



SEN. GEORGE RUNNER (RET.)

VICE CHAIR
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

April 1, 2015

Assemblyman Philip Y. Ting, Chair
Assembly Committee on Revenue and Taxation
1020 N Street, Room 167A
Sacramento, CA 95814

RE: ASSEMBLY BILL 405 (BROUGH) – BOE: INTEREST ON OVERPAYMENT ▪ SUPPORT ▪

Dear Assemblyman Ting,

I am pleased to support Assembly Bill 405, which would make the interest rate paid on overpayments the same as the rate paid on late payments with respect to tax and fee programs administered by the Board of Equalization (BOE). Current policy is unfair to taxpayers because it penalizes diligent and hardworking business owners by not compensating them for the use of their capital that occurs when an overpayment is made. This effectively amounts to an interest-free loan to the state on the backs of those who contribute so much to our economy.

In 1991, the Legislature changed the method used to compute interest on overpayments. Facing a budget deficit, the Legislature reduced the interest rates on overpayments—that were not intentional or due to carelessness—to avoid paying significant amounts of interest on refunds to taxpayers.

The 1991 budget deficit has long passed, yet taxpayers are still being charged a much higher rate of interest when they are late paying their BOE tax bill than what they receive when the BOE owes them a refund. Currently, taxpayers pay six percent interest on late payments, and they receive zero interest on overpayments. That disparity simply is unfair and should be abolished. Taxpayers should be able to expect better treatment from state government.

The BOE has voted unanimously to sponsor 13 of 17 similar measures since 1992. AB 405 would put an end to the inequity taxpayers currently face by applying the same interest rate to refunds as is charged on underpayments. I urge your “aye” vote when the bill is heard in your committee on April 13.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Runner".

GEORGE RUNNER
1st District

cc: Assembly Member Brough
Julia King, Policy Consultant, Assembly Republican Caucus