



**BOARD OF EQUALIZATION
CUSTOMER SERVICES AND ADMINISTRATIVE EFFICIENCY
COMMITTEE**

HONORABLE JOHN CHIANG, COMMITTEE CHAIR
450 N STREET, SACRAMENTO, ROOM 121
SEPTEMBER 11, 2002, 9:30 A.M.

Agenda Items

1. Fiscal Year 2003-04 Budget Change Proposals (BCPs)

For additional copies of this agenda, please call the Customer and Taxpayer Services Division at (916) 445-6188.

Memorandum

To : Honorable John Chiang
Honorable Johan Klehs
Honorable Dean Andal
Honorable Claude Parrish
Honorable Kathleen Connell

Date : August 27, 2002

From : James E. Speed
Executive Director

Subject: Fiscal Year 2003-04 Budget Change Proposals (BCPs)

At the September 11, 2002 Customer Service and Administrative Efficiency Committee meeting, the Fiscal Year (FY) 2003-04 BCPs (listed on Exhibit I) will be presented for your consideration. Copies of the BCPs will be forwarded to you via a separate mailing. With your approval and adoption of the Committee minutes at the September 12, 2002, Board meeting, the BCPs will be forwarded to the Department of Finance (DOF) for consideration of being included in the Governor's Proposed FY 2003-04 Budget.

I am attaching, as Exhibit II, an informational list of pending legislation for which a fiscal impact has been identified. In accordance with the deadlines mandated by DOF, any legislative BCPs will be submitted ten working days following enactment of the measure. Copies of those BCPs will be transmitted to you at the same time they are provided to DOF.

If you have any questions or need additional information, please contact me at 327-4975 or Mr. Dade Powers at 445-3498.

JES:psh

Attachments

(costanal/0304bcp/memos/boardtransmittalof BCPjes1.doc)

cc: Mr. Steven Kamp
Ms. Jean Alexander
Ms. Ann Jordan
Mr. Marcus Frishman
Ms. Marcy Jo Mandel
Mr. Dade Powers
Executive Director's Group
Mr. Rene Gutierrez
Ms. Patricia S. Hatcher-Jones

STATE BOARD OF EQUALIZATION
2003-04 BUDGET CHANGE PROPOSALS

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<u>Proposal No./ Priority</u>	<u>Title of Proposed Change</u>
Proposal No. 1	Production Printers Replacement
Proposal No. 2	Support Budget Needs
Proposal No. 3	Taxpayer Assistance Center Workload Growth
Proposal No. 4	Board Proceedings Division Workload Growth
Proposal No. 5	Public Records Act Response Workload
Proposal No. 6	SB 1701 - Alternative Cigarette Stamping

MEASURES WITH BOARD COSTS – 2002

As of August 27, 2002 10:15 A.M.

BILL NUMBER	STATUS	EFFECTIVE DATE	DESCRIPTION	COST ESTIMATE
AB 428 (Assembly Budget Committee)	Assembly Concurrence	Urgency	Would, among other things, impose an additional excise tax on cigarettes of 50 cents per package of 20, and impose an equivalent compensating floor stock tax, operative September 1, 2002.	2002-03: \$374,000 2003-04: \$1,114,000 2004-05: \$810,000 2005-06: \$536,000 (ongoing)
AB 433 (Assembly Budget Committee)	Assembly Inactive File	Urgency	<p>Would, among other things, impose an additional excise tax on cigarettes of 63 cents per package of 20, and impose an equivalent compensating floor stock tax, operative August 1, 2002.</p> <p>Would authorize the Board to waive any penalties and interest on unpaid sales and use taxes owed by eligible taxpayers, as defined, to the extent that the underlying tax liability is paid.</p>	2002-03: \$374,000 2003-04: \$1,114,000 2004-05: \$810,000 2005-06: \$536,000 (ongoing) 2002-03: \$379,000 2003-04: \$60,000
AB 680 (Steinberg)	Senate Local Government	01/01/03	Would, among its provisions, change the allocation method of the one percent local sales tax in El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba counties. RTC Section 7204.3 provides that the Board shall charge jurisdictions for administrative costs and shall deduct costs in equal amounts from the quarterly allocations.	2002-03: \$1,976,000 2003-04: \$913,000 2004-05: \$306,000 2005-06: \$296,000

MEASURES WITH BOARD COSTS – 2002

As of August 27, 2002 10:15 A.M.

