

## Memorandum

**To:** Mr. David Gau, Executive Director  
State Board of Equalization

**Date:** June 10, 2016

**From:** Jerome E. Horton, Member  
State Board of Equalization

**Re:** Recommendation for Clarifying BOE's District Office Policy, Agenda Item P-1,  
June 14, 2014

Dear Mr. Gau,

As a result of information presented by staff over the past few months, Board discussions, and inquiries by legislators, it is important that the Board Members clarify and expand the current policy for establishing new or additional district offices. Changes in the way our customers do business and meet their tax obligations, as well as the success of our educational Outreach efforts, have significantly impacted the need for and location of district offices. Accordingly, I am proposing the following as recommended language for a revised BOE District Office Policy, for the Board's consideration under Agenda Item P-1 at the Board Meeting on June 14, 2016.

It has recently been determined that due to the expansion of online services, teleworking, and electronic communication, BOE's general trend is to reduce the number of district offices as appropriate and consistent with cost effectiveness, desired staffing ratios and controlling facility costs. The introduction of online services has significantly reduced visitors: a reduction of 33% from FY 2011-12 to FY 2013 -14. In addition, due to the wide use of alternate work schedules, virtual one-stop centers, collaboration with the other state and federal taxing agencies, an increase in the number of employees working remotely, our expansion of our "self-audit management program," and extensive consultation and outreach efforts, we expect this trend to continue. It was also determined in 2013-14 that the Board would establish new offices based in part on equalization district boundaries per the 2010 census and the redrawn election boundaries of Board of Equalization Members.

The Executive Director confirmed that the primary criteria used to determine the need for and locations of the new offices were:

- Cost-benefit;
- New permit registration and demographic growth;
- Proximity of alternate offices to provide services;
- Impact on revenue;
- Impact on customer service and recruitment; and
- Cost of relocating staff.

Starting in 2016, to ensure that maximum efficiency and cost effectiveness are achieved in any decision to open a new office, the following standards and policy considerations below must also be applied in addition to the above:

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- Audit, compliance, operational, and workload needs;
- Justification as to why offices/space cannot be consolidated in the same footprint;
- Number of employees working remotely, costs of an office vs. costs of travel;
- Establishment and reconfiguration of certain offices into a “Resource Service Center” for taxpayers needing access to enhanced range of government services;
- Expansion of “self-audit management programs;”
- Alternative options for reducing size and costs of current offices;
- Consistency and continuity of business operations and career development; and
- Decisions based on regular written reports to all Members regarding the facilities master plan, assignment of taxpayer accounts to each field office, lease terms and other details – so all Members are fully informed.

In furtherance of this policy, individual Board Members should not have authority to make substantive changes in opening, closing, relocating, or transferring permittees to field offices apart from approval of the entire Board. The primary role of the Members in their districts is to work with the Chief of Field and Executive Director to assure consistency and continuity in BOE business operations and to oversee the field offices in the exercise the following duties and responsibilities:

- **Each Board Member is required to investigate the administration, enforcement, and operation within their district of all laws, the administration and enforcement of which are vested in the Board. *Gov’t Code Sec. 15623.***

Members are authorized to investigate ongoing tax and fee audits, tax collection efforts, tax advice requests, refund claims, taxpayer education efforts, certain investigations, and ongoing operations within their respective districts. While Members do not dictate the outcomes, they are responsible to ensure that all activities are appropriate under the law and consistent with approved Board policy, procedure manuals, and programmatic systems. Members work through the ED to address inconsistencies and/or propose changes in policies, manuals, or systems.

- **Member may confer, in this State or elsewhere, with officers or employees of this State, its political subdivisions, other states, or the United States, or with such other persons as may be of assistance to the Board in its work. *Gov’t Code sec. 15610.***

A Member may confer and also participate in influencing tax policy in meetings, conferences, legislative or congressional hearings, economic or business summits, etc.

- **Member may inspect the work of any local officers relating to assessment of property and the collection of taxes. *Gov’t Code Sec. 15612.***

A Member may review the practices and procedures of county assessors in his/her district to ensure equity, uniformity, and consistency with the Board’s established property assessment standards.

- **Member may examine the records of all persons required to report to the Board or having knowledge of the affairs of those required to report.** Gov't Code sec. 15618.

A Member may review tax records, subject to the laws of taxpayer confidentiality, in preparation for an appeal or in addressing a taxpayer dispute reported to his/her office.

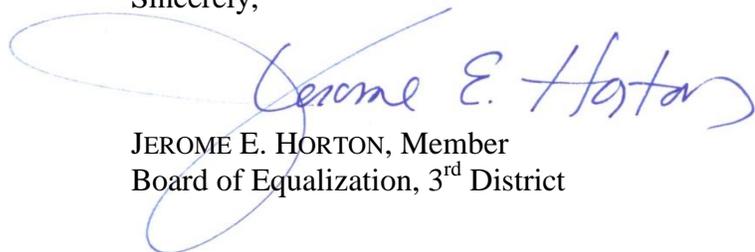
- **Member may investigate and/or assist the implementation of taxpayer education and information programs directed to newly registered taxpayers, identified taxpayers, or industry groups and Board audit and compliance staff.** Rev. & Tax Code sec. 5900-5911.

Within their district, each Member is responsible for ensuring that the administration and enforcement of tax laws is exercised properly with fairness and respect for taxpayers, with adequate published information to explain the taxpayers' rights and obligations. A Member may assist through outreach and/or speaking at taxpayer education events, interacting with the media and/or industry groups, participating in webinars, taxpayer conferences, telephone town-halls, etc.

- **Member may submit proposals for regulations or for legislation.** Rev. & Tax. Code sec. 251, 452, 672, 1254, 1603, 5781, 5840, 7051.

Legislative proposals for Board sponsorship may be submitted to the ED, or may be submitted directly to members of the Legislature.

Sincerely,



JEROME E. HORTON, Member  
Board of Equalization, 3<sup>rd</sup> District

cc: Honorable Fiona Ma, CPA, Chair, California State Board of Equalization  
Honorable Diane L. Harkey, Vice Chair, California State Board of Equalization  
Honorable George Runner, Member, California State Board of Equalization  
Honorable Betty Yee, California State Controller  
Mr. Randy Ferris, Chief Counsel, California State Board of Equalization  
Ms. Edna Murphy, Deputy Director, Administration Department, California State Board of Equalization