

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 03/13)

Fiscal Year 2014-15	BCP No. 2	Org. Code 0860	Department State Board of Equalization	Priority No. 2
Program Legal Department			Element All	Component N/A

Proposal Title
 SOUTHERN CALIFORNIA APPEALS AND SETTLEMENT UNIT

Proposal Summary
 The Board of Equalization (BOE) requests \$4.3 million and 26.0 permanent positions (continuation of 22.0 limited-term positions, set to expire June 30, 2014 and 4.0 new positions) in FY 2014-15 and \$4.2 million and 26.0 positions in FY 2015-16 and ongoing, to continue the Southern California Appeals and Settlement Unit (SCAS). The additional 4.0 positions requested are needed to address the additional taxpayer demand for Settlement services and to support the continuous demand for Appeals services. SCAS has successfully exceeded its estimated accelerated revenues by \$48 million since inception and continues to meet the increased and consistent taxpayer demand for administrative Appeals and Settlement services. The total 26.0 positions are estimated to accelerate \$92 million in revenue in 2014-15 and ongoing.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the California Technology Agency, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Budget Officer	Date	Chief, Financial Management Division	Date
Deputy Director, Administration	Date	Executive Director	Date

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Technology Agency

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA Date submitted to the Legislature

STATE BOARD OF EQUALIZATION
Legal Program
SOUTHERN CALIFORNIA APPEALS AND SETTLEMENT UNIT
Fiscal Year 2014-15

A. Proposal Summary

The Board of Equalization (BOE) requests \$4.3 million and 26.0 permanent positions (continuation of 22.0 limited-term positions, set to expire June 30, 2014 and 4.0 new positions) in FY 2014-15 and \$4.2 million and 26.0 positions in FY 2015-16 and ongoing, to continue the Southern California Appeals and Settlement Unit (SCAS) that was established in element four of the Enhancing Tax Compliance Budget Change Proposal (BCP) approved for an early start effective October 1, 2010, pursuant to the 2010 Budget Act. The additional 4.0 positions requested are needed to address the additional taxpayer demand for Settlement services and to support the continuous demand for Appeals services.

SCAS has successfully exceeded its estimated accelerated revenues by \$48 million since inception and continues to meet the increased and consistent taxpayer demand for administrative Appeals and Settlement services. The number of Incoming Settlement proposals continued to increase seven percent from FY 2011-12 to FY 2012-13 resulting in a need for 2.0 additional settlement officers (Tax Counsel (TC) III and Business Taxes Specialist (BTS) II). In addition, 2.0 support staff positions that are needed to support the SCAS workload (Staff Services Analyst and Legal Secretary). The total 26.0 positions are estimated to accelerate \$92 million in revenue in 2014-15 and ongoing.

B. Background/History

SCAS was established effective October 1, 2010, to accelerate revenue and address significant increases in taxpayer demand for Appeals and Settlement services that began in FY 2007-08. Taxpayer behavior appeared to change as a result of the economy starting in FY 2007-08. Taxpayers began filing significantly more appeals and more vigorously disputing proposed tax assessments which created a 32 percent increase in appeals cases from FY 2007-08 to FY 2009-10. Taxpayers also began filing significantly more settlement proposals, resulting in increases in incoming settlement proposals of 61 percent from FY 2007-08 to FY 2008-09 and an additional 27 percent, from FY 2008-09 to FY 2009-10. This resulted in more appeals and settlement cases overall as well as an increase in the complexity of cases appealed and proposed to be settled. The 22.0 person unit was staffed roughly equally between the Appeals section and the Settlement section with auditors and attorneys who held appeals conferences and negotiated settlements with taxpayers once taxpayers entered the administrative appeals process by filing a petition for redetermination. By accelerating these cases during the three-year pilot, over \$195 million in revenue was accelerated, which resulted in \$48 million more than the estimated \$147 million projected in the original BCP.

Resource History
(Dollars in thousands)

Program Budget	2010-11	2011-12	2012-13	2013-14
Authorized Expenditures	\$2,821,000	\$3,016,000	\$3,016,000	\$3,016,000
Actual Expenditures	\$2,821,000	\$3,016,000	\$3,016,000	\$3,016,000
Estimated Accelerated Revenues	\$5,100,000	\$57,000,000	\$84,900,000	Est. \$84,900,000
Achieved Accelerated Revenues	\$11,400,000	\$85,500,000	\$98,200,000	
Authorized Positions	22.0	22.0	22.0	22.0
Filled Positions	22.0	22.0	22.0	21.0
Vacancies	0.0	0.0	0.0	1.0

Workload History

Workload Measure	2010-11	2011-12	2012-13	2013-14
Accelerated Appeals and Settlements	257	571	746	Est. 868
Cumulative Total	257	828	1,574	Est. 2,442

C. State Level Considerations

The BOE collects taxes and fees that provide approximately 34 percent of the annual revenue for state government and essential funding for counties, cities, and special districts. In fiscal year 2010-11, the BOE-administered taxes and fees produced \$53.7 billion for education, public safety, transportation, housing, health services, social services, and natural resource management. The BOE administers the state's sales and use, fuel, alcohol, tobacco, and other taxes and collects fees that fund specific state programs. More than one million businesses are registered with the agency.

