

## Statewide Business Licenses Inspection Program

**Purpose:**

BOE requests continued and new funding to establish a three-year limited-term statewide Business Licenses Inspection Program. This proposal addresses the existing \$2.0 billion tax gap by identifying and registering entities that actively engage in business in California and sell tangible personal property without a seller’s permit.

**Justification:**

- Increases sales tax revenue by an estimated ~~\$40.0~~ \$64.9 million during FY 2008-09 and an estimated \$88.8 million for each of the two subsequent fiscal years.
- Provides an estimated benefit-to-cost ratio of 7.2 to 1 during the second and third year of this statewide program, FY 2009-10 and FY 2010-11.
- Encourages greater statewide voluntary compliance in the sales tax program and other BOE programs requiring permits and/or licenses through targeted taxpayer education and awareness.
- Benefits existing businesses by ensuring that all businesses file sales tax returns and pay sales and use taxes due under the law.
- Creates public awareness of the consequences of tax evasion and improves voluntary compliance.
- Increases BOE data system integrity through registration updates obtained from inspections.
- Conforms to the goals set forth in the BOE Strategic Plan 2007-2011.

		FY 2008-09	FY 2009-10
<b>Revenue</b>	<b>Total</b>	<b>\$64,969,734</b>	<b>\$88,838,214</b>
<b>Expenditures</b>	<b>Total</b>	<b>\$11,436,000</b>	<b>\$12,410,000</b>
	Continuation	3,129,000	3,129,000
	New	8,307,000	9,281,000
<b>Benefit/Costs</b>		<b>5.7:1</b>	<b>7.2:1</b>
<b>Funding Source</b>	General Fund	\$7,433,000	\$8,066,000
	Reimbursements	4,003,000	4,344,000
<b>Positions</b>	<b>Total</b>	<b>108.2</b>	<b>136.1</b>
	Continuation	32.8	32.8
	New	75.4	103.3

**Background**

- FY 2006-07 BCP No. 2e, “Retail Licensing Enforcement”, the BOE was authorized to establish 32.8 positions on a limited-term basis to pilot two business license inspection teams, one team in the San Francisco area and one team in the Los Angeles area.
- The pilot program has identified a non-compliance rate of approximately 3.9%.
- BOE records indicate that 45% of the businesses without seller’s permits have voluntarily obtained seller’s permits as a result of the initial pilot program.
- Compliance rose from an initial 25%, after the first field call, to 45% after a subsequent visit by ID investigators. To date, investigators are still in the process of conducting subsequent visits to non-compliant business owners. It is anticipated that 100% compliance will be obtained as the program matures and the BOE compliance and enforcement efforts become more widely known by the retailing public.

STATE BOARD OF EQUALIZATION  
FISCAL YEAR 2008-09

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**TITLE OF PROPOSED CHANGE:**

**STATEWIDE BUSINESS LICENSES INSPECTION PROGRAM**

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**SUMMARY OF PROPOSED CHANGES:**

This proposal addresses the existing tax gap by identifying and registering entities that actively engage in business in California and sell tangible personal property without a seller's permit. Denial of this proposal will result in continued revenue loss for the state and will allow the tax gap to increase by indirectly promoting additional growth of the underground economy and criminal activity. It is anticipated that this proposal will increase revenue by ~~\$40.0~~ \$64.9 million during FY 2008-09 with a benefit-to-cost ratio of 5.7 to 1. Once fully implemented, the BOE anticipates this proposal to increase revenue by an estimated \$88.8 million in each subsequent fiscal year, FY 2009-10 and FY 2010-11, of this statewide program. Therefore, the estimated benefit-to-cost ratio of this proposal is 7.2 to 1.

This proposal requests 108.2 three-year limited-term positions and \$11,436,000 (\$7,433,000 General Fund and \$4,003,000 Reimbursements) in FY 2008-09 and 136.1 three-year limited-term positions and \$12,410,000 (\$8,066,000 General Fund and \$4,344,000 Reimbursements) in FY 2009-10 and FY 2010-11 to implement a three-year statewide Business Licenses Inspection Program. This includes 32.8 continuation positions and 103.3 new positions.

**State Board of Equalization  
Sales and Use Tax Program  
STATEWIDE BUSINESS LICENSES INSPECTION PROGRAM  
Fiscal Year 2008-09**

**A. Nature of Request**

A tax gap exists between sales and use tax revenue due under existing laws and the actual amount that is reported and paid. This proposal requests additional resources to address a component of this tax gap by identifying and registering entities who are actively engaged in business in California and selling tangible personal property without a seller's permit. The Board of Equalization (BOE) requests the following resources:

- Continuation of 32.8 limited-term positions established in Fiscal Year (FY) 2006-07 Budget Change Proposal (BCP) No. 2e, "Retail Licensing Enforcement" for an additional three-year limited-term.
- Establishment of 103.3 new three-year, limited-term positions for a total of 136.1 three-year limited-term positions to continue and expand the Business Licenses Inspection Program (BLIP).
- The estimated cost for a three-year statewide BLIP is \$11,436,000 in FY 2008-09, and \$12,410,000 in FY 2009-10 and FY 2010-11.

Funding for this proposal will also help to educate the public about the legal requirements of obtaining a permit, provide information regarding the reporting and paying of taxes, and enhance the awareness of the consequences of tax evasion. Funding any of the proposed alternatives will not only recover lost tax revenue, but will also benefit California's honest businesses by providing an opportunity to compete on a level playing field. Many businesses that comply with the law and pay their taxes are being competitively undercut by the underground economy.

The BOE estimates that businesses selling tangible personal property without a seller's permit cost California over \$344 million annually in lost sales taxes (see Exhibit II, page 28). These positions will conduct sales and use tax seller's permit compliance inspections throughout California. Implementation of the statewide BLIP will accomplish the following:

- Increase sales tax revenue in the amount of up to ~~\$40.0~~ \$64.9 million during FY 2008-09 with a benefit-to-cost ratio of 5.7 to 1 and an estimated \$88.8 million for each subsequent fiscal year, FY 2009-10 and 2010-11, as a result of inspecting non-compliant businesses statewide, permitted businesses operating without a valid seller's permit, and conducting audits of businesses found to be under-reporting or not reporting sales tax.
- Provide an estimated benefit-to-cost ratio of 7.2 to 1 during the second and third year of this statewide program, FY 2009-10 and FY 2010-11.
- Encourage greater voluntary compliance in the sales tax program, as well as other BOE programs requiring permits and/or licenses through targeted taxpayer education and awareness.
- Benefit existing businesses by ensuring that all businesses who sell tangible personal property file sales tax returns and pay sales and use taxes due under the law.

## A. Nature of Request (Continued)

- Create public awareness of the consequences of tax evasion and improve voluntary compliance through a reduction in locations selling tangible personal property within California without a valid seller's permit.
- Issue criminal citations to business owners that continue to operate their business without a valid seller's permit despite repeated attempts to bring them into voluntary compliance.
- Increase BOE data system integrity through registration updates obtained from inspections.

Approval of this proposal will allow the BOE's Sales and Use Tax Department (SUTD) and Investigations Division (ID) to proactively address this segment of the growing tax gap problem. In addition, this proposal will generate new state revenue without increasing taxes, enhance overall voluntary tax compliance and level the playing field for businesses with valid seller's permits. The Legislature and BOE Board Members recognize that California is experiencing a budget shortfall and are exploring areas where revenue can be increased without increasing taxes. Denial of this proposal will result in continued revenue loss for the state and will allow the tax gap to increase by indirectly promoting additional growth of the underground economy and criminal activity.

## B. Background/History

Under FY 2006-07 BCP No. 2e, "Retail Licensing Enforcement", the BOE was authorized to establish 32.8 positions on a limited-term basis to pilot two business license inspection teams. One team was established in the San Francisco Bay Area and one in the Los Angeles Metropolitan Area, to identify the impact of underground economic activity (tax gap) related to businesses operating without a seller's permit and their failure to report taxes due. To date, business license inspections have identified a non-compliance rate of approximately 3.9% (Exhibit V, page 31), representing 89 business types identified on the North American Industry Classification System (NAICS). Using a more conservative 3.0% non-compliance rate, the potential annual number of unpermitted business operations in California is estimated to be 33,044 (Exhibit II, page 28). A lower percentage is being used in lieu of the 3.9% identified by the pilot program since that program was limited to two major metropolitan areas. The percentage of unregistered businesses may be less in other areas of the state. This 33,044 estimate of businesses selling tangible personal property in California without a valid seller's permit is calculated by extrapolating 3.0% of the total number of current permits (1,068,435, per the 2004-2005 BOE Annual Report). Using an estimated annual sales tax recovery of \$10,420 per new registration (Exhibit III, page 29), results in a potential of over \$344 million in lost annual sales tax revenue, or potential future revenues.

Through May 2007, the BOE ID inspectors have conducted 44,474 inspections of businesses located in the San Francisco Bay Area and the Los Angeles Metropolitan Area. These inspections have resulted in identifying 1,714 businesses operating without a valid seller's permit, 8,366 taxpayer information registration updates, and 72 audit referrals sent to district offices. The average percentage of businesses operating without a permit is 3.9%.

