STATE OF CALIFORNIA
FRANCHISE TAX BOARD

PUBLIC MEETING

FRIDAY, DECEMBER 18, 2020
1:30 P.M.

HELD VIA VIDEOCONFERENCE
AND
VIA TELECONFERENCE

REPORTED BY: KATHRYN S. SWANK
CSR NO. 13061

KATHRYN S. SWANK, CSR (916) 390-7731
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**APPEARANCES**

(All participants appeared via videoconference and teleconference.)

**BOARD MEMBERS**

BETTY YEE  
State Controller  
(Chairperson of the Board)

ANTONIO VAZQUEZ  
Chairperson  
Board of Equalization

GAYLE MILLER  
Representative for Keely Bosler, Director  
Department of Finance

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**STAFF**

SELVI STANISLAUS  
Executive Director

DAWN CASEY  
Board Liaison

JOZEL L. BRUNETT  
Chief Counsel

SHANE HOFELING  
Deputy Chief Counsel

MICHAEL BANUELOS  
JEANNE HARRIMAN  
ANNETTE KUNZE  
CHRIS SMITH  
ADAM SUSZ

KATHRYN S. SWANK, CSR  (916) 390-7731
APPEARANCES CONTINUED

PUBLIC PARTICIPANTS

JOYCE CHENG
California Society of Enrolled Agents

LYNN FREER
Spidell Publishing

CHRISTINE GRAB

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SACRAMENTO, CALIFORNIA

FRIDAY, DECEMBER 18, 2020 1:30 P.M.

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CHAIRPERSON YEE: Good afternoon. The time of
1:30 p.m. having arrived on Friday, December 18th, 2020,
this is the scheduled time for the meeting of the
California Franchise Tax Board, and I ask the board
liaison to please call the roll to determine if a quorum
is present.

MS. CASEY: Member Vazquez.

MEMBER VAZQUEZ: Present.

MS. CASEY: Member Miller.

MEMBER MILLER: Present.

MS. CASEY: Chair-Controller Betty T. Yee.

CHAIRPERSON YEE: Here. Thank you.

At least two members having -- being personally
present, there is a quorum, and the Franchise Tax Board
is now in session.

At this time, I ask that you please stand if you
are able and join me in the Pledge of Allegiance.

(Pledge of Allegiance was recited
in unison.)

CHAIRPERSON YEE: Thank you. Good afternoon
again, and welcome to the Franchise Tax Board's virtual
board meeting. As the FTB continues to follow all

KATHRYN S. SWANK, CSR  (916) 390-7731
appropriate federal, state, and local guidance for public gatherings, my fellow board members and I are attending the board meeting remotely, and FTB staff is following social distancing best practices.

The public has a right to comment on each agenda item for today. For today's meeting, members of the public may comment via telephone at (877) 336-4440 with the access code of 6683081.

Please be aware that there is a short delay between the web live stream and the live event. If there are any members of the public wishing to speak on an item, you may speak when that item is called, and you will have three minutes to address the Board. You will be asked to identify yourself for the record.

Let's proceed to the first item, Members, which is the approval of the minutes. We have before us the minutes of the September 18, 2020, board meeting.

First, let me see if there's any member of the public wishing to speak on this item, on the teleconference line.

PHONE MODERATOR: Ladies and gentlemen, if you wish to queue up on the phone lines for public comment, you may press 1 and then 0 on your telephone keypad. You may withdraw your question at any time by repeating the 1 and 0 command. If you are using a speakerphone,
we ask that you please pick up the handset before pressing the numbers. Once again, if you have a question, you may press 1, then 0 at this time.

(No verbal response.)

PHONE MODERATOR: And there is no one queuing up on this topic at this time. Please continue.

CHAIRPERSON YEE: Great. Thank you very much. Do I have a motion for approval of the minutes.

MEMBER MILLER: I move approval.

MEMBER VAZQUEZ: So moved.

CHAIRPERSON YEE: Okay. I have a motion by Member Miller, seconded by Member Vazquez.

Without objection, such will be the Board's order. Thank you.

Let's move on to Item Number 2, which is our legislative matters. And we'll have Annette Kunze present the 2021 legislative proposals. These are action items that can be considered separately or together in a single motion.

And I believe, Member Miller, you will be abstaining from any action on these matters, because they are legislative items; is that correct?

(No verbal response.)

CHAIRPERSON YEE: Great. Thank you.

Annette, good afternoon.
MS. KUNZE: Good afternoon. As mentioned, my name is Annette Kunze, and I'm the legislative director for the Franchise Tax Board.

On an ongoing basis, FTB identifies possible ideas for legislative proposals that can ease tax administration, including the ones presented before you today.

Today I will present five legislative proposals for your consideration. From here on out, I will refer to these proposals at LP-A through LP-E. In addition to presenting to you today, we also recently held a stakeholder meeting on November 10th to present these ideas to the public for input, and ideas seem to be well received.

I will begin with LP-A, which relates to the California Research Credit. LP-A proposes additional modified conformities to the federal tax law for calculating the California Research Credit. Current California code provides two methods to compute the California Research Credit: The regular method and the incremental method.

The regular method requires taxpayers to use documents from the 1980s to calculate their research credit. If the taxpayer isn't able to provide documents or otherwise substantiate the credits, FTB generally has
no option but to deny the claimed credit.

By modifying conformity to the federal Alternative Simplified Credit, or ASC, method, California taxpayers will have a simplified way to calculate and substantiate their research credit. The ASC method factors in the three most recent taxable years' research expenses to calculate the credit, instead of relying on documents from the 1980s.

LP-A also proposes conformity to the Internal Revenue Code to eliminate the incremental method. As some background, FTB has pursued research credit conformity before. In addition, conformity to the ASC method has been introduced in bills twice before, in the last decade: Assembly Bill 544 in 2015, and Assembly Bill 2330 in 2014.

Neither of these bills made it into the second house. These bills entered -- included a credit rate that would have resulted in a larger revenue loss than this proposal.

LP-A proposes a smaller ASC credit rate and results in a smaller estimated revenue loss. The credit rates could be subject to change if this proposal were ultimately entered into a bill.

In summary, conforming to the ASC method would provide business and individuals conducting research in
California with a simplified calculation option, eliminate differences between federal and state law, and reduce recordkeeping requirements. It would also reduce the administrative burden on the FTB and taxpayers with respect to audits of the California research credit.

Next is LP-B relating to the real estate withholding on like-kind exchanges.

I wanted to start with a quick introduction on withholding as it relates to this proposal. California requires withholding on the sale of real estate unless an exception applies. Generally withholding is the obligation of the buyer or the real estate escrow company.

In a deferred exchange, the obligation to withhold shifts to the qualified intermediary or accommodator, which is a person or business who enters into a written exchange agreement with a taxpayer to facilitate a deferred like-kind exchange. Throughout this LP, the abbreviation "QI" is used for qualified intermediary or accommodator. This proposal would modify the real estate withholding requirements related to the deferred like-kind exchange of California real property.

