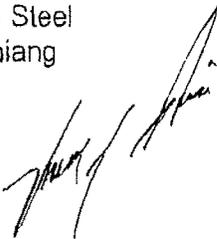


Memorandum

To : Honorable Betty T. Yee, Chairwoman
Honorable Jerome E. Horton, Vice Chair
Honorable Bill Leonard
Honorable Michelle Steel
Honorable John Chiang

Date : November 24, 2009

From : Ramon J. Hirsig
Executive Director



Subject : Functional Organization

The Board of Equalization's current organizational structure has been successful for many years. However, as California looks for innovative ways to address the state's economic crisis, there is a growing need for optimization. Given the economic downturn, future forecasts, recent technology changes, and the ever-increasing demand for improved customer services, BOE has an obligation to explore ways to reorganize that would benefit taxpayers, stakeholders, and employees.

One option that I believe worthy of exploring is combining core functions such as collections, auditing, return processing, and policy development for all tax/fee programs. I believe that this option could lead to:

- Improved customer service
- Improved productivity and quality
- Decreased costs
- Increased revenues
- Improved internal communication
- Uniformity of policies

I believe this is the right time to consider this type of restructuring. The technology infrastructure is in place. The largest programs share a registration system and an accounts receivable system. E-Filing is available to the larger tax programs with plans to open it along with eRegistration to the majority of tax/fee programs in the near future. Each of these systems improve the ability for the various tax/fee programs to share data on a real time basis thereby improving customer service, lowering the cost of auditing and increasing revenues collected.

I look forward to the opportunity to discuss this with you in the near future.

RJH:rar

cc: Mr. Alan LoFaso
Ms. Regina Evans
Ms. Barbara Alby
Mr. Louis Barnett
Ms. Marcy Jo Mandel