

Memorandum

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

Date : July 19, 2011

From : Kristine Cazadd 
Interim Executive Director

Subject : **July 27, 2011 Board Meeting**
Item P1-2, Executive Director's Report
Report to Board Members: Testimony at Redistricting Commission on July 6, 2011.

The Chair of the California Citizens Redistricting Commission requested the Board of Equalization to present testimony at the Commission's meeting on Wednesday July 6, 2011, at the University of the Pacific McGeorge School of Law, to explain the Board's mission and operations and to respond to questions about impacts on the BOE relative to equalization district boundary lines. Acting Chief Counsel Randy Ferris, Deputy Director of Sales & Use Tax Jeff McGuire, and Interim Executive Director Kristine Cazadd appeared before the Commission and distributed the attached documents and presented the following information:

(1) In order to represent constituents and investigate tax administration matters under Government Code section 15623, district and field offices were established in each equalization district to administer over 26 tax and fee programs, as well as the enforcement of laws through audit and compliance programs. Government Code section 15623 provides that each Member of the Board, elected by voters of an Equalization District, "shall investigate the administration, enforcement, and operation within the district from which he/she is elected of all laws, the administration and enforcement of which are vested in the Board." Each elected Board Member is required to administer their duties within their districts by ensuring the proper enforcement of tax laws.

(2) Currently there are 21 offices "nested" within the four equalization districts which carry out operations and offer services to the types of businesses located within that region, such as registration, education, consultations, audit, collection, payment of tax liabilities and assistance with returns. It is through the district and field offices that the Board serves taxpayers throughout the state and addresses their needs by region. Each of the four Equalization Districts represents distinct types of businesses to a large extent based on geography.

(3) A Statewide District Office Map (attached) was distributed to each of the Commissioners with an explanation of how significant changes in equalization district boundaries would have a variety of administrative impacts and costs for the Board, due to the structure of our taxpayer services in specific regions, the location of employees, and the possible need to redirect or seek additional resources, including district or field offices. There were numerous questions from Commission members.

The testimony lasted about 40 minutes. The current draft map of the Board of Equalization Districts is available on the Citizens Redistricting Commission's website at <http://wedrawthelines.ca.gov/maps-sboe-1st-draft.html>.

KEC:ls

Attachments: Statewide District Office Map
Publication 21G

cc: Ms. Regina Evans
Mr. Louis Barnett
Mr. Alan LoFaso
Mr. Sean Wallentine
Ms. Marcy Jo Mandel

California State Board Of Equalization

Administrative Districts



PUBLICATION 21G ■ LDA
JANUARY 2011

THE CALIFORNIA
STATE BOARD OF
EQUALIZATION



BOARD OF EQUALIZATION

BETTY T. YEE, First District
SEN. GEORGE RUNNER (RET.), Second District
MICHELLE STEEL, Third District
JEROME E. HORTON, Fourth District
JOHN CHIANG, State Controller



KRISTINE CAZADD, Interim Executive Director

For more than 100 years, the State Board of Equalization (BOE) has administered taxes for the State of California. Today, the agency administers the collection of 29 taxes and fees, which in fiscal year 2008-09 resulted in \$48.4 billion in revenue for California's state and local governments. More than one million businesses in nearly every field of commercial activity are registered with the BOE. The taxes they pay support schools, hospitals, police, roads, and a host of other essential services.

Members of the Board of Equalization

The BOE is directed by a five-Member elected Board. Four Members are elected directly from legislatively-defined districts within the state and serve four-year terms. The fifth Member, the State Controller, is elected at large. The Board's mission is to serve the public through fair, effective, and efficient tax administration.

The Board acts in a quasi-judicial capacity as the appellate body for appeals from various business tax assessments, Franchise Tax Board actions, and public utility assessments. In its administrative capacity, the Board issues rules and regulations. It also establishes the values of utilities for tax purposes, sets the tax rate under various tax laws, and oversees the assessment practices of the state's 58 county assessors.

Tax Programs

The tax programs administered by the BOE are concentrated in three general areas—sales and use taxes, property taxes, and special taxes and fees.

Sales and Use Tax

Retail sales of tangible personal property in California are, in general, subject to a 8.25 percent sales tax. The use tax, a complement to the sales tax, applies at the same rate for purchases for use in California. Voters in various localities have approved the creation of one or more special tax districts (each funded by transactions taxes ranging from one-tenth to one percent). This added tax is used for mass transit programs, streets and roads, and other governmental services. In fiscal year 2008-09, the BOE collected a total of approximately \$39.9 billion in sales taxes, which includes \$26.5 billion for the state, \$9.8 billion for cities and counties, and \$3.6 billion for special districts.