Given the continuing changes to the economic climate in California, the SCAS program continues to be vital to accelerated revenue growth by meeting the continued and increasing demand for appeals and settlements, respectively, as well as increasing compliance with existing tax and fee laws. The approval of this proposal will continue to accelerate resolution of disputed tax liabilities and the associated revenue in the amount of approximately \$92 million annually to the State without increasing taxes. Denial of this proposal will result in a delay of case resolution for taxpayers and an estimated revenue delay for California of approximately \$92 million annually for FY 2014-15 and ongoing.

This proposal is consistent with the BOE's Strategic Plan to maximize voluntary compliance in the BOE's tax and fee programs and enhance operational effectiveness.

D. Justification

The SCAS was approved to address rising Appeals and Settlement and Taxpayer Services Divisions' inventory levels associated with the economy and to accelerate the associated revenue to the General Fund. The SCAS successfully exceeded its estimated accelerated revenues in each year of the pilot, accelerating a total of over \$195 million over the three year pilot, \$48 million more than originally projected. Further, the SCAS has successfully addressed the significant inventory levels that resulted during the recessed economy by resolving and accelerating 1,574 settlements and appeals cases from Fiscal Year 2010-11 through Fiscal Year 2012-13. The SCAS continues to be necessary to meet the sustained higher demand that continues, and is still increasing, for Appeals and Settlement services, respectively.

Prior to implementation of the SCAS, the Appeals Division saw its workload increase by approximately 32 percent from FY 2007-08 to FY 2009-10, and since that time the Appeals Division's workload has stabilized at this higher level. In addition, the nature of the cases has continued to become increasingly more complex as taxpayers aggressively and creatively defend their cases at each step of the appeals process. Since its inception, the SCAS has resolved and accelerated 897 cases from Fiscal Year 2010-11 through Fiscal Year 2012-13. Without the SCAS, such workload could not be absorbed, and would continue accumulating each year thereafter, resulting in the delay of millions of dollars of accelerated revenue for the state and resolution of the cases for the taxpayers.

The Settlement and Taxpayer Services Division saw its workload increase by approximately 61 percent from FY 2007-08 to FY 2008-09 and again by 27 percent from FY 2008-09 to FY 2009-10, prior to the implementation of the SCAS. During the three year SCAS pilot, taxpayer demand for settlement services continued to increase each year. From FY 2010-11 to FY 2011-12, incoming settlement proposals increased another 53.9 percent, and from FY 2011-12 to FY 2012-13, incoming proposals continued to increase another 7 percent. Since its inception, the SCAS has resolved and accelerated 677 settlement proposals from FY 2010-11 through FY 2012-13. Due to the continuing increase in incoming settlement proposals, there is sufficient inventory to warrant an additional two Settlement Officer positions (TC III and BTS II) to the SCAS to address the still increasing demand and to accelerate the associated revenue. (Two additional support staff positions are also needed, as detailed herein.) Without the SCAS, such workload could not be absorbed, and would continue accumulating each year thereafter, resulting in the delay of millions of dollars of accelerated revenue for the state and resolution of the cases for the taxpayers.

E. Outcomes and Accountability

Workload Measure	Projected Outcomes		
	2014-15	2015-16	2016-17
Appeals and Settlements Accelerated Revenue	\$92,000,000	\$92,000,000	\$92,000,000

Given the success of the three year SCAS pilot, which exceeded its estimated accelerated revenues by over \$48 million, making the SCAS permanent enables the acceleration of resolved cases and associated revenue to continue in FY 2014-15 and ongoing. The continuation of the project enables the BOE to successfully respond quickly to the heightened and sustained demand for appeals services and the continuing increase year over year for settlement services. Continuing to allow the acceleration of appeals and settlement cases in FY 2014-15 and ongoing will allow the acceleration of revenue for an estimated amount of \$92 million a year, allows for quicker resolution of tax disputes for taxpayers, thereby limiting accrual of interest, significantly increases the possibility of collection of early revenues, avoids potential collection difficulties caused when appeals and settlement resolutions are delayed, and educates taxpayers and the public as to the reporting and compliance requirements in California.

