STATE OF CALIFORNIA
FRANCHISE TAX BOARD

PUBLIC MEETING

Wednesday, December 6, 2023
1:30 P.M.

GERALD GOLDBERG AUDITORIUM
9646 BUTTERFIELD WAY
SACRAMENTO, CALIFORNIA

STENOGRAPHICALLY REPORTED BY:
EMILY SAMELSON
CSR NO. 14043

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

BOARD MEMBERS

MALIA M. COHEN
State Controller
(Chairperson of the Board)

ANTONIO VAZQUEZ
Chairperson
Board of Equalization

GAYLE MILLER
Chief Deputy Director of Policy
Department of Finance

HASIB EMRAN
Deputy State Controller, Taxation

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STAFF

SELVI STANISLAUS
Executive Director

CRISTINA RUBALCAVA
Board Liaison

JOZEL L. BRUNETT
Chief Counsel

SHANE HOFELING
Deputy Chief Counsel

DAVID VACA

LAURI DRENNAN

ANGELA FLORES

ERIN CARVEL

L. RED GOBUTY

DENIS ARMSTRONG

THI LUONG
APPEARANCES CONTINUED

STAFF CONTINUED

JENNIFER BARTON
ANGELA JONES
---o0o---

ALSO PRESENT

CHRISTINE GRAB, Public Member
JOYCE CHENG, California Society of Enrolled Agents
GINA RODRIGUEZ, Ryan's Advocacy Services Practice
AZIZ AHMAD
ANTIONETTA HOBBY KEMP
STEPHEN BUTLER
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CHAIRPERSON COHEN: Good afternoon, ladies and gentlemen. Happy holidays to you. Can you believe it? It's already December. I'm so sad that this is our last Board meeting of the year. Just kidding. I'm excited about 2024.

Today's meeting, though, is going to be really interesting because we've got several staff reports prepared. I'm particularly interested in the Diversity, Equity, and Inclusion updates. It's the first of its kind, first time it being presented to the Franchise Tax Board.

So what I would like to do is just call this meeting to order. It's 1:30. This is the scheduled time for the meeting of the Franchise Tax Board.

Would the Board Liaison please call the roll to determine whether a quorum is present.

MS. RUBALCAVA: Member Vazquez.

MEMBER VAZQUEZ: Present.

MS. RUBALCAVA: Member Miller.

(No response.)

CHAIRPERSON COHEN: She will be joining us shortly.
MS. RUBALCAVA: Thank you.
And Chair-Controller Malia Cohen.

CHAIRPERSON COHEN: Present. Thank you.
Okay. So at least two members or their designated representatives are here personally.
Therefore, we have a quorum, and the Franchise Tax Board is now in session.

Please stand and join me in the Pledge of Allegiance. Please place your right hand over your heart and pledge.

(Pledge of Allegiance recited in unison.)

CHAIRPERSON COHEN: Okay. Good afternoon.
Welcome to the Franchise Tax Board's meeting and Annual Taxpayer Bill of Rights hearing. This is an opportunity for the public to comment on each agenda item. If there are any members of the public wishing to speak on an item, please come forward when that item is called. You'll have three minutes to address the Board.

For today's meeting, members of the public who wish to comment via teleconference, you're able to call (844) 291-4185, and then you will enter the access code of 195915. Also, please note 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 and you are using a translator or a
translator service, you'll have six minutes to address this body. And all speakers will be asked to identify themselves just for the record.

So the first item, Members, is the approval of the minutes.

Madam, could you please call the item.

MS. RUBALCAVA: Member Vazquez.

CHAIRPERSON COHEN: Let's take public comment on this first. I'm sorry. When I say "call the item," I mean introduce the item.

MS. RUBALCAVA: My apologies. It's the minutes of the June 26, 2023, Board meeting.

CHAIRPERSON COHEN: That's right. Thank you.

So first, let me see. Colleagues, do you have any questions or concerns? Anything glaring in the minutes?

MEMBER VAZQUEZ: All good with me.

CHAIRPERSON COHEN: Okay. Well, is there any member of the public that wish to speak on this item, either in person or on teleconference?

(No response.)

CHAIRPERSON COHEN: Okay. Seeing none -- seeing none, may I have a motion to approve the minutes?

MEMBER VAZQUEZ: So moved.

CHAIRPERSON COHEN: All right. Thank you very
Motion made by Member Vazquez. I'll second that motion.

Please call the roll.

MS. RUBALCAVA: Member Vazquez.
MEMBER VAZQUEZ: Aye.

MS. RUBALCAVA: Controller Malia Cohen.
CHAIRPERSON COHEN: Aye.

MS. RUBALCAVA: Thank you.
CHAIRPERSON COHEN: Thank you. This motion passes -- this item passes unanimously.

Next we have Agenda Item Number 2, which is a presentation regarding the Diversity, Equity, and Inclusion. In addition to this presentation, they'll be discussing the Mission and Values update, presented by Mr. David Vaca and Lauri Drennan. Colleagues, this is an informational item.

Welcome.

MR. VACA: Thank you.

Good afternoon, Chair Cohen and Members of the Board. I'm David Vaca from the Public Services Bureau of FTB's Filing Division, and I'm one of the chairs for the Diversity, Equity, and Inclusion Team.

As you know, FTB values our employees' unique stories and background. It is this diversity that makes our community and FTB stronger. Over the next few
minutes, I, along with Lauri Drennan from the Audit Services, Administration, Protest Bureau of the Audit Division, will show you the ways that our Diversity, Equity, and Inclusion, or DEI Team, and the FTB Mission and Values, or M&V Team, have worked together to enliven our FTB community to foster a sense of inclusivity and camaraderie.

While you will hear how our teams' missions are unique, you will also learn about our similarities. When we work together, we are the heartbeat of FTB. We are delighted to share our joint -- greatest joint accomplishment to date to refresh the FTB values by incorporating them with the core principles of DEI.

I will turn it over to Lauri to tell you more about the Mission and Values Team.

MS. DRENNAN: Our Mission and Values Team mission is to promote the FTB values for employees so they are empowered to support a positive workplace. We are inspired to find creative ways to reach our colleagues as we host events and fundraisers and promote our values.

Our 23 team members represent all seven divisions of FTB and apply to join the team during our annual recruitment. Team members find the work deeply meaningful and are wistful about rolling off the M&V
team.

As we work to fulfill our mission to support a positive workplace, we produced and distributed a 2023 calendar for staff featuring inspiring photographs provided by FTB employees.

Each month, our team gives a presentation at the new employee orientation to introduce FTB’s five values and highlight the work we do throughout the year. We support other employee-focused efforts throughout the Department.

This year, team members participated in FTB’s Wellness Fair, our Career Awareness Resource event, and next year will provide marketing assistance for the American Heart Association Heart Walk.

FTB employees came together to donate 300 new toys and $500 worth of gift cards from December 5th through the 14th to the CHiPs for Kids toy collection. The overflowing donation bins filled a CHP van. Our team recruited FTB employees to volunteer for the toy distribution. The volunteers helped the children individually pick their favorite toy.

We set up and decorated a holiday tree in our Town Center, and while the FTB Choir sang, we sold holiday cards featuring art from employees to raise funds to support the Goldberg Scholarship. We set up a
second tree in the Los Angeles building of our Central Office campus. This year, both displays included menorahs and kinaras to represent the holidays of Hanukkah and Kwanzaa.

In our Card Kudos fundraiser, we encouraged our staff to recognize others for a job well done by sending cards to colleagues, including special ones with messages of DEI that we worked with the DEI Team to develop.

Managers, directors, and supervisors donated more than 30 items to our silent auction fundraiser, including one-on-one mentoring sessions, team-building activities, résumé and interview preparation sessions, and gift cards and baskets.

Proceeds from the auction went to fund two Goldberg scholarships named after former Chief Executive Officer Gerald H. Goldberg, which help employees continue their education while working. As you can see from the smiling faces in the photograph from the Goldberg Scholarship in-person event, it was a special day for all of us, including the two FTB employees who were awarded $1,200 scholarships to offset the cost of their academic programs.

I will now turn it over to David to tell you more about the incredible DEI Team.
MR. VACA: Thank you, Lauri.

What is DEI? Since we'll be referring to DEI throughout the presentation, let's spend a minute to talk about the importance of DEI, which stands for Diversity, Equity, and Inclusion.

DEI is greater than the idea of "diversity" alone. Here's one way to think about it. Another person's exterior is only the tip of the iceberg. We are trying to take a broader view when we view others through the frame of DEI. We aim to perceive the entire iceberg, what is above water and below. We aspire to accept and respect the full range of human characteristics. The aim is to understand and to hear one another.

The DEI Team purpose. The DEI Team is a part of FTB's commitment to a caring community where employees from a variety of backgrounds, cultures, and personal experiences are welcome, valued, and can thrive in support of FTB's missions and goals.

We are happy to share that in the two years since the creation of the DEI Team, we have worked very hard to make an impact on FTB. We celebrated our two-year milestones, and members shared food from various cultures. The celebration also included some short cultural dance performance. We were grateful to have
Selvi in attendance and for her commitment to this event and the DEI programs.

The DEI Team project overview. We understand the importance of creating an awareness of DEI and of our DEI efforts. DEI Team members and other FTB employees publish monthly articles to FTB employees. We currently have over 30 articles highlighting DEI-related celebrations, observances, and examples of inclusive practice, such as December's DEI observance of International Human Rights Month, and the many ways we each celebrate the holiday season.

We partnered with M&V to produce a lunchtime event held at Central Office in our quad area. Our team set up simple outdoor games and created a photobooth with DEI themes. On the photobooth background, our team members included phrases such as "We support each other," "We respect each other," and "We learn from each other." The event helped to inspire a sense of belonging to an organization that embraces all individuals for who they are.

We also participated in departmental events, such as our Annual Wellness Fair and our Career Awareness and Resources event.

In November, we hosted an event called "FTB's Got Talent." It was a talent showcase with an educational
emphasis where performers provided a short historical/cultural background through their performance. We had individuals perform as dancers, singers, and entertainers, and an individual who displayed their visual art. Performances were held in an area where other employees could watch while getting their lunch.

On our DEI Team horizon, we are committed to inspire our community, to learn about the concepts at the heart of the Team's missions. We've been hard at work at creating a DEI awareness training for the Department that will be released this winter for FTB's 6,000-plus employees. Our DEI awareness training provides employees with an understanding of the DEI terms and principles, gives examples of how FTB supports DEI, and what each of us can do to support DEI at work and at home.

I am now going to transition to talk to you about our exciting project that has been a combined effort of our two teams. We have worked together to refresh the FTB values.

Our FTB values are refreshed with the DEI principles. Members from the DEI and M&V Team worked diligently last fall to look for ways to infuse the organization's values with DEI principles.
We built on the work initiated by your Board when it adopted the DEI resolution on September 21st, 2021.

Our refreshed FTB values. The bolded green words are the revisions to our FTB values. We approached this task with sincerity and intention and wanted to enliven the language of our existing values to reflect DEI concepts. We wanted to reflect the rich culture of our employees and external customers in California and beyond.

I'd like to draw your attention to the first value, "Become experts at what we do," where you can see that the new language encourages us to inspire and to engage others within our diverse workforce to invite everyone to engage in our community.

Under the second value, "Lead with integrity and inspiration," the language encourages the concrete action of clearly communicating expectations in the workplace and to ignite a wide range of ideas by adding the word "diverse" to modify the word "ideas" that appeared in the previous versions of the values. We also encourage everyone to cultivate a culture of belonging.

You will again see the use of the word "inclusivity" under the third value "Bring our best where," we demonstrate that contributing to an inclusive
community is a part of how we bring our best to the workplace.

Moving on to the fourth value, "Deliver excellent products," the new language looks outward to our customers to acknowledge and respect the diversity of our customers so that we can strive to meet their needs.