## B. Background/History (Continued)

BOE records indicate that 45% of the businesses without seller's permits have voluntarily obtained seller's permits. Compliance rose from an initial 25%, after the first field call, to 45% after a subsequent visit by ID investigators, limited peace officers, explaining to the non-compliant business owners the legal consequences of not registering with BOE. To date, investigators are still in the process of conducting subsequent visits to non-compliant business owners. It is anticipated that 100% compliance will be obtained as the program matures and the BOE's compliance and enforcement efforts become more widely known by the retailing public.

In addition to identifying businesses making sales of tangible personal property without holding a valid seller's permit, ID provided the cities of San Francisco, Norwalk and Los Angeles with referrals concerning businesses operating within their jurisdictions without a city business license. This experience demonstrates an opportunity for BOE to collaborate with local municipalities when data sharing enables mutual efficiencies and revenue benefits. Collaboration between the BOE and other state departments, such as Franchise Tax Board (FTB), Department of Motor Vehicles (DMV), and the Employment Development Department (EDD), has identified potential revenue opportunities for these departments and the BOE.

By performing permit compliance inspections, the number of businesses without valid seller's permits will decline, voluntary compliance will increase and this segment of the tax gap will decline. This proposal is focused specifically on identifying businesses without valid seller's permits that are conducting transactions subject to sales or use tax. These efforts will increase the state's revenue stream without increasing taxes and will ensure that all businesses are properly registered. The BOE will require additional resources, as current BOE staff cannot assume this workload without negatively impacting current revenue generating activities and special funded programs.

## C. State Level Considerations

This proposal addresses the Legislature's intent to close the \$2.0 billion tax gap and is consistent with the BOE's strategic plan. Specifically, this proposal conforms to four of the five BOE Strategic Plan Goals:

### *Maximize Voluntary Compliance in BOE's Programs*

Through enhanced staffing in media relations and outreach, as well as an increased field presence, this BCP proposes to develop creative tools and marketing and outreach programs to educate California's diverse taxpayer base, and provide them with the information and materials they need to comply with their legal responsibilities. Additionally, this program provides an opportunity to gather ground-level intelligence on areas of non-compliance which can be analyzed to develop approaches (such as enhanced partnerships with other governmental agencies) to address areas of concern.

### *Improve the Efficiency of BOE's Tax and Fee Programs*

Through a more visible presence in the business community, the BOE will be able to enhance communications with our external customers to allow prompt and accurate responses to their issues and questions, and improve existing feedback methods to ensure

### **C. State Level Considerations (Continued)**

their concerns are heard and addressed. Feedback from business owners will enable the BOE to continually assess changes in the business environment to evaluate and modify processes and services to ensure that taxpayer expectations and needs are met or exceeded.

#### *Improve the BOE's Organizational Efficiency*

The Business Licensing Inspection Program is predicated upon promoting cooperative working relationships with other agencies, stakeholder organizations, and programs within the BOE, through the sharing and analysis of data and resources, as appropriate. The business model for this program promotes a collaborative voluntary compliance and enforcement effort between the SUTD and the ID within the BOE, and provides opportunities for the exchange of value added data between the FTB, EDD, DMV and local taxing jurisdictions.

#### *Create an Expanded and Responsive Infrastructure*

In conjunction with the Federal/State Steering Committee on Bridging the Tax Gap, the department is working to expand our external partnerships with the FTB, EDD, DMV and other local taxing jurisdictions. The goal of this partnership is to explore, use and share best practices that capitalize on the development and implementation of successful data exchange models and applications.

### **D. Justification/Analysis of All Feasible Alternatives**

Each alternative establishes compliance, audit, enforcement, legal, and related support resources necessary for the BOE to implement a comprehensive statewide seller's permit voluntary compliance and enforcement inspection program. This statewide program is designed to identify unregistered businesses selling taxable property; voluntarily register these businesses, issue billings; and conduct basic audit functions. After notification of their legal responsibility to obtain a permit and remit the taxes due, when voluntary compliance can not be achieved, each alternative also provides for the pursuit of criminal complaints against unlawful and uncooperative business owners.

The positions and related resources requested are critical to the BOE's ability to collect additional sales and use tax revenues in an effort to close this segment of the tax gap in a timely manner without increasing taxes. These resources will also ensure that all businesses selling taxable items are properly registered.

Without the requested resources, the BOE cannot address the necessary audit, compliance, and enforcement functions to address and ensure that all businesses selling taxable items are properly registered and do not continue to cause significant losses of tax revenue to the state's funds.

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

**Alternative 1 – Fund a three-year statewide BLIP of 136.1 three-year, limited-term positions and related resources. The estimated cost to implement this alternative is \$11,436,000 for FY 2008-09 and \$12,410,000 for FY 2009-10 and FY 2010-11.**

This alternative requests the continuation of the 32.8 limited-term positions established in FY 2006-07 BCP No. 2e and establishes 103.3 new positions, for a total of 136.1 three-year, limited-term positions. Exhibit I (pages 11-27) provides a detailed description of the functions and workload of the requested positions. The following table summarizes the requested positions:

<b>Classification</b>	<b>FY 2008-09</b>	<b>FY 2009-10 and 2010-11</b>	<b>Continued</b>	<b>New</b>
<b>Executive Department:</b>				
<b>Technology Services Division:</b>				
Staff Information Systems Analyst (Spec.)	1.0	1.0	1.0	-
Associate Info. Systems Analyst (Spec.)	1.0	1.0	-	1.0
<b>Internal Security and Audit Division:</b>				
Business Taxes Specialist II	1.0	1.0	-	1.0
Office Technician (G)	0.5	0.5	-	0.5
<b>Legal Department:</b>				
<b>Tax and Fee Programs Division:</b>				
Tax Counsel IV	1.0	1.0	1.0	-
<b>Investigations Division</b>				
Associate Tax Auditor	1.0	1.0	1.0	-
Business Taxes Administrator II	2.0	2.0	2.0	-
Business Taxes Specialist I (IRIS)	1.0	1.0	1.0	-
Business Taxes Specialist I (Investigators)	23.0	23.0	19.8	3.2
Tax Technician III	2.0	2.0	2.0	-
<b>Sales and Use Tax Department:</b>				
Associate Tax Auditor (16.0 positions phased in Feb. 1, 2009)	6.7	16.0	-	16.0
Business Taxes Administrator III	1.0	1.0	-	1.0
Business Taxes Comp. Specialist (24.0 positions effective Feb. 1, 2009)	42.0	56.0	-	56.0
Business Taxes Compliance Supvr. II (3.0 positions effective Feb. 1, 2009)	5.3	7.0	-	7.0
Business Taxes Specialist I	1.0	1.0	-	1.0
Business Taxes Specialist I (Tax Policy)	1.0	1.0	-	1.0
Office Technician (General)	1.0	1.0	-	1.0
Staff Info. Systems Analyst (Spec.)	1.0	1.0	-	1.0
Supervising Tax Auditor I (2.0 positions effective in Feb. 1, 2009)	0.8	2.0	-	2.0
Tax Tech. II (3.0 positions effective Feb. 1, 2009)	5.3	7.0	3.0	4.0
<b>Administration Department:</b>				
<b>Accounting Section:</b>				
Accountant Trainee	1.6	1.6	-	1.6
<b>Human Resources Division:</b>				
Associate Personnel Analyst	1.0	1.0	1.0	-
Personnel Specialist	1.0	1.0	1.0	-
<b>Administrative Support Division:</b>				
Associate Business Management Analyst	1.0	1.0	-	1.0
Associate Govt. Program Analyst	2.0	2.0	-	2.0
Associate Info. Systems Analyst (Spec.)	1.0	1.0	-	1.0
<b>Communications Office:</b>				
Assistant Tax Service Specialist	2.0	2.0	-	2.0
<b>TOTAL POSITIONS</b>	<b>108.2</b>	<b>136.1</b>	<b>32.8</b>	<b>103.3</b>

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

### Alternative 1 (Continued)

#### Pros:

- Generates up to ~~\$40.0~~ \$64.9 million collectible revenue in FY 2008-09 with a 5.7 to 1 benefit-to-cost ratio and \$88.8 million in each of the following two fiscal years, FY 2009-10 and FY 2010-11, of implementation from the more than 268,000 business inspections performed each year, with an ongoing benefit-to-cost ratio of 7.2 to 1.
- Reduces the number of unpermitted businesses operating in California by approximately 8,000 per year.
- Creates a level playing field for California businesses.
- Identifies and deters tax avoidance, tax evasion and criminal activities.
- Encourages voluntary tax compliance reporting within all BOE tax programs.
- Increases taxpayer education and awareness.
- Enhances the reliability of information contained in BOE's taxpayer database through information obtained from business inspections.
- Provides resources to address a segment of the tax gap.
- Results in a high probability of revenue recovery to the civil audit sections of the Sales and Use Tax program.

#### Cons:

- Continues funding of the 32.8 limited-term positions established in FY 2006-07 BCP No. 2e and establishes 103.3 new three-year, limited-term positions, for a total of 136.1 three-year, limited-term positions.
- Requires additional funding of \$11,436,000 in FY 2008-09 and \$12,410,000 million in FY 2009-10 and 2010-11.
- Requires General Fund expenditures.

**Alternative 2 – Fund a three-year statewide BLIP of 85.7 three-year, limited-term positions and related resources. The estimated cost to implement this alternative is \$8,629,000 for FY 2008-09 and \$7,957,000 for FY 2009-10 and 2010-11.**

This alternative requests the continuation of the 32.8 two-year, limited-term positions established in FY 2006-07 BCP No. 2e and establish 52.9 new positions, for a total of 85.7 three-year, limited-term positions.

