

## Buck Owens Boulevard



The original sign spanned Union Avenue from 1949 until it was torn down in 2000, but Owens preserved the blue porcelain letters and had them attached to his own re-creation outside his Crystal Palace dinner club.

# HIGHLIGHTS

## Revenue

### Total BOE revenues increase

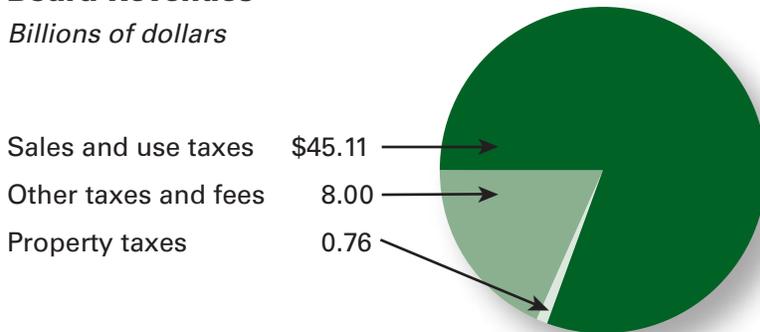
Fiscal year 2006-07 revenues totaled \$53.87 billion, 1.7 percent higher than the \$52.98 billion collected in 2005-06. Sales and use tax receipts, which totaled \$44.30 billion in 2005-06, grew to \$45.11 billion, an increase of 1.8 percent.

### Cigarette and tobacco products tax generates added revenues

Revenues from the cigarette and tobacco products taxes and licensing fees totaled \$1.08 billion in 2006-07, a decrease of \$9.7 million over 2005-06 figures. These revenues provide resources to not only the state's General Fund but also provide funding for breast cancer research, hospital services, health education, physician services, and early childhood development programs at both the state and local level.

### 2006-07 Board Revenues

*Billions of dollars*



## Significant Legislation

### Public Disclosure of Tax Delinquencies

Assembly Bill 1418 (Statutes 2006, Chapter 716) requires the BOE to make public a quarterly list of the top 250 largest sales and use tax delinquencies in excess of \$100,000. After removing accounts being addressed through payment arrangements, bankruptcy, litigation, or appeal, BOE must inform the delinquent taxpayers that their names will appear on the list if their delinquencies are not satisfied. The final list is then posted to the BOE's website at [www.boe.ca.gov](http://www.boe.ca.gov). Names are removed within five business days after the individuals either pay the debt or arrange a payment plan, or for other reasons specified in the law.

### Penalty for Tax Collected and Not Remitted

Senate Bill 1449 (Statutes 2006, Chapter 252) states that anyone who knowingly collects an amount for sales tax or use tax, and who fails to pay it to the BOE on time, is liable for a penalty of 40 percent of the unpaid amount. The penalty does not apply if the unpaid tax averages less than \$1,000 per month and does not exceed five percent of the total tax collected in the same quarter in which the tax was due.



President Theodore Roosevelt once said,  
"I consider the evening twilight on  
Mount Shasta one of the greatest sights  
I have ever witnessed."

### **AIDS/HIV Thrift Store Exemption**

Senate Bill 1341 (Statutes 2006, Chapter 373) extends, until January 1, 2012, the sales and use tax exemption for thrift stores that sell used clothing, household items, or other retail merchandise in order to raise funds to provide medical, hospice, or social services for individuals with AIDS or HIV. The exemption was scheduled to sunset on January 1, 2007.

### **New Tobacco Products Manufacturer and Importer Licensing Requirements**

Assembly Bill 1749 (Statutes 2006, Chapter 501) requires every manufacturer or importer of tobacco products, beginning May 1, 2007, to obtain and maintain a license under the Cigarette and Tobacco Products Licensing Act to sell tobacco products. The act compels tobacco products manufacturers and importers to file monthly reports. In addition, it establishes new deferral payment options for purchases of cigarette tax stamps or meter register settings. The act also includes provisions to delete the California Cigarette and Tobacco Products Licensing Act of 2003 January 1, 2010 sunset date.

### **State-Assessed Railroad Property**

Assembly Bill 2670 (Statutes 2006, Chapter 791) converts the property tax assessment and revenue allocation procedures for state-assessed unitary railroad property to a countywide system similar to that used for other state-assessed properties.

## **Improving Operations**

### **Business Licensing Inspection Program**

In 2006-07, the Investigations Division inspected 49,143 businesses in two pilot regions, with 1,807 business locations, or 3.68 percent, found to be operating without seller's permits.

### **Investigative Staff Recognized by the California Energy Commission**

The California Energy Commission acknowledged the BOE for loaning investigators to assist with the commission's investigation into the petroleum fuel price spikes. B. B. Blevin, the Commission's

## Improving Operations (Continued)

Executive Director, recognized the two investigators for their analysis of petroleum company financial and operating data. The analysis assisted the Commission in meeting its August 2006 deadline.

### Information Sharing with the Department of Motor Vehicles

Working to increase overall compliance in the used car industry, workgroups from the Board of Equalization and the Department of Motor Vehicles (DMV) have improved the information and data-sharing procedures of both agencies. Some of the improved procedures include:

- DMV will provide BOE a semi-annual listing of all licensed dealers that can be compared with the BOE's registration information,
- DMV will verify the validity of a seller's permit number upon application and renewal of a dealer license,
- DMV will forward all out-of-business reports to BOE headquarters, and
- DMV and BOE will participate in joint licensing sweeps.

### Expanded Online Services

The BOE continued to improve customer service and efficiency of operations by enhancing Internet-based "E-Services." We implemented optional "e-client" registration for taxpayers registering seller's permits, added eligibility for quarterly prepayment filers with a single outlet to e-file, and allowed payment of account balances by credit card for all tax and fee programs. Future enhancements will bring e-filing eligibility to Electronic Funds Transfer (EFT) mandatory accounts, special sellers, and multiple location accounts.

### New BOE Videoconference Sites

The BOE established two new videoconference sites, in Chicago and New York, bringing the total to six. Upgrading equipment allows us to increase efficiency, reduce travel costs, and, most importantly, enhance communication with our customers. Other sites are located in Sacramento, Oakland, Santa Ana, and Van Nuys.

### **Direct Recruitment Events**

Direct recruitment events were held in cooperation with district offices in locations throughout the state. The events allowed applicants to meet directly with BOE representatives, take examinations, present their qualifications, and interview with hiring managers—all in one day. These efforts quickened the hiring of qualified applicants to fill positions that enable the BOE to efficiently and effectively serve taxpayers.

### **Enhanced Collection Tool (ECT) Training Class**

Sales and Use Tax district supervisors and staff developed the new Enhanced Collection Tool training class in September 2006. The class informed staff about the types of collection tools available, as well as the best methods to use these tools on delinquent accounts. It was first piloted to supervisors in northern and southern California before extending it to all district collectors and compliance supervisors. It was subsequently given to Headquarters collectors and staff from Centralized Collections Section, Offers in Compromise, Special Taxes, Motor Carrier Section, Tax Policy Division, and the Special Procedures Section. Statewide training of all collection staff will be completed by October 2007.

Because this training class was so well received by the participants, it will be updated on an on-going basis and will be offered twice a year for all new collection personnel.

### **Tax Law 3-E, Consumer Use Tax**

Over a five month period, 52 sessions of the updated audit class “TL-3E Consumer Use Tax” were presented by Consumer Use Tax Section staff to over 590 BOE auditors, compliance, and counter staff in district offices throughout California, as well as the Out-of-State offices in Houston, Chicago, and New York City.