

# State of California

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**Legislative Change No.****02-07**Bill Number: SB 1445Author: AlpertChapter Number: 02-258Laws Affecting Franchise Tax Board: Section 19442 of the Revenue and Taxation Code.Date Filed with the Secretary of the State: August 26, 2002SUBJECT: Settlement Of Tax Disputes**Senate Bill 1445 (Alpert), as enacted on August 26, 2002, made the following changes to California law:**Section 19442 of the Revenue and Taxation Code is amended.

This act increases the Executive Officer's and Chief Counsel's settlement threshold involving a reduction of tax or penalties from \$5,000 to \$7,500. Thereafter, the threshold will be indexed annually to reflect inflation.

In addition, this act expands the scope of settlement agreements to be the same as a closing agreement, which allows the resolution of all tax matters in a tax year, instead of just the tax matters in dispute. In addition, the settlement agreement will have the same degree of finality as a closing agreement. Adjustments due to a federal Revenue Agent Report are excepted from the settlement and closing of a tax year. In addition, any other issue that the Franchise Tax Board or the taxpayer would like to except from the closing of the tax year will be allowed as part of the settlement agreement.

This act is effective and operative January 1, 2003, and applies to all settlements approved on or after that date.

This act will not require any reports by the department to the Legislature.

Bureau Director

Brian Putler

Date

09/03/02