#### Pros:

- Generates up to \$44.0 million collectible revenue annually from the more than 134,000 business inspections performed each year, with a benefit-to-cost ratio of 5.5 to 1.
- Reduces the number of unpermitted businesses operating in California by approximately 4,000 per year.
- Creates a level playing field for California businesses.
- Identifies and deters tax avoidance, tax evasion and criminal activities.
- Encourages voluntary tax compliance reporting within all BOE tax programs.
- Increases taxpayer education and awareness.

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

### Alternative 2 (Continued)

- Enhances the reliability of information contained in BOE's taxpayer database through information obtained from business inspections.
- Provides resources to address a segment of the tax gap.
- Results in a high probability of revenue recovery to the civil audit sections of the Sales and Use Tax program.

#### Cons:

- Continues funding of the 32.8 limited-term positions established in BCP No. 2e and establishes 52.9 new three-year, limited-term positions, for a total of 85.7 three-year, limited-term positions.
- Requires additional funding of \$8,537,000 in FY 2008-09 and \$7,865,000 million in FY 2009-10 and 2010-11.
- Requires General Fund expenditures.
- Staffing levels will not effectively allow for coverage of all areas of California.
- Will generate \$44.8 million less ongoing revenue than Alternative 1.

**Alternative 3 – Continue the pilot BLIP with current staffing for an additional two-year, limited-term to accumulate more data to measure multiple years' worth of data to support a BCP for FY 2010-11. The estimated cost for this alternative is \$3,129,000 million annually.**

The current BLIP pilot has been in place for less than a year and new data is generated daily. This alternative would allow the BOE to gather three years worth of data for analysis to support a future BCP.

#### Pros:

- Allows BOE to gather more data to analyze.
- Reduces the number of unpermitted businesses operating in California by 2,400 per year.
- Continues to generate \$25.0 million collectible revenue annually from the more than 83,000 business inspections performed each year, with a benefit-to-cost ratio of 8 to 1.
- Creates a level playing field for California businesses. Identifies and deters tax evasion and criminal activities.
- Increases taxpayer education and awareness.
- Enhances the reliability of information contained in the BOE's taxpayer database through information obtained from business inspections.
- Provides resources to address a segment of the tax gap.

#### Cons:

- Continues funding of 32.8 limited-term positions for an additional two years at a cost of \$3,129,000 million annually.
- Delays a statewide implementation of the inspection program.
- Generates \$63.8 million less ongoing revenue than Alternatives 1 and \$19.0 million less ongoing revenue than Alternative 2.

**E. Outcomes and Accountability**

This proposal addresses the non-reporting and/or under-reporting sales tax portion of the Tax Gap. The prescreening of applicants and non-commitment hiring interviews of potential candidates will begin prior to fiscal year 2008-09 in order to gain the immediate benefit of the increased staff. The actual hiring and training process will occur during early 2008-09. The outcome of the increased staffing will be measured by increases in permitted businesses, revenue generated by new registrations, audit leads gathered during inspections, and investigations of revoked accounts. The data collected for these activities will be captured for revenue estimation and reporting.

**F. Timetable**

The BOE requests establishment of the positions beginning July 1, 2008.

July 2008 – June 2009	July 2009 – June 2010	July 2010 – June 2011
<ul style="list-style-type: none"> <li>• Continue the existing 32.8 three year-limited-term positions (July 1, 2008).</li> <li>• Hire and train 55.3 new three-year, limited-term positions (July 1, 2008).</li> <li>• Hire, train, and phase-in 48.0 new three-year, limited-term positions (February 1, 2009).</li> <li>• Conduct business licenses inspections.</li> <li>• Reduce the number of un-permitted businesses selling Tangible Personal Property in California.</li> <li>• Conduct audits per audit leads found during inspections.</li> <li>• Investigate complaints of persons operating without a permit.</li> <li>• Issue misdemeanor citations to persons that continue to knowingly operate without a permit.</li> </ul>	<ul style="list-style-type: none"> <li>• BLIP to be in full operation.</li> <li>• Conduct business licenses inspections.</li> <li>• Reduce the number of un-permitted businesses selling Tangible Personal Property in California.</li> <li>• Conduct audits per audit leads found during inspections.</li> <li>• Investigate complaints of persons operating without a permit.</li> <li>• Issue misdemeanor citations to persons that continue to knowingly operate without a permit.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct business licenses inspections.</li> <li>• Reduce the number of un-permitted businesses selling Tangible Personal Property in California.</li> <li>• Conduct audits per audit leads found during inspections.</li> <li>• Investigate complaints of persons operating without a permit.</li> <li>• Issue misdemeanor citations to persons that continue to knowingly operate without a permit.</li> <li>• Prepare final analysis of program for management's consideration.</li> </ul>

Hiring and training are the two main reasons why it will take approximately one year for the program to be in full operation. By the end of the first fiscal year (2008-09) and during each of the following two fiscal years, the program is expected be in full operation.

## G. Recommendation

**Alternative 1 is recommended.** This alternative would authorize funding for 136.1 three-year, limited-term positions and related resources to address a segment of the tax gap. By providing the resources as identified in Alternative 1, SUTD will implement a statewide BLIP. By implementing this program, a significant number of businesses that are actively engaged in business in California without a seller's permit will be identified. As a result, the number of illegal California businesses will be reduced, existing business owners will be made aware of the consequences of tax evasion, and voluntary tax compliance will be enhanced.

Successful implementation of the BLIP will encourage voluntary compliance of all state tax laws that the BOE administers and enforces, capture tax revenue lost to unpermitted businesses without increasing taxes, decrease the growth of criminal activities in the underground economy in California, and benefit compliant businesses by creating a level playing field. This alternative is expected to result in a potential revenue gain of over \$88.8 million per year (Exhibit II, page 28). Exhibit I (pages 11-26) provides a detailed description of the functions and workload of the requested positions for Alternative 1.

## H. Fiscal Detail

See attached "Fiscal Detail" schedules.

**EXHIBIT I  
Position Description and Workload Justification  
For Recommended Alternative 1**

**(Exhibit I, Page 1 of 17)**

**EXECUTIVE DEPARTMENT**

**Technology Services Division (TSD)**

TSD is responsible for the computer systems and technology infrastructure that support the BOE tax and administrative programs. To support the 136.1 requested positions, TSD will need to continue the Staff Information Systems Analyst (SISA) position currently funded by FY 2006-07 BCP No. 2e, "Retail Licensing Enforcement." In addition, TSD will require 1.0 new Associate Information Systems Analyst (AISA) to support the additional personnel, hardware and software for the BLIP. In total these, two positions will support 76 tablet PCs, 25 laptops and 35 standard PCs. The tables below provide the estimated workload for these positions.

**1.0 Staff Information Systems Analyst (TSD Support Staff) – 1.0 Continued Position**

The current SISA position is needed to support network connectivity, network hardware and operating systems, server and applications software, routers, gateways, personal computers and peripherals operating in a multi-platform/protocol network environment, associated with the BLIP. Currently, this program relies heavily on 20 complex tablet PCs for conducting inspection activities and 13 standard PCs for other personnel. In addition to providing direct support services, the SISA will act as a lead for 1.0 AISA (see table on next page). The table below provides the estimated workload for this position.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence		Total Hours
IT Support Services (SISA)	Troubleshoot Problems/User Support and Training	H	Variable		900
	Maintain User Security	H	Variable		250
	Build, Test and Maintain Computer Images	H	Variable		250
	Coordinate with Investigations Div	H	Variable		100
	Special Projects, Documentation	H	Variable		100
	Travel to Remote Offices	H	Variable		100
	Lead Functions	H	Variable		100
	Total SISA Hours				1,800
	Total SISA Positions Requested (1,800 Hours Per Position)				1.0

**1.0 Associate Information Systems Analyst (TSD Support Staff) – 1.0 New Position**

TSD Support Staff will also require 1.0 added Headquarters position at AISA level. This new position will provide day-to-day real time direct support for the BLIP staff, particularly for users of 56 new tablet PCs, which are more complex to support. The complexity is primarily service related. BOE has opted to remotely connect the Tablet PCs with BOE systems through the use of an Aircard, which functions similar to a cell phone. This capability enables enforcement staff to access data on a real time basis from remote locations, such as a taxpayer's business premises. While the Aircard provides more range and flexibility than a standard wireless

**(Exhibit I, Page 2 of 17)**

connection, it is also less stable. Accordingly, TSD staff is required to spend a significantly greater amount of time to ensure adequate connectivity and security for equipment using an Aircard than for equipment using wireless connections. The table below provides the estimated workload for this position.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
IT Support Services (AISA)	Troubleshoot Problems/User Support and Training	H	Variable		1,000
	Maintain User Security	H	Variable		250
	Build, Test and Maintain Computer Images	H	Variable		250
	Coordinate with Investigations Div	H	Variable		100
	Special Projects, Documentation	H	Variable		100
	Travel to Remote Offices	H	Variable		100
	Total AISA Hours				1,800
	Total AISA Positions Requested (1,800 Hours per Position)				1.0

**Internal Security and Audit Division (ISAD)**

The ISAD is responsible for the internal auditing program, conducting internal administrative investigations involving BOE employees, maintaining the BOE Physical Security program, and the Business Resumption program. Additional positions are requested to address the increased workload with implementation of the BLIP.

