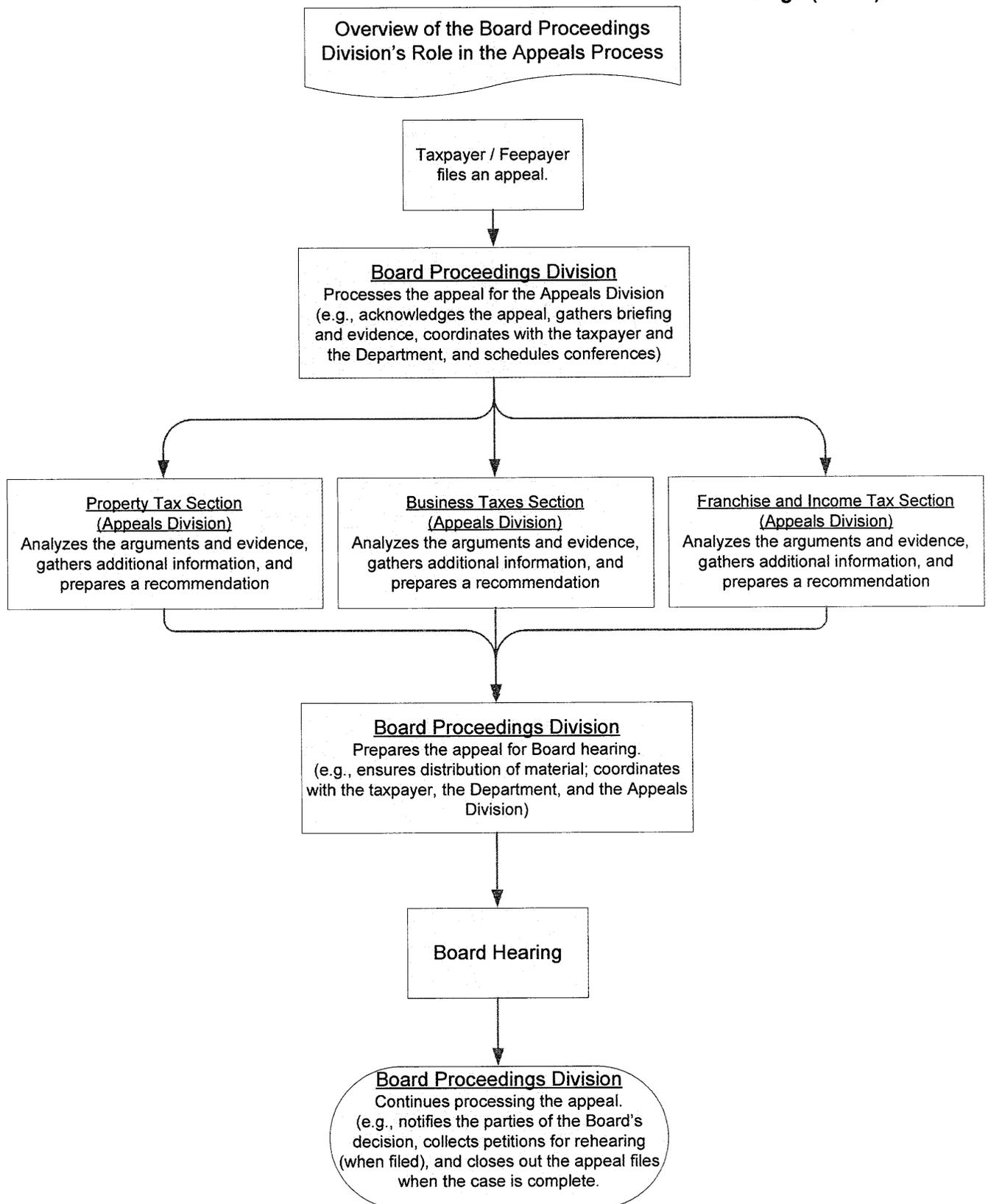
January 2009 to June 2009	July 2009 +
1. Develop seating plan and identify any workstations, PCs, telephones, and other equipment needs	Hire new personnel July 1, 2009.
2. Prepare duty statements and training plans for new staff	Train new personnel.
3. Advertise new positions and conduct hiring interviews.	Monitor progress of new resources.
4. Develop implementation and training phase for new employees.	

