

**U. S. Customs Program Augmentation
BCP No. 2**

Purpose:

BOE requests new and continued funding to fully staff the Sales and Use Tax Department's U.S. Customs Program.

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Expenditures:	\$712,000 (New) \$317,000 (Continuation) (Sales and Use Tax Fund)	\$712,000 (New) \$403,000 (Continuation) (Sales and Use Tax Fund)
Positions:	11.5 (New) 1.0 (Continuation) 12.5 PYs	11.5 (New) 5.0 (Continuation) 16.5 PY's

Background

- The current BOE U.S. Customs Pilot Program matches U.S. Customs electronic records of California imports against the BOE's registration records.
- Fiscal Year 2005-06 Finance Letter initiated a pilot program with funding for the one staff member. Early evaluation of the program for the Fiscal Year 2005-06 showed the revenue goal of \$ 0.9 million was doubled. The revenue generation was based on 3,900 of the initial 40,000 leads for 2003 through 2005.
- The 2006-07 Budget Act authorized expansion of the U.S. Customs Program. Limited-term Staff was increased by four positions.
- Based on the original finance letter (Finance Letter No. 2, Fiscal Year 2005-2006), BOE estimates the additional staff will generate an estimated sales and use tax revenues of \$5.4 million for FY 2006-07. These five dedicated positions will not be sufficient to address all the leads or subsequent compliance activities, including collections.
- This BCP proposal includes a request for an additional 11.5 permanent positions for a total of 16.5 positions to fully staff the program. This proposal is expected to generate additional estimated sales and use tax revenue of \$15.2 million for FY 2007-08 and ongoing yielding an estimated average benefit-to-cost ratio of 15 to 1.

Justification

- If these resources are not approved as requested this will result in an average estimated revenue loss of \$15.2 million.
- With approval, adequate staff will be available to review the current and ongoing inventory of use tax leads.
- Greater taxpayer awareness of the application of use tax on items purchased from outside the United States.

**STATE BOARD OF EQUALIZATION
FISCAL YEAR 2007-08
BCP NO. 2**

TITLE OF PROPOSED CHANGE:

U.S CUSTOMS PROGRAM AUGMENTATION

SUMMARY OF PROPOSED CHANGES:

This proposal requests \$1,029,000 in FY 2007-08 and \$1,115,000 in FY 2008-09 and ongoing to permanently fund 16.5 positions: 11.5 new positions, the permanent continuation of 1 limited-term position due to expire June 30, 2007, and 4 limited-term positions due to expire June 30, 2008. The proposal will make the U.S. Customs Program permanent and will increase the BOE's ability to develop and investigate more U.S. Customs leads.

It is anticipated that the additional positions will increase revenues by an estimated \$15.2 million each fiscal year. The estimated average benefit-to-cost ratio is 15 to 1.

STATE BOARD OF EQUALIZATION

Sales and Use Tax Department

U.S. Customs Program Augmentation

Fiscal Year 2007-08

A. Nature of Request

This proposal requests \$1,029,000 in FY 2007-08 and \$1,115,000 in FY 2008-09 and ongoing for 16.5 positions to continue and augment the Board of Equalization's (BOE) U.S. Customs Program. The request for 16.5 positions consists of:

- 11.5 new permanent positions.
- The permanent continuation of 1 position due to expire June 30, 2007.
- The permanent continuation of 4 positions due to expire June 30, 2008.

The U.S. Customs Program is currently a pilot program that began in July 2005. The pilot program has been successful in helping to achieve the Legislature's goal to close the tax gap that currently exists between taxes due and taxes reported and paid. Currently, the pilot program has minimal limited-term staffing and relies on voluntary compliance after initial contact. Augmenting staff and making the U.S. Customs Program permanent will increase the BOE's ability to develop and investigate more U.S. Customs leads. For 2006-07 and each year after, BOE estimates about 22,000 U.S. Customs transactions will be identified for review. Approximately 16,000 of these will require further action. The required action consists of letters, phone contacts, billings and, in some cases, summary collection action. With consideration for these various processes within the U.S. Customs Program, the revenue producing leads will generate an estimated average of \$1,400 per lead. Working the leads will result in an estimated \$15.2 million in revenue annually. A chart with a breakdown of revenue calculations is provided in the discussion of this alternative. The revenue and cost calculations result in an estimated average 15 to 1 benefit-to-cost ratio. Additionally, the outreach effort will further reduce the current tax gap and educate taxpayers regarding the tax laws.