**1.0 Business Taxes Specialist (BTS) II – 1.0 New Position**

ISAD will require internal audit, investigations, physical security staff at the level of a BTS II to conduct performance, compliance, and/or fiscal audits of the program and prepare audit reports and follow up on findings and recommendations to ensure corrective action has been taken; investigate increased employee and taxpayer threat incidents, reports of lost, stolen, or damaged BOE equipment, and complaints and allegations involving BOE employees. The table below provides the estimated workload for this position.

Workload Detail					
Classification	Activity	Time Measure		Ongoing Activities	
		H=Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
BTS II	Conduct audits and prepare audit reports	H	270	5	1,350
	Investigate employee and taxpayer threats; reports of lost, stolen or destroyed equipment; complaints/allegations (includes travel to district offices, court hearings, etc.)	H	16	23	368
	Conduct physical security reviews	H	90	1	90
	Total BTS II Hours				1,808
	Total BTS II positions requested (1,800 hours per position)				1.0

**(Exhibit I, Page 3 of 17)**

**0.5 Office Technician (OT) (Support) – 0.5 New Position**

The OT will perform clerical functions related to supporting internal audit, investigations, and physical security including copying, filing, answering phones, preparing and distributing audit and investigation reports, and assisting with physical security related functions such as employee badging and fingerprinting. The table below provides the estimated workload for this position.

Workload Detail					
Classification	Activity	Time Measure		Ongoing Activities	
		H=Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
OT	Provide administrative support to internal audit, investigations, and physical security staff	H	Variable	Variable	900
	Total OT Hours				900
	Total OT positions requested (1,800 hours per position)				0.5

**LEGAL DEPARTMENT**

**Tax and Fee Programs Division:**

The Business Taxes Division advises the Board Members, the Sales and Use Tax Department, the Property and Special Taxes Department and the public on various tax and fee issues, represents the Departments in matters before the Board and works with the Attorney General's office on litigation.

**1.0 Tax Counsel IV (Legal Counsel) – 1.0 Continued Position**

Legal Counsel will be classified at the Tax Counsel IV level within the Business Taxes Division of the Legal Department at BOE Headquarters to ensure the legality of cases prepared by ID and provide counsel for ID cases that proceed to criminal trial. Additionally, Legal Counsel will assist in the appeals and petitions process, frame issues of the law and fact, draft issue papers, regulations, and legislation, issue legal opinions, consult with District Attorneys from jurisdictions through-out California on misdemeanor citations, and advise BOE staff on matters relating to Licensing Sweeps. The table below provides the estimated workload for this position.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Tax Counsel IV	Review Misdemeanor Cite Reports	H	0.5	2,000	1,000
	Review Seizure Notices	H	0.25	250	62.5
	Produce Legal Opinions	H	20	10	200
	Review/Prepare Appeals Cases	H	6	25	150
	Review Policies & Procedures	H	2	12	24
	Consultation with DA's/ Misdemeanor Cites	H	2	200	400
	Total Tax Counsel IV Hours				1836.5
	Total Tax Counsel IV Positions Requested (1,800 Hours Per Position)				1.02

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**Investigations Division (ID)**

The ID is responsible for conducting criminal investigations primarily in Sales and Use Taxes, Cigarette and Tobacco Products Taxes, and Fuel Taxes Programs. Since the passage of the Cigarette & Tobacco Products Licensing Act of 2003, the ID has four (4) teams of investigators conducting Cigarette and Tobacco Products inspections statewide. Two (2) teams of eight (8) investigative staff each are based in Northern California and two (2) teams of eight (8) investigative staff each are based in Southern California. During fiscal year 2006-2007, ID has also conducted business license inspections in the San Francisco Bay Area and Los Angeles Metropolitan Area, pursuant to FY 2006-07 BCP No. 2e, "Retail Licensing Enforcement". With the implementation of the BLIP, ID will conduct investigations of business owners that continue to operate their business without a valid seller's permit despite repeated attempts to bring them into voluntary compliance and ID will issue criminal citations to non-compliant business owners.

**2.0 Business Taxes Administrator II (Field Supervisors) – 2.0 Continued Positions**

Field Supervisors will be classified at the Business Taxes Administrator II level within the ID (50% Northern Division/50% Southern Division) of the Legal Department due to the type and classification of positions supervised. These positions will directly supervise investigators in BOE Headquarters and district offices, in their efforts to enhance compliance for all programs administered by BOE. Typical supervisor responsibilities include providing day to day direction to staff who will investigate persons selling tangible personal property without a valid seller's permit, investigate criminal tax evasion, present cases to various district attorneys, testify in court, approve citations issued during an investigation, track and coordinate audit referrals, and approve final resolution of cases resulting from issued citations. Other duties will include establishing and maintaining policies and procedures, providing guidelines, addressing personnel issues, and other management and supervisory functions as needed. Field Supervisors will have Limited Peace Officer (LPO) status. The table below provides the estimated workload for these positions.

Workload Detail						
Classification	Activity	Time Measure		On-going Activities		
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours	
<b>Field Supervisors (BTA II)</b>	Discuss and approve misdemeanor citations with field investigators.	H	0.25	2,000	500	
	Review citation packages (cites, investigative notes and reports) prior to submission to prosecutors.	H	1	2,000	2,000	
	Provide information regarding issued citations to cited individuals, District Attorney staff, Legal and Board administration.	H	0.5	1,000	500	
	Review and approve time reports, expense claims, equipment use reports and field billing order requests.	H	30	12	360	
	Coordinate and conduct training.	H	80	2	160	
	Conduct personnel evaluations.	H	6	20	120	
	Prepare and discuss monthly activity reports with administration; conduct monthly investigator staff meetings.	H	16	12	192	
	Assist in development of policy and procedures, annual budget.	H	16	4	64	
		Total BTA II Hours				3,896
	Total BTA II Positions Requested (1,800 Hours per Position)				2.16	

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**23.0 Business Taxes Specialist I (Investigators) – 19.8 Continued and 3.2 New Positions**

As a result of the inspections, Investigators will issue misdemeanor civil citations to individuals who are engaged in business without a seller's permit or after a seller's permit has been suspended or revoked. In order to issue misdemeanor civil citations, these positions will require LPO status. Investigators will issue civil or criminal citations as required, monitor issued citations as they progress through the legal process, appear as needed in court proceedings, prepare clear and concise citation reports, conduct field observations, assist in identifying interrelated fraud schemes, and coordinate efforts with other government agencies. Investigators are expected to work with limited supervision; to analyze data and situations accurately, draw sound conclusions, and take effective action; interpret and apply compliance and audit procedures objectively; examine a variety of hard copy/electronic records to secure or verify information concerning suspect violations; and meet with and obtain the cooperation of local, state and federal law enforcement. The table below provides the estimated workload for these positions.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
<b>Investigator (BTS I)</b>	Conduct Complaint Investigation	H	6.5	3,537	22,990.5
	Complete Misd, Citation (25%)	H	0.5	884	442
	Pre-Trail Conferences with DA	H	1.75	884	1,547
	Attending Trail (10%)	H	3	88	264
	Complete Investigative Report	H	2.75	3,537	9,726.75
	Total BTS I Hours				34,970.25
Total BTS I Positions Requested (1,520 Hours Per Position)					23.01

**1.0 Business Taxes Specialist I (IRIS Assignment Control) – 1.0 Continued Position**

IRIS Assignment Control staff will be classified at the Business Taxes Specialist I level within the ID of the Legal Department at BOE Headquarters due to the high technical nature of duties required. These positions will be utilized to perform IRIS assignment control duties such as: producing IRIS data extracts from static IRIS data dumps of permitted accounts; providing statistical data/information and reports to supervisory and management staff as needed; providing technical support on assignments; maintaining, tracking and updating data on citations issued by violations types; and analyzing the effectiveness of the program. The table below provides the estimated workload for this position.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
<b>IRIS Control (BTS I)</b>	Extract Street Data	H	4	52	208
	Coordinate Complaint Investigations	H	8	52	416
	Compile/Analyze Statistics	H	16	12	192
	Develop Policies & Procedures	H	24	12	288
	Program Status Reports	H	30	4	120
	Develop/Maintain Tracking Mechanisms	H	80	2	160
	Tax Tech III Oversight Lead	H	3	150	450
	Total BTS I Hours (Assignment Control)				1,834
	Total BTS I Positions Requested (1800 Hours/Position)				

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**1.0 Associate Tax Auditor (Audit Billing Staff) – 1.0 Continued Position**

Audit Billing Staff will be classified at the Associate Tax Auditor level within the ID of the Legal Department at BOE Headquarters due to the anticipated complexity of the determinations. This position will be utilized to conduct fraud/tax evasion audit of a more difficult nature in all program areas; prepare appropriate audit reports; conduct specialized audit procedures and techniques, assist in identifying interrelated fraud schemes; may testify in court to evade liabilities; and determine and coordinate civil tax fraud audit efforts with other governmental agencies.

