

**State Board of Equalization**

**OPERATIONS MEMO**

For Public Release

No. : 1193  
Date : February 11, 2016

**SUBJECT: NEW REFUND PROCEDURES FOR ITEMS OVER \$100,000**

**I. OVERVIEW**

At the April 29, 2015 Board meeting, the Board approved the proposal to delegate authority to staff to issue all refunds, credits, cancellations, and denials (hereafter, collectively, “refunds”) without Board Member approval. As discussed below, this delegation will be effective once necessary regulatory changes are made. The delegation of authority applies to those items that currently appear on the Board meeting agenda as “Nonappearance Matters, Matters for Consideration” and “Credits, Cancellations and Refund Matters” on either the Consent or Adjudicatory calendar. Prior to this delegation of authority, Board approval was required for items in excess of \$100,000.

In lieu of Board Member approval, the Board directed staff to prepare a monthly report for the Board Members of all approved refunds greater than \$250,000. This memo provides new procedures for refunds in excess of \$100,000 that are no longer required to be placed on the Consent or Adjudicatory calendar.

**II. EFFECTIVE DATE OF NEW PROCEDURES**

The *Rules for Tax Appeals* Regulations [5218](#), [5235](#), [5237](#), and [5267](#) were amended to reflect the delegation of authority to staff to issue refunds without Board Member approval. The new refund procedures were approved by the Office of Administrative Law and are effective March 1, 2016.

**III. REVIEW PROCEDURES**

The Sales and Use Tax Department (SUTD) and the Special Taxes and Fees Department (STFD) will follow the current multi-level review process for refunds in excess of \$100,000, with final approval by each Department’s Deputy Director.

**IV. PUBLIC RECORDS REQUIREMENT**

Revenue and Taxation Code sections [6901](#) and [6981](#), and those comparable sections of the law for the STFD programs, generally require that items in excess of \$50,000 be available as a matter of public record for at least 10 days prior to the effective date of that determination. Prior to the effective date of this delegation of authority, all approved items in excess of \$50,000 but less than \$100,000 will continue to be submitted to the Board Proceedings Division, which maintains them for the ten-day public record period. Items in excess of \$100,000 that will continue to be placed on either the Consent or

Adjudicatory calendar are made available as a public record when the Public Agenda Notice (PAN) is distributed ten days before the Board meeting.

Following the effective date of the delegation of authority, to satisfy the public records requirement, all items in excess of \$50,000 will be submitted to the Board Proceedings Division to begin the ten-day public record period. Both Departments will follow their current procedures for submission to the Board Proceedings Division.

**V. REPORT TO MEMBERS OF REFUNDS IN EXCESS OF \$250,000**

The Petitions Section is responsible for coordinating with the relevant SUTD and STFD sections to provide the monthly report to the Board Members for refunds in excess of \$250,000.

SUTD and STFD sections will submit approved refunds for the month in excess of \$250,000 to the Petitions Section by the 5<sup>th</sup> of the following month (or the first working day thereafter when the 5<sup>th</sup> falls on a weekend or holiday). The sections' reports should include the following information:

- Department (SUTD or STFD)
- Category (i.e., refund, credit, cancellation, or denial)
- Taxpayer or feepayer name, account number and case ID number
- Dollar amount of approved item

The Petitions Section will compile the information from SUTD and STFD and provide the report to the Chief of Headquarters Operations Division (HOD) by the 15<sup>th</sup> of the month (or first working day thereafter). The Chief of HOD will submit the report to the Board Members by the 20<sup>th</sup> of the month (or first working day thereafter).

**VI. OBSOLESCENCE**

This Operations Memo will become obsolete when the information contained herein is incorporated into the relevant sections' procedure manuals.



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