B. Background/History

The Sales and Use Tax Department (SUTD) of the BOE is responsible for the sales and use tax program. The sales tax is imposed on retailers for the privilege of selling tangible personal property at retail in California. The use tax is complementary to the sales tax. It generally applies to tangible personal property purchased without payment of California sales tax that is stored, consumed or used in California. This frequently occurs when items are purchased for use in this state from an out-of-state or out-of-country retailer who does not collect California use tax.

Out-of-state retailers who have nexus in California are required to register with the SUTD. Once registered, they must collect the California use tax on their retail sales to California purchasers. Out-of-state and out-of-country retailers without nexus in California, who have not voluntarily registered with the BOE, do not collect the use tax from California purchasers. When retail purchases are made from these sellers, the obligation to pay the use tax is on the consumer. Without staff to identify and investigate unpaid tax, the BOE is dependent on purchasers to contact the BOE to report use tax due or voluntarily report and pay the use tax on their California Income Tax Return.

B. Background/History (Continued)

For example, a California business purchases some specialized baking equipment from a company in Italy. The equipment is then imported into California. The California business owes use tax on the purchase price of the equipment. However, since the European seller is not required to be registered with the BOE, the use tax is not collected. If the California business does not voluntarily report the use tax and the BOE's U.S. Customs Program is not able to identify and investigate the purchase, the use tax revenue will be lost.

The current BOE U.S. Customs Program is a pilot program that matches U.S. Customs electronic records of California imports against the BOE's registration records. The BOE contacts California businesses and individuals not registered with the BOE when the review indicates that the purchases are cost effective to pursue. The BOE does not contact purchasers with insignificant use tax liabilities.

The pilot program began with a staff of 1.0 Tax Technician III. Funding for the one staff member was provided through a Fiscal Year 2005-06 Finance Letter. This position is scheduled to expire on June 30, 2007. Early evaluation of the program for the Fiscal Year 2005-06 showed the revenue goal of \$.9 million for the one position was doubled. The recovery was based on just 3,900 of the initial 40,000 leads for 2003 through 2005.

In response to the initial recovery, the 2006-07 Budget Act authorized expansion of the BOE's U. S. Customs Program. Staff was increased by 4.0 two-year limited-term positions at the cost of \$260,000 in FY 2006-07 to pursue use tax collections on items imported through California's commercial ports of entry. BOE estimates the 4 additional positions will generate sales and use tax revenues of \$5.4 million for FY 2006-07. The original finance letter (Finance Letter No. 2, Fiscal Year 2005-2006) estimated that a position would generate revenue of approximately \$1.8 million for a full fiscal year (second year of the two year pilot program). Using the prior revenue estimate for generating \$1.8 million per position, three of the four positions should result in additional revenues of \$5.4 million. The fourth position in the proposal, based on operational limitations, would be tasked with handling duties that include processing the payments, generating registration records for use tax accounts, establishing accounts for new seller's permits, maintaining data for reports, and handling some incoming letters for basic use tax transactions. The four positions provide resources to work more leads. They do not provide enough resources to address all the leads or subsequent compliance activities, including collections.

C. State Level Considerations

This proposal further addresses the Legislature's intent to close the \$1.8 billion tax gap and is consistent with the BOE's Strategic Plan. Specifically, this proposal conforms to the BOE's goal to (i) interpret and apply tax and fee laws correctly, consistently, and fairly (ii) collect and allocate revenues as required by law; and (iii) educate and assist taxpayers and fee payers to comply voluntarily, while minimizing their compliance burden. It also meets BOE's objective to identify and analyze areas of non-compliance and develop approaches to address problem areas.