Responsibilities include determining the appropriate test or statistical sampling methodology, preparing working papers to support audit findings, issuing billings as needed when adequate books and records are not made available, and explaining audit findings to taxpayers or their representatives. The auditor may be involved in the appeal process related to audits or field billing orders including petitions for redetermination and hearings. The table below provides the estimated workload for this position.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
<b>Assoc. Tax Auditor</b>					
	Issue Field Billing Order	H	4	252	1,008
	Prepare Fraud Memo	H	1	252	252
	Handle Petition Issues	H	1	126	126
	Coordination with Taxpayer	H	1	126	126
	Prepare Background for Appeals	H	1	126	126
	Total ATA Hours				1,638
	Total ATA Positions Requested (1,600 Hours Per Position)				1.02

**2.0 Tax Technician III (Field Support Personnel) – 2.0 Continued Positions**

Field Support Personnel will be classified at the Tax Technician III level within the ID of the Legal Department at BOE Headquarters due to the difficult and complex technical duties that will be required to support and advise the BLIP field staff. Under the general direction of a Supervising Tax Auditor II, Field Support Personnel will be utilized to support and advise field staff by searching and querying the BOE’s IRIS system for information and registration data on businesses targeted before and during investigations. These positions will independently query IRIS information on suspects operating without a seller’s permit; review and evaluate query results; draw accurate and sound conclusions; and advise Investigators of other pertinent internal and external information available for their use. Staff will perform IRIS account maintenance functions and updates as a result of more accurate information gathered from the investigations. Staff will also screen each business location being investigated for suspended or revoked licenses, the status of other licenses, etc. The table on the following page provides the estimated workload for these positions.

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Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Tax Technician III					
	Query & Verify Account Details	H	0.083	40,000	3,320
	Maintain Accounts	H	0.25	2,520	630
	Total Tax Tech. III Hours				3,950
	Total Tax Tech. III Positions Requested (1,800 Hours Per Position)				2.19

**SALES AND USE TAX DEPARTMENT (SUTD)**

**Field Operations Division, Equalization Districts 3 and 4 and Centralized Collections Section**

The SUTD, Field Operations Division, Equalization Districts 3 and 4 and Centralized Collections Section plans, organizes, directs, and controls all administrative activities and the Sales and Use Tax program functions of the district offices in Equalization Districts 3 and 4 and the Centralized Collections Section. Of the 90.0 new SUTD positions, 48.0 will be phased-in effective February 1, 2009.

**1.0 Business Taxes Administrator III (Program Administrator) – 1.0 New Position**

The Business Taxes Administrator III assigned to SUTD will be responsible for the management of the staff assigned throughout the state with the goal of reducing the tax gap created by businesses operating without permits or by detecting business under-reporting the amount of tax due to the state. The position will be responsible for managing and resolving complex high-level audit and compliance issues that will arise from the statewide implementation of this program, including maintaining policy, procedural, and administrative consistency among the constituents of the four equalization districts, and responding to questions and concerns that come from senior BOE management and Board Members or their staff. Additionally, the position is responsible for providing and implementing guidelines, addressing higher-level personnel issues, and other administrative, management, and supervisory functions as needed. The table below provides the estimated workload for this position.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Program Administrator (BTA III)	Manage a statewide program consisting of 90 employees located throughout the state.	H			1,800
	Total Field Supervisor Hours				1,800
	Total BTA III Positions Requested (1,800 Hours/Position)				1.0

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**7.0 Business Taxes Compliance Supervisor II (Field Supervisor) – 7.0 New Positions**

Field Supervisors will be classified at the Business Taxes Compliance Supervisor II level. These positions will directly supervise Inspectors in the field, in their efforts to enhance compliance for the SUTD. Supervisor responsibilities will include independently making decisions from remote locations to assist staff with distant field investigations, providing other day to day administration direction to staff, and track and coordinate audit referrals. Other duties will include providing guidelines, addressing personnel issues, and other management and supervisory functions as needed. Seven field supervisors are needed to maintain a supervisor-to-employee ratio of no more than 10 to 1. The table below provides the estimated workload for these positions.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Field Supervisors (BTCS II)	Directly supervise 63 employees, which includes reviews of time and expense reports, field discussions, problem resolution, training coordination and monthly activity reports.	H			12,600
	Total Field Supervisor Hours				12,600
	Total BTCS II Positions Requested (1,800 Hours/Position)				7.0

**56.0 Business Taxes Compliance Specialist (Inspectors) – 56.0 New Positions**

Inspectors will be classified at the Business Taxes Compliance Specialist level within the SUTD due to the nature, complexity, and independence required performing licensing compliance inspections. These positions will be located in selected District Offices throughout the state. Inspectors will independently coordinate and conduct sales and use tax retail licensing compliance inspections to identify sellers without a seller's permit. The table below provides the estimated workload for these positions.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		M = Minutes	Time Per Occurrence	Occurrences Per Year	Total Hours
Inspectors (BTCS)	Permit Inspections	M	20	268,800	89,600_a/
	Total BTCS Hours				89,600
	Total BTCS Positions Requested (1,600 Hours Per Position)				56.0

\_a/ 20 minutes x 268,800 (Occurrences per Year) = 5,376,000 minutes/60 minutes per hour = 89,600 hours.

**2.0 Supervising Tax Auditor I (Audit Supervisors) - 2.0 New Positions**

Audit Supervisors will be classified at the Supervising Tax Auditor I level within the SUTD due to the type and classification of positions supervised. These positions will directly supervise auditors in district offices, in their efforts to ensure taxpayers are reporting the correct amount of tax due. Typical supervisor responsibilities include providing technical and administrative direction to staff who will conduct audits, prepare audit reports, and conduct specialized audit procedures and techniques. Responsibilities include explaining audit findings to taxpayers or their representatives. The supervisor will be involved in the appeal process related to audits or field billing orders including petitions for redetermination and hearings. Other duties will include

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establishing and maintaining policies and procedures, providing guidelines, addressing personnel issues, and other management and supervisory functions as needed. The table below provides the estimated workload for these positions.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
<b>Audit Supervisors (STA I)</b>					
	Directly supervise 16 employees, which includes reviews of time and expense reports, field discussions, problem resolution, training coordination and monthly activity reports	H			3,600
	Total Field Supervisor Hours				3,600
	Total STA I Positions Requested (1,800 Hours/Position)				2.0

**16.0 Associate Tax Auditor – 16.0 New Positions**

Associate Tax Auditors will be utilized to conduct audits, prepare audit reports, and conduct specialized audit procedures and techniques. Responsibilities include determining the appropriate test or statistical sampling methodology, preparing working papers to support audit findings, issuing billings as needed when adequate books and records are not made available and explaining audit findings to taxpayers or their representatives. The auditor may be involved in the appeal process related to audits or field billing orders including petitions for redetermination and hearings. The table below provides the estimated workload for these positions.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
<b>Assoc. Tax Auditor</b>					
	Conduct audits and prepare audit reports	H	86	269	23,134
	Total ATA Hours				23,134
	Total ATA Positions Requested (1,400 Hours Per Position)				16.52

**1.0 Business Taxes Specialist I (Program Specialist) – 1.0 New Position**

The Business Taxes Specialist I will act as an expert resource to resolve or coordinate the resolution of the complex technical audits and legal issues that will arise as a result of this statewide program. This position will have a direct impact on revenue production because it will act as lead auditor for unusually large or difficult audits, coordinate the exchange of information between teams, and communicate detailed assessments of the value of following certain leads for audits or field investigation. Additionally, the position will work on special projects for management related to this program and will perform other revenue related duties as required

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by the Program Administrator. The position will also be responsible for analyzing the revenue and other statistics generated by the SUTD inspection and audit staff for the purposes of writing status reports for BOE management, and will review existing policy and procedures related to this program to ensure the statewide field staff are performing their duties in a manner consistent with the mission and goals of the BOE. The table below provides the estimated workload for this position.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Program Specialist (BTS I)	Acts as an expert resource for the complex or technical statewide issues that arise	H			800
	Collect and disseminate recovery information and lead coordination	H			400
	Special projects and other duties	H			160
	Analyze revenue and other statistics	H			240
	Write reports	H			160
	Review policies and procedures	H			80
	Total BTS I Hours				1,840
	Total BTS I Positions Requested (1,800 Hours Per Position)				1.02

**1.0 Office Technician (Support) – 1.0 New Position**

The Office Technician (OT) will perform typical clerical functions related to BLIP. These clerical functions will include filing, copying, answering phones, attendance coordination, maintaining personnel files, preparing miscellaneous recurring reports, and receiving and distributing mail. The table below provides the estimated workload for this position.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		M=Measure H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Support (OT)	Provide administrative support for a statewide program consisting of 90 employees located throughout the state.	H			1,800
	Total Field Supervisor Hours				1,800
	Total OT Positions Requested (1,800 Hours/Position)				1.0

**7.0 Tax Technician II (Sales and Use Tax Registration Staff) 3.0 Continued and 4.0 New Positions**

Sales and Use Tax Registration staff will be classified at the Tax Technician II level in the Business Taxes Compliance Section within one or more of the District Offices located throughout the state due to the need to exercise a high degree of judgment and initiative and be responsible for complex technical duties. Sales and Use Tax Registration staff will support BLIP field staff by: registering unlicensed sales and use tax businesses identified by inspection field staff; applying security requirements per department policy; and performing license close-out duties as needed for the sales and use tax program. The table below provides the estimated workload for these positions. The table below provides the estimated workload for these positions.