Finally, with our fifth value, we redefine what it means to "Contribute to a caring community" by saying that we create not just a supportive work environment, in the traditional sense, but one where support involves fostering an inclusive work environment.

I will turn it over to Lauri, who will show you the refreshed values and talk to you about how we will promote them in the coming months.

MS. DRENNAN: The theme of the campaign is "Let's Grow Together." We rolled out the refreshed values on September 5th. We reached out to staff in a variety of ways to communicate the changes.

In a recorded message and in an email, Selvi shared the reasoning behind updating our values at this time to reflect the modern workplace. We wrote an article describing the updates. Our team members handed out cards announcing the campaign, showing how the values have grown. We released another article and video later in the month with interviews from members of
Governance Council offering their perspectives on the refreshed values.

Our activities will culminate this December with a holiday celebration put together by our M&V and DEI Teams once again working together.

We celebrate this new growth for our Department as we promote a workplace environment and culture that promotes diversity, equity, and inclusion and in which employees from a variety of backgrounds, cultures, and personal experiences are welcomed and can thrive in support of FTB's mission and goals.

The images on the screen are the front and the back of the card that we distributed to staff. We wanted each of you to have a signed card from our teams. You will find one in front of you as a token of this special project and as appreciation for your leadership in adopting the DEI Proclamation in 2021.

Thank you for your time, and we are happy to answer any questions you may have.

CHAIRPERSON COHEN: Thank you very much.

Appreciate that.

Member Vazquez, any comments?

MEMBER VAZQUEZ: Yes. I have a comment, and then I had a couple quick questions.

CHAIRPERSON COHEN: Please.
MEMBER VAZQUEZ: First of all, in listening and watching this presentation, I can tell you it was really pleasing to see it. And I -- I remember when we signed this resolution back in 2021, I have to be honest with you, I kind of underestimated the role and the impact this thing would have and how robust this thing turned out to be. So I am very impressed with what the end result was here. And it sounds like now it has its own life and it's going to be growing and only get stronger.

So I really appreciated the work that, Selvi, you as the leadership, and then all the staff members, especially the presentations that were made today, and really, really want to commend the team for all your hard work. Because I know many times, when we're taking people out of their comfort zone, sometimes that can be a little bit scary for folks. But it sounds like there was, obviously, a real buy-in from the top all the way down. So that's real impressive to see.

My question is to you -- and I don't know if it's something for the presenters or Selvi -- but looking back, now that this thing has been rolled out, what would you say are the three or four key factors that could be helpful to fully develop a program like this for somebody else that is looking at it? Because at the BOE, we're kind of looking at a similar model moving
forward.

CHIEF COUNSEL BRUNETT: I would be happy to take that, Member Vazquez. Thank you. That was a really good question.

So first off, I think it's very important to have management support from the top down, because you want to make sure, you know, that the managers are on board with the concept and where you're going -- right? -- so employees follow and they're able to permeate that through the organization.

Secondly, I would say consultation with Equal Employment Opportunity Office, because EEO is very close to DEI. And for us having the EEO officer involved when we rolled out the team was very important, for her to guide us through -- through the concepts and, you know, what is best and what we can and can't do. So that was very important.

Developing a plan; right? Because you have a team. You want to make sure you have a plan. What is your purpose? What kind of things is the team going to do short term and then long term; right? Because you want to say what can we do right away, like writing articles, which is what we did; and then what can you do long term, such as the things we're working on now with training and, you know, beyond that.
And it was very, also, important to us to have representation of all levels throughout the Department. On our team, we have people involved who volunteer from all of the separate divisions at the Franchise Tax Board, we have management, and we have staff. And all of them are very passionate about what they do. So it's very important, we thought, to have both involved and to make sure that, you know, the best ideas percolate up.

And so those were the, I would say, three or four things that were most important to us when we brought up the team.

MEMBER VAZQUEZ: Thank you, and I appreciate it.

And when you're mentioning short-term and long-term goals as you move forward, especially with your long-term goals, I'm assuming there's going to be activities and presentations moving down the road as you roll this out.

And I, for one, as a Board Member, would love to participate, if that's possible, especially if I'm up, depending on where the activity is going to take place. But just keep that in mind, if that works.

CHIEF COUNSEL BRUNETT: Definitely.

MEMBER VAZQUEZ: Appreciate it.

Thank you, Madam Chair. I think I'm good.

CHAIRPERSON COHEN: Sure. All right. Thank you
very much.

So let me begin by just thanking you for this great presentation. I can feel the enthusiasm in your remarks. I don't know where my invitation was for the "FTB's Got Talent" portion of the year. I missed that invitation. But maybe next year you'll think of me, because I would love to see the FTB talent.

MEMBER VAZQUEZ: We got a voice here, huh?

CHAIRPERSON COHEN: No. I'm not saying that I would participate.

MEMBER VAZQUEZ: Oh, I'm sorry.

CHAIRPERSON COHEN: I'm saying that I want to be --

MEMBER VAZQUEZ: To sing.

CHAIRPERSON COHEN: -- entertained by the FTB.

So that's where I am. I'm excited to see this. I think it's absolutely imperative for us to have these cultural exchanges, particularly in a very precarious time where we are in the world today.

MEMBER VAZQUEZ: Right.

CHAIRPERSON COHEN: And uplifting and celebrating culture and the cultural differences, creating a safe space that it's okay to be different and have different ideologies and religious beliefs, but we still can come together.
You think about California, it's got 40 million people. 40 million people we are all working on behalf of. And the reason why I placed this on the agenda, it's just in the backdrop, just keeping those 40 million people in mind but also being an example, saying you have State government that is not afraid to celebrate and to uplift the differences and to begin to bridge those gaps. And so I commend the FTB for doing that.

California is one of the most ethnically and racially diverse folks -- places in the entire world, and we have a big role that we play here in the state, conducting taxpayers' business. And I don't think we can serve them very well without understanding who they are, who we are collectively as people having a human experience and a human interaction, taking and giving to each other on this earth.

I think it's important for us to continue to tap into our dynamically diverse workforce that ultimately makes us a stronger organization and just creates a better process for doing business, which would lead to better solutions, ultimately.

So I do have a few questions that I wanted to just say.

First, my first question is focused on recruiting, recruiting at FTB.
How do you go about recruiting for the Agency?
And then the follow-up question is specifically
how does FTB focus on diversity and their diverse hires?

MR. VACA: So the recruiting, the Team is
actually -- it's monolithic. So the members that you
actually see today are not going to be the members of
tomorrow. But annually, each year, there is a
recruitment effort that gets better through our
management, where individuals are sought out to see if
they're interested in joining the DEI Team.

CHAIRPERSON COHEN: Uh-huh.

MR. VACA: And I'm sorry. What was the second
piece?

CHAIRPERSON COHEN: The -- well, let me see.
Let's back up.

So the DEI Team, how are they recruited? How
does one become a member? Is it by appointment?
application process?

MR. VACA: So it goes to one of our steering
committees --

CHAIRPERSON COHEN: Okay.

MR. VACA: -- which is our Organizational
Development Action Committee. And through that, there's
a recruitment effort where there's a call to action of
is there any individuals out there that would be
interested in joining the team? And then from that, the
individuals are chosen.

Shane, would you be able to expand on that or --

MR. HOFELING: You bet. So, like David said, we
put out the call to action, and then we try to solicit
people to try to be engaged at that point. And so we
try to get a good -- a good, diverse group of people
throughout the enterprise.

CHAIRPERSON COHEN: Uh-huh. Okay. So still
staying down this vein, so once you get -- once you've
recruited a diverse workforce, how do you make sure that
we retain the diverse workforce?

These may be more HR questions. Look at the
lawyers are like, they don't want to be on the record
for the wrong answer.

CHIEF COUNSEL BRUNETT: I'm happy to answer that
one.

CHAIRPERSON COHEN: Thank you.

CHIEF COUNSEL BRUNETT: This is my passion,
actually. I was part of starting this whole thing up.
So it means a lot to me.

I think actions like establishing a DEI Team
helps establish, you know, diverse workforce and keeping
good people engaged; right? Letting them know that you care
about them and you care about them individually, and not
everyone is the same and they bring their differences.

   CHAIRPERSON COHEN: Uh-huh.

   CHIEF COUNSEL BRUNETT: One thing we have in
Legal that we developed, one of my staff developed, is
called "Our Unique Stories," and we invite people to
provide a little write-up of whatever their background
is. It could be anything as their upbringing. You
know, it could be economic. It could be culture. It
could be any of those things.

   So just realizing and making people know that you
care about them and you want to hear from them, I think,
is very important in maintaining that. And with that,
we see them, right? Being seen is important, I think.

   CHAIRPERSON COHEN: Absolutely. Being seen is
critical. I think that's what fosters an environment
that people want to participate in and to stay and to
develop a career and to be a part of.

   CHIEF COUNSEL BRUNETT: Exactly.

   CHAIRPERSON COHEN: So, you know, one of the
things that I know that FTB does very well is collect
data and then mine it.

   So how is the FTB collecting data on diversity?
And this, for me, includes also the LGBTQ communities as
well, not just -- in the presentation, you talked about
how things are just at the tip of the -- tip of the
iceberg.

But when we go below the waters, below the surface, how are we collecting data, if at all, and what are we doing with it?

CHIEF COUNSEL BRUNETT: You know, on the State applications, they have a provision where you can voluntarily designate some of those things. So we do -- Statewide, we collect that data and it goes to a central database.

CHAIRPERSON COHEN: Uh-huh.

CHIEF COUNSEL BRUNETT: In terms of targeting, though, we can't hire someone because of a specific characteristic. But I know something that we're working on -- right? -- is going out to the colleges and looking at the different -- you know, the Hispanic -- Hispanic groups or the African American groups or, you know, doing presentations and specifically making sure that you have a diverse hiring pool, which is what we can do and what we are working to do so that we make sure that we're able to hire, you know, diverse.

CHAIRPERSON COHEN: Yeah. I would imagine that's probably the strongest way to go about it. I know you can't hire --

CHIEF COUNSEL BRUNETT: Right.

CHAIRPERSON COHEN: -- someone based on what
they --

CHIEF COUNSEL BRUNETT: But you want to -- we
want a good, diverse hiring pool.

CHAIRPERSON COHEN: You do want that. Right. So
like you said, going to where the associations are --

CHIEF COUNSEL BRUNETT: Uh-huh.

CHAIRPERSON COHEN: -- the fraternities, the
sororities, the Gay-Straight Alliance clubs on college
campuses. They're all areas rich with the diversity
that we're looking for.

I don't have any other questions.
Let's go ahead and take -- oh, you have one?

MEMBER VAZQUEZ: No. I'm good. Thank you.

CHAIRPERSON COHEN: All right. Let's go ahead
and take public comment.

(No response.)

CHAIRPERSON COHEN: No public comment? Okay.
Anyone in the audience would like to comment? If
the spirit moves you, you can. I know Selvi is up here.
I know the boss is here, but you can speak freely.

(No response.)

CHAIRPERSON COHEN: No? Okay. All right. Thank
you. We'll move on.

PHONE MODERATOR: For the -- for the members on
the phone lines --
CHAIRPERSON COHEN: Okay. Great.

PHONE MODERATOR: -- for the members of the public -- okay.

Members of the public on the phone lines, if you would like to place yourself in the queue for public comment, as a reminder, you may press 0 at this time.

(No response.)

PHONE MODERATOR: No members of the public are queueing up at this time. Please continue.

CHAIRPERSON COHEN: All right. Thank you.

Let's go on to move to Item Number 3 on the agenda. And Item 3 is a presentation of the 2023 Filing Season Update presented by Angela Flores and Erin Carvel. This is an informational item. So we won't be taking a vote on it.