Issue 2 – Modernizing Tax Compliance Practices – Identify and analyze areas of noncompliance and develop approaches to address targeted problem areas, while maintaining customer-service awareness.

C. State Level Considerations (Continued)

This proposal requires that resources are applied only to the highest priority workload and to workload growth. Less critical work is either postponed or eliminated. Thus, this proposal meets the BOE goal to ensure that the BOE identifies and analyzes areas of non-compliance and develops approaches to address targeted problem areas as in Strategic Plan Issue 2, Strategy 3.

Revenue and Taxation Code Section 7051 provides the BOE with the authority to enforce provisions of the Sales and Use Tax Law.

D. Justification/Analysis of All Feasible Alternatives

Three alternatives are considered for the BOE's U.S. Customs Program. The recommended alternative (Alternative #1) proposes augmenting the existing Customs Program with 11.5 additional permanent positions and related resources. The 11.5 positions and the permanent continuation of 5 limited-term pilot positions represent the 16.5 permanent positions requested in this proposal.

The estimated annual revenue from this alternative is \$15.2 million as shown in the Revenue Chart on page 5. The ongoing estimated average benefit-to-cost ratio for this proposal is 15 to 1. With increased staffing, sales and use tax leads will be worked closer to the period when goods entered California. This program, coupled with outreach efforts, can have the residual effect of helping educate the public. It will help purchasers understand their responsibility to obtain a seller's permit or pay use tax on untaxed purchases made from outside California.

The expanded team will work the remaining Fiscal Year 2003-2005 customs data where no response was received from initial letters or billings. The 16.5 positions will be able to better manage the existing inventory and ongoing annual workload.

The alternatives discussed below include the 1 limited-term position established in July 2005 and the 4 limited-term positions included in the 2006-07 Budget Act.

Alternative #1 – Augment the existing BOE U.S. Customs Program with 16.5 permanent positions and related resources.

Make the BOE U.S. Customs Program permanent by authorizing 16.5 positions at \$1,029,000 in FY 2007-08 and \$1,115,000 in FY 2008-09 and ongoing. This request for the 16.5 positions consists of:

- 11.5 new permanent positions.
- The permanent continuation of 1 position due to expire June 30, 2007.
- The permanent continuation of 4 positions due to expire June 30, 2008.

The positions will pursue sales and use tax collection on items that are imported through California's commercial ports of entry. The 16.5 positions are anticipated to recover approximately \$15.2 million annually. This results in a 15 to 1 benefit-to-cost ratio as an average of all producing leads.

D. Justification/Analysis of All Feasible Alternatives (Continued)

Alternative #1 – Augment the existing BOE U.S. Customs Program with 16.5 permanent positions and related resources. (Continued)

After an initial analysis of the 22,000 leads, an estimated 16,000 leads will remain and will receive standardized letters. Twenty-five percent (25%) of these initial letters are expected to generate a taxpayer response. These responses are estimated to generate \$5.6 million. In the next phase of the process, an estimated twenty percent (20%) of the remaining leads will be resolved by a second contact with staff efforts to clear return delinquencies. The responses to the second contact should generate an additional \$3.4 million. Also, during the second phase of the process we expect that 8% of taxpayers will provide adequate information for staff to determine that no tax is due. The balance of the leads will be subject to billing and collection action. Based on collection modeling, fifty percent (50%) of the remaining leads will generate \$6.2 million in additional revenue through the collection process.

Revenue Chart

	Leads	Response Rate	Number of Submitted Payments	Cases Resolved w/o Assessment	Average \$ Per Lead	Revenue
Initial Letters	16,000	25%	4,000	0	\$1,400	\$5.6m
Secondary Contact	12,000 (16,000 – 4,000)	20%	2,400	0	\$1,400	\$3.4m
Cases Resolved w/o Revenue	9,600 (12,000 – 2,400)	8%		768	0	0
Collection Items Worked	8,832 (9,600 – 768)	50%	4,416		\$1,400	6.2m
Total Revenue						\$15.2m

Pros:

- Potential revenue increase of \$15.2 million with a favorable benefit-to-cost ratio.
- Allows BOE to increase the focus on tax gap enforcement within California.
- Provides resources to work all leads in a timely manner.
- Allows for working accounts that did not respond to initial inquiry.
- Continues an education process regarding the application of the sales and use tax to transactions and the need for a seller's permit.