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Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Tax Tech II	Register Affected Businesses	H	1	8,064	8,064
	Handling Taxpayer/ Fee Payer Inquiries	H	0.17	5,000	850
	Maintaining Accounts	H	0.17	12,000	2,040
	Closing Accounts	H	0.17	2,520	428
	Review/Analyze returns & Schedules	H	0.5	2,520	1,260
	Total Tax Tech. II Hours				12,642
	Tax Tech II. Positions Requested (1,800 Hours/Position)				7.02

**Tax Policy Division (TPD)**

The SUTD Tax Policy Division is responsible for, among other duties, establishing, integrating, analyzing, and updating policies and procedures for the entire compliance and audit programs within the department, tracking statistics within the SUTD, and for creating, maintaining and troubleshooting user security issues within the SUTD. The TPD is not currently staffed to handle the additional workload, and will require one Business Taxes Specialist I to work in the Compliance Policy Unit and one Staff Information Systems Analyst to work in the Compliance and Technology Section. The Business Taxes Specialist I will research, work with the field staff to integrate and develop new policy and procedures, as well as design changes necessary to the current data system to track and analyze the revenue produced by the SUTD staff under this proposal. The Business Taxes Specialist I will also be responsible for generating analytical reports for SUTD management and perform evaluations of the program milestones. The Staff Information Systems Analyst, due to the significant increase of users and their mobile work environment, will maintain mainframe user security profiles, and will coordinate the resolution of network, hardware and software related problems with the TSD. In addition, any future mainframe/desktop enhancements or fixes will be coordinated by the Staff Information Systems Analyst.

**1.0 Staff Information Systems Analyst (User Security) – 1.0 New Position**

The TPD will require staff at the Staff Information Systems Analyst level to accommodate the increased number of new employees being added to SUTD due to this proposal. The position will be responsible for performing the first level support for computer, network and connectivity problems that occur and for coordinating with TSD to resolve the problems that cannot be resolved at the initial level, as well as coordinating system enhancements with TSD. The position will also be responsible for adding, deleting and modifying the user security profiles on the mainframe, desktop, external agency, and other software systems for the SUTD employees in this proposal. The table below provides the estimated workload for this position.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
User Security (SISA)	Troubleshoot Problems	H	1	1,000	1,000
	Maintain User Security	H	0.50	1,000	500
	Coordinate with TSD	H	0.5	400	300
	Total SISA Hours				1,800
	Total SISA Positions Requested (1,800 Hours Per Position)				1.0

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**1.0 Business Taxes Specialist I (Policy and Procedure Staff) – 1.0 New Position**

The TPD will require staff at the Business Taxes Specialist I level to accommodate the new workload, including: developing, clearing and distributing policies and procedures that the statewide implementation of a high-profile program will need, developing new forms or modifying existing forms for the program, preparing reports for management, and tracking the work performed and revenue generated by the SUTD inspection and audit staff. The table below provides the estimated workload for this position.

Workload Detail					
Classification	Activity	Time Measure		On-going Activities	
		H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
<b>Policy and Procedure (BTS I)</b>	Develop, clear and distribute policy and procedures	H			<b>700</b>
	Write reports	H			200
	Develop or modify forms	H			100
	Track Revenue	H			800
	Total BTS I Hours	H			1,800
	Total BTS I Positions Requested (1,800 Hours Per Position)				1.0

**ADMINISTRATION DEPARTMENT**

**Financial Management Division (FMD) - Accounting Section**

The Accounting Section is responsible for processing salary warrants and salary advances for all BOE employees and for processing and maintaining the accounting records for travel advances and travel expense reimbursements for all BOE employees who travel on State business. The Accounting Section is committed in providing quality customer service to all BOE employees and in ensuring that payment of employee expenses are completed accurately and timely.

The BLIP BCP includes the continuation of 32.8 limited-term positions under BCP No. 2e, "Retail Licensing Enforcement". To meet the increase in workload created by these new positions, Accounting Section would have needed 0.34 of a position. Instead of obtaining this part-time position, Accounting Section absorbed the additional workload or worked periodic overtime as the need arose. Now, with the addition of 103.3 positions under the BLIP BCP, Accounting Section will no longer be able to absorb the additional workload with its current staffing levels. Therefore, to effectively meet these responsibilities, the Accounting Section is requesting the addition of 1.6 positions in order to provide quality customer support to all of the 136.1 employees under this BCP.

**1.6 Accountant Trainee – 1.6 New Positions**

The Accountant Trainee will provide support to BOE employees in the area of salary warrant processing and travel support and reimbursement, including CalATERS expense reimbursements, travel advances, manual travel expense claims, and rental car and airlines expenses. The table on the next page provides the estimated workload for these positions.

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Workload Detail					
Classification	Activity	Time Measures		On-going Activities	
		H=Hours	Time per Occurrence	Occurrences per Year	Total Hours
Accountant Trainee	Process Salary Warrants/ Salary Advances	H	.50	1,632 _a/	816
	Process Travel Advances/ Travel checks	H	.50	1,224 _b/	612
	Process CalATERS claims	H	.50	1,224 _b/	612
	Process manual claims	H	.50	1,224 _b/	612
	Process RC/Air expenses	H	.25	1,224 _b/	306
	Total Accountant Trainee Hours				2,958
	Total Accountant Trainee Positions Requested (1,800 Hours Per Position)				1.64

\_a/ 136 employees, one warrant each month, 136 x12 (months) =1,632 times per year.

\_b/ 102 travelers, one claim each month, 102 x12 (months) =1,224 items per year.

**Human Resources Division (HRD)**

The HRD is responsible for maintaining personnel administrative duties for all BOE employees. HRD is not currently staffed at a level to meet current workload and will need 1.0 Associate Personnel Analyst position to work in both the Organizational Services Section and Examination and Recruitment Section and 1.0 Personnel Specialist position to work in the Personnel Transactions Section. These positions are vital as the BOE faces the challenge of attracting and retaining a well-qualified workforce while competing with the private sector for talent.

**1.0 Associate Personnel Analyst (Organizational Services Section/Examination and Recruitment Section) – 1.0 Continued Position.** Duties are as follows:

- Recruitment: participating in recruitment events activities, mailings, vacancy and examination announcements, and review transcripts.
- Examination Processing: job analysis, examination development, internet examination maintenance, examination administration, and examination appeals.
- Hiring: VPOS announcements, 628 review, position allocation determinations, and liaison activity with DPA.
- Employee Performance activities include: consultation to and preparation of probationary reports, counseling and corrective memorandums, adverse actions, and interpreting statewide personnel management policies.
- Management/Employee Consultation: consultation on organization structure, preliminary review of employee issues related to performance, medical issues, and FMLA entitlement, correspondence to employees, management, and control agencies; training, telephone calls, and emails.

The table on the next page provides the estimated workload for these positions.

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WORKLOAD DETAIL			
Activity	Factors And Weights (Hours per Occurrence)	Occurrences Per Year	Total Hours
Recruitment	6.32	100_a/	632
Exam Processing	2.04	100_a/	204
Hiring	5.75	100_a/	575
Employee Performance	2.25	100_a/	225
Management Consultation	2.25	100_a/	225
Administrative Detail	19.2	12_b/	230
	Total APA Hours		<b>2,091</b>
	Total APA Positions Requested (1,800 Hours Per Position)		<b>1.16</b>

\_a/ Per 100 employees.

\_b/ 12 months.

**1.0 Personnel Specialist (Personnel Transactions Section) – 1.0 Continued Position.**

Duties are as follows:

- Hiring/Appointment Process: certification appointment process, verification of the minimum qualifications prior to appointment, salary determinations, position control activities, and appointments.
- Attendance/Pay and Benefits: all payroll activities (regular and miscellaneous), benefit administration, maintaining leave balance information, timekeeping, and disability claims administration.
- Administrative Detail: correspondence to employees, control agencies, and other jurisdictions; employment verification, subpoena documentation, retroactivity reports, accounts receivable, MIRS reports, service awards, EDD claims, and security monitoring.
- Employee contact: emails; telephone calls, and personal contact.

The table below provides the estimated workload for this position.

WORKLOAD DETAIL			
Activity	Factors and Weights (Hours per Occurrence)	Occurrences Per Year	Total Hours
Hiring/Appointment Process	5.75	100_a/	575
Attendance/Pay and Benefits	26.2	12_b/	314
Administrative Detail (Reports, Training, Correspondence)	21	12_b/	252
Employee Contact Time	60	12_b/	720
	Total PA Hours		1,861
	Total PA Positions Requested (1,800 Hours Per Position)		1.03

\_a/ Per 100 employees.

\_b/ 12 months.

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**Administrative Support Division (ASD)**

The ASD is the Change Agent for the BOE and staff is committed to providing support for the needs and expectations of the BOE. The ASD is responsible for administering the business management activities and programs which include Processing and Facilities Management, Business Services, Contracts and Procurement (Acquisition Program), and Publishing, Printing, and Supply Warehousing. The mission of the ASD is to provide a high level of customer service through the delivery of services in areas of leasing, property acquisitions and dispositions; building management and maintenance; administration of incoming and outgoing mail services; administration of the BOE's cashing and deposit responsibilities; administration of the acquisition program for the purchase of necessary goods and services, administration of the telecommunications program; and printing, publishing, graphics; emergency preparedness, and other related administrative services. The ASD staff have a critical role in providing for the physical work environment for all BOE employees. Existing staffing levels do not allow ASD to complete the workload necessary to provide for the physical work environment under this new program. In order to support these needs ASD requires the addition of 1.0 Associate Information Systems Analyst, 1.0 Associate Business Management Analyst, and 2.0 Associate Governmental Program Analyst.