Turning to the problem addressed by the legislative proposal, the department has determined, and
others have told us, that QIs may have difficulty meeting with withholding obligations in those situations where a QI does not have sufficient funds in an exchange account to fully satisfy the withholding obligation. And these are commonly referred to as cash poor exchanges.

The LP proposed solution would retain the basic withholding structure requiring a QI to withhold, but the QI withholding would be limited to funds being available in the exchange account. FTB would be authorized to prescribe regulations to clarify disbursements for the exchange.

In addition, under the proposal, the QI would continue to submit the Form 593, Real Estate Withholding Statement, which would identify the seller and the withholding information, including that it's a cash poor exchange. The LP would not change the overall actual amount of tax liabilities.

In summary, the benefits of this proposal include promoting fairness and reducing administrative burden on QIs, and providing clear guidance on withholding for deferred exchanges while retaining the overall withholding structure.

Next I will move to LP-C, and this relates to taxation of income of an Incomplete Gift Non-Grantor
Trust, which I will refer to as an ING trust. This LP discusses grantors, trusts, and trustees. And so for some context, I want to provide a few definitions.

A grantor is simply an individual that moves assets into a trust, a separate legal entity.

A trustee is a company, also a separately legal entity, which maintains the trust.

ING trusts are generally treated as taxable trusts.

California generally conforms to the federal trust rules. And for California purposes, the ING trust net taxable income is sourced to the state, based on the commercial domicile of the trustee.

For federal purposes, the ING trust is taxed and has a filing status based on where the trustee is domiciled and located. And turning to the particular problem, currently California law allows the California taxpayer to move assets into an ING trust with an out-of-state trustee, and the impact is to shift assets and income away from California, even though the taxpayer has not changed their state of residency.

This situation impacts taxpayers primarily residing in California and New York, and New York has identified the same issue and the enacted legislation — legislation effective for tax years beginning in 2014.
Our proposed solution would amend the personal income tax laws to parallel the approach adopted by New York. That is, the proposed change would treat all grantors of trust in the same manner and provide consistent and fair treatment of ING trust net taxable income for similarly situated taxpayers.

Next is LP-D, and this relates to a change in the due date of Taxpayers' Bill of Rights report. This proposal would change the Taxpayers' Bill of Rights report from December 1st to January 10th of each year, the due day. The date change will provide FTB staff sufficient time to include current year proposals in the report.

The board meeting where the current year proposals are heard and voted on is in December, as one -- as is today. However, because the Taxpayers' Bill of Rights report is due December 1st, only prior-year proposals are eligible to be included in the report.

Changing the due date to January 15th will allow the Legislature to be informed on the most current issues and allows the opportunity to begin discussion on these issues.

Lastly is LP-E, and this relates to an item to assist with providing information to the State
Controller's office for purposes of unclaimed property.

In the Budget Act of 2019 (Senate Bill 109), the Joint Legislative Budget Committee tasked the FTB with researching the feasibility of providing a check box question on -- regarding unclaimed property on business entity returns. FTB worked in conjunction with the State Controller's Office, or SCO, to identify questions to include on the business entity returns that could increase the awareness of, and compliance with, the unclaimed property reporting requirements.

Currently, FTB has such authority limited to specific information that we may share with the SCO. This proposal would allow FTB to be able to share certain data with the SCO for purposes of the unclaimed property program, including the three questions being added to the business entity returns.

Thank you for your time today and for listening to our proposals, and we respectfully request the board approval of our legislative proposals, and I'm happy to answer any questions.

CHAIRPERSON YEE: Thank you, Annette, very much for the presentation.

Let me just check in with Member Vasquez. Any questions on the proposals? Or comments?

MEMBER VAZQUEZ: Yes. I had just a couple of
questions. Let me start with 2-A first. And just my
opening remarks on this: Will this credit be
retroactive for the -- for more than three years on the
2-A proposal?

MS. KUNZE: So on the credit, it will be computed
using information from the last three years. It will
actually be -- the election will be -- once the law is
enacted, than taxpayers can begin to elect this method.
However, instead of looking at information from the
1980s, it would actually look at -- it would look at the
last three years. So it's actually not retroactive.
The credit -- it just uses information from the prior
three years, most recent years.

MEMBER VAZQUEZ: Okay. I guess my question was
really, in other words, you know, I would hate to see
the credit wasted that was available to the taxpayer,
but did not have enough time to come back, you know,
with their records. That was my concern, I guess.

CHAIRPERSON YEE: I think, Ms. Kunze, the -- with
respect to the two methods that are a part of LP-A, so
the one that we're proposing to eliminate, so that we
can conform to the ASC method, this probably wasn't
utilized at this point, right?

MS. KUNZE: Yes. That is correct. It's lesser
utilized, and, actually, they would still be able to use
the regular method, but they would be able to elect this
new method, and then by eliminating the incremental
method, it doesn't affect as many taxpayers, and it
actually puts us in closer conformity with the federal
research credit.

MEMBER VAZQUEZ: Okay. And then my second
question is — it relates to Item 2-D. It's actually
the last one we got into.

And, first of all, I just wanted to commend FTB,
as well as the Controller's Office, on their due
diligence in locating owners of unclaimed property.

But I'm wondering, moving forward — I support
this. You know, I would just fear that — (audio
malfunction; unintelligible). For example, I guess, for
a tax return or any other statewide form, there should
be a voluntary disclosure box identified for the
beneficiary of any unclaimed money or property of an
individual. And I was wondering if that's — if you
looking at that, or is that going to be included
somewhere?

MS. KUNZE: So my understanding is that we are
adding three questions regarding the unclaimed property.
However, there are other education efforts ongoing that
aren't necessarily related specific to the tax return,
but we're hoping that by adding these questions, that
will help increase awareness and compliance. But there are other methods, and we'll be including information in our instructions as well, to direct taxpayers and businesses to those resources, to be able to know what the rules are and how to comply and that they are aware of them.

CHAIRPERSON YEE: I would like to comment on this, Member Vasquez. The -- there are, as Ms. Kunze stated, a number of different outreach and educational strategies that we do use, including involving all of our legislative colleagues as well as members of the Board of Equalization to educate the public about the properties that are ready to be returned by my team.

You know, that database of property is public, and so it can be consulted at any time. And I will just give a plug here, at ClaimIt.ca.gov. What we're trying to accomplish here is to be sure that businesses or holders of property are filing their property reports, and wanted to be sure that they are current in that activity, and also identifying the amounts of property that they are going to be remitting to the State.

So that's really the purpose of this particular proposal. And as I said, there are many other strategies. We're getting the word out. We agree with you. We want to return that property to the rightful
owners in the most efficient way possible.

So that's the nature of this proposal. And I did pose the question as to whether the addition of these questions to the Board would result in any additional costs, and those costs will be -- (audio malfunction; unintelligible).

MEMBER VAZQUEZ: Okay. I'm good with that.

Thank you.

CHAIRPERSON YEE: Great. Thank you.

And then, Ms. Kunze, I just wanted to confirm on LP-B that the revenue impact is really going to be -- it's not really a revenue impact, but, really, more as it relates to a timing issue, right? Because the -- due to the extent that the withholding is a prepayment of the liability, that there's just going to be a slight change in the timing. And so we expect that if the payment, that there could be timing -- (audio malfunction; unintelligible).