Cons:

- Increases program cost by \$1,029,000 in FY 2007-08 and \$1,115,000 in each subsequent fiscal year.
- Some overlap of efforts to maximize voluntary reporting on the state income tax returns.
- Full program implementation may cause negative public feedback because of lack of knowledge of the imposition of the tax.

D. Justification/Analysis of All Feasible Alternatives (Continued)

Alternative #2 – Make the BOE's 5 existing U.S. Customs Program positions and related resources permanent.

Convert the existing 5.0 limited-term BOE U.S. Customs Program staff to permanent positions at \$54,000 in FY 2007-08 and \$272,000 in FY 2008-09 to pursue use tax collection on items that are shipped into California's commercial ports of entry. The 5.0 positions are anticipated to recover approximately \$7.2 million during Fiscal Year 2007-2008.

Pros:

- Potential revenue increase of \$7.2 million (\$1.8 million from each of 4 Tax Technician IIIs) for each fiscal year.
- BOE can maintain a minimal level of effort working Customs leads.
- Continues an education process regarding the application of sales or use tax to goods imported into California and the need for a seller's permit.
- Produces a favorable benefit-to-cost ratio.

Cons:

- Increases program cost by \$54,000 in FY 2007-08 and \$272,000 for each fiscal year thereafter.
- Estimated net revenue of \$8.0 million lost by not fully staffing for necessary enforcement activities.
- Some overlap of efforts to maximize voluntary use tax reporting on state income tax returns.
- Only leads that result in voluntarily payment with one contact are included in this alternative.
- A sizable number of leads on taxable purchases will not be worked.
- Delinquency resolution and subsequent collection actions cannot occur as resources are not included.

Alternative #3 – Complete U.S. Customs Pilot Program As Now Funded

Complete the existing pilot of the Board U.S. Customs Program only through Fiscal Year 2007-08 to pursue use tax collection on items imported through California's commercial ports of entry. The 5.0 limited-term positions are anticipated to recover approximately \$7.2 million for the Fiscal Year 2006-07.

Pros:

- Projected revenue increase of \$7.2 million for the Fiscal Year 2006-07.
- Projected revenue increase of \$5.4 million for Fiscal Year 2007-08.

Cons:

- Potential loss of \$1.8 million in revenue for Fiscal Year 2007-08.
- Potential loss of \$15.2 million in revenue annually in Fiscal Year 2008-09 and thereafter.
- Discontinuance of outreach and education of taxpayers that actually can be linked to sales or use tax transactions.
- Some sellers needing permits will not be identified.
- Few, if any, transactions occurring after Fiscal Year 2003-04 will be worked.

E. Timetable

The proposed effective implementation date is July 1, 2007.

July 1, 2007 – June 30, 2008

- Hire and Train staff.
- Receive U.S. Customs Data on a quarterly basis.
- Complete necessary analysis of data.
- Send contact letters.
- Follow-up on no responses and responses requiring additional review.
- Set-up process for refunds and appeals.
- Determine if billings are necessary for non-responses.
- Generate billings as necessary.
- Contact taxpayers regarding billings and respond to questions regarding the BOE's U.S. Customs Program.
- Take appropriate collection actions.

F. Recommendation

Alternative #1 is recommended. This alternative will authorize funding for 16.5 permanent positions and related resources to collect sales and use taxes due on items imported into California. This alternative will have the greatest positive effect on reducing the tax gap. Requested resources will allow the Sales and Use Tax Department to augment its U.S. Customs Program and increase the resulting revenue stream. Authorization of \$1,029,000 in FY 2007-08 and \$1,115,000 in FY 2008-09 will generate approximately \$15.2 million in revenue annually. Detailed workload for the 16.5 positions is included in Exhibit I (attached).

G. Fiscal Detail

See attached "Fiscal Detail" schedules.

Exhibit 1

Workload Requirements – Alternative 1

Workload requirements for the proposed alternative are based on the following information.