**1.0 Associate Information Systems Analyst (Business Services Section) – 1.0 New Position**

Voice Telecommunications activities include, but are not limited to, project planning for voice requirements at each property, project cabling, relocation, cost planning, cellular, voice, Centex Management Services, installation, field office relocations and other related on-going business management activities to meet the changes in employee assignments and the increase of employees hired within BOE. The telecommunications staff has been tasked with meeting the changes of the telecommunications industry as BOE moves toward more information technology based equipment and services i.e. Voice over Internet Protocol (VoIP). Develop strategies to implement new digital telecommunications systems and enhanced opportunities for VoIP. Modernize and develop standards of practice that encompass the wide and varied services in telecommunications.



**Exhibit I, Page 17 of 17)**

**COMMUNICATIONS OFFICE**

**2.0 Assistant Tax Service Specialist (Communications Office) 2.0 New Positions**

For this project, the Communication Office requests 2.0 three-year limited-term Assistant Tax Service Specialists to assist in the education and outreach component of the Business License Inspection Program. Existing outreach staff has worked closely with the BOE’s ID to make sure taxpayers in the affected areas are duly notified about the inspections, are prepared to answer questions, and make the best opportunity of each BOE visit. They have prepared taxpayer handouts, publications, and even produced translated versions for Non-English speaking taxpayers which make up large parts of the retail business community in various parts of the State. They have also produced news releases and worked with local media in the Los Angeles and San Francisco Bay Area regions before and during the inspection process to develop awareness of the program. The table below provides the estimated workload for these positions.

<b>Workload Detail</b>			
<b>Activity</b>	<b>Work Involved</b>	<b>Occurrences</b>	<b>Total Hours</b>
Write notices, brochures, and other taxpayer literature, then manage print and distribution in multiple languages	Letters (15 hrs) Special Notices (80 hrs) brochures and publications (100 hrs)	Anticipate the need to develop approximately 5 letters, 12 Special Notices and 6 other publications	1,635
Web Content and Service Guides	Building Web Pages, writing accompanying language (40 hrs)	Approximately 10 different sections, with multiple pages and tables, on the Board website may need to be updated	400
Public Service Announcements	Writing and producing audio and video announcements (20 hrs)	Expect to use approximately 12 announcements in English and at least 6 in other languages	360
Work with local and statewide news media to promote awareness of the inspection program	News releases and media advisories (5 hours) Coordinate and plan press events (30 hours)	Anticipate the need to reach local media in 4-6 (average of 5) regional markets	175
Work with district office staff to incorporate information into taxpayer seminars	Training per district (20 hours) attend events (10 hours)	Board holds at least 2 public events per month, has 25 different offices	730
Attend community events and speak on behalf of the agency and its approach to the program	Attend event, educate local taxpayer groups (10 hours)	Hope to attend events in each region of state (10 approximately)	100
Contact Taxpayers following license sweeps to learn about their experience, what information could benefit their businesses	Informal Surveys (10 hours)	Expect to hold multiple surveys in each region (estimate 20 total)	200
	Total Assistant Tax Service Specialist Hours		3,600
	Total Assistant Tax Service Specialist Positions Requested (1,800 Hours per Positions)		2.0

## EXHIBIT II REVENUE ANALYSIS

### (Exhibit II, Page 1 of 2)

There are approximately 1,068,435 valid permits in California, per 2004-2005 BOE Annual Report. Business license inspections in 2006 indicate that approximately 97% of inspected businesses have valid permits; 3% of inspected businesses have closed-out or non-existent permits.

Utilizing the above numbers:

1,101,479 = 100% of operating businesses in California (1,068,435 / 97%)

1,068,435 = 97% of CA businesses that have valid seller's permits (BOE Annual Report)

**33,044** = 3% CA businesses operating without a seller's permit (1,101,479 - 1,068,435)

ID has determined that businesses found to be operating without a valid seller's permit who have now received a permit have or will report on average \$6,287 sales tax per year. This \$6,287 average sales tax per year is based on obtaining sales tax liability amounts from taxpayers that obtained permits after being inspected. (Exhibit III)

ID has determined that these businesses have been operating on average 1.89 years without a permit (Exhibit IV). Multiplying the 1.89 years by the \$6,287 sales tax per year establishes an \$11,882 average tax recovery for each new registration, this additional \$5,595 sales tax per year is expected to be recovered through taxpayers filing past due returns for the 1.89 years operating without a permit and is not included in the Audits from Inspections tax recovery amount. The \$11,882 is being reduced by the 12.3% uncollectible rate to establish an average tax recovery of **\$10,420** (\$11,882 x 87.7%) for each new registration (Exhibit III).

Total potential tax recovery = 33,044 (unpermitted) x \$10,420 = \$344,318,480

SUTD compliance specialists will conduct all initial inspections. On average, it takes 20 minutes (3/hour) to complete an inspection of a business. 3% of inspected businesses are unpermitted.

- Fiscal Year 2008/09 201,600 X 3.0% = **6,048** unpermitted businesses 1600 hrs/yr X 3 inspections/hr X 42 compliance specialists = 201,600 total inspections first year.
- Fiscal Year 2009/11 268,800 X 3.0% = **8,064** unpermitted businesses. 1600 hrs/yr X 3 inspections/hr X 56 compliance specialists = 268,800 total inspections per year.

The businesses most likely to be audited as a result of this inspection program will have sales that are comparable to those businesses ranked in cells 6 through 16 in the audit selection scale. Audits in FY 2006, in audit cells 6 through 16, averaged 86 hours and recovered \$ 279/hr. Revenue per audit in this cell range averaged \$ 23,994 (86 x \$ 279 = \$23,994). 2006 ID data indicates that approximately 0.1% of all inspections will be selected for audit. Average revenue per audit is \$23,994 but does not include the average cancellation factor (15%) or the non-collection factor (12.3%). With these adjustments, the average revenue per audit is **\$17,886**. The tables on the next page summarize the projected annual revenue for the statewide BLIP.

- For Fiscal Year 2008/09, **109** annual audits for the 6.7 Associate Tax Auditor positions for the first year. The annual audits are adjusted for the first year start-up and a lower initial workload.
- For Fiscal Year 2009/11, 0.1% of the projected 268,800 inspections will result in **269** annual audits (268,800 x .001 = 268+) which require 16 Associate Tax Auditor positions.

**(Exhibit II, Page 2 of 2)**

**FY 2008/09 Projected Annual Revenue for First Year from the Business Licenses Inspection Program**

<b>Total Inspections Per Year</b>	<b>Unpermitted (3% of Total Inspections)</b>	<b>Tax Recovery</b>	<b>Total Tax Inspection Revenue</b>
201,600	6,048	\$10,420	\$63,020,160
	<b>Total Annual Audits</b>	<b>Tax Revenue per Audit</b>	<b>Total Audit Revenue</b>
	109	\$17,886	\$1,949,574
<b>Total Annual Projected Revenue for First Year of BLIP</b>			<b>\$64,969,734</b>

**FY 2009/11 Projected Annual Revenue from the Business Licenses Inspection Program**

<b>Total Inspections Per Year</b>	<b>Unpermitted (3% of Total Inspections)</b>	<b>Tax Recovery</b>	<b>Total Tax Inspection Revenue</b>
268,800	8,064	\$10,420	\$84,026,880
	<b>Total Annual Audits</b>	<b>Tax Revenue per Audit</b>	<b>Total Audit Revenue</b>
	269	\$17,886	\$4,811,334
<b>Total Annual Projected Revenue per Year In the 2<sup>nd</sup> and 3<sup>rd</sup> Year of BLIP</b>			<b>\$88,838,214</b>

**EXHIBIT III**  
**AVERAGE ANNUAL TAX RECOVERY ANALYSIS**  
**AUGUST 1, 2006 THROUGH APRIL 30, 2007**

**(Exhibit III, Page 1 of 1)**

<b>Test Area</b>	<b>Total Estimated Annual Tax Recovery</b>	<b>Number of New Registrations</b>	<b>Estimated Average Annual Tax Recovery</b>	<b>Years Operating Factor</b>	<b>Adjusted Average Annual Tax Recovery</b>
Los Angeles	\$849,283	139	\$6,110		
San Francisco	\$835,697	129	\$6,478		
<b>Total</b>	<b>\$1,684,980</b>	<b>268</b>	<b>\$6,287</b>	<b>1.89</b>	<b>\$11,882</b>

Collection Rate 87.7%

**Annual Tax Recovery per New Registration \$10,420**  
=====

The estimated annual tax recovery was estimated by ID tax auditors making a visit to businesses that had obtained a seller's permit after the ID inspectors informed these business owners that they were required to obtain a seller's permit.

Visits to the business locations were done to either verify accuracy of reported amounts or to obtain reasonable estimates of tax amounts that will be reported by the business owners.

The ID auditors estimated monthly tax recovery amounts by reviewing returns filed by these businesses and/or discussions with taxpayers, along with observations of business inventory and transactions.

The estimated monthly tax recovery amounts were multiplied by 12 to determine the estimated annual tax recovery per new registration (seller's permit). Basically, the annual tax recovery amounts represent sales tax that would not be reported and paid to the BOE if these 268 businesses had not been inspected.

As of May 31, 2007, approximately 45% of the businesses inspected and found to need a seller's permit have registered with the BOE. Comparison of the NAICS type business for the businesses still not in compliance to the businesses that have registered with BOE shows that the types of businesses included in this test represent business types that are included in the 55% of businesses that still have not registered with the BOE.