MS. KUNZE: Yes, that's correct.

CHAIRPERSON YEE: Okay. Great.

So the actual liabilities -- the amount of liabilities won't -- (audio malfunction; unintelligible).

Okay. Very good.

If there are no other questions, I'm going to
turn to the public now. Is there any member of the public wishing to speak on any of these legislative proposal items?

PHONE MODERATOR: Ladies and gentlemen on the phone lines, if you would like to place yourself in the queue for public comment, as a reminder, you may press 1, then 0 at this time.

(No verbal response.)

PHONE MODERATOR: No members of the public are queuing up at this time.

Please continue.

CHAIRPERSON YEE: Thank you very much.

So seeing no public speakers, Member Vazquez, do you wish to move the item?

MEMBER VAZQUEZ: Yes. I will move the item.

CHAIRPERSON YEE: Great. Thank you very much.

And I will second that item, noting that Member Miller is not participating in this item.

And without objection, the motion is carried.

Thank you very much.

MS. KUNZE: Thank you.

CHAIRPERSON YEE: Thank you, Ms. Kunze.

MS. KUNZE: Thank you.

CHAIRPERSON YEE: Now we'll move on to Item Number 3, and I want to make sure Member Miller is back.
for this one. It does pertain to the regulation
matters, and this is the adoption of the annual
Rulemaking Calendar. This is an action item that will
be presented by Adam Susz. Good afternoon.

MR. SUSZ: Thank you. Good afternoon, Board
Members. My name is Adam Susz. I'm an Attorney V with
the Legal Division's Technical Resources Bureau.

The 2021 Rulemaking Calendar, in your materials,
details the regulations projects in which FTB staff will
work on during the 2021 calendar year.

As required by Government Code section 11017.6,
on a yearly basis, FTB delivers a Board-approved
Rulemaking Calendar to the Office of Administrative Law,
or OAL, to provide the required information on
regulatory items FTB plans to transmit for review and
approval by OAL during the year.

As in the past, this Board's approval of the
Rulemaking Calendar will also serve as an explicit
approval by the Board to allow FTB staff to begin the
informal regulatory process and hold interested parties
meetings for all calendared items, which includes new
items identified for which staff has not previously
received Board approval.

This year, there is one new item on the calendar.
This item is identified on the first page of the
materials and is a project to draft regulations setting forth the requirements as to when the CalSavers Retirement Savings Board may refer a penalty it imposed on noncompliant eligible employers to FTB for collection.

The project will also include regulations setting forth procedures for employers to appeal those penalties imposed by the CalSavers Retirement Savings Board to the FTB.

I respectfully ask for the Board's approval of the 2021 Rulemaking Calendar, and I'm happy to answer any questions that you may have. Thank you.

CHAIRPERSON YEE: Thank you very much, Mr. Susz. Members, any comments or questions?

(No verbal response.)

CHAIRPERSON YEE: Okay. Seeing none, let me just see if there's any member of the public who wishes to speak on this item, on the conference line.

PHONE MODERATOR: If you would like to queue up to have your public comment known, please press 1, then 0 at this time.

(No verbal response.)

PHONE MODERATOR: There is no one queuing up for this topic at this time. Please continue.

CHAIRPERSON YEE: Great. Thank you very much.
Very well. Do we have a motion on this item?

MEMBER MILLER: I will move, Madam Chair.

CHAIRPERSON YEE: Thank you very much, Member Miller. We have a motion by Member Miller.

Second --

MEMBER VAZQUEZ: I will second.

CHAIRPERSON YEE: Member Vazquez.

Without objection, such will be the motion.

Thank you very much, Mr. Susz.

MR. SUSZ: Thank you.

CHAIRPERSON YEE: All right, Members.

We are now moving on to Item Number 4. These are administrative matters. And first we will have Jeanne Harriman presenting the 2021/22 Budget Change Proposals, which is an action for Board approval. And Member Miller, I know, will not be participating in this particular item.

And then we'll have Michael Banuelos present the contracts over $1 million. Also an action item for Board approval.

Jeanne, do you want to begin?

MS. HARRIMAN: Thank you.

Good afternoon. As mentioned, my name is Jeanne Harriman, Chief Financial Officer for Franchise Tax Board.
Today I will be discussing to you Budget Change Proposals and presenting them for your approval. Both of these proposals are related to legislation that was recently enacted in the prior session.

The first proposal relates to Senate Bill 1447. Franchise Tax Board is requesting four two-year limited term positions with associated funding for 2021/22 and 22/23 fiscal years. The governor signed Senate Bill 1447 into law on September 9th, 2020. This legislation created the Main Street Small Business Tax Credit, which is a hiring credit for small business employers where, in certain conditions, they are eligible to receive a hiring credit that they can elect to be applied against qualified sales, use, or income taxes.

The credit is allowed, as mentioned, to small businesses suffering negative impacts as a result of COVID. Beginning December 1st, 2020, small business employers can receive a tentative credit reservation, equal to $1,000 for each employee hired during the period July 1st, 2020, to November 30th, 2020, and that ultimately resulted in a net increase of employees.

These requested resources will ensure FTB will timely process tax returns claiming the Main Street Small Business Tax Credit. Resources were funded for the current year, but a Budget Change Proposal was
required to obtain approval of these limited term
resources for 2021/22 and 22/23.

The second proposal relates to resources
requested to administer the new expansion of the
California Earned Income Tax Credit to taxpayers with
the federal tax identification number, most frequently
referred to as an ITIN. Franchise Tax Board is
requesting 17 permanent positions and one permanent
intermittent position to accommodate this new law.

AB 1876 was signed into law on September 18th of
2020, and provides that for taxable years that begin on
or after January 1st of 2020, eligible individuals,
spouses, or qualifying children that have an ITIN now
can receive the California Earned Income Tax Credit.

The CalEITC is a key component of the Legislature
and the administration's commitment to assist California
families living below the poverty level. An estimated
200,000 families will qualify for this expanded credit.
Because of the larger numbers, and then because of the
complexities on these returns, FTB is requesting
additional resources to ensure that we are able to
process these returns timely, issue the refunds timely,
as well as also ensure that any improper payments are
captured and not refunded.

FTB is asking these resources for these various
programs.

   Again, thank you for your time today. Your
approval for these Budget Change Proposals is requested,
and I'm happy to answer any questions you may have.

   Thank you, Jeanne, very much for the
presentations.

   Member Vasquez, questions or comments?

MEMBER VAZQUEZ: I'm good. Actually, I had some
comments that were answered earlier, and I'm comfortable
with it.

   CHAIRPERSON YEE: Okay. Very good.

   I think what I would like to do is to take these
up maybe -- Member Vasquez, would you mind if we act on
the Budget Change Proposals first, before we move on to
the contracts?

MEMBER VAZQUEZ: Sure.

   CHAIRPERSON YEE: We will bring Member Miller
back for the second discussion.

   So is there a motion?

MEMBER VAZQUEZ: I will move it.

