



BOARD OF EQUALIZATION

**CUSTOMER SERVICES AND ADMINISTRATIVE  
EFFICIENCY COMMITTEE MEETING MINUTES**

HONORABLE BETTY T. YEE, COMMITTEE CHAIR

5901 GREEN VALLEY CIRCLE, CULVER CITY - ROOM 207

AUGUST 5, 2014, 9:30 A.M.

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**ACTION ITEMS & STATUS REPORT ITEMS****Agenda Item No: 1****Title:** Manufacturing and Research & Development Partial Sales Tax Exemption**Issue/Topic:**

Efforts to increase awareness of the Manufacturing and Research & Development Partial Sales Tax Exemption, Regulation 1525.4.

**Committee Discussion:**

Committee Chair Betty Yee opened the Committee meeting by introducing the agenda item and asked staff to make their presentation.

Mr. Jeff McGuire, Deputy Director, Sales and Use Tax Department, introduced Ms. Cristina Herrera, Manager, Executive Services Section, and Mr. Trey Luzzi, Manager, Outreach Services Division.

Mr. McGuire began the presentation and described the stakeholder communications that occurred during the development of Regulation 1525.4. The Sales and Use Tax Department also developed a Special Notice and email sent to approximately 145,000 taxpayers, an Industry Guide that explains the partial sales tax exemption, and collaborated with the Governor's Office of Business and Economic Development (GO-Biz) to make the guide accessible from the GO-Biz website.

Ms. Herrera stated that because the partial sales tax exemption is expected to be in effect until June 30, 2022, staff will continue taxpayer education and outreach for the next several years. She stated that agency staff recommend identifying and contacting new eligible participants that may not be aware of this program, including, but not limited to, universities and researchers, venture capital firms, women and minority business enterprise associations, specialty food manufacturers, community development organizations, various types of small-to-medium-sized businesses, and government relations firms that represent those groups.

Ms. Herrera stated that agency staff are considering a news conference in the month of September to increase program awareness and expect to conduct social media outreach beginning in September 2014.

Mr. Luzzi stated that staff propose to hold a statewide telephone town hall and begin to conduct seminars, webinars, and classes in September 2014.

Mr. McGuire concluded the presentation and stated agency staff expect to provide an update in Spring 2015 to the Board on the program's effect on the state's economy and impacts on business.

Committee Chair Yee thanked Mr. McGuire and staff for their presentation and asked for Board Member comments.

Board Member George Runner stated that his office conducted a telephone town hall in Board District 2. They received many detailed, industry-specific questions, and he also recommended conducting telephone town halls in each district.

Board Member Michelle Steel asked about the process to identify the taxpayers that may be eligible and what languages are expected to be used in outreach efforts.

Ms. Herrera stated that staff are initially focusing on businesses in the identified NAICS codes.

Mr. Luzzi stated that outreach will begin in English, Spanish, and Chinese, and will later expand to other languages.

Committee Chair Yee thanked the Board Members for their comments and suggested that staff employ various strategies to reach eligible businesses, and be proactive with ethnic communities and ethnic media (i.e., target ethnic radio, radio business programs). She also stated that when one Board Member holds a telephone town hall, that may be a model for outreach in other districts. She acknowledged each member's interest in holding telephone town halls, stating district-by-district basis is appropriate for this topic. She stated she conducted statewide telephone town halls on certain broad topics.

Board Member Jerome Horton suggested holding a telephone town hall in a location accessible to the public so that participants may receive assistance in person from experts. He stated that education is our greatest enforcement tool, because it enhances compliance, and minimizes taxpayer frustrations. He expressed his desire to work with Committee Chair Yee on these outreach objectives.

Board Member Runner stated that his office partnered with the California Manufacturers and Technology Association on his office's telephone town hall and worked with local chambers of commerce and economic development corporations to increase awareness of this program. He encouraged agency staff to use Board Member office relationships to further outreach efforts in communities throughout the state.

Committee Chair Yee stated that, in the past, agency staff would support the outreach efforts conducted through Board Member offices to ensure consistency of program information and responses to taxpayer inquiries across all districts.

Board Member Horton stated that this program may provide an opportunity to centralize agency outreach efforts, while also taking advantage of Board Member relationships and respecting the uniqueness of each district. He also recommended providing training to district Information Officers regarding this program.

Committee Chair Yee concluded the meeting, stating that staff received much useful feedback from the Board Members that she hopes to see these suggestions incorporated in the outreach for this partial sales tax exemption, and in future outreach efforts.

Committee Chair Yee adjourned the meeting.

**Committee Action/Recommendation/Direction:**

1. Provide training to district liaisons and field-based Information Officers to ensure information and responses to inquiries are consistent.
2. Target ethnic media, including radio business programs.

**Committee Materials**

None

Approved:   
Betty T. Yee, Committee Chair

  
Cynthia Bridges, Executive Director

At the August 5, 2014 Board Meeting

  
Joann Richmond, Chief  
Board Proceedings Division