

Memorandum

To : Honorable John Chiang
Honorable Claude Parrish
Betty T. Yee, Acting Board Member
Honorable Bill Leonard
Honorable Steve Westly

Date : January 24, 2006

From : Kristine Cazadd 
Chief Counsel

Subject : **Board of Equalization Rules for California Tax Administration and Appellate Review
Revised Schedule and Status Report**

In July of 2005, staff began working with interested parties on a project to revise the Board of Equalization Rules of Practice (Cal. Code Regs., tit. 18, §§ 5010-5095), and convert them into the Board of Equalization Rules for California Tax Administration and Appellate Review (New Rules), in order to provide the public with more comprehensive guidance regarding the administrative and appellate review processes for all of the Board's tax and fee programs. As indicated in more detail below, the project is on schedule and succeeding in meeting its goal to produce a more comprehensive set of regulations due in large part to the valuable input and cooperation received from all of the interested parties who have participated in the project thus far.

As originally proposed, the New Rules contained five parts:

- Part 1, Title;
- Part 2, Sales and Use Tax, Timber Yield Tax, and Special Taxes and Fees;
- Part 3, Administrative Review of Property Taxes;
- Part 4, Appeals from Actions of the Franchise Tax Board; and,
- Part 5, General Board Hearing Procedures.

Part 1, Title, and Part 2, Sales and Use Tax, Timber Yield Tax, and Special Taxes and Fees, are being presented to the Board for approval on January 31, 2006. If approved, Parts 1 and 2 will be numbered as Chapters 1 and 2 of a new Division 2.1 of Title 18 of the California Code of Regulations.

The other three parts of the New Rules are still in the interested parties process. Staff released a revised version of Part 4, which includes an elective simplified briefing schedule for Small Tax Cases and Homeowner and Renter Assistance Appeals, on January 19, 2006, and will be releasing a revised version of Part 3 on January 30, 2006. Staff intends to release a revised version of Part 5 on March 1, 2006.

Staff expects to complete the interested parties process and present the other three parts to the Board for approval in accordance with the attached timeline. Once the Board has approved all five parts, staff will request permission to publish notice of its intent to repeal the Board of Equalization Rules of Practice and promulgate the New Rules, which will also include the Board's current procedures for Taxpayer Bill of Rights Reimbursement Claims (Cal. Code Regs., tit. 18, §§ 5090-5095).

Staff is also in the early stages of the interested parties process with regard to the following additional projects and expects to release proposed language shortly:

- A proposal to revise the procedures for processing inquiries regarding the incorrect or non-distribution of local and district taxes (Cal. Code Regs., tit. 18, §§ 1807 and 1828), which are incorporated into the New Rules by reference; and
- New regulations to implement the Cigarette and Tobacco Products Licensing Act of 2003 (Bus. & Prof. Code, §§ 22970, et seq.).

One or more of the provisions from these additional projects may be incorporated into or referenced in the New Rules. Staff expects to complete the interested parties process with regard to these additional projects within the time period provided for completing the interested parties process with regard to the rest of the New Rules, and will provide more information to the Board and the interested parties regarding these two projects in the near future.

KC:bh:dp
Attachment

cc: Ms. Marcy Jo Mandel, 300 Capitol Mall, 18th Floor
Mr. Ramon Hirsig, MIC:73
Ms. Kristine Cazadd, MIC:82
Ms. Selvi Stanislaus, MIC:82
Mr. Bradley Heller, MIC:82
Ms. Carole Ruwart, MIC:82
Mr. Reed Schreiter, MIC:85
Ms. Deborah Pellegrini, MIC:81
Ms. Sherrie Kinkle, MIC:64

**California Tax Administration and Appellant Review
Regulations Tentative Schedule
Revised January 23, 2006**

Part 1 - Introduction and Part 2 – Sales and Use Tax and Special Taxes

January 20	Post to BOE website, mail out notice, proposed regulations, related materials, and status report for Part 3, 4 and 5
January 31	Board Meeting, Chief Counsel Matters for approval

Part 3 – Property Taxes

January 30	Post to BOE website, mail out notice, proposed regulations, related materials, and status report for Part 4 and 5
February 23	Hold Interested parties s meeting
March 11	Post to BOE website, mail out notice and materials
March 28 & 29	Board Meeting, Chief Counsel Matters approval

Part 4 – Franchise and Income Tax

January 19	Post to BOE website, mail out notice, proposed regulations, related materials, and status report for Part 4 and 5
March 15	Hold Interested parties meeting
April 4	Post to BOE website, mail out notice and materials
April 18	Board Meeting, Chief Counsel Matters approval

Part 5 – Board Hearing Procedures

March 1	Post to BOE website, mail out notice and materials
April 5	Hold Interested parties meeting
May 25	Post to BOE website, mail out notice and materials
June 27	Board Meeting, Chief Counsel Matters for authorization to publish

Part 1 – 5 Regulation Packages

June 27	Board Meeting, Chief Counsel Matters for authorization to publish
July 28	OAL publishes notice
September 26	Board Public Hearing
October 16	Packages to OAL
November 28	Estimated OAL approval
December 28	Estimated effective date for Part 1 – 5