



STATE BOARD OF EQUALIZATION
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February 3, 2016

Honorable Mike Gipson
Member, California State Assembly
State Capitol, Room 4164
Sacramento, CA 95814

Subject: **BOE Support for AB 821, as Amended January 13, 2016**

Dear Assembly Member Gipson:

The Members of the Board of Equalization recently voted 4-1¹ to support your Assembly Bill 821. As you know, your bill enables the larger medical marijuana dispensaries to remit their tax payments by means other than the required electronic funds transfer (EFT) method without being penalized.

EFT payments are mandatory. Currently, the law requires all sales and use taxpayers that have average monthly tax liabilities of \$10,000 or more to remit their payments by EFT. If a taxpayer fails to do so, the law imposes a mandatory 10% penalty.

Dispensaries cannot obtain bank accounts. Because of the conflict between state and federal law pertaining to medical marijuana, most banks do not allow marijuana businesses to hold accounts. Since an EFT may not be accomplished without the use of a bank account, these taxpayers are unfairly subjected to penalties.

Eliminates the need to request penalty relief. Although the law extends penalty relief to a dispensary when a dispensary is only able to pay in cash, the law's mandatory penalty under these very limited circumstances should be automatically waived, without any additional compliance impediment. Your bill assists these dispensaries to comply with the law and eliminates an unfair burden.

If you have any questions or need additional information regarding this bill, please contact Michele Pielsticker, Chief, Legislation and Research Division, at (916) 322-2376.

Sincerely,

A handwritten signature in blue ink that reads "David J. Gau".

David J. Gau
Chief Deputy Director

DJG:ah

¹ Board Member Harkey opposed.