BILL NUMBER	STATUS	EFFECTIVE DATE	DESCRIPTION	COST ESTIMATE
AB 1666 (Horton)	Assembly-Concurrence in Senate amendments	Urgency	Would provide for the licensure by the BOE of manufacturers, distributors, wholesalers, importers and retailers of cigarettes and tobacco products engaged in business in the State. The enforcement activities would also increase.	2002-03: \$4,900,000* 2003-04: \$7,900,000* 2004-05: \$7,300,000* 2005-06: \$7,000,000*
			Would require the BOE to replace the stamps and meter impressions, currently required to be affixed to tobacco products, with stamps and meter impressions generated by a technology capable of being read by a scanning or similar device.	2002-03: \$330,000 2003-04: \$642,000 2004-05: \$864,000 2005-06: \$281,000 (ongoing)
			Would require the Attorney General to develop and post on their web site a list of tobacco product manufacturers that are participating under the Master Settlement Agreement (MSA) and that have made all required escrow payments. Would prohibit placement of tobacco tax stamps on any product unless the manufacturer and brand family is included on the list. Imposes specified penalties for failure to comply with provisions, including civil.	2002-03: \$150,000 2003-04: \$243,000 (ongoing)
AB 2744 (Thomson)	Assembly Health	Urgency	Beginning October 1, would increase the surtaxes on alcoholic beverages for General Fund purposes.	2002-03: \$1,274,000 2003-04: \$965,000 2004-05: \$448,000 2005-06: \$367,000
AB 2906 (Horton)	Senate Inactive File	01/01/03	Would require the Attorney General to develop and post on their web site a list of tobacco product manufacturers that are participating under the Master Settlement Agreement (MSA) and that have made all required escrow payments. Would prohibit placement of tobacco tax stamps on any product unless the manufacturer and brand family is included on the list. Imposes specified penalties for failure to comply with provisions, including civil.	2002-03: \$150,000 2003-04: \$243,000 (ongoing)

* Does not include Department of Justice administrative costs.

MEASURES WITH BOARD COSTS – 2002

As of August 27, 2002 10:15 A.M.

BILL NUMBER	STATUS	EFFECTIVE DATE	DESCRIPTION	COST ESTIMATE
SB 849 (Torlakson)	Enrolled	01/01/03	Would increase the amount of the oil spill prevention and administration fee that the administrator for oil spill response is authorized to impose, for calendar year 2003, to 5 cents for each barrel of crude oil or petroleum products.	2002-03: \$61,000 2003-04: \$94,000 (ongoing)
SB 1700 (Peace)	Assembly Governmental Organization	01/01/03	Would provide for the licensure by the BOE of manufacturers, distributors, wholesales and retailers of cigarette tobacco products that are engaged in business in the State. Would also prohibit the above-entities from distributing or selling those cigarette and tobacco products unless they are licensed. Would require manufacturers of cigarette and tobacco products to pay the BOE a fee for each pack of cigarettes sold.	2002-03: \$5,100,000 2003-04: \$8,100,000 2004-05: \$7,500,000 2005-06: \$7,200,000
SB 1701 (Peace)	Enrolled	01/01/03	Would require the BOE to replace the stamps and meter impressions, currently required to be affixed to tobacco products, with stamps and meter impressions generated by a technology capable of being read by a scanning or similar device.	2002-03: \$330,000 2003-04: \$642,000 2004-05: \$864,000 2005-06: \$281,000 (ongoing)
SB 1849 (Senate Budget and Fiscal Review Committee)	Assembly Reconsideration	Urgency	<p>Would authorize the Board to waive any penalties and interest on unpaid sales and use taxes owed by eligible taxpayers, as defined, to the extent that the underlying tax liability is paid.</p> <p>Would impose an additional excise tax on cigarettes of \$2.13 per package of 20, and impose an equivalent compensating floor stock tax, operative September 1, 2002.</p> <p>Would impose a 5 percent satellite television subscription tax to be collected and administered by the Board.</p>	<p>2002-03: \$379,000 2003-04: \$60,000</p> <p>2002-03: \$743,000 2003-04: \$3,800,000 2004-05: \$3,150,000 2005-06: \$2,800,000 (ongoing)</p> <p>2002-03: \$75,000</p>