   CHAIRPERSON YEE: Great. Thank you.

   We have a motion by Member Vasquez to approve the
two Budget Change Proposals. As presented, I will
second that motion, with Member Miller not
participating.
Without objection, such will be the order.

All right. Thank you.

And next we'll have Michael Banuelos present the contracts for approval.

MR. BANUELOS: Okay. Good morning, Madam Chair and fellow Board Members.

CHAIRPERSON YEE: Michael, I hope it's afternoon.

Not morning.

MR. BANUELOS: Oh, I should update my notes, ma'am.

Good afternoon, Madam Chair and fellow Board Members. It's really nice to see you again. I hope you are all having a nice holiday season here.

My name is Michael Banuelos, and I'm the Director of the Franchise Tax Board's Procurement Bureau. I'm here today to request the Board's approval for two proposed procurements that will result in contracts over $1 million.

With your approval, I will present the two procurements and then I would be happy to answer any questions you may have.

The first request is related to our scanner refresh effort. So currently, FTB uses 10 scanners to image documents, capture data, and to electronically route tax returns and correspondence. Another critical
function of the scanners is to scan checks in order to
deposit payments to the banks as expeditiously as
possible. Our scanners are a critical component of our
operations. And to highlight this, I offer the
following: In the last three calendar years -- 2017
through 2019 -- we have scanned an average of 77 million
pages of documents. In calendar year 2019, FTB
deposited approximately $15 billion in paper deposits
via our scanners.

While our scanners have served us well,
unfortunately, they are coming to the point where they
can no longer be supported and need to be replaced. We
anticipate procuring nine scanners at an estimated cost
of $3.7 million, and FTB will be conducting a
competitive bid to procure these scanners.

As part of the competitive bidding process, FTB
will be following established procurement guidelines as
set forth by statute, as well as by the California
Department of General Services. This includes multiple
statutory preference and incentives intended to promote
socioeconomic programs within California: This includes
the California Small Business Preference; the Non-Small
Business Subcontractor Preference; the Disabled Veteran
Enterprise Incentive; and the Target Area Contract
Preference Act.
And that one is a mouthful. So that's the first one.

The second procurement I'm presenting for the Board's approval is for consulting services to support our eTime project. The FTB has the need to procure services to assist in the development and implementation of an enterprise-wide time recording and work activity tracking application. This application is call eTime and will replace our existing system, which is called TimePortal. TimePortal is a system used by FTB's employee population of over 6,000 people for the purpose of time keeping and work activity tracking.

The 20-year-old legacy system is written using obsolete technology, some of which is no longer supported, which makes it more difficult for us to use and enhance.

In order to complete this effort, contractor support is needed for assistance with design, analysis, coding, testing, and implementation.

The total amount of the procurement is estimated at $1.35 million, and we intend on using the Department of General Services' Master Services Agreement to conduct the procurement.

With respect to the preferences and incentives, the Master Services Agreement is a little bit of a
different type of procurement vehicle than what I talked about for the scanners. It's a stream-lined procurement vehicle offered through DGS, but it's still competitive in nature.

We are in the planning phase for this procurement, but we do intend on including criteria to encourage participation from small businesses as well as Disabled Veteran Business Enterprises. At this time, I'm asking for your approval to move forward with these procurements, and I would be happy to answer any questions that you may have.

CHAIRPERSON YEE: Thank you very much, Michael. Let me turn to our members. Member Vazquez and Miller, are there any questions or comments?

MEMBER VAZQUEZ: Just a quick one. And I asked this during the briefing as well. And maybe -- I don't know if this is a question directed to staff or maybe to Madam Chair, here. I know we have certain restrictions in terms of limiting, you know, where we can purchase things, and I was wondering, you know, given COVID, how much more we can do to really try to make sure that we're purchasing as much as possible locally, or at least within the state of California. And I don't know
if that's even a possibility to the extreme we could.

CHAIRPERSON YEE: Actually, Michael -- we're going to be following the DGS, you know, guidelines with respect to this procurement. And I think, you know, certainly as it relates to looking at, you know, reaching out to small businesses, the -- you know, those businesses that are under the second proposal, who are part of the Master Services Agreement, there still are going to be criteria for that to be competitively bid. So I've got to think that DGS is going to be pretty extensive, given the way it's looked at reaching out to -- (audio malfunction; unintelligible).

But any thoughts here?

MR. BANUELOS: Yes. I would respectfully submit, there's two really different ways that we do try and promote. For us, keeping things local really equates to keeping things within California --

CHAIRPERSON YEE: Yes.

MR. BANUELOS: -- and there's two different ways that we do it.

So all of those preferences that I named off that are in statute -- the Small Business preference, the Non-small Business preference, the Disabled Veteran Enterprise Business Incentive, or the TACPA -- those are all benefits that companies that are either domiciled or
have their main headquarters here in California can get
extra bonus points, so to speak.

So depends on the way we structure the bid.
Sometimes they are low cost. Sometimes they are with
points. But we do give added bonuses for California
corporations that are either a Certified Small Business
or a Certified Disabled Veteran Business.

There's a couple of other things we do that may
be of interest to you. So, like, with the Master
Services Agreement that I talked about, that's a little
bit more of a discretionary program, right? So DGS has
put together many of these contracts, whether you want
to call them procurements or, kind of, prequalified
lists. Whenever we use those lists, to the extent
possible, we are targeting small businesses or disabled
veteran businesses there.

Unfortunately, due to the magnitude of some of
the dollar amounts, they can't carry some of these
larger contracts. So what we do, if we don't think they
could be valid prime contractors is we try, as much as
we can, to establish them as subcontractors or work with
the prime contractors to see if they can give some
businesses to locals here in California.

Does that make sense?

MEMBER VAZQUEZ: I appreciate that.
CHAIRPERSON YEE: Thank you, Mr. Vazquez. That's a great question particularly during these times, where so many of our businesses are being hit very hard. Are there other comments or questions?

(No verbal response.)

CHAIRPERSON YEE: Michael, I have a question on the scanners. Do you happen to know how many scanners we have in total?

MR. BANUELOS: So, currently, we have ten. And I believe five of them, we've had probably prior to 2005, so they came in with an older project.

CHAIRPERSON YEE: Okay.

MR. BANUELOS: I think, at one point, they were refurbished, so I think we've gotten pretty good -- pretty good useful life out of them. So that was five.

And then we obtained the other five, I believe, in 2012, and those came in with the EDR project.


So I suspect that you will be replacing them kind of almost on a staggered basis, depending on how -- how worked over they are.

MR. BANUELOS: Right now -- the bid should be coming out, you know, hopefully soon. I don't know if it will be next week, but when we have the schedule on there, we are doing -- we are suggesting we do it in
phases. It's three different phases staggered over one
or possibly even two fiscal years. So, yes, we are
planning on staggering it out, but once we release the
bids, and we're able to talk with the vendors a little
bit more about what the solutions may look like, we'll
know more in the future.

CHAIRPERSON YEE: Okay. Appreciate that.

Just for the public's information, we work these
scanners very hard. Very hard. That's quite a sight to
see.