MS. CARVEL: Good afternoon. My name is Erin Carvel, and I am the Assistant Director of the Processing Services Bureau here in the Filing Division. Today I'm here with Angela Flores, who is a Section Manager in our Accounts Receivable Management Division, and we're here to share information about the 2023 filing season.

This year, flexibility and resilience were key to a successful filing season. Our normal season peak is from February through April. However, California was
hit with record-breaking winter storms, which resulted in FTB changing the final filing deadline three times with a filing date finally of November 16th for most of the state.

We began sending our peak season notices this week and will continue sending them throughout the rest of the month. This change allowed us to ensure those impacted by disaster had time to file and pay before receiving a bill.

There were also devastating fires in Hawaii and hurricanes across the East Coast. We extended their final filing deadlines as well, following the IRS, to show our support. These adjustments allowed us to best serve our taxpayers and care for our community.

Our Department has focused on laying a solid foundation for Phase 2 of our Enterprise to Data Revenue project, known as EDR2. Our technology and business experts have partnered to find new technology solutions to best serve our taxpayers. The upcoming deployments of the project are set for success based off of the strong foundation that we have laid.

We also successfully implemented Virtual Hold for the Tax Practitioner Hotline. Virtual Hold allows customers to choose to receive a callback while retaining their place in the queue without remaining on
hold. While we have seen many benefits of this tool, one particular notable success is that the average wait times fell by 70 percent or over 21 minutes. This allows us and tax practitioners to serve California taxpayers quicker.

FTB continues to be successful in a hybrid work environment. We have been back, and we are able to continue celebrations and events celebrating our diversity, equity, and inclusion, as you heard in the previous presentation.

Next I'd like to take a few minutes to share some overall highlights of what we've accomplished this season. The data we are sharing today is through October 31st unless otherwise noted.

First, our website and self-service tools. At FTB, we continue to take every opportunity to promote and improve self-service tools, including accessible and easy-to-understand information on our webs. This includes our MyFTB and online options for payment, to name a few. As a result, taxpayers successfully visited our website over 28 million times. Our Web Pay had 2.5 million visits. Check Your Refund app had 5.4 million requests this year. MyFTB had 3.1 million visits. And tax forms had 760,000 visits.

Now I'll be sharing some outstanding return
processing highlights.

FTB continues to see an increased use of our electronic filing options as taxpayers filed by the November due date. 18.8 million personal income tax returns were filed, 95 percent of which were filed electronically. 14.7 million refunds were issued. 78 percent of these were issued via direct deposit. 8.4 million payments were received, 64 percent of which were received electronically.

I would like to share some of the highlights from our customer-focused contact center.

We have service channels available for customers who choose not to engage with us utilizing self-service options. We strive to provide exceptional customer service through all methods. These include direct phone numbers, a virtual hold callback option, online chat, and in-office appointments.

First, I would like to share the notable results from our contact center. We answered 893,000 phone calls with an average level of access of 54 percent. We answered over 128- chats, and our average wait times were 12 minutes 55 seconds for phone, 10 minutes 19 seconds for chat.

We mentioned earlier that we implemented that Virtual Hold option for our Tax Practitioner Hotline.
Virtual Hold allows customers to choose to receive a callback while retaining their place in the queue but avoid waiting on hold and listening to FTB's messages and hold music. Virtual hold was offered 559,000 times. They were answered 468,000 times, for a connection success rate of 82 percent. This percent follows the normal reconnection rates we see throughout the larger contact centers here at the Franchise Tax Board. While we would like to see this statistic increase, we know that reconnection rates are largely dependent on customers picking up the phone and being available when we call them back.

We strive to provide excellent customer service. After we speak to customers, we give them the opportunity to provide feedback. I would like to share two examples with you today.

"Thank you, Kim at Station 2518. She was able to see an error on my tax return and quickly made the corrections. I really appreciate representatives like Kim, who both helped and listened. GREAT job, Kim! I cannot express how much I appreciated your help. Thank you!"

"I was so surprised by how easy it was to use Live Chat to resolve my issue. Anthony was professional, prompt with his response, and incredibly
helpful. He was able to resolve my issue quickly.

Thank you for this Live Chat feature. It is very effective."

I'm now going to turn the presentation over to Angela Flores. She will share information about our public counters, how we have helped those impacted by disasters, and our programs designed to aid Californians.

MS. FLORES: Thank you, Erin.

Good afternoon, Madam Chair and esteemed Board Members. Thank you for the opportunity to present this update to you today. My name is Angela Flores, and I'm a Section Manager in the Accounts Receivable Management Division.

Our customer -- excuse me. Our public counters play a significant role in our operations by providing an in-person service to assist our customers. They also had successes this year, and I would like to share those accomplishments.

Our public counters assisted over 56,000 customers this filing season. We continued to serve customers by appointment throughout our offices statewide. Taxpayers can make an appointment through an automated system on FTB's public website or with the aid of a contact center or field office agent. We found the
automated system provides an improved customer experience and reduced wait times. We are proud to say that we've maintained a 95 -- 94 percent approval rating from our public counter customers.

Our public counters provide amazing customer service when it comes to assisting our customers. These are some actual customer comments that testify to the type of service our public counters provide during this filing season.

"I was a walk-in and no line, no appointment. The services and the communication were excellent."

"It was quick. Service was kind, knowledgeable, and expedient."

FTB collaborated across the enterprise to mitigate the impacts of the IRS due date extension on our operations, staffing, and California to successfully meet our key processing goals for the 2023 filing season. We maintained the excellent level of service in the delivery of taxpayer refunds, timely deposits, and the timely releases of notices.

Our technology partners worked to find ways to have our system support our employees and processes to serve our taxpayers. After successfully implementing these changes for California, other disasters were declared across the country. FTB conformed to the IRS
and provided relief to our California taxpayers and impacted states. We provided education and outreach to both taxpayers and the tax professional community to ease concerns, address questions, and provide guidance.

Another way FTB helped taxpayers impacted by the disasters was by proudly participating with other state agencies at Local Assistance Centers, also known as LACs, Disaster Recovery Centers, also known as DRCs, for declared disasters. These centers helped survivors in the recovery process of catastrophic events, such as a fire, flood, or earthquake.

At these centers, FTB employees may assist survivors with various information, including how to claim disaster losses, obtain copies of tax returns and forms, or change their address. During and after the '22/'23 winter storms, the Accounts Receivable Management Division provided 41 staff to help at 39 centers and assisted 2,290 survivors with their disaster-related questions.

I would like to share a couple of examples of how FTB helped survivors at these Assistant Centers.

A taxpayer came to the Desert Hot Springs LAC overwhelmed because the Palm Fire in Riverside County had destroyed his family's home and his tax records.

With the assistance of an interpreter, FTB staff
provided the Spanish disaster loss publication and explained the California laws regarding disaster and casualty losses. The staff mailed him copies of the tax returns that were destroyed in the fire when they returned to the office and followed up with him and his daughter by telephone on two occasions to make sure their issues were addressed and they received the help they needed. The taxpayer was thankful for FTB's support and guidance through this difficult time.

In another example, a gentleman arrived in distress at the Santa Maria DRC. He relayed his story about how his wife and daughter were home when flooding started at their residence. He rushed to help them but was in a car accident caused by the storm and was unable to make it home in time to avoid flood damage. Fortunately, everyone was safe, but the damage to their home and property was extensive. Our FTB staff member was there to help, providing the disaster loss publication and explaining how he could claim the damages for tax purposes. We also referred him to IRS resources for federal guidance. We were thankful his family was safe, and he was thankful for the assistance.

As you can see, disasters like wildfires and storms bring on a tremendous amount of stress to California citizens. Our FTB staff care for taxpayers
and their families and continue to support and guide them through difficult times.

FTB oversees the administration of several programs that benefit California's taxpayers, including the Volunteer Income Tax Assistance program, also known as VITA.

The VITA program continued to operate and serve taxpayers in their communities. Volunteer taxpayers -- preparers helped taxpayers file federal and state tax returns and receive all the benefits they are eligible for.

I would like to share some highlights from the VITA program.

79 staff became certified VITA volunteers. We also had 74 FTB employees receive VITA training. FTB participated in over 26 in-person events and more than 100 drop-off and virtual events. These volunteers also prepared 4,556 federal and state tax returns for FTB employees, family, and friends.

Moving to our next program, the California Earned Income Tax Credit or CalEITC, provides a tax credit for those earning $30,000 or less per year. We sent over 345,000 letters to potentially eligible taxpayers encouraging them to apply for the credit. This year, we had over 3,550,000 returns filed claiming CalEITC with
408,000 also qualifying for the Young Child Tax Credit.
We also had 4,800 qualify for the new Foster Youth Tax
Credit.

CalFile is another important publication that
provides a free filing option for the California tax
return. This year, 87,000 returns were filed via
CalFile.

While the 2023 filing season brought us some
unexpected challenges, FTB came together and persevered.
We've been successful in a hybrid work environment by
allowing in-person and virtual options to our staff.
We've improved our systems to provide a better customer
experience, implemented Virtual Hold, and continued to
prepare for significant modernization. We also served
survivors in our communities through multiple disasters
over the past year. We are one FTB, and we are proudly
here to serve the citizens of California.

On behalf of the Department, we would like to
thank you for providing us the time to share what we've
done and accomplished for the taxpayers of California
and for our employees. We appreciate your continued
support.

And at this time, we would be happy to answer any
questions you may have.

CHAIRPERSON COHEN: Thank you, ladies.
Mr. Vazquez, do you have any questions or comments?

MEMBER VAZQUEZ: Yes, Madam Chair. I had a comment and then a couple quick questions.

First of all, I want to thank you both for putting together this presentation, and thank you to everyone who volunteered and helped with the VITA and disaster relief. I recall back at the beginning of the year when it was going on, and the workforce was truly an asset for the state.

And then I had just a couple quick questions.

When you talked about VITA specifically here, the VITA statistics, including, I guess, the Cal -- it said EITC and other credits, as well as the other statistics you mentioned, how did we do in each category compared to last year and the other years?

MS. CARVEL: Thank you. I'll be happy to answer that question.

So the data in our presentation was through October 31st, which was prior to the filing deadline of November 16th. Since then, we have received additional returns. So I'm able to share with you new volumes as well.

Additionally, many of our statistics regarding customer service, website visits, et cetera, aren't
comparable from an apples-to-apples sense due to the
extended and prolonged filing season. 3.4 million
taxpayers received the CalEITC credit this year. This
is lower by approximately 150,000 than the previous
year. However, we allowed more than $921 million, which
is up by 31 percent from last year.

We continued to encourage people to claim CalEITC
through our outreach effort. We have sent over 345,000
letters to potentially eligible taxpayers encouraging
them to claim the credit. This includes some that
actually filed this year but did not claim it. In our
letter, we provide instruction on how to easily claim it
by submitting the FTB Form 3514.

410,000 taxpayers received the Young Child Tax
Credit. This is 10 percent higher than the previous
year. More than $414 million has been claimed this
year, which is 20 percent higher than a year ago.

4,900 taxpayers received the Foster Youth Tax
Credit. This is a new credit, and more than $5 million
in credit was claimed.

FTB VITA volunteers prepared 4,600 state and
federal returns. In 2022, our volunteers prepared
4,000. They also participated in 26 in-person events
and more than 100 virtual and drop-off events. This is
also an increase from last year.
The percentage of our returns that were filed electronically continues to increase. This year, they were 95 percent. The year before, they were 94.

58,900 taxpayers were assisted at our public counters during the last filing season. This is approximately 5 percent higher than the current year. But our overall approval rating continues to be 94 percent, which we are quite proud of.

MEMBER VAZQUEZ: That's pretty impressive.