U.S. Customs provided three years of import transactions based on predetermined criteria. For the three years, 2003 through 2005, the BOE received 100,000 use tax leads. After initial data matching, the remaining use tax leads numbered close to 48,000. A threshold for working the most productive accounts was set and the number of actual leads available to be worked in FY 2005-06 was determined. The sales and use tax leads for FY 2006-07 were estimated to be 25,000. The numbers of required tasks annually were estimated based on established percentages from the first year of the pilot and other compliance programs.

Projected Annual Use Tax Lead Workload as of July 1, 2006:

Use Tax Leads	Initial Inquiry Letters	Cases Requiring Additional Contact	Cases Available for Billing by Staff	Cases Requiring Additional Evaluation and Collection Action
22,000	16,000	12,000	9,600	4,800

1.0 Business Taxes Compliance Supervisor II

The Business Taxes Compliance Supervisor II (BTCS II) manages priorities and plans and supervises the activities of 15.5 staff. This includes the appropriate assignment of tax leads and supervisory review of collection cases. The BTCS II reviews reports of discussion prepared by staff in response to petitioned determinations and assists the compliance staff in representing the Board throughout any appeal of a determination (compliance assessment). The BTCS II handles review and approval of tasks for critical staff actions. This includes billings, collection activity, and system assignments generated in the Integrated Revenue Information System (IRIS) and Automated Compliance Management System (ACMS). The BTCS II responds to constituent, Board Member, and Board management inquiries.

1.0 Business Taxes Specialist I

The Business Taxes Specialist (BTS I) is a highly specialized program specialist on area wide or statewide audit and compliance practices. In this role, the BTS I acts independently to research and evaluate highly technical, complex, and sensitive audit and compliance program activity problems. The BTS I consults with Technology Services Division, external shareholders and BOE management to resolve these complex and unique program activity issues.

The BTS I is also responsible for developing matching criteria and refining data to identify and stratify potential use tax leads. The BTS I uses specialized software to match U.S. Customs information to SUTD records.

These efforts enable U.S. Customs Program staff to work efficiently and maximize the revenue stream. The BTS I maintains a cross-referencing system to ensure any use tax reported on state income tax returns is accounted for prior to any billing.

Workload Requirements (Continued)

1.0 Business Taxes Representative – U.S. Customs Data Case Worker

The Business Taxes Representative (BTR) will make the initial contact with the more detailed and complex U.S. Customs transactions. Cases worked by the BTR are the more complex cases identified through the early review of leads as well as leads referred by the Tax Technician III's after issues surface. The review includes applying the sales and use tax laws and regulations to determine if a taxable transaction has occurred. The BTR identifies the parties associated with a lead. The BTR searches the BOE database and other information sources to determine if purchasers are reporting tax and/or require licensing. The BTR generates revenues by collecting monies owed and encouraging taxpayers to voluntarily report and pay past due use tax.

Table A provides the estimated workload for the BTR.

TABLE A

**Workload Detail
Business Taxes Representative (Range C)**

Activity	Leads (Yearly)	Hours/Lead	Total Hours
Investigate more complex tax leads/determine if potentially productive (15 min. per lead)	2,900	.25	725
Investigate leads, contact taxpayers, determine permit requirements, and collect liabilities	1,200	1.25	1,500
Total Positions (1800 Hours per Position)			1.2

6.5 Business Taxes Representative

This team of Business Tax Representatives (BTR) performs three major functions:

1. **Review:** Review and take action on unregistered seller leads and determine if permits are required. Investigate complex use tax leads relating to business operations for possible tax evasion and non-compliance with applicable sales tax laws.
2. **Follow-up Contact:** Contact taxpayers who have not responded to initial contact. The BTR contacts taxpayers, accountants, attorneys and other representatives and prepares correspondence as required. The BTR analyzes the scope of the potential liability for self-assessment by the taxpayer on leads where a full audit may not be warranted.
3. **Collections:** Issue levies, Earnings Withhold Orders, Warrants for collection and successor billings. Recommend approval of installment payment proposals. Collect monies owed and arrange for filing and payment of past due use tax.