All right. Let's see. No other questions from
members.

Let me turn and see if there are any members of
the public who wish to speak on this item, from the
teleconference line.

PHONE MODERATOR: Yes. Ladies and gentlemen from
the public, if you wish to queue up and give your
comment, please press 1, then zero at this time.

(No verbal response.)

PHONE MODERATOR: And there is no one queuing up
on this item at this time.

Please continue.

CHAIRPERSON YEE: Thank you very much.

Is there a motion for approval of the contract?

MEMBER VAZQUEZ: I so move.
MEMBER MILLER: Second.

CHAIRPERSON YEE: Motion by Member Vazquez; second by Member Miller.

Without objection, such will be the order.

Thank you, Michael, very much.

MR. BANUELOS: Thank you all for your support.

We really appreciate it.

CHAIRPERSON YEE: Thank you.

All right, Members. Next we are turning to Item Number 5. This is the Annual Taxpayers' Bill of Rights Hearing. This is the time set for the Board's Annual Taxpayers' Bill of Rights Hearing, as required by section 21006 of the Revenue and Taxation Code.

The purpose of this hearing is to allow taxpayers and tax practitioners the opportunity to present directly to the Board any proposals they may have for changes in existing state income tax law. FTB staff is available to respond to member questions, which may be raised as a result of taxpayer proposals.

Present for this portion of our -- for this hearing are Selvi Stanislaus, our Executive Officer; Jozel Brunett, our Chief Counsel; Shane Hofeling, our Deputy Chief Counsel; Annette Kunze, our Legislative Services Bureau Director; and Chris Smith, our Taxpayer's Rights Advocate.
Staff will analyze the fiscal administrative consequences of the proposals. Chris, I know you have some introductory comments, and then I will call the names of the individuals who have indicated that they want to make a presentation before the Board.

And let me turn to you for those introductory comments at this time. Good afternoon.

MR. SMITH: Good afternoon, and thank you, Madam Chair, and good afternoon, Board Members.

My name is Chris Smith, and I'm the Acting Taxpayers' Rights Advocate. So much has happened between last year's hearing and today. I am confident there are many more changes coming, hopefully for the better, by the time we meet again for next year's hearing.

2020 has definitely been a challenging year for both FTB and tax professionals. Thankfully, everyone has risen to the occasion and has adapted well to the changes in how we conduct our business. I'm especially proud of everything that FTB has done to ensure the health and wellbeing of our more than 6,000 hardworking, dedicated employees.

I want to thank you, Selvi, and this Board for your support throughout the year. I would also like to thank the many tax professionals, external stakeholders,
and other partners who worked alongside us this year. The successes we would have had would not have been possible without this collaboration, and I'm truly grateful for that.

For the speakers calling in to today's hearing, I want to let them know that FTB will review their comments and concerns presented and respond in writing by February 1st of 2021.

The responses will also be posted on FTB's website. You can go to FTB.ca.gov and search for "your taxpayer rights" and this will take you to where the responses will be posted.

If you would also like our response mailed to you, and if you did not submit a formal letter prior to the hearing, then all you need to do is provide us with your name and address. You can e-mail this to us at FTBAAdvocate@ftb.ca.gov. This e-mail address can also be found on our website by searching for "taxpayer advocate services."

Thank you, Madam Chair.

CHAIRPERSON YEE: Thank you, Chris, very much. First, we will hear from Lynn Freer from Spidell; followed by Joyce Cheng from the California Society of Enrolled Agents. Then we will open it up for any additional commenters. And we would like to request
that you limit your comments to five minutes each to
ensure everyone has time to speak.

So, Lynn, good afternoon. You may proceed when
you are ready.

MS. FREER: Okay. Can you hear me? I think I
did it right.

CHAIRPERSON YEE: Yes. Yes. Hi, Lynn.

MS. FREER: Okay, good. Good afternoon, Madam
Chair, Board Members, FTB staff, and other individuals
attending the meeting today.

My name is Lynn Freer, and I'm the president of
Spidell Publishing. We specialize in California tax and
have for more years than I can remember.

Anyway, in any event, before I start with my two
issues, I would just like to commend the Franchise Tax
Board staff this year for their active assistance with
all of the COVID-19 pandemic issues. I have not ever
seen the FTB be more proactive about coming up with
solutions and frequently asked questions and trying to
help taxpayers and tax professionals to work through all
of the changes that had to be made.

And, you know, I have a lot of respect for all of
you to begin with this year, in particular. I think you
did a fabulous job.

My issue -- the first one really has to do in
part with the payment of the estimated taxes. And the
electronic -- the e-pay penalty for California taxpayers
who may have made a first and second quarter estimated
payment, or a first and second quarter estimated payment
and a prior year payment, on July 15th, when they make
the payment in one payment, oftentimes this can be that
the amount of the payment exceeds the $20,000 threshold,
which results in the FTB requiring a -- requiring a
taxpayer to make all future payments electronically.

Now, I personally wouldn't consider mailing a
check anymore. I have gotten -- it's just so much
easier, but there are a lot of folks who either, A,
don't want to; B, can't; or, C, don't realize that this
is a problem.

So what we are concerned about is, for example,
let's say I had a first and second quarter estimated
payment of $15,000 each. If I made them in two separate
transactions, then the e-pay penalty wouldn't be
invoked. But if I make them as one payment, that makes
$30,000; puts them over the limit.

So my recommendation is that the FTB notify
that -- well, taxpayers have been notified. But because
they will not be sent a penalty until January, when the
next payment is due, we would request that the FTB issue
a blanket waiver from the penalty, if a penalty is
imposed, solely due to a unique situation present in July 2020. In other words, anyone who made a payment over the $20,000 in 2020, that they be allowed -- that they be exempt from the imposition of that future penalty.

Short of that, we would like to have the FTB issue a policy that would require FTB staff to abate the penalty whenever a taxpayer or representative calls, to have the penalty abated, to ensure that it doesn't get forgotten later on.

And I guess that's part of my concern is that although the FTB did send -- in a timely manner, send the notices out -- I know because I got one -- they did send -- you guys did send the notices out. In many cases, it was around, you know, October 15th, September 15th, when people are, again, trying to make payments, and that the notices could easily be -- have been ignored. So that it's our first -- our first issue.

The second issue is a little bit more interesting, because it had to do with written information that was provided to the California Society of Enrolled Agents regarding an LLC from another state that has California members.

And at the liaison meeting in October, they asked
the question: A taxpayer who is a California resident
sets up an LLC in Missouri to manage rental properties
in Missouri. The California resident does not have any
rental properties in California. Is there a requirement
to report the minimum franchise tax of $800 based on the
activity of the Missouri LLC?

And the answer that was provided by the FTB was
very misleading. And basically it just says that there
are several factors you have to look at and whether they
are engaged in doing business; are they doing business
in California; and it's done on a case-by-case basis.

And the problem is that 99 percent of these
people are managing rental properties and they are doing
business in California, because they are hiring the
rentals. They are the managing members. They are
hiring the renters. There's a number of cases. And,
particularly, the Mockingbird case. In the Mockingbird
case, it was exactly that scenario with California
residents -- members who hired a manager in another
state to manage their rental property. And the -- at
the time, the Board of Equalization that was hearing
appeals, they ruled that, in fact, that Mockingbird was
a California LLC.