I guess the only other question I would have is, moving forward, I'm just curious to see how we could expand our outreach to reach -- I'm thinking more families and individuals specifically in the immigrant communities, who may not know of this service or are hesitant of getting the service because they may or may not have a Social Security number.

MS. CARVEL: Absolutely. The FTB markets CalEITC, the Young Child Tax Credit, Foster Youth Tax Credit, and VITA mainly through year-round outreach, including social media, flyers, posters, press releases, and news media interviews.

We also provide technical support, such as explaining new CalEITC legislation, to other State agencies and other partners who conduct CalEITC and VITA outreach. They do a great job working with
community-based organizations statewide to publicize these services and credits and provide free tax preparation and assist immigrants with obtaining their ITINs. The FTB VITA program provides support to various community partners. These include, but of course are not limited to, the United Way, Koreatown Youth + Community Center, the Mexican Consulate, and AARP.

Most of FTB's VITA team is comprised of volunteers, many of whom spend their VITA volunteer hours in their own local communities.

MEMBER VAZQUEZ: That's good.

The only other question, I was on a podcast last week, and one of the questions that came up from the moderator was about -- and you probably hear about these ghost preparers that are out there that are scamming, sometimes, individuals. And I'm assuming they're probably taking more advantage of, you know, the folks, the working-class folks that, you know, sometimes don't understand that whoever prepares your documents, at the end of the day when you sign it, you're actually the one that's legally responsible. They're not. They're off the hook.

And I was just wondering if there's anything that we can put out there for those that might be listening or here in the audience as well in terms of what to look
out for as they seek out somebody as they prepare their
documents or their returns.

MS. CARVEL: I see Shane nodding his head. So I
will let him answer this one.

MR. HOFELING: So, Member, as you said, it is a
problem that we are concerned with. And so we do work
with the California Tax Education Council, which is the
group that, if you are neither a lawyer or CPA, you have
to register with to prepare taxes.

And so they're working on the program, and we
work closely with them to try to identify ghost
preparers and to work on that. But it is a concern
going forward.

MEMBER VAZQUEZ: Because they were asking me, and
I was trying to -- I just told them, I said, you know --
the only thing I could come up with at the time when
they asked me on the spot, I just said, you know,
probably one of the key things they could do is just
double-check with that entity or that business that's
out there to make sure, you know, with the Better
Business Bureau to make sure that they have no
complaints or other cases against them -- right? -- as a
starting point.

But I didn't know if there was other watchdog
groups out there that we should at least alert or let
people know about.

MR. HOFELING: They can always check in with the California Tax Education Council. They maintain the list as well. Or if somebody has a complaint, they can reach out to that group and they look at that, to see if somebody is a valid preparer or not.

MEMBER VAZQUEZ: And the last question, if I can, Madam Chair, is I noticed in your presentation you highlighted that you were able to reduce the minutes of wait time, I think you said by 21 minutes.

And I'm just wondering, so what's the average now, based on that?

MS. CARVEL: That's a great question. So that is specifically for our Tax Practitioner Hotline.

MEMBER VAZQUEZ: Yes.

MS. CARVEL: I don't know what our current wait times are based off of the most recent data, but I would be happy to provide that to you.

MEMBER VAZQUEZ: Appreciate it.

MS. CARVEL: Thank you.

MEMBER VAZQUEZ: Thank you.

CHAIRPERSON COHEN: All right. Thank you very much. Appreciate the presentation.

I'm going to just jump into my question. It's in regards to Slide Number 5, the customer service
highlight. One of the facts or the data points that I'm interested in, is in your report, you noted that FTB had 893,000 phone calls answered, and the level of access has increased from 47 percent last year to 54 percent, and that's a 7 percent increase.

And I wanted to know, what was the reason behind this improvement, the 7 percent improvement? How did you do that?

MS. CARVEL: We continue to work on upscaling our staff and provide them support and training so that they are as efficient as possible. We also utilized new technologies, such as the Virtual Hold option, to continue to make the times as fast as possible.

CHAIRPERSON COHEN: Efficient as possible.

MS. CARVEL: Absolutely.

CHAIRPERSON COHEN: Yeah. I personally like the option that you guys call me back, you and, you know, anyone else that's providing that service. That's good customer service.

Are there any other variables that led to this increase? Did we change our technology? Did we have more people on the front line? Did we add more lines to our call center?

MS. CARVEL: Those are great questions. And that is not my area of expertise --
CHAIRPERSON COHEN: Okay.

MS. CARVEL: -- but I would be happy to get that information and share it back with you --

CHAIRPERSON COHEN: Okay.

MS. CARVEL: -- if there are additional methods that we utilized.

CHAIRPERSON COHEN: Okay. Thank you very much. We can move on, then.

We are going to move on to public comment to see if there's anyone that would like to comment on this item, Item 4 -- or it's Item 3.

(No response.)

CHAIRPERSON COHEN: Okay. Seeing that there's no questions on Item 3 --

PHONE MODERATOR: Should I check with the phone lines?

CHAIRPERSON COHEN: Yes. Please check with the phone lines.

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

(No response.)

PHONE MODERATOR: No members of the public are queueing up at this time.
CHAIRPERSON COHEN: All right.

PHONE MODERATOR: Please continue.

CHAIRPERSON COHEN: All right. Thank you very much, Operator.

I just also would like the record to reflect that Ms. Gayle Miller has joined us.

Okay. We're going to move on to Item 4. Item 4 is regulation matters.

We'll first start with the 2024 rulemaking calendar, presented by Red Gobuty, for Board approval. And then we'll have a presentation regarding Regulation Sections 18662-0 through 18662-8, which is presented for Board approval. And we'll hear from Leah Thyberg.

MR. GOBUTY: Thank you very much, and good afternoon.

Before I begin, I hope I don't get into trouble. I don't claim to have talent. I know you wanted to be entertained. But if you want a safe joke from an eight-year-old, I can offer that up.

CHAIRPERSON COHEN: I'll take it. Bring a little levity.

MR. GOBUTY: What type of alligator makes the best detective?

CHAIRPERSON COHEN: Hmm, what type of alligator makes the best detective. I don't know.
MR. GOBUTY: I'll answer that for you. An investigator.

CHAIRPERSON COHEN: Oh.

MR. GOBUTY: Thanks to my son for that.

My name is Red Gobuty. I'm an Attorney IV with the FTB Legal Division's Technical Resources Bureau.

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, providing required information on regulatory items FTB plans to transmit for review and approval as part of the rulemaking process during the year.

The 2024 rulemaking calendar in your materials shows the regulation projects FTB staff plans to work on during the 2024 calendar year as well as provides updates to each project's current status.

As in the past, the Board's approval of the calendar and any items identified on it for which staff has not previously received Board approval to begin the informal regulatory process serves 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.

And at this time, I would respectfully ask for your Board's approval to the 2024 rulemaking calendar.
CHAIRPERSON COHEN: All right. Thank you very much for that brief presentation.

Colleagues, do you have any questions?

Yep. Go ahead.

MEMBER VAZQUEZ: Just a couple quick ones, if I can.

Based on the previous discussion with the FTB, I understand that the fiscal impact of these regulatory changes is estimated to be an increase in 50 million to the General Fund.

Is this figure still accurate?

MR. GOBUTY: Yes. Thank you for that question. I suspect you're asking about the project Leah will be presenting. And if it's okay, I would like to defer for her to answer that after.

MEMBER VAZQUEZ: Sure. I'll wait.

CHAIRPERSON COHEN: Okay. Thank you. Let's see. Commissioner Miller, do you have a question?

(No response.)

CHAIRPERSON COHEN: No question? All right.

Thank you.

Let's go --

MEMBER MILLER: No question.

CHAIRPERSON COHEN: All right. Anyone, any member of the audience present have a question or
comment, public comment?

(No response.)

CHAIRPERSON COHEN: Seeing none, Operator.

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

(No response.)

PHONE MODERATOR: No members of the public are queueing up at this time. Please continue.

CHAIRPERSON COHEN: All right. Thank you.

Members, is there a motion to approve the 2024 rulemaking calendar?

MEMBER VAZQUEZ: So moved.

CHAIRPERSON COHEN: Okay. Motion moved by --

MEMBER MILLER: I second.

CHAIRPERSON COHEN: Motion moved by Mr. Vazquez, seconded by Ms. Miller.

Please call the roll.

MS. RUBALCAVA: Member Miller.

MEMBER MILLER: Aye.

MS. RUBALCAVA: Member Vazquez.

MEMBER VAZQUEZ: Aye.

MS. RUBALCAVA: Controller Cohen.

CHAIRPERSON COHEN: Aye.
MS. RUBALCAVA: Thank you.

CHAIRPERSON COHEN: All right. Thank you very much. The motion passes unanimously.

Next we have Ms. Leah Thyberg, who will now present the staff's request for the Board approval. Now, this, again, is Regulation Section 18662-0 through 18662-8 to advance into the formal rulemaking process.

Ms. Thyberg.

MS. THYBERG: Thank you.

Good afternoon, Madam Chair and Members of the Board. My name is Leah Thyberg, and I am an attorney at the Franchise Tax Board.

We are seeking the Board's permission to proceed with the formal regulatory process to adopt California Code of Regulations, Title 18, Section 18662-7, which I will refer to here as the "proposed regulation."

Additionally, we are seeking the Board's permission to proceed with the formal regulatory process to amend California Code of Regulations, Title 18, Sections 18662-0 through 18662-6 and 18662-8, which I will refer to here as the "proposed amendments to the regulations."

Revenue and Taxation Code Section 18662 is the statute setting forth California's general non-wage withholding tax requirements. The proposed regulation
would provide for changes to domestic pass-through
tity withholding requirements. With the proposed
amendments to the regulations would then incorporate the
language in the proposed regulation relating to domestic
pass-through entity withholding to ensure consistency
across all the withholding regulations.

At the September 9th, 2021, three-member Board
meeting, FTB staff obtained permission to proceed with
the formal regulatory process to adopt both the proposed
regulation and to amend the regulations. However, after
obtaining permission, FTB staff determined additional
substantive proposed revisions to the draft regulatory
text were necessary to account for several newly
discovered issues.

During further review, FTB staff discovered that
while the proposed regulation provided specific
withholding requirements relating to domestic
passthrough entity withholding, this created unintended
gaps or conflicting withholding requirements in the
proposed amendments to the regulations. Thus,
additional proposed revisions were necessary to simplify
the withholding requirements and ensure consistency
between the proposed regulation and the proposed
amendments to the regulations.

FTB staff posted a 30-day notice which described
the additional proposed revisions necessary to address these new issues and elicited public feedback. After receiving and responding to one comment seeking clarification of the overall goal of the regulation project, FTB staff determined no further proposed revisions were necessary.

If your Board approves FTB staff's request today, then our next step will be to provide the Department of Finance the required Standardized Regulatory Impact Assessment for review and comment.

Thereafter, we would publish the Notice of Proposed Rulemaking in the California Regulatory Notice Register to commence the formal regulatory process.

Accordingly, we now request the Board's permission to proceed with the formal regulatory process to adopt the revised proposed regulation and to amend the regulations.

I am happy to answer any questions you may have.

CHAIRPERSON COHEN: Mr. Vazquez.

MEMBER VAZQUEZ: Now I'll ask my question.

CHAIRPERSON COHEN: All right.

MEMBER VAZQUEZ: Do you need me to repeat it, or do you remember it?

MS. THYBERG: You are happy to repeat it.

MEMBER VAZQUEZ: Well, I guess for the record,
I'll just put it in then.

MS. THYBERG: Sure.

MEMBER VAZQUEZ: Just based on the previous discussions with the FTB, I understand that the fiscal impact of these regulatory changes is estimated to be an increase in 50 million to the General Fund.

Is this figure still accurate?

MS. THYBERG: Yes. The figure is still estimated to be just over 50 million.