Property Taxes

Property taxes, which make up the major source of revenue for California's 58 counties, accounted for \$49.8 billion in revenue in fiscal year 2008-09. Although the BOE does not assess local properties, it does oversee the assessment standards and practices of each county assessor. The BOE, however, does directly assess properties belonging to over 400 privately-owned public utilities. In turn, those assessed values are used by counties to collect local property taxes. Two tax programs, the timber yield tax and the private railroad car tax, are directly administered by the Board.

Special Taxes and Fees

The BOE is the sole administrative agency for the following special tax programs: Cigarette and Tobacco Products Tax, Cigarette and Tobacco Products Licensing Program, Diesel Fuel Tax, Use Fuel Tax, and Interstate User Tax. The BOE is one of several agencies charged with administration of the following special tax

and fee programs: Energy Resources Surcharge, Emergency Telephone Users Surcharge, Alcoholic Beverage Tax, Insurance Tax, Marine Invasive Species Fee, Childhood Lead Poisoning Prevention Fee, Occupational Lead Poisoning Prevention Fee, Hazardous Substances Tax, Integrated Waste Management Fee, Motor Vehicle Fuel Tax, Natural Gas Surcharge, Oil Spill Response, Prevention and Administration Fee, Underground Storage Tank Maintenance Fee, California Tire Fee, Water Rights Fee, and Electronic Waste Recycling Fee. Revenues collected for all special taxes programs totalled \$7.7 billion in 2008-09.

Services for Taxpayers

The BOE prides itself on being a leader in providing service-oriented programs and efficient tax administration (spending 86 cents in administrative costs for each \$100 in revenue). The BOE has developed many services that are designed to help taxpayers understand and comply with tax laws and to ensure that they are treated fairly and courteously. Some BOE services include:

Internet

Information about the BOE and its tax programs, forms and publications, tax news, and events is available on the Internet. The BOE's home page address is www.boe.ca.gov.

Taxpayer Information Section

Customer service representatives are available to answer general tax questions. Call 800-400-7115 (TTY: 711), Monday-Friday, 8:00 a.m. to 5:00 p.m., Pacific time, excluding state holidays. Documents may also be ordered 24 hours a day, via our faxback service or through voice mail message.



BETTY T. YEE
San Francisco
First District



MICHELLE STEEL
Rolling Hills Estates
Third District



JEROME E. HORTON
Los Angeles
Fourth District



SEN. GEORGE RUNNER (Ret.)
Lancaster
Second District



JOHN CHIANG
State Controller

Public Hearings

The Members of the Board are committed to protecting the rights, privacy, and property of taxpayers. As a result, they schedule yearly public hearings, which provide taxpayers an opportunity to express their ideas, concerns, and recommendations about programs and laws administered by the BOE. Board Members are interested in suggestions that will help taxpayers better understand California tax laws.

Taxpayers' Rights Advocate

The Board has appointed a Taxpayers' Rights Advocate to help resolve taxpayers' problems fairly and equitably. Reporting directly to the Executive Director, the Taxpayers' Rights Advocate can investigate complaints and delay certain BOE actions until an investigation is completed. The telephone number of the Taxpayers' Rights Advocate is 916-324-2798, toll-free 888-324-2798.

Equalization Districts

District One

Counties of: Alameda, Colusa, Contra Costa, Del Norte, Humboldt, Lake, Marin, Mendocino, Monterey, Napa, San Benito, San Francisco, San Luis Obispo, San Mateo, Santa Barbara (57.04 percent), Santa Clara, Santa Cruz, Solano, Sonoma, Trinity, Yolo

District Two

Counties of: Alpine, Amador, Butte, Calaveras, El Dorado, Fresno, Glenn, Inyo, Kern, Kings, Lassen, Los Angeles (8.98 percent), Madera, Mariposa, Merced, Modoc, Mono, Nevada, Placer, Plumas, Sacramento, San Bernardino (45.97 percent), San Joaquin, Santa Barbara (42.96 percent), Shasta, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Tulare, Tuolumne, Ventura, Yuba

District Three

Counties of: Imperial, Los Angeles (2.06 percent), Orange, Riverside, San Bernardino (54.03 percent), and San Diego

District Four

County of Los Angeles (88.96 percent)