And I think by going into detail of, yes, we all
know there are situations where that California LLC
isn't doing business, the FTB is very, very aggressive going after those folks. And that I believe there should have been a much more in-depth discussion about Mockingbird.

And after I questioned the response, saying they responded with the appeal of Mockingbird LLC, is only one of those cases. Appeal of Mockingbird is a nonprecedential BOE summary decision.

MS. CASEY: You are at your five minutes.

MS. FREER: Hello? Am I over the five minutes? Hello?

CHAIRPERSON YEE: Lynn, you are up to your five minutes. So if you could summarize the rest of your comments. And we do have your comments in writing as well, yes.


So anyway, that is -- that is my second issue and I really appreciate your attention and giving us some answers on these. Thank you.

CHAIRPERSON YEE: Thank you very much. Really appreciate Spidell always coming forward with issues of concern.

Up next we have Joyce Cheng from the California Society of Enrolled Agents. Joyce?

PHONE MODERATOR: Ms. Cheng, your line is open.
MS. CHENG: Thank you. Good afternoon, Madam Chair, Board Members, Mr. Smith, and everyone in attendance.

First I want to ditto Lynn Freer's comments about the excellent response from the FTB this past year. It has not gone unnoticed, and we are gratefully -- gratefully appreciative.

Today, CSEA's participation in the Taxpayers' Bill of Rights Hearing is a high priority for our membership. We've been bringing items of concern to this venue for more than ten years, and we certainly appreciate the attention given. We commend everybody at the FTB for all the continued assistance to the tax professional community and their clients.

The issue we want to bring this year is the California Individual Health Insurance Mandate penalties. With the passage of SB 78, California's penalty for failure to maintain monthly health insurance coverage became effective on January 1 of 2020.

CSEA understands that the California penalty will be calculated on Form 540, including taxpayer disclosure of available exemptions and that premium subsidies will be available for California taxpayers whose income is below 600 percent of the federal poverty level.

Our members are concerned that many individuals
who lost their jobs as a result of COVID-19 may also lose their employer-based health insurance coverage. And it is reasonable to suspect that a large percentage of taxpayers may experience a period of time without health insurance and may not qualify for a subsidy under covered California.

CSEA's concerns with this issue are twofold: First, we appreciate the FTB's commitment to working with Covered California to disseminate information to taxpayers regarding penalties and the subsidies available to them.

However, CSEA requests that the FTB continue to work with the tax practitioner organizations to expeditiously disseminate additional information about how these rules will impact taxpayers who have recently lost their health insurance, whether or not a taxpayer qualifies for a subsidy and how a taxpayer can go about obtaining new coverage.

Additional information is necessary for ensuring that individual taxpayers comply with the new law and will help minimize return errors.

Second, due to COVID-19, many taxpayers are experiencing additional economic hardships, and the imposition of the health care penalties may compound an issue in which some taxpayers cannot afford to pay their health insurance premiums.
tax liability.

More resources that help explain to taxpayers what to do if they cannot pay their tax liabilities are needed, both in print and on the FTB website. CSEA is committed to working with the FTB to help disseminate this information and looks forward to future discussions about how to help taxpayers through these difficult and unprecedented times.

That's my formal presentation.

I would like to add that a wish list would be if the FTB could come up with a policy or some sort of waiver for 2020 regarding this penalty, or some way to help minimize or alleviate any impact. This was an unprecedented year, and CSEA stands committed to helping get the word out and helping return preparers in the tax practitioner community be informed of all the information necessary.

We thank the Franchise Tax Board for its attention to the issues presented.

Thank you very much.

CHAIRPERSON YEE: Thank you very much, Joyce, for coming forward and for the written comment as well.

Let me, before I turn to public speakers, just check back in with Chris Smith, with any comments on either the comments provided by Ms. Freer or Ms. Cheng.
MR. SMITH: Yes. I would just say that, again, we appreciate working with Spidell, and we're thankful they brought these issues up. We will look into both of them.

And regarding out-of-state LLCs, I would like to apologize if our earlier response to this question was unclear. I know that we will work to get some -- or provide you with some additional clarification on that.

And, for CSEA, I would like to thank CSEA for everything they have done in helping FTB and Covered California get information out to tax professionals about the health care mandate.

We look forward to continuing to partner with them and Covered California/CSEA to generate awareness about the individual mandate. For those who are unable to pay the health care mandate penalty, we're going to have some information on our website that provides options on what to do if they cannot pay. We have that information out there now.

We're also going to add a link to our health care mandate page that will take taxpayers over to, you know, information -- if-you-cannot-pay information, so that we can work with them there. And I think the biggest thing is if someone cannot pay, or they are having a billing issue or problem paying, that they just -- they or their
representative contact us as soon as we can so we can
work with them to resolve their issues.

   We do have a lot of options, but, really, the
most important thing is that they do contact us as soon
as possible.

   Thank you, Madam Chair.

CHAIRPERSON YEE: Thank you, Chris, very much.

Let me now turn to see if there are any members
of the public who wish to speak during this Taxpayers' Bill of Rights hearing item.

PHONE MODERATOR: Yes. If you would like to
place yourself in the queue for public comment, please
press 1 and then 0 at this time.

We're going to go to the line of Christine Grab.

Please go ahead.

CHAIRPERSON YEE: Okay. Good afternoon.

MS. GRAB: My name is Christine Grab.

I have 11 requests:

One, send the policy of withholding estimated tax
payments via credit elect until the taxpayer files a
return. This policy violates Revenue and Tax Code
19363, which says that no matter what date you file the
previous year's return, the credit elect must be applied
on Tax Day, which is usually April 15th.

   FTB did not apply these payments in accordance
with the law. Instead, FTB puts the credit elect money into suspense, which is a fancy word for the general slush fund. The credit elect money does not get moved from the slush fund until the taxpayer files that year's return. FTB claims this policy is in line with federal practices, but that is a lie. The IRS does not withhold payments made via credit elect.

I believe that FTB's practice of keeping the taxpayer's money, instead of timely applying it to the taxpayer's account, is the federal crime of embezzlement per US Federal Code 18 section 654.

Demand notices are only sent to taxpayers whom FTB believes have underpaid their tax liability. The accompanying demand penalty is a crippling 25 percent of extra, additional taxes beyond what the taxpayer actually owes.

By temporarily embezzling the credit elect payment, FTB falsely makes it appear that the taxpayer's account was underfunded, and, thus, a demand penalty is falsely imposed.

The false imposition of penalties as a result of FTB's own unlawful embezzlement is the federal crime of racketeering, per the RICO Act, 18 USC section 1961, et seq., 1970.

If a taxpayer is single, FTB will apply the
credit elect to the taxpayer's account after the demand
notice has gone out, but they are still on the hook for
the false penalty. However, married taxpayers are
double-racketeered. FTB refuses to apply monies to
married people's account until the return is filed.