MEMBER VAZQUEZ: And I guess a follow-up to was can you provide a common example of how these changes will cause such an increase to occur?

MS. THYBERG: Yes. One example of how these changes could cause an increase in revenue to California can be seen with a nonresident taxpayer who has California-sourced income and who may not otherwise file a tax return, as required by law.

Once these changes go into effect, that nonresident taxpayer may have tax withheld on their behalf and remitted to the FTB, which is already statutorily due and required to be paid but is currently not being collected.

MEMBER VAZQUEZ: And a follow-up to that is I also understand that there are other practical implications that may affect taxpayers, such as the
deletion of -- I guess it's Form 592-PTE and associated voucher form 592-Q, and changes to Form 592.

Have taxpayers already been notified of these changes? And if not, when and how will they be notified?

MS. THYBERG: Yes. So taxpayers were notified of the most recent proposed changes when we posted the 30-day notice on our website in December 2022. We have also provided this investigation to the taxpayer representative community at industry events and have received excellent feedback and support.

We additionally anticipate putting out articles to the taxpayer community through vehicles such as "Tax News" as the project gets closer to finalization.

And generally, during the informal regulatory process, we hold Interested Parties Meetings and post notices to solicit feedback from the taxpayer community. When we post information for Interested Parties Meetings or a notice to describe proposed changes to regulatory language, we email interested parties that subscribed to receive messages about the regulatory project.

And so for this regulation project, we held two Interested Parties Meetings and posted four notices regarding proposed changes to the regulation language.

Now, with your Board's permission, when the
project moves forward into the formal regulatory process, we will post materials in the California Regulatory Notice Register and post updates on our website. We will also announce those updates through email.

MEMBER VAZQUEZ: I appreciate it. And just wanted to thank you and staff for being so transparent with this process, because I understand, you know, some of this has taken place for -- I guess it's nearly -- it's been, like, a decade. And I know it's a lot of work on your part just to get it out, especially the Interested Parties. So I really appreciate the fact that you've all been really transparent about this process. Thank you.

MS. THYBERG: Thank you.

CHAIRPERSON COHEN: All right. Thank you. I just have one comment.

Actually, no. I don't have a comment. Thank you very much.

Member Miller, do you have anything that you wanted to share?

(No response.)

CHAIRPERSON COHEN: No questions? Okay. Let's go to public comment.

MEMBER MILLER: No questions, Chair. Thank you.
CHAIRPERSON COHEN: Excuse me? What was that?
MEMBER VAZQUEZ: I didn't hear.
CHAIRPERSON COHEN: Oh, that was Gayle.
MEMBER MILLER: Oh, I just said, "No, thank you."

Sorry.
CHAIRPERSON COHEN: Okay. Thank you.
Operator, could you please check the line to see if there's public comment.
PHONE MODERATOR: Members of the public 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 members of the public are queueing up at this time. Please continue.
CHAIRPERSON COHEN: All right. Thank you very much.
Is there a motion to accept the staff's recommendation?
MEMBER VAZQUEZ: So moved.
CHAIRPERSON COHEN: All right. Moved by Vazquez.
Is there a second?
MEMBER MILLER: I'm going to abstain from this, Madam Chair, just because Department of Finance is reviewing --
(Inaudible; overlapping speakers.)
CHAIRPERSON COHEN: No problem. Member Miller is going to abstain.

I will second this motion.

Please call the roll.

MS. RUBALCAVA: Member Vazquez.

MEMBER VAZQUEZ: Aye.

MS. RUBALCAVA: Member Miller.

CHAIRPERSON COHEN: She's abstaining.

MS. RUBALCAVA: Abstaining.

And Controller Cohen.

CHAIRPERSON COHEN: Aye.

MS. RUBALCAVA: Thank you.

CHAIRPERSON COHEN: Thank you very much.

MEMBER MILLER: Abstain. Thank you.

CHAIRPERSON COHEN: Motion passes.

Let's call Item 5, a legislative matter, with a presentation on the legislative proposal by Denis Armstrong, also looking for Board approval.

Good to see you.

MR. ARMSTRONG: Nice to see you.

Good afternoon, Madam Chair and Board Members.

My name is Denis Armstrong. 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 one presented before you
today for your consideration.

In addition to presenting to you today, we also
recently held our annual Legislative Proposal
Stakeholder Meeting on November 15th to present this
idea to the public for input. The idea was well
received by all parties.

This particular proposal relates to an expiring
 provision for electronic communication.

Under current statutory authority, taxpayers can
choose to receive notifications from FTB and send
certain notifications electronically. This authority
will be repealed on January 1st, 2025.

By eliminating the repeal date, this proposal
would indefinitely allow a taxpayer or their
representative the option to choose an electronic method
to receive and file certain notifications, as specified,
with FTB.

The proposed changes would allow FTB and
taxpayers or their representatives to use an electronic
method of sending notifications instead of using the
United States Postal Service, thus saving time and money
to both parties.

If enacted in 2024, this would be effective and
operative on and after January 1st, 2025, to allow the
law to continue without interruption.

There are no departmental costs associated with
this proposal and no revenue impact to the General Fund.

Thank you, Madam Chair and Board Members, for
your time today. We respectfully request the Board's
approval on this proposal. And I'm happy to answer any
questions you may have.

CHAIRPERSON COHEN: Perfect. I don't necessarily
have questions, just wanted to say I think it's time for
you to -- you're going to have to buckle up, because
we're getting ready to get into a new legislative
session, and it's going to be pretty choppy, I would
imagine, with the budget numbers that we're looking at.
Specifically, I'm talking about the deficit. But I'm
sure we can all accomplish it together.

MR. ARMSTRONG: Yes, ma'am.

CHAIRPERSON COHEN: I appreciate this report.
It's actually really easy to understand and concise. It
speaks to your ability to understand the legislative --
not only the matters but also how to solve the problems,
how to maneuver. I appreciate that. Thank you.

MR. ARMSTRONG: Thank you very much.

CHAIRPERSON COHEN: Mr. Vazquez.

MEMBER VAZQUEZ: Just a quick comment, Madam
Chair.
Also, thank you for your presentation. And maintaining current electronic communication practices, I think, is important, you know, for these communications with taxpayers with efficiency, transparency, and sustainability. Like you said, it is vital that we continue this, whatever we can do to support.

CHAIRPERSON COHEN: Mm-hmm.

MEMBER VAZQUEZ: I really appreciate it, you bringing this to our attention. I didn't realize it had a sunset.

MR. ARMSTRONG: Thank you very much.

CHAIRPERSON COHEN: But we're in capable hands.

MEMBER VAZQUEZ: You need a --

CHAIRPERSON COHEN: Yes.

MEMBER VAZQUEZ: You need a motion to move it or --

CHAIRPERSON COHEN: Well, let's go to public comment first.

MEMBER VAZQUEZ: Sure. Okay.

CHAIRPERSON COHEN: Anyone in the chamber would like to speak?

(No response.)

CHAIRPERSON COHEN: Okay. Seeing none, Operator, could you please check the teleconference line.
PHONE MODERATOR: Members of the public 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 response.)

PHONE MODERATOR: No members of the public are queueing up at -- actually, we do have one.

CHAIRPERSON COHEN: Oh.

PHONE MODERATOR: Going to the line for -- going to the line for Christine Grab.

Please go ahead.

CHAIRPERSON COHEN: Okay.

MS. GRAB: Is it possible to amend the legislation so that it states possible to get these notices both electronically and via U.S. Postal Service? Because right now, it's one or the other.

CHAIRPERSON COHEN: I'm sorry. Can you repeat that statement one more time?

MS. GRAB: So right now, these electronic documents -- if you want to go electronic, then they don't send anything in the mail.

So is it possible to amend the legislation so that FTB can send the documents both electronically and via mail instead of one or the other?

CHAIRPERSON COHEN: Well, we're taking public
comment. And we will take in this public comment, and
someone from the Franchise Tax Board will respond to you
by February. That's the long-term date. I'm sure
they'll get back to you --

MS. GRAB: Okay. Thank you.
CHAIRPERSON COHEN: -- sooner. Sure. All right.
Thank you.

Is there a motion? Is there a motion to accept
the proposal?

MEMBER VAZQUEZ: So moved.

CHAIRPERSON COHEN: All right. Thank you very
much.

MEMBER MILLER: I'm going to abstain from this.

CHAIRPERSON COHEN: All right. Motion made by
Vazquez.

I'll second that motion.

Could you please call the roll.

MS. RUBALCAVA: Member Vazquez.
MEMBER VAZQUEZ: Aye.

MS. RUBALCAVA: Controller Cohen.

CHAIRPERSON COHEN: Aye.

MS. RUBALCAVA: Thank you.

CHAIRPERSON COHEN: And Member Miller abstaining.

All right. Thank you very much, Mr. Armstrong.

MR. ARMSTRONG: Thank you for your support.
CHAIRPERSON COHEN: We'll go on to Item 6, another administrative matter. We have Thi Luong and Jennifer Barton, who are going to be presenting the 2025 budget change proposals, which is up for consideration.

MS. LUONG: Thank you.

CHAIRPERSON COHEN: Hi, ladies.

MS. LUONG: Good afternoon, Madam Chair, Board Members. My name is Thi Luong, FTB's Financial Management Director. And I'm joined today by Jennifer Barton, our Assistant Director.

We're here today to present the FTB's five fiscal year '24-'25 budget change proposals for your approval. We will provide a brief overview of each proposal and then answer any questions you may have.

Our first proposal is the Enterprise Data Revenue Phase II (EDR2). The start of fiscal year '24-'25 will see FTB enter into the fourth year of the EDR2 project. We will continue to build on the foundation set by EDR for centralizing technology solutions that support key business functions. EDR2 will expand enterprise case management and modeling services for audit, legal, filing enforcement, and accounts receivable functions.

Following the statewide process to support funding for larger projects, an annual BCP is required
for new costs related to that year. This year's proposal requests an augmentation of 127.1 million and includes funding for 28 permanent positions and 10 limited-term positions. The request also includes 112.2 million for the payment to the Solution Partners. Costs within this BCP can be ongoing, limited term, or one time as noted within the BCP narrative.

During the fourth year, FTB is requesting resources to support various stages of data analytic tools and models; enhanced data capture; data management; and oversight functions, such as independent verification and validation, quality assurance, and an independent security assessment.

I will now turn over to Jennifer to cover

Proposals 2 and 3.

MS. BARTON: Good afternoon, Madam Chair and Board Members.

The second proposal is for Political Reform Audit Resources. The request is for an augmentation of $1.8 million and 13 permanent positions in fiscal year '24-'25 and ongoing for the Political Reform Audit Program to timely and effectively complete mandated audits, as required by the Political Reform Act of 1974.

Since 2000, there have been 10 significant acts, bills, and regulation changes that have led to an
increase in the Political Reform Audit workloads without a corresponding increase in resources. As a result, FTB has only been able to complete a minimal portion of the mandated work. FTB's inability to adequately administer the program hinders the Political Reform Act's goal of instilling public trust of California's elected officials and initiative campaigns, which is vital to the citizens of California and the transparency that California's government mandates.

Compliance with the law is obtained by the presence of formal auditing that includes the potential of enforcement, education, warning letters, and fines.

These resources are needed to adequately staff the Political Reform Audit Program to complete the mandated audits and comply with California Government Code Sections 90000 through 90009. These sections provide for the FTB's audit authority with respect to certain political reform audits.

Furthermore, Section 90006 provides that audits and investigations of candidates for Controller and the California Board of Equalization are conducted by the Fair Political Practices Commission instead of FTB.

The third proposal is for the Mainframe Storage Hardware and Software Refresh and requests augmentation of $8.5 million in fiscal year '24-'25 to refresh FTB's
mainframe storage components approaching end of life.

When a component reaches end of life, significant risks present, as there is no guarantee that components or parts can be repaired or replaced, and technical support is limited or not available at all.