F. Analysis of All Feasible Alternatives

Alternative 1: Provide permanent funding for 26.0 permanent positions (22.0 limited-term positions and 4.0 new positions) to continue the SCAS program

Under this alternative, resources being requested are based on making 22.0 limited-term positions permanent and adding 4.0 new positions.

New Positions*	Start Date	FY 2014-15	FY 2015-16	Ongoing
Tax Counsel III	07/01/14	1.0	1.0	1.0
Business Tax Specialist II	07/01/14	1.0	1.0	1.0
Staff Services Analyst	07/01/14	1.0	1.0	1.0
Legal Secretary	07/01/14	1.0	1.0	1.0
Total New Positions by Fiscal Year		4.0	4.0	4.0
Limited-Term Positions to Permanent *	Start Date	FY 2014-15	FY 2015-16	Ongoing
Tax Counsel IV	07/01/14	1.0	1.0	1.0
Tax Counsel III (Supervisor)	07/01/14	1.0	1.0	1.0
Tax Counsel III	07/01/14	4.0	4.0	4.0
Business Taxes Specialist III	07/01/14	4.0	4.0	4.0
Business Taxes Specialist II	07/01/14	10.0	10.0	10.0
Associate Governmental Program Analyst	07/01/14	1.0	1.0	1.0
Tax Technician III	07/01/14	1.0	1.0	1.0
Total New Positions by Fiscal Year		22.0	22.0	22.0

*See Exhibit 1 for position details and related workload.

Pros:

- Acceleration of an estimated \$92 million annually in revenue in FY 2014-15 and ongoing.
- Provide quicker resolutions for taxpayers entering the appeals or settlement process, thereby limiting interest accruals on unpaid tax assessments.
- Significantly increase the possibility of collection of early revenues for deposit into the General Fund.
- Avoid potential collection difficulties caused when appeal/settlement resolutions are delayed.
- Educate taxpayers and the public as to the reporting and compliance requirements in California.
- Allow the SCAS program to continue to accelerate the resolution of cases, resulting in the acceleration of associated amounts earlier to the General Fund.
- Increase agency effectiveness and efficiency.

Cons:

- Initial and ongoing operating costs.
- Requires a budget augmentation.

Alternative 2: Provide permanent funding for 22.0 positions to continue the SCAS program

Under this alternative, resources being requested are based on making 22.0 limited-term positions permanent.

Limited-Term Positions to Permanent *	Start Date	FY 2014-15	FY 2015-16	Ongoing
Tax Counsel IV	07/01/14	1.0	1.0	1.0
Tax Counsel III (Supervisor)	07/01/14	1.0	1.0	1.0
Tax Counsel III	07/01/14	4.0	4.0	4.0
Business Taxes Specialist III	07/01/14	4.0	4.0	4.0
Business Taxes Specialist II	07/01/14	10.0	10.0	10.0
Associate Governmental Program Analyst	07/01/14	1.0	1.0	1.0
Tax Technician III	07/01/14	1.0	1.0	1.0
Total New Positions by Fiscal Year		22.0	22.0	22.0

Pros:

- Acceleration of an estimated \$84,900,000 in revenue in FY 2014-15 and ongoing.
- Provide quicker resolutions for taxpayers entering the appeals or settlement process, thereby limiting interest accruals on unpaid tax assessments.
- Significantly increase the possibility of collection of early revenues for deposit into the General Fund.
- Avoid potential collection difficulties caused when appeal/settlement resolutions are delayed.
- Educate taxpayers and the public as to the reporting and compliance requirements in California.
- Allow the SCAS program to continue to accelerate the resolution of cases, resulting in the acceleration of associated amounts earlier to the General Fund.
- Increase agency effectiveness and efficiency.

Cons:

- Initial and ongoing operating costs.
- Requires a budget augmentation.
- Fails to address the still increasing demand for Settlement services and foregoes the opportunity to accelerate an additional \$7.1 million (for a total of \$92 million) in FY 2014-15 and ongoing.

Alternative 3: Do not provide funding or positions to continue the SCAS Unit

Under this alternative, no funds would be allocated to maintain or expand the SCAS program. The BOE is not able to absorb the workload associated with the SCAS program with current resources. Thus, the SCAS program would conclude and the benefits realized by the program would cease.

Pros:

- Does not require a budget augmentation.