In addition to the false penalty, FTB demands
overpayment of estimated tax monies that would not have
been due had the original estimated tax payments been
applied in accordance with the law.

The second ploy to collect extra funds from
married people is also the federal crime of
racketeering.

In my OTA appeal, FTB never denied its
withholding practice is unlawful. FTB has yet to deny
it in the case pending now in Superior Court. FTB's
Disclosure Department denies this practice exists.

I would like an explanation as to why different
departments give me conflicting information.

Two: End the policy of withholding estimated tax
payments from married couples. It is not only credit
elects that are withheld from married couples; all
estimated tax payments made by married couples are
withheld. If a married couple files late, they are
double-racketeered, as I just described.

FTB claims this policy is in line with federal
payments, but that -- practices, but that is a lie. The IRS does not withhold estimated tax payments made by a married couple. The taxpayer says that joint estimated tax payments can be apportioned in any manner that the spouses agree upon. By not giving the spouses the opportunity to designate how much money is to be applied to each spouse, and, instead, withholding the payment altogether, FTB is committing the federal crime of embezzlement. Falsely making the taxpayer's account appear underfunded in order to falsely impose penalties is the federal crime of racketeering.

FTB's Disclosure Department also denies that this practice exists.

I would like an explanation as to why different departments give me conflicting information.

Three: Put amortization schedules on each bill showing how the interest for the billing period was calculated. In the documents that have come out through my court cases, I have caught FTB overcharging me interest nine times via four different mechanisms.

If FTB stands by their principles of operating transparency, then FTB will start putting complete amortization schedules on bills, including the interest rate and the dates that interest began accruing. This way, the taxpayer can check accuracy for themselves.
Four: Fix flaws in the software which facilitate accounting irregularities. I have caught a third racketeering scheme. In a California Supreme Court accusation that I filed against FTB employee Eric Yadao, I documented that three of my estimated tax payments were applied to bills that never existed on previous tax years, that had already been zeroed out and closed. The money was then refunded to me, leaving the years the payments had intended for underfunded.

Penalties were imposed for underpaying, even though my account would not have been underfunded, had FTB not breached its duty to accurately apply payments.

FTB software should not allow payments to be made on bills that don't exist. The interest overcharges that I mentioned earlier seem to be facilitated by similar flaws in the software.

I am requesting that FTB immediately correct the flaws that I have identified, as well as any other software flaws that facilitate accounting irregularities.

If FTB stands by their principles of managing taxpayer accounts with accuracy and financial integrity, then FTB will immediately make the proper modification.

MS. CASEY: You have reached five minutes.

CHAIRPERSON YEE: Ms. Grab, your --
(unintelligible cross-talk).

MS. GRAB: Last year, I asked FTB to ends its practice --

CHAIRPERSON YEE: Thank you for your comments. I will say for the record, we have your requests in writing, and your time has expired.

We are going to move on. Thank you.

Our next public commenter.

PHONE MODERATOR: There are no other public commenters in queue.

CHAIRPERSON YEE: Thank you very much.

Members, any questions or comments? And before I have Mr. Smith conclude this portion of our meeting.

(No verbal response.)

CHAIRPERSON YEE: Okay. Seeing none, Chris, do you want to close it out?

MR. SMITH: Yes. I would just like to thank everyone for participating in this year's Bill of Rights Hearing.

We will get the responses out by February 1st. We will also have them posted on our website for everyone. And I'd also like to wish everyone a happy and very safe holiday season. Thank you, Madam Chair.

CHAIRPERSON YEE: Thank you very much, Chris.

All the best to you, too. All right. Thank you very
much, Members.

Our next item is Item Number 6. This is the
Executive Officer's time.

Let me turn it over to Selvi Stanislaus.

EXECUTIVE OFFICER STANISLAUS: Can you hear me?

CHAIRPERSON YEE: Yes. We can hear you.

EXECUTIVE OFFICER STANISLAUS: Okay. All right.

Thank you, Madam Chair, and good afternoon, Board
Members.

I want to start by thanking our Board and my FTB
family and recognize the great work, guidance, and
partnership that have made our year successful.

2020 has been one of the most challenging and
unique years in my tenure here. So as the year comes to
a close, I just want to share how much I've been
inspired by what my staff has done to help one another,
our community, and our taxpayers.

So in spite of the many challenges and changes we
have faced because of the pandemic, our employees
continue to adapt and persevere. It has not been easy
adapting to a new lifestyle of social distancing,
distance learning, and shifting the majority of our
staff to telework. But we managed to do so while also
continuing to provide our statewide customers with what
FTB is known for: An excellent experience and
taxpayer-centric service.

So I would like to thank my staff again for all they do.

In addition, I would like to extend a heartfelt thank you to the taxpayer community. Our partners in the taxpayer community have continued to be a valued resource, as we have changed some processes in our efforts to protect the health and safety of our taxpayers and our employees.

FTB worked early with taxpayers, taxpayer professionals, and trade groups to find remote solutions that would be able to accomplish everyone's needs by ensuring taxpayers and FTB safety standards. We could not have been successful in this transition without the continued support and guidance from the taxpayer community.

And, last, but certainly not least, I want to express my gratitude to you, our Board members, who always provide valuable perspective and experience. FTB's success, despite many obstacles this year, is due largely to the outstanding leadership and forward thinking that each of you has provided.

Thank you, Board, for your time.

CHAIRPERSON YEE: Thank you, Selvi, very much. And very much appreciate your leadership during this
extraordinary time and the ongoing dedication of the FTB family and team.

It is really quite remarkable in terms of not missing a beat to continue to serve the taxpayers of California, and just really appreciate your leadership at the helm during this very, very difficult, challenging time.

Thank you.

Members, Item Number 7 is Board Members' Time.

Let me turn it over to Members Vasquez and Miller for any comments.

MEMBER VAZQUEZ: Yes. I would just like to close and thanking also Selvi for, you know, all your wonderful advice and support this year for me. And especially your staff -- you know, you mentioned them already -- they have really -- their hospitality and their professionalism has been really -- for me, has been very helpful.

The only thing I would ask -- and I probably should have asked it while we were into the Bill of Rights Hearing -- and it's just a question -- as we move forward, you know, in light of everything that's happened around COVID, with the filing -- I guess the tax filing season fastly approaching us, are we going to be doing any kind of, like, notice of a Q&A or some kind
of outreach dealing with the whole COVID-19 tax issues that are going to be upon us?

I guess the one thing that kind of hits me, as I look around with my local businesses here, in my district, here in L.A., especially in the County of L.A., there's so many of them that went out the -- well, they had to go out of their way to try to survive, you know, with the whole outdoor dining situation, because they couldn't dine inside. And many of them made some huge expenditures to try to accommodate them, and they, in that whole process, you know, the County -- we ended up closing many of them, where they couldn't even use it -- those facilities; it was strictly limited to just takeout.

So I know they are pretty much out quite a bit right now, until we get hopefully, you know, moving a little bit quicker with this vaccine and start allowing them to open up a little bit more with outdoor dining and, hopefully, at some point, indoor dining.