The components provide storage infrastructure that is essential to FTB's multiple-mission critical tax and non-tax applications that support its filing, collections, audit, and non-filer processes, as well as web self-services. These applications have a substantial dependency on the data that resides within the storage components.

If the components are not refreshed before they reach end of life, FTB may not be able to timely process tax returns, payments, and issue tax refunds; may experience failures in systems that house vital and confidential information; may not be able to recover data after a disaster or ransomware attack; or provide long-term data retention.

Thank you. And at this time, I will turn it back over to Thi to cover the remaining proposals.

MS. LUONG: Proposal 4 is for our campus security guards and is requesting 2.9 million in fiscal year '24-'25 and ongoing to fund increased costs for Central Office security guards and to procure security guards
for our Santa Ana field office.

Security and safety are essential functions that protect FTB's facilities, equipment, and data and also to ensure the safety of our employees, vendors, and visitors. An internal or external threat could cause disruptions to FTB's operations, thus adversely affecting our ability to process returns, issue refunds, or collect taxes. This augmentation will enable FTB to retain qualified staffing for monitoring and protecting FTB's vital infrastructure, work processes, and staff.

Finally, our last proposal is for the Contact Center Platform and Customer Callback Software, which is requesting 1.3 million in fiscal year '24-'25 and ongoing to fund increased costs for FTB's Contact Center Platform, also known as CCPs; software subscriptions and services; and to refresh FTB's Customer Callback Software that is approaching end of life.

CCP and Customer Callback Software are critical components of FTB's Contact Center and allow FTB to provide self-service options and additional customer service channels. Without these components, there would be an increase in calls received by FTB's Contact Center agents that FTB is not staffed to answer. This would result in increased total costs for FTB, longer hold time for callers, and an overall diminished customer
service experience. Approval of this proposal ensures
FTB can continue to provide a variety of customer
service options to assist taxpayers for filing timely
and accurate returns and paying the correct amount of
taxes due.

At this time, I would like to formally request
your approval for our proposals. Thank you for your
support, as always. And I'm happy to take any
questions.

CHAIRPERSON COHEN: Thank you for the thorough
presentation and overview for each BCP that you're
requesting for.

I don't have any questions. I think it was very
clear and concise.

Do you have any questions? Please.

MEMBER VAZQUEZ: Just a quick one.

On the first one, when you were talking about the
BCP Item 1 -- I guess it's EDR2 project -- can you go
over the 13.2 million increase and the addition of one
more position? I just would like to gain a better
understanding of how that's going to roll out.

MS. LUONG: Yes. Thank you for the question.

Over the past few years, FTB and the contractor
have continued to build a strong partnership to move
towards a successful completion of the project with
project deliverables that are both timely and robust and to ensure that we're meeting our goals.

   During our work earlier this year, we did identify that there was some additional work that is required in order for us to meet the project objectives and to also limit interruptions to our current business processes. So thank you for noticing.

   The increase is for this additional work and the related increase in our contingency funding. But following our established statewide process, FTB has already submitted a Special Project Report and also amended the contract to reflect the updated costs.

   During the course of this work, I would like to note that we did identify a small workload and associated resource ask that is no longer needed. So as a result, we actually revised our proposal to reduce by one position, by one limited-term position, rather than the increase.

   MEMBER VAZQUEZ: Appreciate that.

   And then in your last -- I guess the last part, in terms of the campus security guards.

   MS. LUONG: Yes.

   MEMBER VAZQUEZ: I guess you mentioned this going to the Santa Ana facility.

   I was just wondering, is there other security
considerations in some of the other offices throughout the state as well?

MS. LUONG: That's a great question. We do have field offices throughout the state. However, Santa Ana is currently the only field office without security guard presence. All of our other field offices are either in a State-owned building that already has security guards or is cohoused with the California Highway Patrol. So as such, we already have sufficient coverage there at this point.

Thank you for the question.

CHAIRPERSON COHEN: Good question.

MEMBER VAZQUEZ: And then the last one, I guess it's now for -- maybe for Jennifer. And this one is on the BCP Item 2, the Political Reform Audit resources. How soon will the Political Reform Act, the PRA program section fill the 13 needed positions?

MS. BARTON: We anticipate starting the hiring effort to fill those positions in July 2024.

MEMBER VAZQUEZ: And, I guess -- and then when do you anticipate the workload to be normalized to see the impact on the current workloads?

MS. BARTON: The PRA workloads are technical, complex, and varied. So training and onboarding takes six months to a year. And we anticipate to see positive
impacts to the current workload by July 2025.

MEMBER VAZQUEZ: Thank you.

I'm good.

CHAIRPERSON COHEN: All right. You're good.

Thank you very much.

All right. Let's go ahead and see if there's any members in the audience that would like to speak on this item.

(No response.)

CHAIRPERSON COHEN: All right. Seeing none, Operator, could you please check the teleconference line for public comment.

PHONE MODERATOR: Members of the public 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 response.)

PHONE MODERATOR: No members of the public are queueing up at this time. Please continue.

CHAIRPERSON COHEN: Thank you very much.

Is there a motion on this item?

MEMBER VAZQUEZ: So moved. Staff recommendation.

CHAIRPERSON COHEN: Commissioner Miller.

MEMBER MILLER: And, Madam Chair, I'll be abstaining from this. I'll be abstaining on this one as
well.

CHAIRPERSON COHEN: Of course. Understood.

So a motion made by Member Vazquez.

I'll second that motion.

Please call the roll.

MS. RUBALCAVA: Member Vazquez.

MEMBER VAZQUEZ: Aye.

MS. RUBALCAVA: Controller Cohen.

CHAIRPERSON COHEN: Aye.

MS. RUBALCAVA: Perfect. Thank you.

CHAIRPERSON COHEN: Thank you very much. Motion passes.

I'm going to make a slight change to the agenda.

I am going to proceed to Item 9, which is Board Members' Time. And then we will finish our meeting with Item 7, and then we'll go to Item 8. Okay?

So at this time, I would like to start off by just recognizing three of our outstanding security guards that are here at FTB who showed bravery and who showed courage in the handling of a recent security incident at the FTB campus. We will present each of them with a Board Resolution of Commendation.

First, I would like to recognize Mr. Aziz Ahmad. Please just stand up. Thank you.

(Applause.)
CHAIRPERSON COHEN: As we honor -- as we honor all three of the security guards, I'm going to be reading some brief remarks from their commendations into the record.

Whereas Mr. Aziz Ahmad demonstrated exemplary leadership in the initial security response on the evening of October 1st, 2023, when an individual vandalized and broke into the Franchise Tax Board campus, requiring swift action and law enforcement response from the FTB security team; and whereas Mr. Ahmad's immediate notification to 911, situational monitoring, effective communication, calm demeanor, and quick thinking were paramount in the protection of FTB's campus, employees, and confidential taxpayer information; and whereas the efforts, unwavering resolve -- whereas the efforts and unwavering resolve, exceptional courage, bravery, dedication to the safety and well-being of all Franchise Tax Board employees and quick action, Mr. Ahmad prevented entry into the secure portion of the FTB building.

And now, therefore, let it be resolved, this 6th day of December 2023, by the Franchise Tax Board, that we recognize and we thank you, Mr. Aziz Ahmad, for your professional dedication to the State of California, to the Franchise Tax Board, and, most importantly, to the
people of the state of California.

Please rise so that we can recognize and thank you.

(Appause.)

CHAIRPERSON COHEN: What I think I'll do is I will read the commendations for everyone, and then we will bring everyone up. Okay? Okay.

Next, I would like to recognize Ms. Antionetta Hobby Kemp.

(Appause.)

CHAIRPERSON COHEN: Ladies and gentlemen,

Ms. Antionetta Hobby Kemp demonstrated outstanding leadership in the initial security response on the evening of October 1st as well. She provided fast communication. She also demonstrated a calm demeanor and courage during the incident, and she remains steadfast in the protection of the FTB campus employees and confidential taxpayer information.

Of course, these efforts were met with unwavering resolve, exceptional courage, bravery, dedication for safety and well-being of the Franchise Tax Board. Ms. Hobby Kemp prevented entry into the secure portion of the FTB building.

Now, therefore, let it be resolved that, on this 6th day of December 2023, by the Franchise Tax Board,
that we recognize and thank you, Ms. Antionetta Hobby Kemp, for your professional dedication to the State of California, to the Franchise Tax Board, and most importantly, to the people of the state of California. Thank you very much.  

(Applause.)

CHAIRPERSON COHEN: And our third person that we're honoring today is Mr. Stephen Butler.

MR. BUTLER: Stephen.

CHAIRPERSON COHEN: Stephen Butler. Please stand.  

(Applause.)

CHAIRPERSON COHEN: Ladies and gentlemen, Mr. Stephen Butler also demonstrated commendable leadership in the initial security response on October 1st, 2023, when an individual was breaking into the Franchise Tax Board's campus. He demonstrated swift action and law enforcement response from the FTB's security team. Mr. Butler's actions were nothing short of heroic. He was quick thinking, he was fearless, and the resolution -- in the resolution and the protection of the FTB's campus employees and confidential taxpayer information.

You've kept us safe and secure. Your efforts also were unwavering, exceptional courage, bravery,
dedication to the safety and the well-being of all of the Franchise Tax Board employees, and your quick action has provided safety. And we are here to commend you.

Therefore, be it resolved that, this 6th day of December 2023, by the Franchise Tax Board, we recognize and thank you, Mr. Stephen Butler, for your professional dedication to the State of California, to the Franchise Tax Board, and most importantly, to the people of the state of California.

Now -- yes.

(Applause.)

CHAIRPERSON COHEN: Are there any members that would like to speak on their behalf? Is there a supervisor?

(No response.)

CHAIRPERSON COHEN: No? Okay. No problem. Well, why don't the honorees come join us on stage. We will present you these beautiful plaques and we'll take a picture. Thank you.

(Presentation of plaques.)


These are our heroes, ladies and gentlemen.
(Applause.)

CHAIRPERSON COHEN: Congratulations, and I appreciate it. Thank you so much. Thank you. You're welcome.

Well, folks, there you have it. Real-life superheroes that walk among us. Thank you very much.

Now I'm just going to conclude this portion of Item -- this is Item Number 9.

Member Vazquez, do you have any comments or anything that you would like to say?

MEMBER VAZQUEZ: Yes.

Well, first of all, let me just thank the three individuals. Because I understand you were -- all three of you were able to resolve this with no -- nobody getting hurt because of your quick response and immediately getting the police involved with this. So I really appreciate that. I know sometimes in these incidents, sometimes they get out of hand and they can turn into something that can be violent, not only for you as an individual but also for the staff. So appreciate that.

In terms of my comments as for the Board Time, this year has been, I guess, a challenging year for many Californians who were affected by these disasters. You know, I'm thinking of the wildfires, storms, flooding.
And I just want to commend the FTB staff for their highly responsive efforts to extend filing deadlines, to provide taxpayers assistance, and help ease the burden on thousands of taxpayers during this aftermath of these emergencies.

As tax season approaches, I would like to take this opportunity to emphasize the importance of the Volunteer Income Tax Assistance, VITA, program and the critical role it plays in serving low-income families. Most who seek VITA services qualify for much-needed refundable tax credits, such as the Earned Income Tax Credit, the CalEITC, and the Child Tax Credit, worth thousands per return. These credits serve as an invaluable lifeline for many of those who are living paycheck to paycheck.

As I brought this up in prior meetings, I would like to extend the VITA service utilizing the mobile VITA workshops and the VITA van that we used to -- that was disabled, and especially for the elderly who were unable to get to a lot of the VITA locations.

It is important to me that we continue this effort and to help and assist in any way we can to those that have limited access to these services.