Cons:

- Foregoes acceleration of an estimated \$92,000,000 in revenue in FY 2014-15 and ongoing.
- No longer be able to provide expedited resolutions for taxpayers entering the appeals or settlement process, thereby interest would continue to accrue on unpaid tax assessments.
- Face potential collection difficulties caused when appeal/settlement resolutions are delayed.

- Delay in collection and transfer of revenues to the General Fund. Decreased staff available to educate taxpayers and the public as to the reporting and compliance requirements in California.
- Decreased agency effectiveness and efficiency.

G. Implementation Plan

The funding for the SCAS program is set to expire on June 30, 2014. Thus, this BCP is being submitted for FY 2014-15 to prevent interruption of the SCAS program activities.

H. Supplemental Information (Check box(es) below and provide additional descriptions.)

None Facility/Capital Costs Equipment Contracts Other _____

I. Recommendation

Alternative 1 is recommended.

By providing the resources identified in Alternative 1, the BOE can more efficiently and effectively administer and enforce the provisions of the Sales and Use Tax Law. The SCAS Program will provide a collaborative and strategic effort to address increased taxpayer demand for Appeals and Settlement services. By securing the staffing level requested in this BCP, the program will be able to continue to accelerate these cases resulting in approximately \$92 million in associated revenue being accelerated to the General Fund annually.

LEGAL DEPARTMENT

The Legal Department provides enforcement, collection, and legal support to all of the tax programs administered by the BOE. Each division within the Legal Department has a specific role in its support of these tax programs. This proposal requests 26.0 PYs for the divisions.

Settlement and Taxpayer Services Division

The Settlement and Taxpayer Services Division administers the BOE's Administrative Settlement Program. Settlement staff evaluates proposals, reviews appeals case files, and negotiates settlements of disputed sales and use tax and special tax and fee matters consistent with a reasonable evaluation of the risks and cost of litigating those cases. Successful settlements result in accelerated revenue for the State. Settlement also avoids costs for further appeals and litigation.

7.0 Business Taxes Specialist II (Settlement Officer) — Settlement Section of SCAS

The working title of a Business Taxes Specialist II (BTS II) in the Settlement and Taxpayer Services Division's Settlement Section is Settlement Officer. A BTS II Settlement Officer evaluates settlement proposals; reviews appeals case files and related documentation; negotiates settlements; holds settlement conferences; and prepares necessary documents for the statutory approval process. A BTS II Settlement Officer primarily works on audit issue cases but must also understand legal issues and concepts, as well as risk analysis. A Settlement Officer may also be required to attend closed session Board meetings; attend meetings with executive management; act as lead auditor; assist legal and audit staff; and work on special projects.

The table below provides the estimated workload for this position.

Workload Detail				
Classification: Settlement Officer (BTS II)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Evaluate Settlement proposals, review Appeals case files, negotiate settlements and prepare Executive Management, Board, and Attorney General documents for Sales & Use Tax Cases—95%	H	27	406	10,962
Evaluate Settlement proposals, review Appeals case files, negotiate settlements and prepare Executive Management, Board, and Attorney General documents for 27 Special Tax & Fee Cases—5%	H	27	21	567
Assist Legal and Audit Staff	H	1.8	560	1,008
Attend meetings	H	1.0	84	84
Total Settlement Officer (BTS II) hours				12,621
Total Settlement Officer (BTS II) Positions Requested (1,800 Hours/Position)				7.0

1.0 Business Taxes Specialist III (Senior Settlement Officer) — Settlement Section of SCAS

The working title of a Business Taxes Specialist III (BTS III) in the Settlement and Taxpayer Services Division's Settlement Section is Senior Settlement Officer. A Senior Settlement Officer acts as the section's lead auditor, technical expert, and reviewer; evaluates settlement proposals for the most difficult cases; reviews appeals case files and related documentation; negotiates settlements; holds settlement conferences; and prepares necessary documents for the statutory approval process. A Senior Settlement Officer must proficiently understand audit and legal issues, as well as risk analysis. A Senior Settlement Officer may also be required to attend closed session Board meetings; attend meetings with executive management; assist legal and audit staff; train legal and audit staff; and work on special projects.