H. Recommendation

Alternative 1 is recommended. This alternative would authorize funding for 10.0 full-time, permanent, positions to address staffing deficiencies within the FIT Section and the Business Tax Section of the Appeals Division and the BPD. By providing the resources as identified in Alternative 1, the FIT Section will be able to hire and train experienced attorneys that are needed to prepare and resolve the growing volume of appeals being filed with the Board; the Business Taxes Section will be able to reduce the number of unassigned cases to the optimal level as well as continue to process the property and business tax appeals in an efficient manner, accelerating the movement of millions of dollars annually toward collection; and the BPD will be able to augment the movement of dollars toward collection by processing more appeals.

I. Fiscal Detail

See attached "Fiscal Detail" schedules.



FIT Section Workload Detail

The following tables summarize the workload detail for an FIT Tax Counsel III position:

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Tax Counsel III	Review Policies & Procedures	H	10	20	200
	Produce Legal Opinions	H	114	1	114
	Prepare Appeals Cases	H	28	51	1428
	Prepare Litigation Cases	H	30	1	30
	Board Appearances	H	8	5	15
	Advice to Board Members		2	12	24
	Total Tax Counsel III Hours				1811.0
	Total Tax Counsel III Positions Requested (1,800 Hours Per Position)				1.0

The following tables summarize the workload detail for an FIT Tax Counsel IV position:

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Tax Counsel IV	Review Policies & Procedures	H	10	20	200
	Produce Legal Opinions	H	128	2	256
	Prepare Complex Appeals Cases OR Review Appeals Section Cases	H	87	12	1044
	Prepare Litigation Cases	H	60	2	120
	Board Appearances	H	8	22	176
	Advice to Board Members	H	2	110	220
	Total Tax Counsel IV Hours				2016.0
	Total Tax Counsel IV Positions Requested (1,800 Hours Per Position)				1.0

Business and Property Tax Workload Detail

The following table summarizes the workload detail for a Tax Counsel III in the Property Tax Section:

Appeals Division, Property Tax Section, Justification Table – One (1.0) Tax Counsel III

Activity	Hrs/Case	# Cases	Total
File Review & Preparation	12	42	504
Conference	2	8	16
Other Info. Gathering	16	8	128
Research/Writing Summary/Decision	23	41	943
Post-Summary/Decision	3	40	120
Hearing Preparation and Appearance	5	3	15
Post-Board Hearing	4	13	52
Total Hours Required			1778
Total Tax Counsel III Positions Required			0.99
Total Tax Counsel III Positions Requested			1.0

The following tables summarize the workload detail for a Tax Counsel III in the Business Tax Section:

Appeals Division, Business Tax Section, Justification Table – 1.0 Tax Counsel III

FY 2008-09

FY 2009-10

Activity	Hrs/Case	# Cases	Total	Hrs/Case	# Cases	Total
Education, Training, & Transition ⁵			600			200
File Review & Preparation	5	20	100	4	32	128
Travel	1	20	20	1	32	32
Conference	1.5	20	30	1.25	32	40
Other Info. Gathering	6	20	120	5	32	160
Research/Writing Decision	43	20	860	36	32	1152
Post-Decision	2.5	20	50	2	32	64
Post-Board Hearing	0.25	20	5	0.25	32	8
Total Hours Required			1785			1784
Hours per Position - TC III			1800			1800
Total Position Required - TC III			0.99			0.99
Total Positions Requested - TC III						1.0

FY 2010-11

FY 2011-12 and Ongoing

Activity	Hrs/Case	# Cases	Total	Hrs/Case	# Cases	Total
Education, Training, & Transition			75			75
File Review & Preparation	3	44	132	2	50	100
Travel	1	44	44	1	50	50
Conference	1.25	44	55	1.25	50	62.5
Other Info. Gathering	4	44	176	3	50	150
Research/Writing Decision	28	44	1232	26	50	1300
Post-Decision	1.5	44	66	1.5	50	75
Post-Board Hearing	0.25	44	11	0.25	50	12.5
Total Hours Required			1791			1825
Hours per Position - TC III			1800			1800
Total Position Required - TC III			0.99			1.00
Total Positions Requested - TC III			1.0			1.0

⁵ Transitioning between the property tax and the business tax appeals programs necessarily requires some transition time during which production is limited. The Appeals Division assigns special projects to be done during this time.