Also want to extend my support for any job fairs and recruitment efforts in this next year, specifically
in the minority communities and smaller colleges where
the FTB have never visited in the past. There are good
folks out there that I think would love the opportunity
to work for the State but unfortunately, based on the
requirements and testings and information and just the
connection, just haven't had the opportunity.

I believe we can get the word out and be very
creative in advertising our job openings to the
underserved communities, and I'm looking forward to
that, hopefully in this next year.

So I really appreciate all the work that you've
done up to this point and now that, hopefully, COVID is
past us, that we continue to do those in-person outreach
visits.

Really appreciate it. Thank you.

CHAIRPERSON COHEN: Absolutely. Thank you very
much.

I'm going to turn to Member Miller to see if
there's anything that she would like to share.

MEMBER MILLER: Thank you, Madam Chair.

Just briefly again just to express gratitude to
the superheroes that indeed are among us and also, I
think, to the superheroes who don't get the
acknowledgement, the folks that do all the filing. And
I think especially given the huge challenges, with IRS
deadlines moving and the great difficulty we had in tax collection this year, the professionalism and grace and expertise of the Franchise Tax Board remains second to none. And I'm incredibly grateful to the service and the ways they continue to lead the State.

So thank you very much, Madam Chair. I appreciate the time.

CHAIRPERSON COHEN: Of course. Thank you very much.

Mr. Vazquez.

MEMBER VAZQUEZ: We didn't want to do any kind of closing. Are we going to come back to --

CHAIRPERSON COHEN: We're not done. We still have the Taxpayer Hearing --

MEMBER VAZQUEZ: No. I'll wait.

CHAIRPERSON COHEN: -- and we still have the Executive Directors --

MEMBER VAZQUEZ: Yeah, I had a few things on the closing.

CHAIRPERSON COHEN: Okay.

MEMBER VAZQUEZ: I'll wait.

CHAIRPERSON COHEN: All right. Sounds good.

MEMBER VAZQUEZ: Thank you.

CHAIRPERSON COHEN: All right. Well, let's go ahead, and we'll open public comment on this item. This
is Item Number 9.

(No response.)

CHAIRPERSON COHEN: No one in the auditorium.

Let's go online and see if there's anyone on the teleconference line that would like to speak.

PHONE MODERATOR: Members of the public 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 response.)

PHONE MODERATOR: No members of the public are queueing up at this time. Please continue.

CHAIRPERSON COHEN: Thank you very much.

All right, ladies and gentlemen. I need to excuse myself. Deputy Controller Hasib Emran is going to take over for the rest of the -- remainder of the balance on the meeting.

I want to wish you all a wonderful holiday season, and I'll see you in the beginning of the year.

Thank you.

MR. EMRAN: Thank you, everyone. Good afternoon. My name is -- for the record, my name is Hasib Emran.

I'm the California Deputy State Controller for Taxation, on behalf of Controller Cohen.

I want to thank you, Controller Cohen, and happy
holidays.

So moving on, I just want to check on the time. Do we need a break here, or are we going to keep going? Okay.

So we have Item 7, we're going to call. For the record, Item 7 is the annual Taxpayers' Bill of Rights Hearing. This is the time set for the Board's annual Taxpayer Bill of Rights Hearing, as required by Section 21006 of the Revenue and Taxation Code.

The purpose of this hearing is to allow taxpayer and tax practitioners the opportunity to present directly to the Board any proposals they may have for changes in existing state income tax.

FTB staff is available to respond to Members' questions, which may be raised as a result of the taxpayers' proposals.

Present here are Selvi Stanislaus; our Executive Officer Jozel Brunett; Chief Counsel Shane Hofeling; Deputy Chief Counsel Denis Armstrong, Legislative Service Bureau Director; and Angela Jones, our Taxpayer Rights Advocate.

So FTB staff will analyze the fiscal and administrative consequences of the proposals and will provide responses at a later time.

Angela has some introductory comments, and then
we will open it up for public comment.

    If any individual needs electric [sic] switching system (ESS) assistance, they can call 1 (800) 883-5910 and, when prompted, press 5 and then follow the additional prompts.

    So, Angela, would you like to make your introductory comments? I go to you.

    MS. JONES: Good afternoon. And thank you, Deputy Controller Emran and Board Members.

    My name is Angela Jones, and today I have the honor of addressing you as the newly appointed Franchise Tax Board Taxpayer Rights Advocate of this great Golden State of California.

    Due to the California winter storms and disaster declarations, this has been an unprecedented filing season. I thank the FTB, tax professionals, taxpayers, and other external stakeholders for their collaboration as we navigated through this unique filing season together. I am sincerely grateful and appreciative for the collaboration and support.

    I also want to thank you, Selvi, for your support throughout the year.

    I would also like to thank Controller Cohen, Member Vazquez, and Member Miller for providing their valuable perspective, experience, and support of
Franchise Tax Board's mission to continually strive to optimize the services they provide to California taxpayers and tax professionals.

And last, but certainly not least, I would like to thank my amazing team for educating and advocating for all California taxpayers and tax professionals.

California is a beautifully diverse state that has much to offer: great weather, national parks, beaches, and thriving cities. You, the taxpayers, make all this possible by funding essential services and infrastructure.

Being a California taxpayer comes with rights, and these rights include the right to voice your concerns. As the Advocate, I'm here to say that your voices matter and your rights matter.

I thank the Franchise Tax Board for providing this forum each year to provide you, the taxpayers and tax professionals, the opportunity to voice your concerns.

As we transition into receiving comments and concerns, I would like to take a moment to thank participants of our previous Taxpayer Bill of Rights Hearings. The issues they raised, once again, helped us to improve our processes and services.

For the speakers calling in today, I want to let
you know that we will review your comments and concerns presented and are committed to respond in writing by February 1st of 2024. The responses will be also posted on the Franchise Tax Board's website. Thank you.

MR. EMRAN: Thank you, Angela.

We'll open it up for any members of the public that would like to make a comment. Please remember to introduce yourself and who you represent, if applicable. And we would like to request you limit your comments to five minutes to ensure everyone will have time to speak.

First, we'll take comments from the public on the phone line, and then we'll take comments from the public in the audience.

So let's start it off. Is there any member of the public on the phone lines who would like to make a comment, Operator?

PHONE MODERATOR: Members of the public 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.

We will have a public comment from Christine Grab.

Please go ahead.

Please check your mute button.

MS. GRAB: Sorry.
My name is Christine Grab, and I am a people of California.

1, a large percentage of FTB Executive Staff have been working without properly executed oaths of allegiance or bonds, which are both required by law. Each of these people had no legal standing, and thus, all of their legal decisions must be voided. Please describe the action steps being taken by FTB to void these unlawful legal decisions and rectify the gaps created by these voids.

2, 66 percent of FTB's recent Executive Legal Staff did not swear to uphold the laws of the State and Federal Constitutions, as required by law, prior to accepting employment with the State of California. My wish is that interpretations and statutes be reviewed by people with properly executed oaths in order to ensure that FTB is following the laws as written, with no words omitted from and no extra words inserted into the statutes. I would encourage everyone listening to contact FTB with suggestions of statutes to review.

3, on FTB's website, it states the Taxpayer Rights Advocate will not accept your case if it questions the constitutionality of the tax system or tax laws. This is unconscionable. It is the job of the Advocate to ensure that FTB protects taxpayers' federal
and state rights. My wish is that this guideline be removed so that the Advocate can fulfill her job duties.

4, FTB has failed to provide statutes which justify FTB's evasion of the due process laws regarding imposition of wage garnishments, levies, and liens. Thus, FTB has tacitly admitted that this practice is unlawful. My wish is that FTB immediately cease and desist imposition of collection tools without authorization from a Superior Court judge.

5, last year, FTB provided a list of payments that are supposed to be immediately applied to the taxpayer's account followed by a vague phrase stating that when those payments are actually applied varies. My wish is that FTB clarify exactly when these payments that are supposed to be immediately applied are actually applied to the taxpayer's account.

6, in Grab versus FTB, it was disclosed that some estimated tax payments are put into a status called "no payment" instead of being applied to the taxpayer's account. If a taxpayer makes a payment by the prescribed due date and FTB puts that payment into the no payment status, are there any circumstances in which that payment would not be considered timely? If so, please provide the statutes utilized to justify this.

7, in Grab versus FTB it was disclosed that for
the purpose of calculating interest, FTB only recognizes some of the payments that have been made and only portions of other payments that have been made. Thus, the taxpayer pays more interest than they should because it falsely appears that the taxpayer had a higher outstanding balance than they actually did. Please provide the guidelines utilized for determining which payments and portions of payments are included in the totals collected for the purpose of calculated interest.

8, FTB states that all -- FTB stated that all payments are turned over to the State Controller's Office upon receipt. Are "no payments" also turned over to the State Controller's Office upon receipt, or are "no payments" kept within FTB's possession until the funds are recognized as a payment?

9, is it still FTB's procedure to not apply credit elect payments to married couples' accounts until that year's tax return is filed? If so, please identify the specific California Code which justifies this practice.

10, what does -- what data does FTB procure from the tax returns of low-income filers? How does FTB utilize this data? And who does FTB release this data to?

11, Deputy Chief Counsel Bill Hilson retired last
year. Even though he only worked part of the year, his 2022 pay was $136,000 more than he's ever earned before. Please explain the large pay increase.

12, I would like to remind FTB that we taxpayers are your employers. We are not your customers, and we're not your clients. My wish is that FTB refer to taxpayers as constituents.

    Thank you.

MR. EMRAN: Thank you, Ms. Grab. For the record, 12 -- 12 of your items have been recorded, and the Franchise Tax Board will respond accordingly. Thank you so much.

Can we move on to any other callers on the line, please.

PHONE MODERATOR: Next, we will have a public comment from Joyce Cheng.

Please go ahead.

MS. CHENG: Thank you. I am Joyce Cheng, an Enrolled Agent. I represent California Society of Enrolled Agents, and I am their Advocacy & Governance Manager.

    I want to thank the Board and the FTB and the Taxpayer Rights Advocate for this opportunity.

    The CSEA has been bringing items of concern raised by our membership, and we have had a great
relationship with the FTB in collaborating and getting improvements/enhancements along the way.

The first issue I'm going to mention is California conformity. September 30th, 2015, that was the last date of conformity with the Internal Revenue Code. Conformity is a big issue for taxpayers and the taxpaying community, and I believe it impacts the FTB as well.

With so many new laws being ushered in, with a lack of conformity, there is a higher risk that people will not be able to comply with the laws and may need to keep a double set of books, and it creates a burden on taxpayers.

The FTB Supplemental Guidelines to California Adjustments, Publication 1001 provides 24 pages of the nonconformity or modified conformity between federal and California tax law.

CSEA understands the magnitude of the work to create a new date for conformity. However, such conformity would be helpful and eliminate additional burden on the taxpayers.

We support conformity to tax reforms, and we are available as a resource to provide insight, any help at any level in this respect.

I will address one particular issue of
conformity, but I'm going to raise it in my second issue. This is not so much an issue that requires --
and, Ms. Jones, I apologize. Maybe I can waive the need for a written response to this one. But this is more of a self-preservation issue, self-preservation for our organization, our members, and the entire state of California.

We need to create a business-friendly California. California has seen the exodus of large businesses, such as Tesla, Oracle, HP Enterprise, Starlink, and many, many more from this state to either tax-free or tax- and business-friendly states. When such businesses leave, it is no secret that the decision is at least partially based on California tax policies. Other factors include the high cost of living and ability to grow their businesses.

California continues to add taxes to the statutes and the lays [phonetic] but fails to conform to many federal tax changes. These taxes are driving away huge sources of revenue with no replacement to fill the gap.

