

Follow-up Questions Assembly Joint Hearing

- Address the reasons for the \$1 million increase in the outreach budget over the past 5 years?

*The tax and fee payer base has grown substantially with new legislation. For example, the qualified purchaser use tax program (which had a statewide impact) and the fire fee (which had a disproportionate impact in rural areas and among fee payers without prior contacts with the BOE) both substantially increased the BOE's tax and fee payer base. Additionally, education and outreach are essential to maintain the BOE's 98 percent voluntary compliance rate, especially when new programs are added, thus the need to employ a multi-channel strategy to educate not only our tax and fee payers, but the general public. **Attachment 1** displays the staffing levels for the Outreach Services Division including salaries over the past 5 years. The Outreach Services Division received 11.0 new positions through Budget Change Proposals (BCP) (as indicated in last column of attachment), which has resulted in an increase to the budget allocation.*

- Provide breakdown of outreach expenditures by Board Member district.
The costs below are based on average event costs, materials and postage costs for mailings and have been broken out by Board Member district.

Estimated Expenditures for Outreach by Board Member District		
Events, Materials and Postage		
Member	Estimated Costs 2014-15*	Estimated Costs 2013-14
Runner	\$845,587	\$308,106
Yee	\$31,494	\$19,681
Steel	\$202,238	\$381,086
Horton	\$433,007	\$544,231
Harkey	\$70,396	
Ma	\$40,935	
*Through March 2015		

The two tables below show a further breakdown of costs by type (Events vs. Materials & Postage).

Event Costs		
<i>Member</i>	<i>Estimated Costs 2014-15*</i>	<i>Estimated Costs 2013-14</i>
<i>Runner</i>	\$25,350	\$16,550
<i>Yee</i>	\$11,000	\$7,550
<i>Steel</i>	\$18,450	\$36,350
<i>Horton</i>	\$36,525	\$62,406
<i>Harkey</i>	\$6,150	
<i>Ma</i>	\$6,150	
<i>*Through March 2015</i>		
Materials & Postage Costs		
<i>Member</i>	<i>Estimated Costs 2014-15*</i>	<i>Estimated Costs 2013-14</i>
<i>Runner</i>	\$820,237	\$291,556
<i>Yee</i>	\$20,494	\$12,131
<i>Steel</i>	\$183,788	\$344,736
<i>Horton</i>	\$396,482	\$481,825
<i>Harkey</i>	\$64,246	
<i>Ma</i>	\$34,785	
<i>*Through March 2015</i>		

The table below reflects tax data by district.

Permits/Accounts & Revenues by District						
Fiscal Year 2013 - 2014						
Equalization	Permits/Accounts			Revenues		
District	SUT	Fire Fee	Total	SUT	Fire Fee	Total
1st	186,772	359,653	546,425	3,621,041,585	69,442,120	3,690,483,705
2nd	214,755	173,139	387,894	6,817,539,235	34,753,092	6,852,292,327
3rd	266,273	57,206	323,479	6,665,448,083	9,583,911	6,675,031,994
4th	221,819	192,059	413,878	6,292,406,021	31,777,167	6,324,183,188
Out of State	48,627	-	48,627	19,539,745,458	-	19,539,745,458
Unassigned*		16,121	16,121		50,119	50,119
Total	938,246	798,178	1,736,424	\$42,936,180,382	\$145,606,409	\$43,081,786,791
<i>*District of location not assigned.</i>						

- Provide a % of budget spent on statewide vs. regional outreach activities.

BOE does not track a budget to the statewide vs. regional activities. The Harris-Katz California Taxpayers Bill of Rights sets forth legislative intent to “promote improved voluntary taxpayer compliance by improving the clarity of tax laws and efforts to inform the public of the proper application of those laws.” Revenue and Taxation Code Section

7081. California's tax system is based largely on voluntary compliance, and the development of understandable tax laws. Keeping taxpayers informed of those laws will improve both voluntary compliance and the relationship between taxpayers and government. Most of our education and information program consists of activities with a statewide focus conducted by the program areas (Property, Sales, and Special Taxes). These include, but are not limited to, informational mailers, special notices, e-blasts, educational/informational/promotional video productions, web pages, online seminars, and BOE press releases. Regional events and activities are an extension of statewide education efforts, but also serve to address more narrowly-focused educational needs in a given geographical area.

The chart provided below shows Board of Equalization Taxpayer Education and Outreach events.

BOE Taxpayer Education & Outreach Events		
	2014-15*	2013-14
Board Member Hosted Events	50	69
Cigarette & Tobacco Licensing Training		
Retailer Training Sessions		18
Free Sales & Use Tax Classes	192	267
Free Sales & Use Tax Classes (in language S,C,V,K)	73	86
Speakers Bureau Requests	203	166
Total	518	606
*Through March 2015		

- Were there increases in personnel due to fire fee?
Yes. The BOE received 56.5 2-year LT positions in FY 2012-13 for implementation of ABx 1 29 – SRA Fire Prevention Fee. In FY 2014-15, 42.0 of these positions were made permanent, 12.0 were continued for an additional 2 years, and 9.0 new 2-year LT and 9.7 temporary staff were approved.
- How much revenue do you estimate is the fraudulent cigarette sales that you could be collecting with legitimate sales?
Based on BOE's most recent analysis, the loss of tax revenue relating to illicit activities is \$214 million annually.
http://www.boe.ca.gov/news/2014/62-14-G.pdf?utm_source=rss&utm_medium=rss&utm_campaign=boe-enforcement-efforts-snuffing-out-cigarette-and-tobacco-tax-evasion-new-updated-estimate-shows-inspections-and-tougher-laws-paying-off-pdf