So I was wondering what we can do on our end of it to try to help our businesses so they can survive.

EXECUTIVE OFFICER STANISLAUS: Thank you for your question, Member Vasquez.

So we already have FAQs on our website. We have done things about, you know, working with taxpayers.
We, at FTB, we do have a heart. We try to understand what taxpayers are going through and we are working with them on collections and all those matters.

So looking -- going forward, we will be working with the Governor's Office to see what other things the Governor's Office will be doing and following their direction and also the Board's direction.

However, the filing season, as we know, is moving forward. It's going to be -- as far as we know, it's going to be April 15th, 2021, and we are working towards that goal.

Thank you.

MEMBER VAZQUEZ: Thank you. I appreciate that.

And then moving forward, again, I really appreciate working with, especially, our Controller, Betty Yee, and Member Miller, and other staff members this year. And looking forward to continuing working with you all for the next year, in 2021. As -- I just got reelected to the chair again, so I will be participating with you another year. And really appreciate and looking forward to see what we can do to hopefully make it a little bit easier on, especially, a lot of our small businesses moving forward.

Thank you.

CHAIRPERSON YEE: Thank you, Member Vasquez. And
congratulations on your reelection as chair. I very much look forward to working together on some of these issues.

Member Miller, any comments?

MEMBER MILLER: Thank you, Madam Chair.

Just to Mr. Vazquez's point about the supporting small businesses, I think you have seen the governor, in collaboration with the FTB and the Controller and others, really try and put a lot of resources and help in those efforts. The State will be launching the $500 million grant program for small businesses.

So we would love to make sure that you have that information, Mr. Vazquez, and we can make sure to amplify that.

Madam Chair, it's always truly a pleasure to get to work with you and your leadership. And, obviously, the compassion that Selvi, you and your team bring to some really complicated issues is really second to none. And I'm really grateful that the taxpayers of California have that in extraordinary times, when things really are so difficult. And so very, very grateful for all of the work.

And Mr. Vazquez, we're always here to answer questions and to make sure that we know how to serve so many in California that are -- that really need our help
right now.

So thank you, everyone.

CHAIRPERSON YEE: Thank you, Member Miller, very much, for being at the helm of bringing forth the administration's perspectives and programs of assistance to so many of our businesses that are hurting in California.

Let me just add my thanks to the FTB staff, to Selvi, and, really, to our taxpaying community and our tax practitioners. And this has been an extraordinary year. And without the collaboration and, really, the partnerships that we have enjoyed in the past years, I'm not so sure that we could have continued proceeding this year without providing as much flexibility as we ended up providing to our taxpayers.

Certainly, the filing deadlines, you know, moving as they did — and we don't anticipate that will be the case for next year, at least not at this point in time, but to be able to get that word out and to be sure that we had real-time information around all of that. It was very, very critical.

But I also wanted to just say that to be able to convene virtually like this is very important, and to be able to hear from the public, and I just really appreciate so many of the State's bodies, the boards and
commissions, being able to conduct business in this way. It really has not only allowed us to continue to do our business, but has broadened our reach in terms of members of the public who can access us during this very critical time.

So very appreciative of the team who are putting these meetings together and making it possible for us to do our business.

And then, what I think to Member Vazquez's point and to Member Miller's highlights of what this administration is doing for small businesses, I think all of us have an opportunity to do our part in terms of the outreach around the assistance that is available.

And I -- Selvi, I will be working with you. But I think just making it very easy to access FAQs to be sure that we are providing a bit of face time in terms of orientation to some of the industry groups that are going to be most heavily affected by what's been happening with the COVID situation, I think, would be well received. And so I definitely want to work with you on a program around that.

But I think, you know, one of the things, as we're approaching this holiday season, that gives me hope is, I think all of us are ready to chock up 2020 as a year to hopefully just be behind us.
But I also would like us to just take stock about what we've been able to accomplish, and it is nothing short of remarkable. And I think, for many -- and I hear this from time to time, but, increasingly so, just how much the public has been very appreciative of government. We have stepped up. We have stepped in.

And I know that between the Franchise Tax Board, our State Controller's Office, this administration has had, really, the experiences of Californians and, frankly, the health and safety of Californians, as the paramount concern. And that continues to be the paramount concern, including our state workforce.

And so as we are working very hard to get to the other side of this pandemic, I think the lesson that I will carry away from this, and I hope will be the lesson and will be the experience that we all can look back to is how we got through this difficult chapter, is that we all have recognized that we are each essential to the other, and that for all of us to remain healthy and safe.

We do take care of ourselves, first and foremost, by wearing masks and practicing social distancing; proven guidelines that can really help put a curve on the spread of the virus.

And so, in that spirit, and certainly, in this
time of the holidays, we've just finished observing Hanukkah, the Festival of Lights, and lights are always a very hopeful sign that there is just hope and much good to come in the future.

And in that spirit, I just wish everyone a very healthy and safe and meaningful holiday season. And, again, a tremendous -- just a tremendous thanks for the ongoing work, not missing a beat, and just being accessible, and the reliable service that's been provided during this very, very difficult year.

Thank you, everyone.

Let me see if there are any members of the public who wish to speak during this time, during Board Members' Time.

PHONE MODERATOR: As a reminder, you may place yourself in the queue by pressing 1, then 0, on your telephone keypad for public comment.

(No verbal response.)

PHONE MODERATOR: And there is no one queuing up for public comment at this time.

Please continue.

CHAIRPERSON YEE: Thank you very much. Okay. Members, any other business to come before the Board today?

MEMBER VAZQUEZ: Just -- just, finally, I also
wanted to just wish everybody a happy holiday season and
a happy New Year, and I'm looking forward --
(video/audio malfunction).

CHAIRPERSON YEE: All right. Member Vazquez, it
looks like you froze a little bit. But thank you for
your holiday wishes.

Seeing no other business to come before this
Board -- there are go. You are back.

Member Vazquez, you froze out of my screen a
little bit. So do you want to repeat your message? You
are on mute.

MEMBER VAZQUEZ: Are you able to hear me now?
CHAIRPERSON YEE: Yes.
MEMBER VAZQUEZ: Yeah. I was just trying to
close it out on my end of it. Just wishing everybody a
Happy Holidays and a Happy New Year and to stay safe and
healthy and looking forward to working with you all,
hopefully in a healthier 2021. Thank you, all.

CHAIRPERSON YEE: Thank you all very much. Thank
you.

And if I could, I would like to just adjourn
today's meeting in honor of those who have lost loved
ones during this pandemic, and to our courageous
frontline health care workers who are doing everything
they can to keep us safe, as well as all other essential
workers.

Thank you, Members. Happy Holidays and Happy New Year. Take care. This meeting is adjourned.

(Proceedings concluded at 2:43 p.m.)

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CERTIFICATE OF REPORTER

I, KATHRYN S. SWANK, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing proceedings were reported in shorthand by me, Kathryn S. Swank, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said proceedings nor in any way interested in the outcome of said proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of January 2021.

/s/ Kathryn S. Swank
KATHRYN S. SWANK, CSR
Certified Shorthand Reporter
License No. 13061

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