SSA Workload Justification for the TFCM Section

Tax and Fee Case Management Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
SSA	Verification of New Appeals	H	1.5	177	265
	Briefing	H	.30	774	387
	Dismissals	H	.75	22	17
	Board Decisions	H	.30	450	45
	Misc. – Phone calls, emails, Staff meetings, reports, training, reviewing, special projects, Research	H	1.0	1341	1341
	Total Hours				2055
	Total Number of Positions Needed				1.0

MST Workload Justification for the TFCM Section

Tax and Fee Case Management Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
MST	Verification of New Appeals	H	1.5	695	1042
	Briefing	H	.30	405	202
	Dismissals	H	.75	612	217
	Board Decisions	H	.30	64	32
	Misc. – Phone calls, emails, Staff meetings, reports, training, reviewing, special projects, Research	H	1.0	310	310
	Total Hours				1802
	Total Number of Positions Needed				1.0

OT Workload Justification for the TFCM Section

Tax and Fee Case Management Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
OT	Log In and Distribute new appeals	M	.30	886	443
	Copying processed briefs	M	.15	4644	1161
	Copying and Filing Dismissals	M	.15	112	28
	Copy and Filing Board Decisions	M	.15	450	112
	Misc. –Staff meetings, Emails, Research	H	1.0	112	112
	Total Hours				1800
	Total Number of Positions Needed				1.0

MST Workload Justification for the TFCM Section

Tax and Fee Case Management Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
MST	Conferences to Schedule and Prepare	H	2.0	120	240
	Response to Notices, Postponement/Reschedules	H	1.5	70	105
	Phone calls, emails, Staff meetings, reports, Research	H	5.0	120	600
	Hearing Analyst Staff Support Work – Summaries, Acknowledgement Ltrs., Submit letters, Hearing Notices, Notices of Board Action	H	1.0	320	320
	training, reviewing, special projects,	H	1.0	535	535
	Total Hours				1800
	Total Number of Positions Needed				1.0

AGPA Workload Justification for the Board Proceedings Division

Board Meeting Administrative Section Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
AGPA	Annual Workload Plan	H	28.8	4	115
	Board Meeting Reference Coordinator	H	1.7	12	20
	Review of Board Meeting Material	H	14.5	12	174
	Board Meeting Materials Distribution (coordination between BPD and Departments, Day-of-Binders, posting agenda to Internet, PRA/IPA requests)	H	14.4	30	432
	Public Agenda Notice (Preparation, Proofing and Editing)	H	13.5	12	162
	Board Meeting Attendance	H	7	30	210
	Lead and Training Sergeant of Arms	H	1.25	30	38
	Board Directives	H	2.7	30	68
	Transcripts	H	6.25	12	75
	Approved calendars – obtain signatures and distribution	H	1.5	12	18
	Back-up to Contribution Disclosure Analyst	H	6.6	12	80
	Back-up to Vote Recorder	H	1.3	30	40
	Miscellaneous:				
	• Correspondence, phone, e-mail, Internet				190
	• Reports				24
	• Staff meetings				120
	• Special Projects				53
	Total Hours				1819
	Total Number of Positions Needed				1.0

STATE OF CALIFORNIA
BUDGET CHANGE PROPOSAL--FISCAL DETAIL
STATE OPERATIONS
FISCAL YEAR 2009-10
(Dollars in Thousands)

Title of Proposed Change: Administrative Appeals

Program/Element/Component: All Programs

	PERSONNEL YEARS			CY	BY	BY + 1
	CY	BY	BY + 1			
TOTAL SALARIES AND WAGES <i>_a/</i>		10.0	10.0		\$657	\$657
Salary Savings		-5	-5		-33	-33
NET TOTAL SALARIES AND WAGES		9.5	9.5		624	624
Staff Benefits <i>_a/</i>					231	231
Distributed Administration <i>_b/</i>					102	81
TOTAL PERSONAL SERVICES		9.5	9.5		\$957	\$936
OPERATING EXPENSE AND EQUIPMENT						
General Expense					\$111	\$18
Distributed Administration					26	20
Printing						
Communications					10	6
Postage						
Travel--In-State					11	11
Travel--Out-of -State						
Training					9	9
Facilities Operations					274	114
Consulting & Professional Services: Interdepartmental						
Consulting & Professional Services: External						
Department of Technology Services						
Data Processing					6	
Equipment						
Other Items of Expense: (Specify Below)						

_a/ See page 28 of 29 for itemized staff benefits and classification detail.