The table below provides the estimated workload for this classification:

Workload Detail				
Classification: Settlement Officer (BTS III)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Coordinate assignments and review audit work of Settlement staff.	H	3.2	265	848
Evaluate Settlement proposals, review Appeals case files, negotiate settlements and prepare Executive Management, Board, and Attorney General documents for Sales and Use Tax Cases—95%	H	27	29	783
Evaluate Settlement proposals, review Appeals case files, negotiate settlements and prepare Executive Management, Board, and Attorney General documents for Special Tax & Fee Cases – 5%	H	27	1	27
Assist Legal and Audit Staff	H	1.8	100	180
Total Settlement Officer (BTS II) hours				1,838
Total Settlement Officer (BTS II) Positions Requested (1,800 Hours/Position)				1.0

3.0 Tax Counsel III (Settlement Officer) — Settlement Section of SCAS

The working title of a Tax Counsel (TC III) in the Settlement and Taxpayer Services Division's Settlement Section is Settlement Officer. A TC III evaluates settlement proposals; reviews appeals case files and related documentation; negotiates settlements; holds settlement conferences; and prepares necessary documents for the statutory approval process. A TC III Settlement Officer primarily works on legal issue cases but must also understand audit procedures and techniques, as well as risk analysis. A Settlement Officer may also be required to attend closed session Board meetings; attend meetings with executive management; assist legal and audit staff, and work on special projects.

The table below provides the estimated workload for this position.

Workload Detail				
Classification: Settlement Officer (TC III)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Evaluate Settlement proposals, review Appeals case files, negotiate Settlements, and prepare necessary documentation for Executive Management and Attorney General review and approval, Sales and Use Tax Cases—95%	H	27	174	4,698
Evaluate Settlement proposals, review Appeals case files, negotiate Settlements, and prepare necessary documentation for Executive Management and Attorney General review and approval, Special Taxes and Fees Cases—5%	H	27	9	243
Assist Legal and Audit Staff	H	1.8	240	432
Attend Meetings	H	1.0	36	36
Total Settlement Officer (TC III) hours				5,409
Total Settlement Officer (TC III) Positions Requested (1,800 Hours/Position)				3.0

Note: The BTS III is estimated to complete 30 settlement cases per year, with an estimated breakdown of 95 percent Sales and Use Tax cases and 5 percent Special Tax and Fees cases. The category ratios are 45 percent for coordination and review, 46 percent for direct settlement case workload (Sales and Use and Special Tax and Fee cases), and 9 percent for assisting staff.

Each BTS II and TC III is estimated to complete 61 settlement cases per year, with an estimated breakdown of 95 percent Sales and Use Tax cases and 5 percent Special Tax and Fees cases. The category ratios are 90 percent (both Sales and Use and Special Tax and Fees cases), 8 percent, and 2 percent.

1.0 Staff Services Analyst — Settlement Section of SCAS

The Staff Services Analyst (SSA) in the Settlement section analyzes, reviews, and evaluates complex, sensitive, and confidential matters and correspondence received in the settlement section. The SSA ensures the statutory requirements and qualifying criteria are met for settlement proposals, and reviews

proposals for completeness, accuracy, and consistency with Board policies and procedures. The SSA distinguishes between the various types of settlement cases and prepares the appropriate case packages accordingly; the SSA further coordinates and tracks the formal review of settlement cases submitted through management, including the Chief Counsel, Executive Director, Attorney General, and Board Members.

The SSA also monitors submission deadlines within the settlement process, determines appropriate alternatives/action for cases that do not meet the required criteria and prepares correspondence to taxpayers or their representatives to advise or request additional information in an effort to resolve their case. The SSA handles telephone inquiries and responds to written inquiries utilizing a thorough knowledge of the case and settlement program, statutory requirements and appeals process, and works cooperatively with other departments, divisions and sections within the BOE to coordinate the processing of settlement cases.

The table below provides the estimated workload for this position.

Workload Detail				
Classification: Staff Services Analyst (SSA)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Review proposals for eligibility; preparation of case packages, acknowledgement letters to Tax and Fee payers	H	.75	360	270
Prepare monthly payment plan spreadsheet; issue-spot problems; propose potential solutions; contact taxpayer	H	2.0	516	1,032
Analyze defaults; cases with credit issues/ coordinate with escrow companies and District Offices to effect lien releases	H	.5	240	120
Prepare draft Settlement Agreement revisions addressing payment issues	H	1	378	378
Total Staff Services Analyst (SSA) hours				1,800
Total Staff Services Analyst (SSA) Positions Requested (1,800 Hours/Position)				1.0

Appeals Division

The Appeals Division furnishes legal services with respect to the Board's activities under its appeals programs. The division's primary responsibilities are to serve as the Board's independent legal counsel for appeals coming before the Board Members on complex technical policy, audit procedures and legal issues involving the interpretation and application of the sales and use tax, excise tax, special tax, insurance tax, property tax, and state income tax laws. With the exception of state income tax for which the Board serves an appellate function, the Board directly administers the remaining tax laws with which Appeals staff must be familiar. The Appeals Division is charged with responsibility for rendering an independent, impartial, and legally sound decision that fairly addresses the facts and law presented in a case. Appeals staff conducts appeals conferences and issues decisions to provide advice and guidance to the elected members of the Board. The acceleration of legal appeals cases will both accelerate potential revenue to the State and decrease delays to the taxpayer. The taxpayers will be informed as soon as possible whether they owe the disputed liability and it will limit the amount of interest accrued during the appeals process.