As an example, this is an issue of nonconformity for the FTB. The Federal IRC Section 179 is -- the Section 179, depreciation deduction. California maximum is $25,000 with a phaseout at $200,000. The current federal amounts are $1 million for the deductions, and
and a half million is when it starts phasing out. This is an incredible disparity, and it needs to be addressed. This is one of the reasons why California is seeing an exodus of businesses. There's no indexing for inflation.

Year 1 of the 2023/2024 legislative session gave rise to billions of dollars of new or extended taxes. If businesses are being burdened with new taxes all the time, there is always the potential and likelihood that those costs will be passed on to consumers. Not only are businesses leaving the state, but how long before we see a mass exodus of individuals? And by "individuals," I mean workers --

MS. RUBALCAVA: Deputy Controller, time has expired.

MR. EMRAN: Thank you, caller. Your response has been recorded.

Operator, do we have anybody else on the line?

PHONE MODERATOR: No more members of the public are queueing up at this time. Please continue.

MR. EMRAN: Thank you.

Next, we will take comments from any members of the public in the auditorium. Please feel free to come up and speak.

(No response.)
MR. EMRAN: Any members, please. Last call.

Going once, going twice.

(No response.)

MR. EMRAN: Thank you, everyone. This concludes the 2023 annual Taxpayers' Bill of Rights Hearing.

Please, Member Vazquez.

MEMBER VAZQUEZ: Just one quick comment here.

Just, first of all, I wanted to thank you, Ms. Jones, for your presentation, and congratulations on your new appointment here. And I look forward to working with you and improving the customer experience with the FTB.

I was just wondering, moving forward, what you see as some of the -- your immediate plans for improvement as well as the big-picture plans, as the new Advocate here.

MS. JONES: Thank you for the question, Member Vazquez.

My big-picture vision is to be the trusted voice to ensure equitable tax administration for California taxpayers and tax professionals. My small, yet mighty team and I will: stay informed about changes in tax policies to effectively represent and protect taxpayers, continue to provide education and outreach to taxpayers and tax professionals, listen to taxpayer and tax...
professional concerns, take action to research and
resolve, and recommend changes to FTB policies and
procedures.

One area where significant improvements have been
made is with our education and outreach to small
business owners. I have worked closely with our Small
Business Liaison to foster relationships with external
stakeholders, in alignment with FTB's DEI missions and
values. Doing so has helped us to better serve
underserved small business communities.

As a result of establishing these relationships,
our Small Business Liaison has presented educational
seminars to the following: California Black Chamber of
Commerce at their Economic Business Summit and at their
upcoming Financial Literacy Workshop for Small
Businesses; the Chinatown Service Center Small Business
event, where our Small Business Liaison presented in
tandem with a Mandarin translator; IRS and Negozee Small
Business event -- and Negozee focuses on helping
Spanish-speaking Hispanic entrepreneurs -- Alchemist
Community Development Corporation for minority-owned
restaurant and small business owners; California
Southern Black Chamber of Commerce; Los Angeles
Diversity Summit, sponsored by the California Department
of Insurance; Pasadena NAACP Small Business event; IRS
Hispanic Small Business event in San Diego.

We will continue to work towards providing the best use of our resources to maximize our outreach to small business owners. Thank you.

MEMBER VAZQUEZ: Thank you.

MR. EMRAN: Thank you, Angela. Really appreciate those comments. And we want to welcome you as well, on behalf of the Controller. It's a very, very important role in the organization. And looking forward to the great work, the work that's actually already ahead of you now. Thank you so much.

So we'll be moving also -- that does officially conclude the 2023 annual Taxpayers' Bill of Rights Hearing.

So we did reshuffle the agenda a little bit. So this is the last and final item, Item 8, which is the Executive Officer's Time. And I'll turn it over to our Executive Officer, Selvi Stanislaus.

EXECUTIVE OFFICER STANISLAUS: Thank you very much. I have no comments at this time.

MR. EMRAN: Thank you, Selvi.

Members, do we have any questions or comments?

(No response.)

MR. EMRAN: Seeing none, is there any members of the public wishing to speak on this item or on the
teleconference? We'll go with members in the auditorium first.

(No response.)

MR. EMRAN: Seeing none, is there anybody on the teleconference line, Operator?

PHONE MODERATOR: Yes. We have a member on the phone lines. Going to Gina Rodriguez.

Please go ahead.

MS. RODRIGUEZ: Thank you. I was in the queue, but they didn't call on me. Can we go back to the Bill of Rights Hearing, or is that already closed?

MR. EMRAN: It's closed, Ms. Rodriguez. But you can make your comments, and we can record that and get you a response.

MS. RODRIGUEZ: Okay. Great. Thank you. Thank you very much.

And thank you, AT&T operators. I got off a plane and tried to find a quiet spot, and dealing with technology is no fun.

But first, I want to thank Angela and her team, especially Judy. You guys have a tough job, and all the work you do is appreciated. Please know that.

My name is Gina Rodriguez, and I am a principal in Ryan's Advocacy Services Practice. Ryan is not an accounting firm. Taxes/technology services are all we
do. And as such, we are not restricted by the
Sarbanes-Oxley Act, which puts us in a very unique
position to try to effect positive changes --
(inaudible, teleconference connection issue) -- and
procedures.

I just have two issues today. Number 1 is the
OTA's lack of jurisdiction over notices of proposed
overassessment, called NPOs; and then Number 2, the
length of time it takes to complete an audit, including
audits of refund claims as well as protests and
alternative apportionment petitions.

First, the FTB releases NPOs when an assessment
is less than the refund claim. NPOs are not listed as
an approved jurisdictional form in the OTA's
regulations. Therefore, OTA is generally prohibited
from hearing an appeal based on an NPO.

I'm going to -- I'll present this, Angela. I'll
get this over to you in writing; so you can stop taking
notes. But I just wanted to see if we can figure
something out to help taxpayers, because we have no
appeal rights for taxpayers who have an NPO in hand.

So maybe we get the FTB to stop issuing the NPOs
and maybe pivot over to issuing notices of action to
partially deny refund claims and then issuing notice of
proposed assessment for the same year.
I'm not sure what the answer is, but if OTA is not going to correct their jurisdictional -- (inaudible, teleconference connection issue) -- to protect taxpayers.

This relates to the continued complaints we receive from taxpayers about -- and this is across the nation -- about the length of time it takes to conclude audits, including refund claims, as well as the time it takes to resolve protests and petitions for -- (inaudible, teleconference connection issue).

For refund claims, taxpayers can use the statutory "deemed denial" rule and appeal to the OTA if the FTB takes no action within six months. However, that pushes incomplete audits to the OTA, puts pressure on them, and has the potential to clog the appeals system.

This whole issue of slow resolution of cases has been around a long time, about three decades, as far back as 1988. When the Bill of Rights was acted [sic], the legislature wanted to ensure that the FTB took great care with its audit and protest inventory, and acted -- enacted Section 21010. And, quote -- I'm going to quote that. It says "to develop a plan to reduce the time required to resolve amended return claims for refund, protests, and appeals."
Really, the appeals issue, that's been resolved. We don't have a backlog with it. Since the OTA was established, we think things are running fine over there. But then subsequent to the enactment of the Bill of Rights in 2003, FTB's regulations, under 19032, were adopted. And these regulations provided time frames which are intended really to provide an orderly audit process.

There are exceptions to -- and what those regulations did was say "two years, FTB," two years to get it done once the audit has commenced. And, obviously, there are exceptions to that.

You know, on the property tax side, we have a rule that says if the assessor doesn't complete the appeal within two years, the taxpayer automatically wins. Wouldn't it be great to have a similar rule at the FTB?

In 2013, I testified in my capacity at CalTax on this exact issue. And so we still are seeing problems. And if this is a matter of resources, I would hope that FTB would look at its budget allocations and would encourage the FTB to allocate as much as possible to the Audit Division. If the FTB needs support for additional resources, Ryan is in a position to help.

I'm also -- I did not find any public reports, at
least of which I'm aware, that describes the FTB's inventory for audits, protests, and alternative apportionment to petitions. So it might be helpful to know what type of inventory we're dealing with.

And thank you for your time, and sorry I was out of order.

MR. EMRAN: No. No problem at all. Thank you, Ms. Rodriguez, for your comments. They have been recorded, and please expect a response from the Franchise Tax Board accordingly.

So with that, there is no other business. I would like to move to closing, closing remarks.

Member Vazquez.

MEMBER VAZQUEZ: Yes.

I would just like to, as we move forward, one, just wish everybody a happy and healthy and safe holiday season as we come into the end of the year here and, hopefully, a safe and a prosperous New Year as we come back in the New Year, because this will be the last one of 2023.

And if it's appropriate, I was just going to recommend an adjournment motion, but I'll wait. You want me to do it now?

MR. EMRAN: I'll make some remarks, and then --

MEMBER VAZQUEZ: Sure. Go ahead.
MR. EMRAN: -- we can adjourn on your behalf as well.

I just want to also thank you, on behalf of California State Controller Malia Cohen. I want to just thank you all. I can't believe it's already the end of Year 1 here at the Franchise Tax Board. And it was just -- I had this conversation with the Controller earlier.

When we were transitioning our new administration into this New Year, we were talking about how excited we were and everything that was going to come with it. And then all of a sudden, back-to-back-to-back atmospheric rivers came and caused the state -- turned the state upside down, and the major disaster declarations and whatnot created almost walking into -- the situation was chaos. But banded together with the professional and amazing staff here, with the leadership team. I think it was an incredible response, and I just want to thank you all from the bottom of my heart, from the bottom of the Controller's heart for all the incredible work that you've all done.

I'm really excited for the 2024 New Year, and please continue to use all of us as a resource. So I'm really, really looking forward to that.

And then my second note. Coming up on
December 10th is Human Rights Day. It was mentioned in the presentation as well. It's the 75th anniversary of the United Nations Declaration of Human Rights for everyone. So no matter who you are or where you come from, everyone deserves to be treated with dignity and respect.

And that's something -- core values here at the Franchise Tax Board, and we're making sure that's core values here at the State of California as well. So it's a freedom to respect, to dignity. Those are all key pillars that we're going to continue to work with and move forward. I want to thank you all so much.

And, Member Vazquez, I yield back to you.

MEMBER VAZQUEZ: Thank you.

I was just taken aback this morning when I heard that we lost Norman Lear. You know, he was such a revolutionary producer. But, you know, I didn't realize he got to be 101 years old. He passed the centennial.

But I guess my fond memories of him is, you know, as a young buck, watching "All in the Family." I mean, I think that was -- to me, was like one of the biggest revolutionary things on TV, because up to that point I really wasn't watching a whole lot of TV.

And he just kind of brought it back to life for me, along with "The Jeffersons," were some -- you know,
he had several other impacts on sitcoms and even full
feature films as well. But those, to me, were like the
ones that really stuck in my mind. And he was such a
revolutionary in terms of what he did, not only in the
industry but then also just politically. I think he
changed the atmosphere for a lot of us.

And as you talk about the UN, the anniversary,
it's just kind of -- it's kind of fitting. I wish I had
more to say about all of his accolades, but I just got
wind of it this morning, that he had passed. I believe
it was last night in my district here, in Los Angeles.

So he's going to be sorely missed. My
condolences go out to his family and the members of his
family as well.

MR. EMRAN: Thank you, Member Vazquez. Very well
said. Rest in peace to Norman Lear.

Seeing that there's no other business coming
before this Board, this will conclude our Franchise Tax
Board meeting for today. Thank you, everyone. Happy
holidays. And we are adjourned at 3:37. Thank you.

(Proceedings concluded at 3:37 p.m.)

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CERTIFICATE OF REPORTER

I, EMILY SAMELSON, 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, to the best of my ability, in shorthand by me, Emily Samelson, 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 23rd of December, 2023.

EMILY SAMELSON, CSR
Certified Shorthand Reporter
License No. 14043
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