

# Memorandum

**To:** Ms. Cynthia Bridges  
Executive Director (MIC 73)

**Date:** October 18, 2013

**From:** Jeffrey L. McGuire, Deputy Director  
Sales and Use Tax Department (MIC 43)



**Subject:** Board Meeting October 29-31, 2013  
Item P3 – SUTD Deputy Director’s Report  
No Cash Pilot Update

The Sales and Use Tax Department requests the following item(s) be placed on the Board’s October 29, 2013 – October 31, 2013 Culver City meeting calendar under “P. Other Administrative Matters.”

P. Other Administrative Matters

P3. Sales and Use Tax Deputy Director’s Report.....Mr. Jeffrey L. McGuire

1. **No Cash Pilot Project Update** – A status update on the no cash policy currently being administered in the Oakland, Ventura, San Francisco, Irvine, Culver City, Van Nuys, Norwalk, Riverside and San Diego districts.

Approved:   
Cynthia Bridges, Executive Director

JLM:mz

cc: Ms. Susanne Buehler (MIC 92)  
Mr. Bill Hain (MIC 40)  
Mr. Gary Lambert (MIC 43)  
Mr. Brad Miller (MIC 92)  
Mr. Michael Lee (MIC 92)

Item P3.  
10/29-31/13

**M e m o r a n d u m**

**To:** Honorable Jerome E. Horton, Chairman  
Honorable Michelle Steel, Vice Chair  
Honorable Betty T. Yee, First District  
Senator George Runner (Ret.), Second District  
Honorable John Chiang, State Controller

**Date:** October 18, 2013

**From:** Jeffrey L. McGuire, Deputy Director  
Sales and Use Tax Department (MIC 43)



**Subject:** **Board Meeting October 29-31, 2013**  
**Item P3 – SUTD Deputy Director’s Report**  
**No Cash Pilot Project Update**

This memo provides an update on the *No Cash Pilot Project*. This pilot project was undertaken to increase employee safety, decrease the risks of receiving counterfeit currency, and reduce expenses.

With the expansion of the payment options BOE makes available to taxpayers via our Online Services program, it was decided that we should examine the feasibility of not accepting cash in our district offices. The BOE currently accepts the following forms of payment: cash, checks (personal, business, money order, cashier’s check), credit cards, Automated Clearing House (ACH) Debit, and ACH Credit. At the onset of the pilot less than 1% of all payment transactions processed by the BOE were made using cash.

**The Pilot**

A pilot project to not accept cash payments was initially conducted in three district offices and their branches (Oakland, Ventura, and San Diego). The pilot began June 1, 2011 and ran for 90 days. Due to its success, the pilot continues to run in these offices. As I reported to you last year, on May 7, 2012, six additional districts began to participate in the *No Cash Pilot Project*. Those districts are San Francisco, Irvine, Riverside, Norwalk, Van Nuys, and Culver City. The pilot districts continue to not accept cash and continuously provide positive feedback. Many have requested the *No Cash Pilot Project* become permanent.

**Outreach**

For all of the pilot districts, the public was informed of the project a month before it began by: placing posters in the affected offices, posting information on the BOE website, and verbal guidance given by staff in the district offices, Customer Service Center, and the Taxpayer Opinion Expert phone line system

**Assessing Our Success**

All 12 offices (districts & branch offices) participating in the pilot project maintained a log through March 2013 of taxpayers attempting to pay in cash. The log counted the number of persons attempting to pay in cash, those that paid using alternative methods of payment and those that left without paying. The cashiers' logs were surveyed to assess taxpayers who had come into the office and attempted to pay with cash. A total of 4,427 taxpayers attempted to pay with cash in a no cash office during the test period. Logs kept by these offices indicate all but 15 made their payment using an alternative method.

During the pilot, taxpayers attempting to pay with cash were encouraged to pay electronically using our self-service terminals (kiosks), credit card, or by personal or business check. When taxpayers were unable to pay using one of these methods, the district office provided them with directions to nearby businesses where they were able to convert cash to a cashier's check or money order. Money order costs can range from \$0.50 to \$10. They typically have a maximum face value of \$1,000, so payments in excess of \$1,000 will require the purchase of multiple money orders. Nearly 98% of the taxpayers attempting to pay with cash used one of the alternative methods.

Staff conducted a recent survey of the districts regarding the effect of the policy on taxpayers. Overall, it appears that the impact on taxpayers was minimal. Staff in the no cash offices have not seen instances of taxpayers refusing to pay their accounts receivable because of the no cash policy. The *How Are We Doing* survey was modified to include a question regarding the no cash policy to determine the impact of not accepting cash payments. Through August 31, 2012 only 125 of 7,728 surveys indicated dissatisfaction with the pilot.

We will continue to monitor this pilot project to see if any changes are needed in the future. We do not believe that any further expansion of the pilot project is necessary to facilitate the evaluation process. If you have any questions, please feel free to contact me.

JLM:mz

cc: (via email)

Mr. Mike Gipson – 4<sup>th</sup> District  
Mr. Joel Angeles (MIC 77)  
Mr. Alan LoFaso (MIC 71)  
Ms. Maria Delgado (MIC 71)  
Mr. Sean Wallentine (MIC 78)

Ms. Marcy Jo Mandel, State Controller's Office  
Ms. Cynthia Bridges (MIC 73)  
Mr. Randy Ferris (MIC 82)  
Mr. David Gau (MIC 63)  
Mr. Jaime Garza (MIC 86)