Table B provides the estimated workload for the BTRs.

TABLE B

**Workload Detail
Business Taxes Representative**

Activity	Cases (Yearly)	Hours/ Case	Total Hours
1. Determine collection potential of billing or resolve with taxpayer documentation	9,600	0.25	2,400
2. Work billings and respond to correspondence	4,800	1.0	4,800
3. Ongoing Collection Evaluation and Action	2,400	2.0	4,800
Total Hours			12,000
Total Positions (1800 Hours per Position)			6.7

Workload Requirements (Continued)

5.0 Tax Technician III

The Tax Technician III's (TT III) handle the bulk of the initial contacts with purchasers identified by the sales and use tax leads. The TT III's will initiate contact letters from the Customs data, follow-up on taxpayer responses, respond to telephone and mail inquiries in response to contact letters and process returns and other responses. The TT III will handle requests for relief of penalty and answer basic exemption and U.S. Customs Program questions.

The TT III contacts taxpayers by telephone or mail to secure returns; collects delinquent use tax monies due on less difficult cases; performs follow-up contacts and routine collection action based on established policy and procedures. The TT III responds to telephone and mail inquiries regarding accounts receivable assignments and related issues.

Table C below provides the workload for the TT III positions.

TABLE C
Workload Detail
Tax Technician III

Activity	Leads (Yearly)	Hours/Lead	Total Hours
Initial review of leads, prepare correspondence, handle incoming correspondence, follow-up contacts	12,000	.75	9,000
Arrange payment and address request for relief of penalty, collection actions, and billing input	1,000	1.0	1,000
Total Hours per year			10,000
Total Positions (1800 Hours per Position)			5.6

2.0 Tax Technician II

The Tax Technician II (TT II) processes payments into the Board's data systems. Payments received late will be billed penalty and interest by the TT II. The TT II opens incoming mail, generates registration records for use tax accounts and establishes accounts for new seller's permits, performs account maintenance, and confirms correct billing addresses. The TT II also sends letters for basic use tax transactions. The TT II will also be responsible for FTB, EDD and DMV data requests (EAT).

Table D provides the estimated workload for the TT II's.

TABLE D
Workload Detail
Tax Technician II

Activity	Leads (Yearly)	Hours/Leads	Total Hours
Revenue Tasks (Processing payments, issuing seller's permits, registration set-up, Performing account maintenance)	16,000	.16	2,560
Initial review of leads, prepare correspondence to request voluntary payment	1,100	.75	825
Follow-up contacts, skip tracing, research other databases for collection information, and billing input	800	1.0	800
Total Hours per year			4,185
Total Positions (1800 Hours per Position)			2.3

Workload Requirements (Continued)

Overtime Fund Request

In some cases, workload exceeds the maximum hours for a position. Overtime funds are requested to cover additional hours that exceed total position hours workload for the classifications shown below.

BTR I: 725 hours; TT III's: 1000 hours; TT II's: 585 hours

BCP No. 2
 DATE: August 29, 2006

STATE OF CALIFORNIA
 BUDGET CHANGE PROPOSAL--FISCAL DETAIL
 STATE OPERATIONS
 FISCAL YEAR 2007-08
 (Dollars in Thousands)

Title of Proposed Change: U. S. Customs Program Augmentation

Program/Element/Component: Sales and Use Tax Program

	PERSONNEL YEARS			CY	BY	BY + 1
	CY	BY	BY + 1			
TOTAL SALARIES AND WAGES <i>_a/</i>		12.5	16.5		\$588	\$734
Salary Savings		-6	-8		-26	-34
NET TOTAL SALARIES AND WAGES		11.9	15.7		562	700
Staff Benefits <i>_a/</i>					182	231
NET TOTAL SALARIES AND WAGES		11.9	15.7		744	931
Distributed Administration <i>_b/</i>					75	81
TOTAL PERSONAL SERVICES		11.9	15.7		\$819	\$1,012
OPERATING EXPENSE AND EQUIPMENT						
General Expense					\$121	\$31
Distributed Administration					19	20
Printing						
Communications					16	6
Postage						
Travel--In-State						
Travel--Out-of -State						
Training					9	12
Facilities Operations					34	34
Consulting & Professional Services: Interdepartmental						
Consulting & Professional Services: External						
Stephen P. Teale Data Center					3	
Data Processing					8	
Equipment						
Other Items of Expense: (Specify Below)						

_a/ See page 13 of 14 for itemized staff benefits and classification detail.