1.0 Tax Technician III – Appeals Section of SCAS

The Tax Technician III (TT III) performs a variety of difficult and complex technical duties in support of the Appeals Division. The TT III accurately monitors, verifies, and maintains taxpayer/representative information in IRIS and ACMS to ensure all information is accurate. The TT III reviews all decisions for accuracy and is proficient in technical and clerical duties including proficiency with word processing programs, copying, formatting, and mailing.

The table below provides the estimated workload for this position.

Workload Detail				
Classification: Tax Technician III	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Query & Verify Account Details	H	1	600	600
Review and Clerical Duties	H	2	600	1200
Total Tax Technician III hours				1,800
Total Tax Technician III Positions Requested (1,800 Hours/Position)				1.0

1.0 Legal Secretary - Appeals Section of SCAS

The Legal Secretary in the Appeals Division will provide direct secretarial and administrative support for multiple attorneys and/or conference holders including the full range of basic and complex secretarial duties. A Legal Secretary in the Appeals Division prepares and edits a variety of intricate legal documents involving various tax and fee programs as well as multiple parties and state agencies.

The table below provides the estimated workload for this position.

Workload Detail				
Classification: Legal Secretary	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Review and Finalize	H	6	144	864
Indexing	H	4	144	576
Clerical Duties	H	3	144	432
Total Legal Secretary hours				1,872
Total Legal Secretary Positions Requested (1,800 Hours/Position)				1.0

2.0 Tax Counsel III – Appeals Section of SCAS

The Business Tax Section Tax Counsel III (TC III) is dedicated to the task of conducting appeals conferences and issuing decisions to provide advice and guidance to the elected members of the Board. A Tax Counsel III is able to organize and draft complex legal decisions and is able to independently analyze and apply legal principals within a limited time frame, completing diverse assignments simultaneously. These positions are responsible for processing the business tax appeals prior to final determination by the Board.

The purpose of this request is to accelerate legal appeals cases. The acceleration of legal appeals cases will both accelerate potential revenue to the State and decrease delays to the taxpayer. The taxpayers will be informed as soon as possible whether they owe the disputed liability and it will limit the amount of interest accrued during the appeals process.

The table below provides the estimated workload for this position.

Workload Detail				
Classification: Tax Counsel III (TC III)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Education, Training, & Transition	H	60	2	120
File Review & Preparation	H	4	88	352
Travel	H	0.5	88	44
Conference	H	1.1	88	96.8
Post-Conference Info Gathering	H	3	88	264
Research/Writing Decision	H	30	88	2640
Post Decision	H	1	88	88
Post Board Hearing	H	0.1	88	8.8
Total Tax Counsel III (TC III) hours				3,613.6
Total Tax Counsel III (TC III) Positions Requested (1,800 Hours/Position)				2.0

1.0 Tax Counsel (TC) III (Supervisor) - Appeals Section of SCAS

The Tax Counsel III (Supervisor) performs the following duties under the general supervision of the Assistant Chief Counsel of the Appeals Division:

- The TC III Supervisor supervises a staff of attorneys, auditors, and clerical staff. The staff is assigned to conduct conferences and prepare decisions for Board action on petitions for redetermination and claims for refund arising under the business taxes law administered by the Board.
- The TC III Supervisor also performs personnel duties and general oversight of the SCAS Appeals Section staff. The TC III supervisor is responsible for training staff, managing case inventory and assignments and making recommendations for the most complex cases at all levels.
- The TC III Supervisor acts as a lead to TC's and TC III's and reviews decisions.
- The TC III Supervisor also assists the Assistant Chief Counsel of the Appeals Division performing various other related duties as required.

The table below provides the estimated workload for this position.

Workload Detail				
Classification: Tax Counsel III (Supervisor)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Supervising Staff	H	60	18	1080
Training	H	40	4	160
Assisting with Cases	H	1.5	200	300
Assisting with Conferences	H	1	100	100
Review of decision	H	2	100	200
Total Tax Counsel III (Supervisor) hours				1,840
Total Tax Counsel III (Supervisor) Positions Requested (1,800 Hours/Position)				1.0

1.0 Tax Counsel IV- Appeals Section of SCAS

The Tax Counsel IV (TC IV) performs the following duties under the general guidance of the Assistant Chief Counsel of the Appeals Division:

- The TC IV represents the Appeals Section in presenting the most complex legal cases at hearings before the Board members.