The 1.89 years operating factor was determined by totaling the number of days between the start of business date and the inspection date for the 268 businesses included in the test, then dividing this total by 365 days (Exhibit IV).

**EXHIBIT IV**  
**AVERAGE YEARS OPERATING WITHOUT A PERMIT ANALYSIS**  
**AUGUST 1, 2006 THROUGH APRIL 30, 2007**

**(Exhibit IV, Page 1 of 1)**

	Los Angeles Area	San Francisco Area	Total
Days Operating Without Permit	102,192	82,569	184,761
Number of New Permits Included	139	129	268
Average Days Operating Without Permit	735	640	689
Average Years Operating without Permit	2.01	1.75	<b>1.89</b>

Total days operating without a permit was determined by subtracting the start of business date from the inspection date. Average Days operating without a required seller's permit was calculated by dividing Total Days operating without a permit by the Number of New Permits. Average Years operating without a permit was calculated by dividing Average Days operating without a permit by 365 (days in a year).

**EXHIBIT V**  
**BUSINESS LICENSES INSPECTION PROGRAM**  
**ACTIVITY STATUS REPORT**  
**AUGUST 1, 2006 THROUGH MAY 31, 2007**

**(Exhibit V, Page 1 of 1)**

	<b>Los Angeles Area</b>	<b>San Francisco Area</b>	<b>Total</b>
Number of Inspections	22,503	21,971	44,474
Number of Unpermitted Businesses	925	790	1,715
Percent of Non-Compliance	4.1%	3.6%	<b>3.9%</b>
Number of 220i Forms, Account Maintenance	3,497	4,869	8,366
Number of 1164 Forms, Audit Lead Referrals	49	23	72

DATE: August 15, 2007

STATE OF CALIFORNIA  
 BUDGET CHANGE PROPOSAL--FISCAL DETAIL  
 STATE OPERATIONS  
 FISCAL YEAR 2008-09  
 (Dollars in Thousands)

**Title of Proposed Change:** STATEWIDE BUSINESS LICENSES INSPECTION PROGRAM

**Program/Element/Component:** 30 Sales and Use Tax/All Elements

	PERSONNEL YEARS			CY	BY	BY + 1
	CY	BY	BY + 1			
<b>TOTAL SALARIES AND WAGES</b> <i>_a/</i>		108.2	136.1		\$6,659	\$8,309
Salary Savings		-5.4	-6.8		-333	-415
<b>NET TOTAL SALARIES AND WAGES</b>		102.8	129.3		6,326	7,894
Staff Benefits <i>_a/</i>					2,339	2,919
<b>NET TOTAL SALARIES AND WAGES</b>		102.8	129.3		8,665	10,813
Distributed Administration						
<b>TOTAL PERSONAL SERVICES</b>		102.8	129.3		\$8,665	\$10,813
<b>OPERATING EXPENSE AND EQUIPMENT</b>						
General Expense					\$1,383	\$264
Distributed Administration						
Printing					34	34
Communications					132	102
Postage					58	58
Travel--In-State					606	748
Travel--Out-of -State						
Training					107	98
Facilities Operations					388	293
Consulting & Professional Services: Interdepartmental						
Consulting & Professional Services: External						
Department of Technology						
Data Processing					63	
Equipment						
Other Items of Expense: (Specify Below)						

*\_a/* See page 35 of 37 for itemized staff benefits and classification detail.

         **CY**               **BY**               **BY + 1**

**TOTAL OPERATING EXPENSE AND EQUIPMENT**

\_\_\_\_\_ \$2,771 \_\_\_\_\_ \$1,597

**TOTAL EXPENDITURES (State Operations)**

===== \$11,436 ===== \$12,410

**Source of Funds**

General Fund (0001) \$7,433 \$8,066

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) \$4,003 \$4,344

Net Total Augmentation (Source of Funds) \_\_\_\_\_ \$11,436 \_\_\_\_\_ \$12,410

**DETAIL OF STAFF BENEFITS  
AND PERSONAL SERVICES**

Staff Benefits Detail:	CY	BY	BY + 1
	<i>(Whole Dollars)</i>		
OASDI		\$483,939	\$603,891
Health Insurance		752,085	938,502
Retirement		1,075,230	1,341,743
Workers' Compensation		2,581	3,221
Industrial Disability Leave		4,523	5,644
Non-Industrial Disability Leave		3,271	4,081
Unemployment Insurance		968	1,208
Other		16,682	20,816
<b>TOTAL</b>		<b>\$2,339,279</b>	<b>\$2,919,106</b>

Classification	Positions			Salary Range	Amount		
	CY	BY	BY + 1		CY	BY	BY + 1
<b>Executive Department:</b>							
<b>Technology Services Division:</b>							
Staff Information Systems Analyst (Spec.) _b/		1.0	1.0	\$68,040		\$68,040	\$68,040
Associate Info. Systems Analyst (Spec.) _b/		1.0	1.0	62,052		62,052	62,052
<b>Internal Security and Audit Division:</b>							
Business Taxes Specialist II _b/		1.0	1.0	74,880		74,880	74,880
Office Technician (G) _b/		0.5	0.5	33,756		16,878	16,878
<b>Administration Department:</b>							
<b>Accounting Department:</b>							
Accounting Trainee _b/		1.6	1.6	41,448		66,317	66,317
<b>Human Resources Division:</b>							
Associate Personnel Analyst _b/		1.0	1.0	56,292		56,292	56,292
Personnel Specialist _b/		1.0	1.0	34,740		34,740	34,740
<b>Administrative Support Division:</b>							
Associate Business Management Analyst _b/		1.0	1.0	56,292		56,292	56,292
Associate Govt. Program Analyst _b/		2.0	2.0	56,292		112,584	112,584
Associate Info. Systems Analyst (Spec.) _b/		1.0	1.0	62,052		62,052	62,052
<b>Legal Department:</b>							
<b>Investigations Division:</b>							
Associate Tax Auditor _b/		1.0	1.0	62,052		62,052	62,052
Business Taxes Administrator II _b/		2.0	2.0	74,772		149,544	149,544
Business Taxes Specialist I (IRIS) _b/		1.0	1.0	71,580		71,580	71,580
Business Taxes Specialist I (Investigators) _b/		23.0	23.0	71,580		1,646,340	1,646,340
Tax Technician III _b/		2.0	2.0	37,752		75,504	75,504

Classification	Positions			Salary Range	Amount		
	CY	BY	BY + 1		CY	BY	BY + 1

**Legal Affairs Division:**

Tax Counsel IV _b/	1.0	1.0	112,272	112,272	112,272
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**Communications Office:**

Assistant Tax Service Specialist _b/	2.0	2.0	59,100	118,200	118,200
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**Sales and Use Tax Department:**

Associate Tax Auditor _c/	6.7	16.0	62,052	415,748	992,832
Business Taxes Administrator III _b/	1.0	1.0	95,364	95,364	95,364
Business Taxes Compliance Specialist _d/	42.0	56.0	59,100	2,482,200	3,309,600
Business Taxes Compliance Supvr. II _e/	5.3	7.0	64,992	344,458	454,944
Business Taxes Specialist I _b/	1.0	1.0	71,580	71,580	71,580
Business Taxes Specialist I (Tax Policy) _b/	1.0	1.0	71,580	71,580	71,580
Office Technician (General) _b/	1.0	1.0	33,756	33,756	33,756
Staff Info. Systems Analyst (Spec.) _b/	1.0	1.0	68,040	68,040	68,040
Supervising Tax Auditor I _f/	.8	2.0	64,944	51,955	129,888
Tax Technician II _e/	5.3	7.0	33,756	178,907	236,292

Blanket Funds

Overtime (Various)

Temporary Help

<b>TOTAL SALARIES AND WAGES</b>	<u>108.2</u>	<u>136.1</u>		<u>\$6,659,207</u>	<u>\$8,309,495</u>
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\_a/ The salary is the mid-step of the salary range for the stated classification.

\_b/ Three-year limited-term positions effective July 1, 2008 through June 30, 2011.

\_c/ 16.0 three-year limited-term positions effective February 1, 2009 through June 30, 2011.

\_d/ 32.0 three-year limited-term positions effective July 1, 2008 through June 30, 2011 and 24.0 three-year limited-term positions effective February 1, 2009 through June 30, 2011.

\_e/ 4.0 three-year limited-term positions effective July 1, 2008 through June 30, 2011 and 3.0 three-year limited-term positions effective February 1, 2009 through June 30, 2011.

\_f/ 2.0 three-year limited-term positions effective February 1, 2009 through June 30, 2011.

**SUPPLEMENTAL INFORMATION**  
 Dollars in Thousands

	<u>Current Year</u>	<u>Budget Year</u>	<u>Budget Year + One</u>
<b>Proposed Equipment:</b>			
	_____	_____	_____
Total	=====	=====	=====
<b>Proposed Contracts:</b>			
	_____	_____	_____
Total	=====	=====	=====
<b>One-Time Costs:</b>			
General Expense		\$1,119	
Communications		30	
Training		9	
Facilities Operations		95	
Data Processing		63	
	_____	_____	_____
Total	=====	===== \$1,316	=====
<b>Future Savings:</b>			
N/A			
	_____	_____	_____
Total	=====	=====	=====
<b>Full-Year Cost Adjustments:</b>			
N/A			
	_____	_____	_____
Total	=====	=====	=====