_b/ Represents Distributed Administration costs resulting from this BCP. The Distributed Administration costs for existing BOE programs will reflect a corresponding decrease which will be addressed in the Planning Estimate process.

CY BY BY + 1

TOTAL OPERATING EXPENSE AND EQUIPMENT

_____ \$210 \$103

TOTAL EXPENDITURES (State Operations)

_____ \$1,029 \$1,115

Source of Funds

General Fund (0001) \$669 \$725

Special Funds:

- Breast Cancer Fund (0004)
- State Emergency Telephone (0022)
- Propane Surcharge Fund (0051)
- Motor Vehicle Fuel Account (0061)
- Occupational Lead Prevention Fund (0070)
- Childhood Lead Poisoning Prev. Fund (0080)
- Cig. and Tobacco Prod. Surtax Fund (0230)
- Oil Spill Prevention and Admin. Fund (0320)
- Integrated Waste Management (0387)
- Underground Storage Tank Fund (0439)
- Energy Resources Programs Account (0465)
- CA. Children and Families First Trust Fund (0623)
- Federal Trust Fund (0890)
- Timber Tax Fund (0965)
- Gas Consumption Surcharge Fund (3015)
- Water Rights Fund (3058)
- Elec. Waste Recovery and Recycling Acct. (3065)
- Cig. and Tobacco Prod. Compliance Fund (3067)

Federal Funds

Other Funds

Reimbursements (0995) \$360 \$390

Net Total Augmentation (Source of Funds) _____ \$1,029 \$1,115

**DETAIL OF STAFF BENEFITS
AND PERSONAL SERVICES**

Staff Benefits Detail:	CY	BY	BY + 1
	<i>(Whole Dollars)</i>		
OASDI		\$42,993	\$53,550
Health Insurance		52,056	66,389
Retirement		74,395	94,879
Workers' Compensation		9,523	12,145
Industrial Disability Leave		481	614
Non-Industrial Disability Leave		632	805
Unemployment Insurance		436	556
Other		1,313	1,675
TOTAL		\$181,829	\$230,613

Classification	Positions			Salary Range ^c	Amount		
	CY	BY	BY + 1		CY	BY	BY + 1
Sales & Use Tax Department							
Centralized Collection Section:							
Bus. Taxes Compl. Supvr. II	_{d/}	1.0	1.0	\$62,784		\$62,784	\$62,784
Bus. Taxes Specialist I	_{d/}	1.0	1.0	65,868		65,868	65,868
Bus. Taxes Representative	_{d/}	7.5	7.5	39,612		297,090	297,090
Tax Technician III	_{e/}	1.0	5.0	36,480		36,480	182,400
Tax Technician II	_{d/}	2.0	2.0	32,616		65,232	65,232
Blanket Funds:							
Overtime (Various)		(1.3)	(1.3)			60,785	60,785
Temporary Help							
TOTAL SALARIES AND WAGES		12.5	16.5			\$588,239	\$734,159

^{c/} The salary is the mid-step of the salary range for the stated classification.

_{d/} Permanent, full-time effective 7/1/07.

_{e/} One position permanent, full-time effective 7/1/07 and four positions permanent, full-time effective 7/1/08.

SUPPLEMENTAL INFORMATION

Dollars in Thousands

	<u>Current Year</u>	<u>Budget Year</u>	<u>Budget Year + One</u>
Proposed Equipment:			
Total			
Proposed Contracts:			
Total			
One-Time Costs:			
General Expense		\$90	
Communications		10	
Teale		3	
Data Processing		8	
Total		\$111	
Future Savings:			
N/A			
Total			
Full-Year Cost Adjustments:			
N/A			
Total			