_b/ Represents Distributed Administration costs resulting from this BCP. The Distributed Administration costs for existing BOE programs will reflect a corresponding decrease which will be addressed in the Planning Estimate process.

	<u>BCP No.</u>		
	<u>CY</u>	<u>BY</u>	<u>BY + 1</u>
TOTAL OPERATING EXPENSE AND EQUIPMENT		\$447	\$178
TOTAL EXPENDITURES (State Operations)		<u>\$1,404</u>	<u>\$1,114</u>

Source of Funds

General Fund	(0001)	\$1,206	\$956
Special Funds:			
Breast Cancer Fund	(0004)		
State Emergency Telephone	(0022)	1	1
Motor Vehicle Fuel Account	(0061)	29	24
Occupational Lead Prevention Fund	(0070)	1	1
Childhood Lead Poisoning Prev. Fund	(0080)		
Cig. and Tobacco Prod. Surtax Fund	(0230)	6	5
Oil Spill Prevention and Admin. Fund	(0320)		
Integrated Waste Management	(0387)		
Underground Storage Tank Fund	(0439)	4	3
Energy Resources Programs Account	(0465)		
CA. Children and Families First Trust Fund	(0623)	9	7
Federal Trust Fund	(0890)		
Timber Tax Fund	(0965)	3	2
Gas Consumption Surcharge Fund	(3015)		
Water Rights Fund	(3058)		
Elec. Waste Recovery and Recycling Acct.	(3065)	9	7
Cig. and Tobacco Prod. Compliance Fund	(3067)		
Federal Funds			
Other Funds			
Reimbursements	(0995)	\$136	\$108
Net Total Augmentation (Source of Funds)		<u>\$1,404</u>	<u>\$1,114</u>

**DETAIL OF STAFF BENEFITS
AND PERSONAL SERVICES**

Staff Benefits Detail:	CY	BY	BY + 1
	<i>(Whole Dollars)</i>		
OASDI		\$47,736	\$47,736
Health Insurance		74,186	74,186
Retirement		106,061	106,061
Workers' Compensation		255	255
Industrial Disability Leave		446	446
Non-Industrial Disability Leave		323	323
Unemployment Insurance		95	95
Other		1,645	1,645
TOTAL		\$230,747	\$230,747

Classification	Positions			Salary	Amount		
	CY	BY	BY + 1	Range <small><i>_a/</i></small>	CY	BY	BY + 1
Legal Department							
Appeals Division							
Legal Secretary		1.0	1.0	\$38,280		\$38,280	\$38,280
Tax Counsel IV		1.0	1.0	112,272		112,272	112,272
Tax Counsel III		3.0	3.0	101,628		304,884	304,884
Executive Department							
Board Proceedings Div.							
Associate Govt. Prog. Analyst		1.0	1.0	58,200		58,200	58,200
Staff Services Analyst		1.0	1.0	40,356		40,356	40,356
Mgmt. Services Tech.		2.0	2.0	33,804		67,608	67,608
Office Tech (Typing)		1.0	1.0	35,532		35,532	35,532
Blanket Funds:							
Overtime (Various)							
Temporary Help							
TOTAL SALARIES AND WAGES		10.0	10.0			\$657,132	\$657,132

_a/ The salary is the mid-step of the salary range for the stated classification.

SUPPLEMENTAL INFORMATION
 Dollars in Thousands

	<u>Current Year</u>	<u>Budget Year</u>	<u>Budget Year + One</u>
Proposed Equipment:			
N/A	_____	_____	_____
Total	=====	=====	=====
Proposed Contracts:			
N/A	_____	_____	_____
Total	=====	=====	=====
One-Time Costs:			
General Expense		\$93	
Communications		4	
Facilities Operations		160	
Data Processing		6	
Total	=====	\$263	=====
Future Savings:			
N/A	_____	_____	_____
Total	=====	=====	=====
Full-Year Cost Adjustments:			
N/A	_____	_____	_____
Total	=====	=====	=====