- The TC IV processes the most complex business tax matters and most difficult business tax appeals, those involving the Interstate Commerce Clause, Nexus, and Internet sales of tangible personal property to California residents.
- The TC IV acts as a lead attorney for Tax Counsels and Tax Counsel III's in their representation of the Appeals Division in business tax appeals, including offering substantive, procedural, and tactical direction and advice.
- The TC IV advises TC's and TC III's on the more difficult or complex legal or factual issues that are presented in the business tax appeals that have been assigned to them.
- The TC IV reviews the decisions that the Appeals Division issues. In that capacity, the Tax Counsel IV performs a quality-control function to ensure that the decisions are legally and factually correct and represent the legal opinion of the Appeals Division.

The table below provides the estimated workload for this position.

Workload Detail				
Classification: Tax Counsel IV (TC IV)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Lead, Review, Board Hearings	H	141.2	1	141.2
File Review & Preparation	H	3	44	132
Travel	H	0.5	44	22
Conference	H	1.1	44	48.4
Post-Conference Info Gathering	H	2	44	88
Research/Writing Decision	H	30	44	1320
Post Decision	H	1	44	44
Post Board Hearing	H	0.1	44	4.4
Total Tax Counsel IV (TC IV) hours				1,800
Total Tax Counsel IV (TC IV) Positions Requested (1,800 Hours/Position)				1.0

4.0 BTS II – Appeals Section of SCAS

The Business Taxes Specialist II (BTS II) is dedicated to the task of conducting appeals conferences and issuing decisions regarding audit issues to provide advice and guidance to the elected members of the Board. These positions are responsible for processing the business tax appeals prior to final determination by the Board.

The purpose of this request is to accelerate audit appeals cases. The acceleration of audit appeals cases will both accelerate potential revenue to the State and decrease delays to the taxpayer. The taxpayers will be informed as soon as possible whether they owe the disputed liability and it will limit the amount of interest accrued during the appeals process.

The table below provides the estimated workload for this position.

Workload Detail				
Classification: Business Taxes Specialist II (BTS II)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Education, Training, & Transition	H	60	4	240
File Review & Preparation	H	4	176	704
Travel	H	0.5	176	88
Conference	H	1.1	176	193.6
Post-Conference Info Gathering	H	3	176	528
Research/Writing Decision	H	30	176	5280
Post Decision	H	1	176	176
Post Board Hearing	H	0.1	176	17.6
Total Business Taxes Specialist II (BTS II) hours				7,227.2
Total Business Taxes Specialist II (BTS II) Positions Requested (1,800 Hours/Position)				4.0

3.0 BTS III -- Appeals Section of SCAS

The Business Tax Section Business Taxes Specialist III (BTS III) performs the following duties under the general guidance of the Appeals Division Assistant Chief Counsel:

- The BTS III represents the Appeals Section in presenting the most complex audit cases at hearings before the Board members.
- The BTS III acts as lead for the BTS II's in their representation of the Appeals Division in business tax appeals, including offering substantive, procedural, and tactical direction and advice regarding their appeals conferences and their decisions. Advises Tax Counsels, Tax Counsel III's, and Tax Counsel IV's regarding audit issues that are involved in the decisions they prepare.
- The BTS III reviews the decisions that are issued by the Business Taxes Specialists, which involve primarily disputes regarding audit issues. In that capacity, the Business Taxes Specialist III performs a quality control function to ensure the accurate and consistent application of statutory and regulatory authority, as well as the Board's audit policies.
- The BTS III prepares summaries for Board hearings, which represent the Appeals Division's advice to Board Members regarding the resolution of appeals matters, ensuring that all matters in dispute, involving legal and factual issues as well as audit procedures, are clearly and concisely explained.

The table below provides the estimated workload for this position.

Workload Detail				
Classification: Business Taxes Specialist III (BTS III)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Lead, Review, Board Hearings	H	141.2	3	423.6
File Review & Preparation	H	3	132	396
Travel	H	0.5	132	66
Conference	H	1.1	132	145.2
Post-Conference Info Gathering	H	2	132	264
Research/Writing Decision	H	30	132	3960
Post Decision	H	1	132	132
Post Board Hearing	H	0.1	132	13.2
Total Business Taxes Specialist III (BTS III) hours				5,400
Total Business Taxes Specialist III (BTS III) Positions Requested (1,800 Hours/Position)				3.0

Board Proceedings Division

Under the general direction of the Executive Director, the Board Proceedings Division (BPD) furnishes administrative services to the elected Board, the Executive Director, and taxpayers in support of the BOE's appellate functions. The Tax and Fee Case Management Section (TFCM) of BPD processes all incoming appeals and refund claims, manages unassigned inventory, schedules conferences, and handles clerical functions until the files are transferred to the Appeals Division.

Tax and Fee Case Management Section (TFCM)

The Business Tax Unit of TFCM handles all incoming business tax and fee appeals, scheduling conferences, issuing conference notices, processing postponements and rescheduling conferences. In the event that the additional conference holder positions (conducting appeals conferences for the Appeals Division) for the SCAS are funded, the workload of the TFCM section of BPD will increase as detailed below.

1.0 Associate Governmental Program Analyst

The table below provides the estimated workload for this position.

Workload Detail				
Classification: Associate Government Program Analyst	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Reports, studies, issue papers, proposals, statistical data	H	40	32	1280
Attend meetings	H	2	30	60
Develop and maintain tracking systems (tax loss/collection)	H	35	5	175
Total Associate Government. Program Analyst hours				1,870
Total Associate Government Program Analyst Positions Requested (1,800 Hours/Position)				1.0

Personal Services Detail

(Whole dollars)

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Salaries and Wages Detail

Classification ^{1 2}	Positions			Salary Range	Dollars		
	CY	BY	BY + 1		CY	BY	BY + 1
Settlement & Taxpayer Svc. Division					\$0	\$0	\$0
Businesses Taxes Specialist III \a	0.0	1.0	1.0	\$89,112	\$0	\$89,112	\$89,112
Businesses Taxes Specialist II \a	0.0	6.0	6.0	\$77,400	\$0	\$464,400	\$464,400
Tax Counsel III (Settlement Officer)	0.0	3.0	3.0	\$104,664	\$0	\$313,992	\$313,992
Staff Services Analyst (General) \b	0.0	1.0	1.0	\$44,376	\$0	\$44,376	\$44,376
Business Taxes Specialist IIb	0.0	1.0	1.0	\$77,400	\$0	\$77,400	\$77,400
Appeals Division							
Tax Technician III \a	0.0	1.0	1.0	\$39,888	\$0	\$39,888	\$39,888
Legal Secretary \b	0.0	1.0	1.0	\$42,192	\$0	\$42,192	\$42,192
Tax Counsel III (Spec) \a	0.0	2.0	2.0	\$104,664	\$0	\$209,328	\$209,328
Tax Counsel III (Supvr.) \a	0.0	1.0	1.0	\$104,736	\$0	\$104,736	\$104,736
Tax Counsel IV \a	0.0	1.0	1.0	\$115,668	\$0	\$115,668	\$115,668
Business Taxes Specialist II \a	0.0	4.0	4.0	\$77,400	\$0	\$309,600	\$309,600
Business Taxes Specialist III \a	0.0	3.0	3.0	\$89,112	\$0	\$267,336	\$267,336
					\$0	\$0	\$0
Board Proceedings Division					\$0	\$0	\$0
Associate Governmental Program Analyst \a	0.0	1.0	1.0	\$59,448	\$0	\$59,448	\$59,448
					\$0	\$0	\$0
					\$0	\$0	\$0
					\$0	\$0	\$0
					\$0	\$0	\$0
Blanket Funds:							
Overtime					0	0	0
Temporary Help	0.0	1.1	1.1		0	60,381	60,381
Total Salaries and Wages ³	0.0	27.1	27.1		\$0	\$2,197,857	\$2,197,857
Staff Benefits Detail					CY	BY	BY + 1
OASDI						168,136	168,136
Health/Dental/Vision Insurance						349,217	349,217
Retirement						450,627	450,627
Miscellaneous							
Workers' Compensation						20,000	20,000
Industrial Disability Leave						2,110	2,110
Non-Industrial Disability Leave						901	901
Unemployment Insurance						1,758	1,758
Other:						6,594	6,594
Total Staff Benefits ³					\$0	\$999,343	\$999,343
Grand Total, Personal Services					\$0	\$3,197,200	\$3,197,200

¹ Use standard abbreviations per the Salaries and Wages Supplement. Show any effective date or limited-term expiration date in parentheses if the position is not proposed for a full year or is not permanent, e.g. (exp 6-30-13) or (eff 1-1-13)

Note: Information provided should appear in the same format as it would on the Changes in Authorized Positions.

² If multiple programs require positions, please include a subheading under the classification section to identify positions by

³ Totals must be rounded to the nearest thousand dollars before posting to the Fiscal Summary.

\a LT to Perm position(s) starting 7-1-14

\b New Perm position starting 7-1-14